

PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: AB5370

Project Name	Ghana Social Opportunities Project
Region	AFRICA
Sector	Sector: Other Social Services (JB - 90%); Public Administration Social-Services (BS -5%); Public Administration – Agriculture (BL 5%)
Project ID	P115247
Borrower(s)	Office of the Ministry of Finance - GOVERNMENT OF GHANA
	Government of Ghana
Implementing Agenc(ies)	Ministry of Local Government and Rural Development (MLGRD), Ministry of Finance and Economic Planning (MoFEP) and Ministry of Employment and Social Welfare (MESW)
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
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1. Country and Sector Background

1. Ghana has experienced two decades of strong and sustained economic growth, with balance between the agricultural and non-agricultural sectors. In the last nine years (2001–2008), the average GDP growth rate was 5.6 percent, and these significant economic growth rates translated into substantial poverty reduction at the national level, which is indicative of broad-based growth. According to the 2007 *Ghana Living Standard Survey Report*, the national poverty rate fell from 52 percent in 1992 to 29 percent in 2006.

2. Ghana is now expected to become the first Sub-Sahara African country to achieve the first Millennium Development Goal of halving poverty and hunger before the target year of 2015. Poverty reduction has been particularly impressive in rural areas, where the overall poverty rate fell from 62 percent in 1991 to 39 percent in 2006, due largely to strong agricultural growth (the urban poverty rate fell from 28 percent to 11 percent during the same period).

3. Poverty levels nonetheless diverge significantly across regions and in the speed of reduction. The southern Coastal and Forest Zones (both urban and rural) have been the epicenter of rapid poverty reduction and again, the growth has been balanced between non-agricultural and agricultural drivers: non-farm self-employment activities in the Greater Accra and Kumasi areas, expansion of export crops—especially cocoa, and remittances.¹ In contrast, the Northern

¹ McKay, A. and E. Aryeetey. 2004. Operationalizing Pro-Poor Growth: A Country Case Study on Ghana. Washington DC: World Bank.

Savannah Zone² had a poverty rate of 63 percent and decline of 18 percent in the period from 1991 to 2006; the national averages were 29 and 44 percent respectively. With strikingly high poverty and slow reduction in the North and the exact opposite in the South, Ghana is experiencing an accelerating geographically-based socio-economic gap (see Annex 1).

4. While the three northern regions make up about 18 percent of the total population of Ghana, their national share of the poor is about 40 percent (over 50 percent when considering the whole Northern Savannah Zone). Large discrepancies in poverty levels between the North and the South are further emphasized by the disaggregated district data from the poverty map. Two major southern cities—Accra and Kumasi—have poverty headcounts of less than 10 percent: Over one-quarter of all 38 districts have poverty levels above 80 percent, and these very districts are located predominantly in the Northern Region, Upper East Region, and Upper West Region, with pockets in the Coastal and Forest Zones of the Central Region.³

5. Causes of under-development of the North are complex. The region is landlocked and suffers from a poorly developed transport infrastructure, which limits access to markets and social services on the local level. In comparison with the South, its geographic locale brings less rainfall, greater land and soil degradation, and a pre-disposition to droughts and floods. This forces agricultural households to adopt low-risk and low-input strategies, creating a virtual cycle of poverty. To supplement their agricultural incomes and diversify livelihood options, many households engage in seasonal migration to the South. While labor migration (both international and domestic) as a whole has made a substantial contribution to poverty reduction in Ghana, there is evidence that the North has benefited to a lesser extent from remittances than other parts of the country. This is largely due to lower skill levels of northern migrants, which relegate them to the lowest wage segments of labor markets.⁴

6. Initiatives in the aftermath of the 2007 floods in northern Ghana led to the formulation of the Savannah Accelerated Development Strategy (SADS) and the establishment of the Savannah Accelerated Development Authority (SADA). The SADS specifies a two-track strategic framework to redress regional disparities between the North and the South: (i) igniting and sustaining market and private sector growth—particularly in the agriculture, tourism, and mining sectors—and developing non-farm enterprises; and (ii) strengthening food security and social protection among the poor and vulnerable segments of the population.

7. ***Social Protection Sector:*** The Government of Ghana (GOG) has put in place a comprehensive National Social Protection Strategy (NSPS). It is a multi-dimensional and rights-based approach which recognizes that poverty affects people in different ways. The NSPS represents the government's vision of creating an all-inclusive and socially-empowered society through the provision of sustainable mechanisms for the protection of persons living in situations of extreme poverty and related vulnerability and exclusion. The NSPS is implemented through a range of social protection instruments that complement each other:

² The Northern Savannah Zone is comprised of the Northern Region, Upper West Region, Upper East Region, and parts of the Brong-Ahafo and Volta Regions.

³ Coulombe, H. and Q. Wodon. 2007. Poverty, Livelihoods, and Access to Basic Services in Ghana (Ghana CEM Technical Review Growth Workshop in Accra, May 2-3, 2007). Washington DC: World Bank.

⁴ Coulombe, H. and Q. Wodon (Eds). Forthcoming. Growth, Migration, and Poverty in Ghana. Working Paper. Washington DC: World Bank.

- a. *Programs that provide ex-ante protection from shocks*, such as the National Health Insurance Scheme (NHIS), Livelihood Empowerment Against Poverty (LEAP) social grants program, school feeding program, and child nutrition support programs.
- b. *Programs that provide ex-post protection from shocks*, which include temporary employment programs.
- c. *Anti-poverty livelihood creation programs*, such as the National Youth Employment Program and micro-credit programs.

