



1. Project Data

Project ID P129769	Project Name GH-NREG TA Grant (FY13)
Country Ghana	Practice Area(Lead) Environment & Natural Resources

L/C/TF Number(s) IDA-H8510	Closing Date (Original) 31-Dec-2016	Total Project Cost (USD) 5,000,000.00
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Bank Approval Date 06-Jun-2013	Closing Date (Actual) 31-Dec-2016
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	IBRD/IDA (USD)	Grants (USD)
Original Commitment	5,000,000.00	0.00
Revised Commitment	4,999,709.10	0.00
Actual	4,872,217.88	0.00

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2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (PAD) (p.7) and the Financing Agreement (p. 4) of November 8, 2013 the objective of the project was to “improve the institutional capacity of key ministries, departments and agencies (MDAs), in natural resources and environmental management.”

The project was part of the second phase of Bank support to Ghana’s National Resources and Environmental Governance (NREG) program.



b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

The project consisted of three components:

1: Supporting policy-making and knowledge management (appraisal estimate US\$2.62 million, actual US\$2.41 million). This component was to finance consultancies, services, and operating costs towards the development of studies and related consultations to address key issues on natural resources and environmental governance including the development of public consultation guidelines for the National Resources and Environment (NRE) sector, the socio-economic analysis of benefit sharing arrangements in the forest sector, development of guidelines for local procurement in the mining sector, and development of Climate Change Support & Impact Monitoring Disclosure System (CCSI-MDS).

2: Strengthening institutional capacity to support sustainable natural resources and environmental management (appraisal estimate US\$1.56 million, actual US\$1.82 million). This component was to finance consultancies, services, goods and operating costs towards the development of capacity building activities meant to strengthen the capacity of responsible agencies to deliver key services. Activities under this component were to include the development of a revenue forecasting model for natural resources, and capacity building for forest management and forest planning in district offices. Also, this component was to finance the strengthening of the Minerals Commission, the Minerals Commission district offices, and the Environmental Protection Agency (EPA) for managing Artisanal and Small-Scale Mining (ASM) and training of government of Ghana negotiators and policy makers for Climate Change.

3: Project management and related capacity building (appraisal estimate US\$0.82 million, actual US\$0.64 million). This component was to finance consultancies, services, good and operating costs to ensure planning, management, coordination, reporting, and auditing of activities in line with Bank standards.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project costs: The project was estimated to cost US\$5.0 million, actual cost was US\$4.87 million.

Financing: The project was financed by a US\$5.0 million grant by the International Development Agency (IDA).

Borrower Contribution: A contribution from the recipient was not planned.

Dates: The project closed on its original closing date on December 31, 2016.

3. Relevance of Objectives & Design

a. Relevance of Objectives



The project's objective was highly relevant given the importance of developing and exploiting natural resources in Ghana. Natural resources are critical for the country's economic growth, jobs, and poverty alleviation. According to the ICR (p. 1), land, water, forest, and fisheries resources contribute to more than 20 percent of Ghana's Gross Domestic Product (GDP) and 60 percent of jobs. According to the 2005 Ghana Natural Resources Management and Growth Sustainability Economic and Sector Work, the economic cost for lost productivity due to damage of natural assets such as agricultural land, forest and savanna woodlands, coastal fisheries and wetlands, wildlife and Lake Volta was US\$516 million. In 2006 the Country Environmental Analysis showed that the rate of natural resources degradation adds up to a cost of approximately 10 percent of the country's GDP.

The objective was in line with Ghana's Natural Resources and Environmental Governance (NREG) program for 2008 to 2012, which aimed to ensure economic growth, poverty alleviation, revenue increase, and improvement of environmental protection. Also, the objective of the project was in line with Ghana's Long-Term National Development Plan (2018-2057), which is currently under preparation and includes an objective aiming to ensure environmental sustainability. The project was also in line with the Bank's most recent Country Partnership Strategy (FY13-FY17), which recognized the importance of natural resource wealth for economic and social development.

