



1. Project Data:		Date Posted : 08/14/2002	
PROJ ID: P000966		Appraisal	Actual
Project Name: Mining Sec.dev & Env	Project Costs (US\$M)	13.59	13.27
Country: Ghana	Loan/Credit (US\$M)	12.27	9.37
Sector(s): Board: EMT - Central government administration (40%), Mining and other extractive (37%), Other social services (23%)	Cofinancing (US\$M)	0	3.6
L/C Number: C2743			
	Board Approval (FY)		95
Partners involved : Nordic Development Fund (NDF)	Closing Date	12/31/2000	12/31/2001
Prepared by :	Reviewed by :	Group Manager :	Group:
Ramachandra Jammi	Andres Liebenthal	Alain A. Barbu	OEDST

2. Project Objectives and Components

a. Objectives

The objectives of the project were to :

- enhance the capacity of the mining sector institutions to carry out their functions of encouraging and regulating investments in the mining sector in an environmentally sound manner; and
- support the use of techniques and mechanisms that will improve productivity, financial viability and reduce the environmental impact of small-scale mining operations.

Enhancements/Clarifications to the Objectives :

There was initially no clear definition of the activities required to be carried out for fulfilment of the first (institutional) objective. The objective was elaborated in terms of specific tasks through a consultant's report (CR) on "Study of Mining Sector Institutional Arrangements" that was completed in 1997, nearly two years after the commencement of the project. Based on the recommendations, an Action Plan was taken up by the Implementation Committee (IC) in the last quarter of 2000, and covered the following :

- Legal and fiscal reform through analyzing current arrangements and the proposed internationally competitive framework for Ghana's mining;
- Strengthening and refocusing of Minerals Commission (MC) for mineral policy development, simplifying and modernizing administration of mineral rights and restructuring MC;
- Strengthening the Mines Department to enforce occupational health and safety obligations of mine operations, and restructuring MD;
- Restructuring Geological Survey and implementing specific sequential activities;
- Environmental Assessment program including : (i) a sectoral environmental review . (ii) EAs for SSM sub-sector, and (iii) EAs for land reclamation; and
- Local Economic Development Projects to implement research initiatives in the communities surrounding mining operations, that would create entrepreneurial and business opportunities .

b. Components

The project components corresponding to the two objectives comprised :

- Enhancing the capacity of mining sector institutions through support to the :
 - Minerals Commission (MC) to improve its organizational structure; expand its promotional activities; formulate regulations and amend existing legislation; develop guidelines and standards for environmental monitoring and control;
 - Mines Department (MD) to carry out its inspection, monitoring and enforcement responsibilities;
 - Geological Survey (GS) to improve its geological information base; and
 - Ministry of Energy and Mines (MEM) to carry out its policy planning and coordination role .
- Providing assistance to small-scale mining (SSM) enterprises through :

- pilot testing of identified modules of small-scale mining equipment for improving both productivity and yields;
- a program to make better geological information available to small-scale miners through the assistance of geologists to delineate recoverable ore bodies;
- improvements in the sector framework for small scale mining operations (SSM); and
- reclamation and rehabilitation of priority areas degraded through past SSM activities as a pilot exercise .

c. Comments on Project Cost, Financing and Dates

Cost and Financing: The total cost of the project was lower at US\$ 13.27 million compared to the SAR estimate of US\$13.65 million, mainly due to the relative strengthening of the US\$. Of this, the Bank financed US\$9.37 million against the SAR estimate of US\$12.27 million. The remaining US\$3.6 million was contributed by NDF which stepped in as a co-financier in late 1996.

Dates: The duration of the project was extended by one year from December 31, 2000 to December 31, 2001, when it was clear that some of the components could not be completed on time . However, at project closure, the elements of the Action Plan developed in 2000 were still being implemented and are expected to be completed with NDF support for two more years, and possible EU support beyond that .