8. The NSPS identified the lack of a cash transfer program for extremely poor households as a gap. By 2008, the LEAP cash transfer program was established. It targeted indigent households for social grants in return for participation in education and health services. Even though still in the pilot phase, LEAP is considered to be the NSPS flagship program due to its direct targeting of the extreme poor and the innovative nature of program delivery. The program is managed by the Ministry of Manpower Development, Youth and Employment (MMDYE) and is implemented through the Department of Social Welfare (DSW). The LEAP pilot intends to reach 164,370 of the estimated 880,000 extremely poor households.

9. Ghana is exposed to variety of weather-related and man-made hazards, such as droughts, floods, coastal erosion, bush fires, and pest infestation. To respond to these hazards, GOG created a National Disaster Management Organization (NADMO) in 1996, and has initiated actions to develop national capacity for disaster risk management. The 2007 floods exposed weaknesses in disaster preparedness and emergency response systems. Thereafter, GOG launched a major effort to improve the country's risk preparedness and response capacity. There is a close link between disaster response planning and the utilization of social safety nets.

10. Notwithstanding the multiplicity of social protection programs, Ghana still lacks a coherent programmatic approach that avoids duplication of efforts. Moreover, there is a need to pay attention to:

- Careful design of selected programs;
- Determine a targeting strategy;
- Look for cost-effective options of delivery so the programs are rendered fiscally sustainable;
- Launch programs that directly address the critical risk of high unemployment and under-employment and nutritional shortfalls; and
- Put in place a credible monitoring and evaluation system.

11. The proposed project aims to address some of the weaknesses of the current social protection programmatic framework. It will put in place one of the main missing elements in the NSPS, a comprehensive public works program targeting the poorest regions and households; and it will also support the rollout and improved effectiveness of the LEAP pilot. This initiative is strongly supported by the Social Protection Donor Working Group, which has worked closely with the Government of Ghana on the development of the National Social Protection Strategy.

2. Objectives

12. The proposed *Project Development Objectives* (PDO) of the Social Opportunities Project (SOP) are to improve targeting in social protection spending, increase access to conditional cash transfers nationwide, increase access to employment and cash-earning opportunities for rural poor during agricultural off-season, and improve economic infrastructure in target districts. To achieve the PDO the project has five components, they are: (i) rationalizing the National Social Protection Strategy; (ii) labor intensive public works (LIPW); (iii) supporting the Livelihood Empowerment Against Poverty Program (LEAP); (iv) building capacity at the central and district levels to plan and implement LIPW and LEAP and to strengthen the decentralization process and national disaster risk management programs; and (v) project management and coordination.

13. The *key performance indicators* related to the PDO are: (i) share of LEAP and Ghana health insurance indigent exemption expenditures rises in the governments overall package of pro-poor expenditures as defined by the Ministry of Finance; (ii) total number of poor rural persons in target districts temporarily employed in labor intensive public works (LIPWs) during the agricultural off-season (November to March/April), disaggregated by district; (iii) average number of days that participating individuals have thus been employed in LIPWs during the agricultural off-season; (iv) average cash earnings per poor rural person participating in LIPWs; and (v) number of households benefiting from LEAP grants.

Key Performance Indicators to Assess the Progress towards the PDO

Key Indicator	Baseline	Target
Share of LEAP and Ghana Health Insurance Indigent Expenditures rises in the overall government package of pro-poor expenditures	0.2%	
Total number of poor rural persons in target districts temporarily employed in labor intensive public works (LIPWs) during the agricultural off-season (November to March/April), disaggregated by district	0	
Number of households benefiting from LEAP grants	25,000	150,000
Number of private contractors technically capable to implement and supervise labor intensive public works	To be established	

1. **The higher level objectives the Project addresses are:**

14. The Government of Ghana produced a second generation Growth and Poverty Reduction Strategy (GPRS-II, 2006–2009) with the ambitious overarching goal of raising average per capita income levels to middle-income levels by 2015 (i.e., from US\$400 to US\$1,000, approximately). GPRS-II seeks to diversify the economy’s structure. Sectors considered to have long-term potential include: agriculture, tourism, information and communication technologies, light industry based on textiles and garments, and value-added to minerals. GPRS-II emphasizes policies to promote equitable growth that will be sustainable over the medium to long term.

15. GPRS-II is comprised of three thematic pillars: (i) private sector competitiveness; (ii) human resources development; and (iii) governance and civic responsibility. The proposed

project contributes to all three pillars: (a) it creates rural employment, improves transport infrastructure, and improves natural resources (water) management, all strategic priorities under the first pillar; (b) it provides an additional social protection instrument targeted at under-served areas, thereby significantly contributing to the second pillar; (c) it supports the development of a targeted conditional cash transfer program designed to improve human development; and (d) it will deepen and strengthen the decentralization process by channeling funds through the decentralized structures, priorities under the third pillar.

16. The Country Assistance Strategy (CAS) for fiscal years 2007–2011 is designed to support the second generation Growth and Poverty Reduction Strategy (GPRS-II) to achieve middle-income status and the Millennium Development Goals (MDGs), and to ensure that the benefits of growth are shared. The CAS is fully aligned with the JAS and is reflected in the GPRS. The CAS therefore supports the same three GPRS pillars mentioned above. The proposed project contributes to the CAS in three ways.