Rating

High

b. Relevance of Design

The project was built on several studies conducted by the Bank and Development Partners. Activities to improve the institutional capacity of key ministries, departments and agencies in natural resources and environmental management included developing public consultation guidelines for the National Resources and Environment (NRE) sector, and conducting a socio-economic analysis of benefit sharing arrangements in the forest sector. Additional activities included the development of a revenue forecasting model for natural resources, and capacity building for forest management and forest planning in district offices.

The underlying assumption of how certain activities were to contribute to the achievement of the PDO was clear. However, the design had several shortcomings. First, the implementation arrangement was overly complex due to the number of institutions (three ministries and three agencies) being responsible for Natural Resource and Environment Governance (NREG). Second, the project design was not clear enough in terms of specific activities under each component and the different entities' responsibility in project implementation. And third, the initial project design included two different sets of M&E indicators, and therefore not providing a clear Results Framework.

Rating

Modest



4. Achievement of Objectives (Efficacy)

Objective 1

Objective

Improve the institutional capacity of key ministries, departments and agencies (MDAs), in natural resources and environmental management.

Rationale

- A revenue forecasting model for the Natural Resource Management (NRM) sector was developed, tested and reported to be ready. However, the finalization of the model was delayed and the model is not operational yet and will only be used in the budget cycle of the new Government.
- While in March 2013 only two District Mining Committees were established, this number increased to 24 by December 2016 surpassing the target of 13 District Mining Committees. In total 115 individuals were trained and areas of training included exploration, surveying, mining and processing techniques, book keeping, and policy and legal issues.
- The Forestry Development Master Plan was revised and validated and related training on its implementation was provided, achieving the target.
- The Nationally Appropriate Mitigation Action Plan was fully finalized, achieving the target. The plan was posted on the Environmental Protection Agency's (EPA) website and includes a complete implementation budget, a time-bound implementation plan, an assessment of potential climate change mitigation that can be achieved and a cost analysis.
- 30 small-medium enterprises that supply goods and services to mining companies were trained in procurement. The new procurement guidelines were introduced to 20 supply managers.
- Several studies and plans were developed including a benchmarking study on operating cost for exploration and mining operations in Ghana, feasibility studies for the adoption of the System of Integrated Environmental and Economic Accounting Framework (developed by the United Nations Statistics Commission), a Land Reclamation Plan for old mining sites with high risks of pollution.
- Eleven mining companies submitted local procurement plans according to the new regulations and verified by the Mining Commission, achieving the target.
- An Inter-Ministerial Task Force was established resulting in the arrest and deportation of about 6,000 foreigners engaged in illegal mining. Also, the amendment of the Minerals and Mining Act of 2015 was developed.
- The attorney general endorsed legislative proposals for the forest and wildlife policy.
- A grievance redress system for the EPA to formalize and restructure its processes for resolving public complaints was developed.
- A Climate Change Support and Impact Monitoring Disclosure System was formulated, designed and operationalized.
- A gold assay laboratory at the Kotoka International Airport in Accra was established.
- Ten regional workshops were conducted to train 2,500 environmental officers in environment management.



- Guidelines on conduct of consultations with non-state actors engaged in the NRE sectors through a participatory process by the Technical Coordinating Committee (TCC) were prepared and disseminated to all sectoral agencies and posted on the Ministry of Finance’s Website, achieving the target.
- A review of schemes on tree tenure and benefit-sharing drafted in a participatory process was completed, achieving the target. The participatory process included stakeholder workshops, regional consultations, focused stakeholder groups, and inter-sectoral consultations. This review is planned to serve as a basis for piloting the schemes that are most enabling for tree and forest protection and most beneficial to tree owners.
- Forestry Management Plans were approved for three forest reserves by the Forest Committee and the Ministry of Lands and Natural Resources, achieving the target of three reserves. The Forest Management Plans serve as a management tool for each reserve and contribute to the capacity of the Forest Commission in order to effectively and efficiently manage, protect, and develop forest and wildlife resources in the respective reserves.
- The Forest Plantation Strategy for 2016-2040 was drafted by the Forestry Commission and submitted for consultation with state and non-state stakeholders, achieving the target.
- A Public Expenditure Review of the forestry sector was prepared. Recommendations included revisions into the forecasting system in the Forest Commission to enable it to conduct better forecasts of expenditures and revenues and improve budgetary allocations and releases.
- Three consultative meetings covering all 10 regions in the country were conducted to receive inputs for the Forestry Development Master Plan. In addition, a national validation workshop was held.