3. Achievement of Relevant Objectives:

- Assessment of current mining institutional arrangements was completed, and an Implementation Committee (IC) was appointed subsequently to follow-up on recommendations. But it was only in the last quarter of 2000 that the IC and the sector authorities took follow-up action on the recommendations of the Consultant's Report (CR) on "Study of Mining Sector Institutional Arrangements". The structural elements of a three-year Action Plan (based on the CR's recommendations) will continue to be under implementation for at least two years after closure, and it is too early to judge their impact. These outcomes are rated *Moderately Satisfactory* on the whole, giving weight to the fact that government has initiated positive action, although with considerable delay .
- In respect of SSM, the project contributed to some extent for improving efficiency and working conditions of the targeted small-scale miners. This was done through testing of improved equipment, and processing and dissemination of relevant technology; provision of improved geological information; and providing some basic business training and providing marketing services . These outcomes are rated *Moderately Satisfactory*.
- Tangible progress was made in some respects under the environmental sub -component, while other major initiatives were still in th planning stages . Three pilot areas identified for intervention were reclaimed, with the participation and involvement of communities . A "green communities" plan was launched to provide communities around mining areas with water and sanitation and improving the "socio-economic conditions" of the communities, although no specific progress is mentioned in the ICR . A masterplan for the rehabilitation of the degraded mining sites at Akwatia was formulated as a pilot for promoting and implementing integrated mine decommissioning plans and programs . Again no specific information is available on progress . Similarly, health, safety and environmental issues were identified as part of the analysis of the legal framework for SSMs, but no progress is noted . On the whole these outcomes are rated as *Moderately Satisfactory*.

4. Significant Outcomes/Impacts:

- During the project period, an estimated US\$2 billion of direct investments were made in the mining sector, covering new mine development, exploration, rehabilitation of old mines;
- Old geological reports were updated and reorganized; the technical database at the Geological Survey Department (GSD) was upgraded and made accessible to investors; and
- Basic geological information is now available to the SSM to study before staking a claim .

5. Significant Shortcomings (including non-compliance with safeguard policies):

- Under the first objective relating to institutional development, there was initially no clear definition of the specific actions to be carried out. This shortcoming was addressed by the CR, nearly two years after project approval, and the action plan approved after further delay (towards the end of 2000), has at least two more years to go for completion;
- The second objective did not sufficiently recognize the poverty -driven nature of SSM, and thus failed to take an integrated approach to the problems fo the sub -sector, undermining its chances of success;
- It is not possible to determine from the ICR if the project complied with the Bank's safeguard policies; and
- Lack of decisiveness on the part of the government and weak coordination among participating agencies -- including EPA and the mining institutions -- added to delays in implementation of the action plan .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Moderately Satisfactory	Outcomes under all project objectives were moderately satisfactory . The important structural elements of the Action Plan adopted later during the project are yet to be completed.
Institutional Dev .:	Substantial	Modest	Delay in implementing the Action Plan has

			meant that institutional reforms are not fully in place; high rate of staff turnover has diluted newly acquired skills
Sustainability :	Likely	Non-evaluable	Commitment of and coordination between government ministries and agencies appears uncertain; sustainability of social impact and community participation is uncertain.
Bank Performance :	Satisfactory	Satisfactory	Bank Performance is considered Satisfactory, albeit marginally so, especially due to initial lack of clarity in the first (institutional) objective, which contributed to delay in the project implementation, and the inadequate formulation of the second (SSM) objectives in terms of poverty-related and social issues.
Borrower Perf .:	Satisfactory	Satisfactory	Borrower performance is considered Satisfactory, albeit marginally so, due to the insufficient commitment on the part of the government and poor coordination between agencies and ministries, which were addressed somewhat in the course of the project.
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with "*" don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- Technical assistance is not an optimal instrument for implementing sector reform, especially if policy issues and restructuring requirements have not been clearly identified and not been agreed to with the government in the SAR and Credit Agreement;
- Small-scale mining is a poverty-driven activity, and therefore, project design should take an integrated approach to the subject;
- In a project where many ministries and governmental agencies are involved, effective coordination between them is important for smooth project implementation; and
- In formulating a complex project that covers many issues that require clear definition, and involves coordination between a large number of institutions within the client country, a Project Preparation Facility would greatly benefit analysis, planning and implementation .

8. Assessment Recommended? Yes No

Why? The project was a complex one, taking on far -reaching institutional reform and capacity -building and involving several agencies and ministries in a difficult organizational environment . In this context there are many lessons to be learned for improved project design and implementation that would have valuable lessons for similar country situations.

9. Comments on Quality of ICR:

The ICR covers all the important issues in project design and implementation in considerable detail, though the presentation could have been clearer in linking the objectives /components to outcomes and achievements . The quality of the ICR is rated as Satisfactory .