First, by contributing to the three GPRS pillars as indicated above.

Second by contributing directly and indirectly to the following six MDGs: (i) eradicate extreme hunger and poverty; (ii) achieving universal primary education; (iii) promote gender equality and empower women; (iv) reduce child mortality; (v) improve maternal health; and (vi) develop a global partnership for development.

Third, where the CAS flags several risks, including a Social Stability Risk (“...deepening regional and urban disparities could threaten Ghana’s traditionally strong social fabric...”, and “...Bank will work with government and partners to better understand the links between poverty, growth and inequality, identify specific policy levers including the emerging employment agenda...”), the proposed project will address regional disparities and ensure an improved sharing of the benefits of growth, and thereby contribute to the mitigating of these risks.

3. Rationale for Bank Involvement

17. There are six main reasons for World Bank involvement in the Social Opportunities Project (SOP).

First, there is a need to support the government’s objective of rationalizing social protection instruments by increasing resources to those that are more effective in reaching the poor and reducing resources to those that are less effective. This would allow the country to provide safety nets to an increasing proportion of the poor despite the current fiscal crunch. The project will support this through three components: (i) support to the strategy at the national level by helping to make it better targeted to the poor; (ii) support to develop a self-targeted labor-based public works program to fill a critical gap in social protection; and (iii) join with other donors to help the government develop the LEAP Program into a national targeted safety net which can become a vehicle to move resources from non-targeted to targeted programs. The CAS progress report, which was reviewed and endorsed in January 2010, commits the World Bank to support social protection in line with the new government’s strategy.

Second, the government has recognized the absence of an employment-generating, labor-based public works program as a major gap in the overall social protection policy and

program framework. That it recently endorsed and for which it sought donor assistance, both financial and technical. The project would support the development and roll-out of such a program which would not only fill a gap in the social protection system.

Third, the Country Economic Memorandum (CEM, 2007) and the draft Poverty Assessment (2010) recognize that a more active attention to regional disparities within Ghana would result in a wider sharing of the benefits of growth. These studies point out that in disadvantaged regions—particularly in the Northern Savannah Zone—most poor farm-based workers face high levels of unemployment for five months of the year, resulting in serious income (and consumption) shortfalls and consequential adverse nutritional outcomes. The first phase of the proposed project will thus be rolled out in the three northern regions, which have the highest levels of poverty and are specifically targeted in the GPRS. It would assist in several critical areas of this strategy, in particular the combination of: (i) post-flood rehabilitation of infrastructure, (ii) improved income security and safety-net coverage, (iii) improved risk management and disaster preparedness, and (iv) combining safety nets with building productive assets.

Fourth, the CEM recognized that the poor state of infrastructure remains a major obstacle to economic development. Moreover, maintenance of existing infrastructure has been neglected. For example, in rural Ghana, most of the earth dams and feeder roads are in very poor condition. A labor-based rural public works program would be eminently suited both to develop new small-scale infrastructure and to maintain existing infrastructure, critical for ensuring rural growth. A recent Participatory Poverty and Vulnerability Assessment (PPVA) in northern Ghana and project consultations at the community level confirmed that rehabilitating dams, dugouts, and feeder roads are top priorities for the rural poor.⁵

Fifth, the project builds on earlier Bank support to LEAP under the sixth Poverty Reduction Support Credit (PRSC) in the wake of floods and droughts in the North in September 2007 and continuing support since then by DFID and UNICEF/USAID. It will support improved administration and targeting of LEAP, reinforce the self-help aspect, and increase flexibility in responding to emergencies. There is recognition in GOG and among partners of the need to build additional capacity at all levels within the LEAP administration.

Sixth, the Bank is well placed to draw upon global experience and successful innovations in the design of safety net programs. In this context, recent evaluation results have shown promising outcomes from the Productive Safety Net Program in Ethiopia, which was launched with the financial and technical assistance (TA) of the Bank. In the past, the Bank has had much success in public works programs even in middle-income countries like South Korea and Argentina. Currently, it is providing financial and TA via a Development Policy Credit to Rwanda to enable the country to launch a public works program adopting global best practice policies; it is also providing similar technical and financial assistance for public works in Afghanistan, Bangladesh, and Sri Lanka.

⁵ Participatory Development Associates. 2009. *Participatory Poverty and Vulnerability Assessment: Understanding the Regional Dynamics of Poverty: Main Report and Technical Annex*. Kumasi (Ghana): Participatory Development Associates Ltd.

4. Description

Component One: Rationalize National Social Protection Policy.

(US\$3 million, including an IDA contribution of US\$3 million)

18. Component 1 would provide support to the government to help redirect its social protection expenditures to the most effective areas and reduce those in less effective activities. This would allow greater coverage of the poor despite current fiscal constraints. To facilitate the process, the component would finance technical assistance, studies, training, and Secretariat services. This would require the cooperation of many ministries and it would be best to give the lead to a non-sectoral ministry without any programs of its own in social protection but which would have the necessary interest and clout to lead but including all involved ministries. The best candidate for this would be the Ministry of Finance and Economic Planning (MFEP) with implementation services being provided by the project management and coordination team in Ministry of Local Government and Rural Development (MLGRD).