Rating

Substantial

5. Efficiency

The ICR points to the fact that for a TA, it was not necessary to calculate an economic and financial rate of return. An ex-post analysis was not possible at project closure, as the revenue forecasting model was yet to be integrated into the GoG annual budgeting process, expected to be followed by tax recovery (ICR, page 18).

The project closed as scheduled, despite a 9-month delay in commencing the activities. The original estimation for project management was 16 percent of the grant, however, project management accounted only for 13 percent of the grant. It took two years for the project to become ready for implementation for reasons that included low priority on the part of the recipient given to the project, and weaknesses in Bank’s quality at entry (inadequate terms of references for the analytical work that had to be re-done). In 2015 several activities were dropped due to cost overruns as some of the consultancies ended up being more expensive than planned at appraisal.



Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance of objective was rated High given the economic importance of natural resources in Ghana. Relevance of design was rated Modest due to several shortcomings such as overly complex implementation arrangements and the inclusion of two set of indicators in the Results Framework. Achievement of the objective was rated Substantial and Efficiency was rated Modest. Overall, the project's outcome rating is Moderately Satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating

While the government continues to be committed to the NREG, there are several challenges that might affect the sustainability of the development outcomes.

According to the ICR (p. 12), the NREG implementing agencies have adequate technical expertise in their central and local offices to continue the implementation of critical NREG activities. However, the number of civil servants might continue to be a challenge due to the civil service hiring freeze, as requested by the International Monetary Fund. Second, the government faces fiscal constraints and therefore might not have sufficient financial resources to ensure the implementation of NREG activities on a bigger geographical scale. Attracting long-term external financing will be critical. And third, ensuring the sustainability of the mining sector depends on developing a mechanism to improve the use of the revenue stream to govern the sector. Overall, the risk to development outcome rating is Substantial.



a. Risk to Development Outcome Rating
Substantial

8. Assessment of Bank Performance

a. Quality-at-Entry

The project was built on the analytical work that was conducted during the first Development Project Operation series. The PAD (page 12) only provides a vague analysis of risk factors and does not state mitigation measures. In addition, there were shortcomings in the technical design and the M&E framework that included two sets of indicators (see section 10a for more details). Also, the project design did not sufficiently specify the linkage between the different sectors. Finally, the ICR (p. 20) states that coordination and consultation with other development partners was not sufficient even though the project was part of a broader National Resources and Environmental Governance program.

Quality-at-Entry Rating

Moderately Unsatisfactory

b. Quality of supervision

As reported by the ICR, the Bank team conducted regular supervision missions. During supervision missions, the Bank team reviewed the project risks and identified opportunities to adjust the project design and activities. Also, the Bank regularly assessed progress towards the PDO and identified bottlenecks that hindered project implementation. During the first supervision mission the Bank team modified the Results Framework and decided on one set of PDO indicators. The Bank team provided adequate technical support in regards to financial management and procurement and conducted regular expenditure and post-procurement reviews. The ICR (p. 12) states that the Bank's aide memoires and ISRs provided very little information on financial management.