Component Two: Labor Intensive Public Works (LIPW).

(US\$54.4 million, including an IDA contribution of US\$54.4 million)

19. The objective of this component is to provide targeted rural poor households with access to employment and income-earning opportunities. This pertains particularly to seasonal labor demand shortfalls that is, the agricultural off-season from November to March/April and in response to external shocks, through rehabilitation and maintenance of public or community infrastructure. The aim is to maximize local employment while rehabilitating productive infrastructure assets, which have potential to: (i) generate local secondary employment effects; and (ii) protect households and communities against external shocks. The component will establish a LIPW-based social protection scalable instrument that provides quick-response mechanisms against external shocks, such as floods or droughts, during a crisis. The payment modality for LIPWs will be cash. The scope of works eligible for LIPWs will be defined based on labor content and scope to generate significant local employment.

20. The poor state of infrastructure remains a major obstacle to economic development in rural areas, especially in the northern regions. For example, it has been estimated that about 60 percent of the 11,800km of rural roads and a majority of over 900 small (earth) dams and dugouts in the three northern regions are in poor to fair condition. It is expected that LIPWs will target mainly the following assets that are both highly appreciated by communities⁶ and allow for timing of labor inputs during the dry season:

⁶ See Participatory Development Associates. 2009. *Participatory Poverty and Vulnerability Assessment: Understanding the Regional Dynamics of Poverty: Main Report and Technical Annex*. Kumasi (Ghana): Participatory Development Associates Ltd. The PPVA carried out participatory research in twelve communities in northern Ghana, covering all three regions. These results were confirmed in consultations carried out during the pre-appraisal mission in four of these communities (Northern and Upper East Regions).

- *Rehabilitation and maintenance of rural feeder and access roads:* Although the “utility” value of access roads was not rated as highly as dams, the fact that the labor opportunities made available are sufficient to allow for people to plan a dry season “at home” is highly appreciated, as well as the possibility of earning sufficient cash to strengthen the base of household livelihoods.
- *Rehabilitation of small dams and related public infrastructure:* Where dams allow for dry season irrigated agriculture, it has a dramatic impact on local livelihoods, greatly reducing the incentive to migrate away from the region during the dry season.
- *Dugouts* are of great significance in much of the northern region, where underground water sources are insufficient to provide for domestic and livestock needs through the dry season.

21. The LIPWs will be selected from the Medium-Term District Development Plans (MTDDPs) and/or related Area Council Action Plans (ACAPs) based on a set of criteria to: (i) maximize rural employment (high labor content); (ii) create or rehabilitate public or collective (i.e., community) assets; (iii) create or rehabilitate productive assets capable of generating secondary employment and economic development within local communities; (iv) undertake LIPWs within reasonable proximity of target populations; (v) avoid competing with labor demand from the agricultural sector (i.e., appropriate timing); (vi) comply with social and environmental safeguards; and (vii) ensure equal opportunity for women and men to participate. However, it will be necessary to review the MTDDPs and ACAPs in the selected project districts at the start of the project to update them and ensure that the respective project activities would be fully integrated with other ongoing feeder road and small dam rehabilitation activities that may be financed by other sources.

22. In line with government’s ongoing decentralization process, the labor intensive public works will be implemented through District Assemblies and by relevant line agencies like the Department of Feeder Roads, the Government Irrigation Development Agency, the Department of Social Welfare, and the National Disaster Management Organization.

Component Three: Livelihood Empowerment Against Poverty Program (LEAP).
(US\$20 million, including an IDA contribution of US\$20 million)

23. The objective of this component is to support the full rollout of the pilot phase of the LEAP program by strengthening its management and administration, improving targeting, and providing incentives to ensure that GOG's annual budget allocations are sufficient.

24. There is recognition within the government and among the partners of the need to build additional capacity within the LEAP administration at the national, regional, district, and community levels to (i) allow for the rapid expansion of the program and (ii) adjust the program to better target the neediest. To this extent, an operational review of LEAP early in 2010 will prepare an Action Plan. DFID, USAID, and UNICEF are expected to support this action plan in the fields of capacity building to improve performance and effectiveness of the implementing agencies, as well as strengthening accountability. The project would also contribute in the form of additional complementary support by providing equipment, training, monitoring and evaluation support, and any additional technical support necessary to improve management, targeting, and the use of Information and Communication Tools (ICTs). Furthermore, the project will specifically aim to improve targeting of LEAP and its self-help aspect by supporting

stronger enforcement of human development requirements—especially for households with children of school age. SOP will take the long view of building a nimble and flexible LEAP operation in order to meet national emergencies such as food shortages and famine.

25. In addition, the project will finance incentive payments to the unified treasury account to assure that GOG each year allocates sufficient budget for LEAP to meet its target of 164,370 households by 2012, and will thereby contribute to the improved human capital outcomes for these households. This will be done through conditional Disbursement-Linked Incentives (DLI), which will include: (i) success in reaching the target households as evidenced by actual expenditures; and (ii) progress on implementing the Action Plan for LEAP. To ensure that these expenditures are mainstreamed into the GOG budget, the IDA-DLI payments will not exceed one-third of the actual budget expenditures in any given year of the LEAP program.

Component Four: Capacity Building.

(US\$5.4 million, including an IDA contribution of US\$5.4 million)

26. The objective of this component is to create capacity at the national and local levels to implement the National Social Protection Strategy (NSPS) in selected project districts, with the view of enabling a gradual scaling-up and targeting at the national level. This component will therefore implicitly strengthen GOG's decentralization program. Five distinct sets of capacity-building activities will be supported.

27. *Establishing a LIPW-supportive policy and institutional framework (US\$260,000).* The project will support GOG to amend and adapt the existing policy and regulatory framework to stimulate a wider use of labor-based methods, both as social protection and infrastructure-generation mechanisms. The following specific activities will be undertaken: (i) a detailed review of the current policy and regulatory framework as it relates to labor-based methods; (ii) national consultations with all relevant stakeholders; (iii) drafting of a new framework and a new bill on labor-based methods, to be presented to Parliament for approval; and (iv) an information and sensitization campaign, at the national and regional levels, for decision-makers, concerned private operators, and the population at-large.

28. *Capacity building to support LIPW implementation (US\$1,510,000)* is aimed at decision-makers, DA technical staff, relevant line agencies, and private contractors and follows the below breakdown:

- *Rehabilitation and maintenance of roads (US\$1,410,000):* The project will support the re-establishment of the training program for contractors and relevant district and regional road engineers by the Koforidua Training Center, which was recently renovated, and the terms of reference for course designs have already been prepared by the International Labor Organization (ILO); and
- *Rehabilitation of small dams and water storage infrastructure (US\$100,000):* The project will support limited dam and irrigation design and construction training to complement that being planned for 2010 under the IFAD-AfDB-funded Northern Rural Growth Project (NRGP).

29. *Capacity building to support implementation of LEAP (US\$500,000)* to complement ongoing technical support financed by DFID and UNICEF/USAID as needed, with the objective of strengthening and improving the targeting and monitoring of the government's social protection instruments and programs (e.g., LEAP). The project will also support the capacity of

the central unit of the Ministry of Employment and Social Welfare to plan, develop, and monitor social protection and District Assemblies to implement the programs.

30. *Capacity building for disaster risk management (US\$2,350,000)*. There is a close link between disaster response planning and the utilization of social safety nets to effectively respond to the needs of those who are affected. The project will therefore support a series of inter-related capacity-building activities in the three northern regions and in proposed project districts: (i) strengthening national risk management strategies and institutions; (ii) capacity building for risk and vulnerability assessment, early warning, and contingency planning at the district level; (iii) public awareness raising at the district and community levels; and (iv) strengthening of emergency preparedness and response at the local and community levels. The activities supported by the project would be part of the overall national program of the Global Facility for Disaster Reduction and Recovery (GFDRR) and would be integrated in its medium-term and annual work plans.

31. *District and regional capacity building (US\$750,000)* to strengthen the technical and management capacities of the three Regional Coordinating Committees (RCCs), ten to fifteen District Assemblies (DAs), and at least two Area Councils (ACs) in each of the selected districts to: (i) identify, prioritize, and plan their development needs, in particular in terms of rural infrastructure and disaster risk management; and (ii) strengthen fiduciary capacities (i.e., financial management, procurement, and monitoring and evaluation). Capacity-building support will be implemented through on-the-job-training and specific short training courses tailored to the needs of RCCs and DAs.

Component Five: Project Management and Coordination.
(US\$6 million, including an IDA contribution of US\$5.8 million)

32. The institutions, structures, and capacities of the Government of Ghana will serve as the foundation for project management and coordination. With the aim of bolstering GOG operations, the Social Opportunities Project will fund costs associated with: project management and coordination; relevant technical assistance; project monitoring and evaluation; consultancy services; communication and training; equipment and vehicles; and incremental operating costs. In addition, the component will include the cost of annual impact evaluation surveys, including a baseline study and an end-of-the-project comprehensive impact evaluation study (US\$1 million).

5. Financing

Source:	(\$m.)
BORROWER/RECIPIENT	2.6
Crisis Response Window	47.4
International Development Association (IDA)	41.2
Total	91.2

6. Implementation

A. Partnership arrangements

33. The project was prepared in close collaboration with a number of development partners active in Ghana, including DFID, UNICEF, and USAID. Close collaboration with FAO and ILO has been supported through project preparation, by financing consultants (FAO, ILO) and FAO staff to conduct reviews and assessments related to components 2, 4, and 5. A recent operational review of LEAP will prepare an Action Plan supported by DFID, USAID, and UNICEF in the fields of capacity building designed to improve performance and effectiveness of the implementing agencies, as well as strengthening accountability. Discussions with donors have confirmed the importance of the areas being addressed under the project and reinforced support to the current project design. To date, no firm financing for the project has been agreed upon, but efforts are underway to firm up potential DFID funding.

7. Institutional and Implementation Arrangements

34. Project activities will be implemented within the national institutional framework, according to the subsidiary principle, taking into consideration the existing capacities at all relevant levels. The implementation arrangements are underpinned by the need to: (a) strengthen existing statutory bodies to perform functions assigned to them under existing laws; (ii) coordinate various interventions for service delivery at the district level; (iii) provide strong coordination on policy matters that affect efficient delivery of services; (iv) provide strong technical support and assistance in order to transfer capacity to statutory bodies; and (v) coordinate inter-sectoral and donor activities.