All three Task Team Leaders (TTLs) were based in the country allowing for continuous support and guidance throughout project implementation. At the same time, while the project benefited from the TTLs' international experience, the frequent changes of TTLs made it difficult to develop a close relationship with the government and caused implementation delays.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating



Moderately Satisfactory

9. Assessment of Borrower Performance

a. Government Performance

The government was committed to the overall NREG program and had implemented critical reforms during the first phase of the program such as passing the Forest and Wildlife Policy and Climate Change Policy, and six regulations to enforce the Minerals and Mining Act of 2006. Also, the government identified qualified staff to work with the Bank team. However, the government's commitment to the project was inconsistent during preparation and implementation. Lacking commitment and the TA's low priority were among the factors that contributed to a long project preparation phase that ended up taking two years and led to delays in completion of the main activity (the revenue forecasting model for the NRM sector). The government set up a multi-sectoral Technical Coordinating Committee (TCC) to oversee project implementation and coordinate between different sectors and entities. The TCC was to be chaired by the Chief Director of the Ministry of Finance. However, the TCC was often chaired by the project coordinator, who did not have the seniority of the Chief Director. Therefore, the project did not have sufficient oversight by a senior official resulting in a lack of close monitoring and timely addressing of implementation challenges.

Government Performance Rating

Moderately Unsatisfactory

b. Implementing Agency Performance

The Ministry of Finance, Minerals Commission, Forestry Commission, and Environmental Protection Agency were responsible for the implementation of the project. Each entity provided staff to form the project team. The ICR (p. 21) states that the implementing agencies were not committed to project implementation and implementation issues were not addressed in a timely manner resulting in significant delays. The procurement risk remained substantial throughout project implementation and the project experienced several procurement related challenges such as coordinating procurement among the different implementing agencies, obtaining up to date information on contract implementation and cash flow projection, fulfilling the Bank's minimum procurement documentation requirements and submitting information in a timely manner. Also, the contract of the project's procurement specialist within the Ministry of Finance was not extended during the last year of implementation, resulting in lack of capacity to perform the procurement role. At the same time, the ICR (p. 21) states that the fiduciary reviews did not find any significant deviations from agreed procedures or lack of necessary documents. In addition, reporting on M&E was not timely.

Implementing Agency Performance Rating

Moderately Unsatisfactory

Overall Borrower Performance Rating



Moderately Unsatisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

The PAD included two different sets of indicators. In section B (p. 8) the PAD presented five PDO indicators and in Annex 1 (p.17) it included the Results Framework with three PDO indicators (different from those in section B) and six Intermediate Outcome Indicators. It is not clear why the PAD included two different sets of indicators.

All of these indicators were measurable in terms of numbers, timing and location. However, the second set of PDO indicators was output and process oriented and did not measure any progress made towards institutional capacity building. The project ended up using a mix of both sets of indicators. Those indicators were: i) Revenue forecasting model for the NRM sector in place and operational at the Ministry of Finance; ii) Forestry Development Master Plan revised and validated and related training on its implementation provided; iii) Number of District Mining Committees established, trained and equipped; iv) Nationally appropriate mitigation action plan fully finalized (costed and time-bound); and v) Project beneficiaries. The M&E design was embedded within the Ministry of Finance in order to support the development of a robust and comprehensive M&E system for future monitoring reforms in the NRE sector.

The proposed data collection methods were adequate. The Ministry of Finance was responsible for collecting the data and preparing progress reports towards achieving the PDO and submitting them to the Technical Coordination Committee and the Bank.

b. M&E Implementation

During the Bank's first supervision mission the Results Framework was adapted to only include one set of indicators. The Bank did not restructure the project since it was only seen as a clarification of indicators already included in the approved PAD.

The Ministry of Finance was responsible for data collection and reporting. The Forestry Commission, the Minerals Commission and the Environmental Protection Agency were responsible for monitoring the indicators. Due to implementation delays it was agreed to increase the progress reporting from a biannual to a quarterly basis. However, progress reporting to the Bank was irregular and often delayed. The ICR (p. 10) states the collected data was accurate and the mentioned M&E shortcomings did not have a negative impact on project implementation.

c. M&E Utilization

Due to budgetary constraints the project could not implement the M&E system within the Ministry of Finance. The National Resources and Environment Agencies generated data for the revenue forecasting model through other analytical work that was supported under the project. The Forestry Commission implemented a M&E system that allows them to track the status of forest resources and revenue collection. M&E results were used to inform decision making and monitor implementation progress.