35. **Project Oversight.** The rationalization of social protection policy will be led by an inter-ministerial committee chaired by the Ministry of Finance and Economic Planning (MFEP) because it has the ability to use the budget processes to implement committee recommendations and at the same time does not have any program of its own to defend. The component to support LEAP and capacity building for social protection would be managed at the policy level in cooperation with the Ministry of Employment and Social Welfare (MESW). The District Assemblies (DAs) will be the main focal point of project implementation of all other project-supported activities, and the project will be implemented by the Ministry of Local Government and Rural Development (MLGRD), which is responsible for GOG's decentralization and rural development agenda. It has established the Decentralization Oversight Committee and a Secretariat to coordinate and oversee decentralization implementation. It also implemented the Community-Based Rural Development Project (CBRDP), which supported the development of productive and social infrastructure at the district and community levels.

36. A National Project Steering Committee (NPSC) will be established to: (i) provide guidance on strategic, policy, and implementation issues; (ii) coordinate the activities of ministries, agencies, and other stakeholders involved in project implementation; (iii) review and approve annual work plans, budgets, and annual reports; (iv) review and discuss quarterly and annual project progress reports and make necessary recommendations; and (v) assess progress towards achieving the project objectives and take corrective action if necessary. The NPSC will be chaired by the minister of MLGRD or his/her designee, and will include representatives of relevant ministries, institutions, and civil society organizations, including: (i) the Ministries of Finance; Employment and Social Welfare; Food and Agriculture; Works and Housing; Health;

Environment, Science and Technology; Roads and Highways; and Interior; (ii) the Departments of Feeder Roads (DFR), Social Welfare (DSW), and Labor (DL) as well as the Ghana Irrigation Development Agency (GIDA); and (iii) the Ghana Association of Private Volunteer Organizations in Development (GAPVOD) and Civil Works Contractors Associations. The NPSC will meet quarterly.

37. LEAP is an already-functioning program with its own management structure and monitoring system. The ministry responsible for LEAP (Ministry of Employment and Social Welfare (MESW)) and its line department (DSW) are members of the National Project Steering Committee and would be responsible for submitting progress updates to the respective meetings. A LEAP coordinating unit has been established to manage and implement the LEAP pilot. The LEAP pilot is implemented in close partnership with several ministries through guidelines and agreements outlined in an MOU.

38. In all ten regions of the country, Regional LEAP Steering Committees (RLSC) will be established to guide implementation of the cash transfer scheme and foster linkages with available complementary program. The committee is comprised of the Regional Social Services Sub-Committee of the Regional Coordinating Council, with members represented from civil society organizations and ministries who offer complementary services and/or are capable of developing relevant complementary services in the region. This committee is tasked with monitoring and evaluation, regional coordination, and, regional research and advocacy.

39. LEAP also works with District LEAP Implementation Committees (DLIC) that represent the district social services committees. The DLIC also includes members from civil society and the National Disaster Management Agency. They provide guidance on the implementation, compliance of conditionalities, dissemination of information, and other activities related to implementation of LEAP (outlined in Annex 6 of the Project Appraisal Document (PAD)). The DLIC in consultation with communities, DSW, and the Department of Community Development establishes the Community LEAP Implementation Committees (CLICs) consisting of: community heads, teachers, nurses, NGO representatives, and community members (five people) capable of raising awareness of the program within the community and compiling appeals.

40. The role of the DLIC group is to identify extremely poor households and ensure that appropriate targeting mechanisms are being applied.

41. **Fund Transfer.** Following a two-stage sensitization program and active participation of all above committees, the Ministry of Employment and Social Welfare (MESW) will transfer funds to the agencies, which in turn deliver the funds to the beneficiaries. The transfer of funds from the Department of Social Welfare (DSW) to the beneficiary is guided by the Government of Ghana's standard financial protocols/regulations and statutes, and this is highlighted in the contractual arrangements. The DSW/MESW focus on ensuring the timely remittance of funds to payment agencies, monitoring the efficiency and effectiveness of the transfer and payments mechanism.

42. The Ghana Post Company Ltd. (GPC) has 354 post office branches and about 700 postal agents countrywide, and provides instant money transfer (IMT) services at 183 of its branches. DSW transfers the money at any of the postal branches or any designated pay points as agreed with DSW. The GPC delivers the funds for 1 percent of the total transfer amount and an additional GH1,500 for every batch. This is done every two months under an agreement where

DSW agrees on operating guidelines that will also be the action plan to support the implementation team.

43. **Delivery Mechanism.** There are four basic steps in the delivery and payment of the cash grants from the LEAP Secretariat to the beneficiary:

- (i) An approved list of beneficiaries and amounts payable is sent to payment agencies through the banking system.
- (ii) The payment agencies send payment instructions to their agents/pay centers, which then authenticate the identity of recipients and pay the cash.
- (iii) Agents/pay centers provide payment lists/and monitoring information to District Social Welfare Officers and community volunteers for verification and follow up.
- (iv) Pay center terminals remit electronic confirmation and payment reports to the agency and LEAP server.

44. The LEAP framework requires close collaboration between DSW and payment agencies, which is clearly spelt out in a signed memorandum of understanding (MOUs) between both entities.

45. At the pay point, beneficiaries are identified and their identities electronically authenticated by scanning or swiping their LEAP identity cards. The identify cards have pictures of the beneficiaries and proxy information (including biometrics) embedded. Beneficiaries sign/thumb prints a payment form to acknowledge receipt. Proxies/deputies are activated following review and approval by the Social Welfare Officers and the CLIC.