M&E Quality Rating

Modest

11. Other Issues

a. Safeguards

The project was classified as category B and triggered the Bank's safeguard policies OP/BP 4.01 (Environmental Assessment) and OP/BP 4.36 (Forests). It was assumed that the project would trigger these safeguards due to the expected impact of the analytical work on land use, land ownership, and access to resources. For example, it was assumed that the findings of the benefit-sharing study would result in changes in the benefit sharing regime such as moving from a system where the state own trees to one where ownership is distributed more equitable between land owners, tree keepers, and land users. Furthermore, it was assumed that the review of the Forests Management Plans might result in access restriction to forest reserves which might result in a loss of income or limitation of access. The project team prepared detailed terms of references for the analytical work and disclosed it publicly. Also, outputs relevant to safeguards such as the Ghana Forest Plantation Strategy 2016-2040, Forest Management Plans for the three forest reserves, the Grievance Redress Mechanism Operational Manual, the ASM Framework the Ghana Forestry Development Master Plan 2016-2036 were published on the website of the implementing agency.

The ICR (p. 11) states that no safeguards issues were identified during project implementation and safeguard aspects were satisfactory.

b. Fiduciary Compliance

Procurement: A Procurement Specialist within the Ministry of Finance had the overall responsibility for any procurement related activities. However, the project faced several procurement related challenges such as coordinating procurement among the different implementing agencies, obtaining up to date information on contract implementation and cash flow projection, fulfilling the Bank's minimum procurement documentation requirements and submitting information in a timely manner. During the last year of implementation, the Procurement Specialist only worked part-time resulting in weaker contract management and delays in submitting relevant information to the Bank. Despite all these challenges, all procurement activities were completed by project closing and no violations of the Bank's procurement rules were identified.

Financial Management: The project did not encounter Financial Management related issues throughout project implementation. A qualified and experienced Financial Management Specialist within the Ministry of Finance was responsible for the project's financial management. The project benefited from competent staff within the Ministry of Finance's Accounts Department and adequate internal control procedures including complete supporting documentation of all expenses to allow verification. Interim financial reports were submitted on a regular basis, sometimes delayed, at an acceptable standard. Throughout project



implementation audit reports were submitted of which none had a qualified opinion.

c. Unintended impacts (Positive or Negative)

NA

d. Other

12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---
Risk to Development Outcome	Substantial	Substantial	---
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Borrower Performance	Moderately Satisfactory	Moderately Unsatisfactory	IEG agrees with the ICR on moderately unsatisfactory rating for Government. The performance of IA is rated moderately unsatisfactory for lack of comittment and timely resolution of issues, as well as procurement related challenges.
Quality of ICR		Substantial	---

Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons

The ICR (p. 22) includes lessons learned adapted by IEG:

1 . It is important for the Bank to stay engaged with a government to continue the dialogue on critical topics also during unfavorable fiscal times. This project showed that progress in a critical area can also be made with a technical assistance project when there is no appetite/fiscal space for a larger scale operation.



2 . Addressing the management of natural resources through a multi-sectoral approach for achieving sustainable outcomes is critical but also challenging and requires strong leadership. This project aimed to bring practitioners from various sectors together to create and enhance synergies, and promote collective processes and joint decision making. However, since there was no strong senior leadership team in place, the project lacked timely policy guidance, technical expertise and collaboration across all sectors.

14. Assessment Recommended?

No

15. Comments on Quality of ICR

The ICR provides a good overview of project preparation and implementation and is concise. The ICR is candid in the assessment of factors that influenced project implementation. Lessons are based on the experience. However, the ICR is sometimes inconsistent. For example on page 8 it states that the procurement specialist's contract was not extended during the last year while it states on page 11 that the procurement specialist only worked part-time.

a. Quality of ICR Rating Substantial