46. Every two months on paydays, a beneficiary forum is held. The objective of the forum is to provide opportunity for interaction of the beneficiaries with the CLIC for communication and feedback. The forums provide a chance for Social Welfare Officers to listen to the experiences of beneficiaries and also to check compliance with conditionalities.

47. At the end of the payday, pay points provide payment reports to the representative of the District Social Welfare Office/community volunteers and social welfare officers for monitoring purposes. Under the electronic payment system, the payment reports are made available in real time and are in the process of being synchronized with the LEAP financial system.

48. In collaboration with MESW/DSW, the payment agencies have set up an optimal number of pay points within the pilot districts. For remote areas, the agencies established mobile pay points at agreed locations, including accessible communities and in some cases on market days.

49. **Agency Payment Process. Ghana Post Company:** DSW has a contract with the Ghana Post Company (GPC) for the transfer of funds. The funds and a list of beneficiaries as well as their payment locations are relayed electronically to GPC with payment instructions in designated districts and satellite post offices. GPC forwards the funds and payment instructions to the respective regional and district post offices. These offices collaborate with DSW staff and Community LEAP Implementation Committees (CLICs) to identify and pay beneficiaries. In special cases, GPC will deliver payments directly to households, but this is based on the approval of CLIC and DSW. At the pay points, there are people designated to help identify beneficiaries. The latter sign and/or thumb print the pay forms as evidence of receipt.

50. The successful delivery and monitoring of a payment process relies heavily on a robust IT environment. The Ghana Posts Company agreed (in principle) that the LEAP database be linked to the GPC server (including other agencies) for verification of identity. In this case, beneficiary payment information (name, location, amount, and time of payment) is expected to synchronize with the LEAP registry/payment system for monitoring purposes. E-payments are envisaged during the next stage of LEAP implementation, once the financial system and technological requirements are combined seamlessly.

8. Sustainability

51. The Ghana Growth and Poverty Reduction Strategy (GPRS) lays out a very ambitious agenda for reducing poverty and has been boosting the poverty-targeted interventions. However, many of these interventions are not very well targeted and the need for a well-targeted program to replace the many untargeted programs, including general energy subsidies, is important to assure overall sustainability. The project's supports rationalization of Ghana's safety nets as part of this effort. The project will also support the LEAP pilot, which is the first major well-targeted program in the country, with the long-term objective of developing a national targeted program to replace general subsidies and achieve fiscal savings while still increasing support for safety nets.

52. The political will to establish public works programs is solidly manifested in the NSPS. Public works programs, if designed well with significant long-term benefits, including secondary employment benefits, can be sustained over time. For example, a well-designed program like the Maharashtra Employment Guarantee Scheme in India has been sustained for over 30 years, during which time a significant agricultural infrastructure has been created and led to an increase in the area under second crop, generating secondary employment benefits. Likewise, the Ethiopian public works program that began in 2004 is continuing with predictable funding from the government and donors. Good design, careful project selection, and sound M&E are critical for sustaining public works programs to attract both domestic and donor funding. These very aspects have received much attention in the proposed project.

- Donor support to various efforts; and
- High levels of local ownership and continued operations and maintenance given that public works are selected from District Development Plans/Community Action Plans.

9. Safeguard Policies (Including Public Consultation)

53. The World Bank's ASPEN environmental screening identified the project as category B. This means that impacts are likely to occur but such impacts can be mitigated or avoided altogether. To this extent, the project triggered two safeguards policies: (i) the involuntary resettlement, OP/BP 4.12, and (ii) the Environmental Assessment, OP/BP 4.01. For these triggered policies, the Government of Ghana has prepared a Resettlement Policy Framework (RPF) and an Environmental and Social Management Framework (ESMF).

54. The main purpose of the RPF is to clarify applicable resettlement principles, organizational arrangements, and design criteria. Its objectives are consistent with avoiding or minimizing involuntary resettlement or land acquisition where possible; where unavoidable,

ensuring that compensation and resettlement are designed and implemented with sustainability as the prime focus; and ensuring that affected persons are supported to improve their livelihood or at least restore them to pre-displacement levels. The RPF therefore sets out the legal and administrative framework, which includes the systems of land ownership and tenure as well as the socio-economic characteristics of beneficiary districts. It also details the consultation processes, eligibility criteria, and methodology for valuation of assets and a clear entitlement policy and compensation payment processes. In order to ensure that implementation of the RPF/RAP is on course and accountability aligned, the RFP has articulated monitoring and evaluation with clear delineations of monitoring indicators and the responsibilities of agencies.

55. The RPF has outlined sections on organizational arrangements for implementation and monitoring and a template for the design of a resettlement action plan should that become necessary after identification of exact project sites or locations. The project will prepare a resettlement action plan or an abbreviated resettlement action plan (given the number of affected people) if land-seizure, displacement, or resettlement occurs or when people's livelihoods are affected due to limited access to assets or source of livelihood during implementation. The RPF outlines measures for building the capacity of officials responsible for implementing the RPF.

56. The ESMF addresses both Ghanaian and World Bank requirements. Of the former, the legal, policy, and administrative framework are enumerated at the national level. The latter covers safeguard policies as well as descriptions of environmental and social baseline conditions. The ESMF also discusses the potential social and environmental impacts and the screening processes for identifying these impacts. To avert or minimize these impacts before, during, and after sub-project implementation, the ESMF outlines mitigation and safeguard measures and principles as well as implementation and management arrangements.

Consultations

57. Approximately 100 individual were consulted during the preparation of the RPF. The main aim of the consultations was to involve potential beneficiaries and sensitize them, solicit their views and inputs, and identify potential impacts and people while assessing the level of safeguards compliance in the three northern regions. The consultations involved group discussions with a number of people, including women and children, and interviews with local institutional heads like District Assembly officials and NGOs. In sum, the project was overwhelmingly viewed as beneficial yet seen to be responsible for implementing measures to compensate those affected (displaced) by it.

58. The environmental impacts of the project cut across the pre-construction, construction, and post-construction phases of sub-project implementation. The environmental analysis indicates that most negative impacts are likely to be minimal and largely related to the construction phase. These impacts include air and dust emissions, noise and vibration, open pits/trenches, disposal of construction waste, and public safety/health concerns.

59. The project will also fund the rehabilitation of small dams, and the safety of these dams, pre- and post-rehabilitation, will need to be technically assessed. The dams, however, are small, pre-existing dams, and the borrower will arrange for an independent dam specialist to: (i) inspect and evaluate the safety status of the existing dam, its appurtenances, and its performance history; (ii) review and evaluate the owner's operation and maintenance procedures; and (iii)

provide a written report of findings and recommendations for any remedial work or safety-related measures necessary to upgrade the existing dam to an acceptable standard of safety. For small dams such as the ones in this project (less than 15 m), generic dam safety measures designed by qualified engineers are adequate. Other negative impacts related to dams include siltation and the modification of flow of water courses, stream drainage issues, and possible water quality degradation. The ESMF has included a set of mitigation measures to address these issues, and where the negative impact may be more serious, an environmental management plan (EMP) will be developed as indicated in the ESMF to address the impacts.

60. The ESMF describes the mitigation measures for each possible negative impact and the costs associated with mitigation and safeguard training, and a list of responsible actors within the ministries to monitor compliance. In terms of mitigation, the ESMF contains draft environmental and social clauses that will be used by the project to ensure that the contractor complies with environmental and social safeguards in the project. In addition, prior to any construction work, the ESMF also provides an environmental screening checklist that should be used for every sub-project to identify potential negative impacts prior to construction. The district engineer, with support from the EPA, will be responsible for ensuring that contractors comply with environmental mitigation measures put in place to minimize any negative impact (e.g., dust, noise, and land erosion/degradation) that may disturb the natural habitat. To ensure this, further checklists and monitoring will be undertaken by an environmental specialist (assigned or recruited). Finally, reporting to the project and the Bank will ensure oversight and strengthen mitigation measures.

Safeguard Policies

B. Safeguard Policies

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[X]	[]
Natural Habitats (OP/BP 4.04)	[]	[X]
Pest Management (OP 4.09)	[]	[X]
Physical Cultural Resources (OP/BP 4.11)	[]	[X]
Involuntary Resettlement (OP/BP 4.12)	[X]	[X]
Indigenous Peoples (OP/BP 4.10)	[]	[X]
Forests (OP/BP 4.36)	[]	[X]
Safety of Dams (OP/BP 4.37)	[X]	[]
Projects in Disputed Areas (OP/BP 7.60)*	[]	[X]
Projects on International Waterways (OP/BP 7.50)	[X]	[]

* *By supporting the proposed project, the World Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas.*

10. List of Factual Technical Documents

Documents Directly Related to the Project

World Bank

Aide Memoires and Back to Office Reports.
Project Concept Note – Productive Safety Nets Project.
Project Identification Document – Ghana Social Opportunities Project.
Integrated Safeguards Development Data Sheet – Ghana Social Opportunities Project.
Project Appraisal Document – Ghana Social Opportunities Project.
Safety Nets Programs in Ghana: A Stock-Taking Note.

FAO Investment Center

Community-Based Targeting and Household Selection Process, September 2009.
Rural Infrastructure Paper, December 2009.

Background Documents Indirectly Related to the Project

World Bank

Country Assistance Strategy for Ghana FY08–11 . 2007. Report No. 39822-GH.
Ghana, Meeting the Challenge of Accelerated and Shared Growth. Country Economic Memorandum. 2007. Report No. 40934-GH.
How to Make Public Works Work: A Review of the Experiences. World Bank Social Protection Discussion Paper No 0905. C. Ninno, K. Subbarao and A. Milazzo, 2009.

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National Social Protection Strategy (NSPS), Investing in People. MESW, 2007.

Other References

Operationalizing Pro-Poor Growth. Country Case Study on Ghana. McKay and Aryeetey, 2004.
Poverty and Well-Being in Ghana: An Overview. Working Paper. Coulombe and Wodon, Eds., 2007.
Growth, Migration and Poverty in Ghana. Working Paper. Coulombe and Wodon, Forthcoming.
Participatory Poverty and Vulnerability Assessment: Understanding the Regional Dynamics of Poverty. Participatory Development Associates, 2009.
LEAP Operational Review, DFID/UNICEF, February 2010.
Strengthening Monitoring and Evaluation of Social Protection in Ghana, with a Special Focus on LEAP, UNICEF Proposal, December 2009.
LEAP Report, Ministry of Manpower, Youth and Employment, December 2007.

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