

JOINT MEMORANDUM TO PARLIAMENT

BY

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MINISTER FOR FINANCE**

AND

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MINISTER FOR LOCAL GOVERNMENT, DECENTRALISATION &
RURAL DEVELOPMENT**

AND

**HON. LARIBA ZUWEIRA ABUDU, MP
MINISTER FOR GENDER, CHILDREN & SOCIAL PROTECTION**

ON A

US\$150.0 MILLION IDA CREDIT

TO FINANCE

**THE GHANA PRODUCTIVE SAFETY NET PROJECT 2
ADDITIONAL FINANCING**

3RD AUGUST 2023

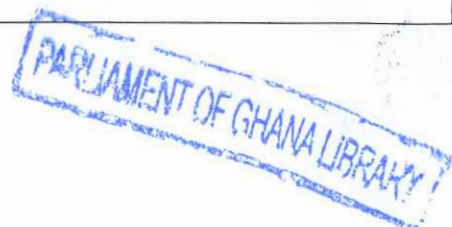


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ATTACHMENT:

Negotiated Draft Financing Agreement

EXECUTIVE SUMMARY

ACTION REQUIRED

Parliament is respectfully requested to consider and approve a proposed **One Hundred and Fifty Million United States Dollars (US\$150.0 million)** credit from the International Development Association (IDA) of the World Bank Group (WBG) as an Additional Financing (AF) for the Ghana Productive Safety Net Project 2 (GPSNP 2 AF). This request is subsequent to an Executive Approval granted for the proposed credit.

BACKGROUND INFORMATION

2. As part of the efforts to end extreme poverty and protect the poor and vulnerable, Government has over the years implemented key social protection interventions including: (i) Livelihood Empowerment Against Poverty (LEAP) cash transfer program; (ii) Labor-Intensive Public Works (LIPW) programme; (iii) the Ghana School Feeding Programme (GSFP); (iv) National Health Insurance Scheme (NHIS); (v) Education Capitation Grant; and (vi) Productive Inclusion (PI) programme.

3. Although these social interventions yielded a remarkable progress, the combined effect of the COVID-19 pandemic and Russia's invasion of Ukraine, among other factors, have led to serious economic challenges in Ghana, affecting the incomes and food security of the poor and vulnerable. According to the Annual Household Income and Expenditure Survey for 2022 (Quarter 1-3) released by the Ghana Statistical Service (GSS) on 3rd May 2023, about 1.76 million persons were unemployed in the third quarter of 2022. The survey further indicates that, 250,000 of the unemployed persons were food insecure in the third quarter of 2022. The current macroeconomic situation, particularly high food price inflation, is hard on the poorest, as expenditure on food accounts for 51 percent of total expenditure by households in the bottom 40 percent.

4. GSS indicated in Ghana's Multidimensional Poverty Index that about 14 million of the estimated 31 million population are multidimensionally poor. Poverty levels differ markedly across the country, with substantially higher rates in rural areas compared to urban areas. The report indicates that 64.6 percent of the rural population compared to 27.0 percent of the urban population are multidimensionally poor.

5. To complement Government's social intervention programs, the Ghana Productive Safety Net Project (GPSNP) was designed with a financing of US\$80.5 million (US\$60.0 million credit from the World Bank and US\$20.5 million grant from Foreign, Commonwealth and Development Office (FCDO) formally DFID) to improve the productivity of the poor and strengthen the country's social safety net systems.

6. The GPSNP was restructured in August 2020 to intensify Government's social safety net response to the adverse effects of the COVID-19 pandemic. In response to the pandemic, the GPSNP supported Government in frontloading the regular transfer amounts to LEAP

households as well as developing and implementing an information, communication, and engagement strategy in relation to the COVID-19 pandemic for social safety net programme for households and communities. The project became effective in June 2019 and closed in December, 2022.

7. Government, in a bid to mitigate the economic impact of the COVID-19 on the citizenry especially the poor and vulnerable, secured a US\$100.0 million credit facility in August 2021 to implement GPSNP 2. The Project was designed to expand and strengthen the performance of Government's main social safety net programmes in order to enhance the incomes and consumption of poor households; improve resources and infrastructure in poor communities. The 2023 budget has for example, doubled the benefits under the LEAP Programme and also boost allocations towards the school feeding programme.

Implementation Status of the Parent Project and the GPNSP 2

8. The key achievements of the projects as of June 2023 include the following:
- i. **Productive Inclusion (PI):** PI supported training on life skills, business management and micro enterprise development skills; mentoring and coaching tailored towards boosting the productivity and income of the poor and vulnerable. Under the parent project a total number of 20,354 beneficiaries have been provided with entrepreneurial support to commence their own income generation activities. A further 35,000 has been earmarked under GPNSP 2 is currently underway to provide entrepreneurial support.
 - ii. **Labour Intensive Public Works (LIPW):** This intervention supports the provision of short term employment to poor households through the execution of public works. Under the parent project a total number of 34,579 extreme poor beneficiaries were provided with short-term employment and paid US\$13.80 million as unskilled labour wage. A further 60,000 extreme poor persons have been earmarked under GPNSP 2.
 - iii. **LEAP Cash Grants:** It supports the continuation, expansion, and strengthening of LEAP Programme. LEAP bi-monthly unconditional cash transfers are ongoing, currently reaching 346,019 extreme poor households (comprising 1,533,747) against a target of 350,000 households. The planned reassessment of LEAP beneficiaries has commenced with a pilot in 10 districts of the North.
 - iv. **Social Protection Systems Strengthening (SPSS):** Data collection for the Ghana National Household Registry (GNHR) is completed in 6 regions and ongoing in 2 regions using the census method. Through collaboration with the GSS, the GNHR is leveraging the 2021 Population and Housing Census to complete household register for the remaining 8 regions, after which the Registry will focus on dissemination and updates. The Single Window Citizens Engagement Service (SWCES), a digitalized unified grievance redress mechanism is operational, with toll free number 0800800800/0800900900 that SP beneficiaries and citizenry can use to lodge

complaints and seek redress. Another key achievement under SPSS has been the development of an integrated Social Protection Monitoring and Evaluation Management Information System (SP MEMIS) to track performance of the flagship social protection programs in Ghana. In addition, two studies have been conducted to provide evidence and policy recommendations for strengthening SP systems to be able to anticipate, prepare and respond timely to shocks.

RATIONALE FOR GHANA PRODUCTIVE SAFETY NET 2 ADDITIONAL FINANCING (GPSNP 2 AF)

9. The social safety net programmes that the GPSNP 2 AF will be supporting are central to protecting the consumption of the poor, improving food security, and increasing productivity and human capital development.

10. In line with Ghana's Post COVID-19 Programme for Economic Growth (PC-PEG), Government has made commitments to safeguard and increase social spending to protect the poor and vulnerable during this time of economic crises. Government has committed to increase the LEAP program budget from GHS197.5 million in 2022 to GHS395 million in 2023 as well as GHS442 million and GHS478 million as indicative amounts for 2024 and 2025, respectively. Given recent fiscal challenges, release of payments for government-funded social protection programs (particularly LEAP and GSFP) have largely been delayed due to a lack of liquidity. The additional financing is therefore needed to finance Government's commitments on social spending while the country works towards fiscal recovery.

11. The AF would support the Ghana School Feeding Programme (GSFP). The financing will allow 3.8 million beneficiary children to be provided with school meals, for approximately 2.5 out of 6 terms in the 2024 and 2025 academic year. This would represent around 32 percent of the GSFP programme budget over the two-year period 2024-2025 and will support GoG to meet its existing budgetary commitments to the programme.

12. The AF would also support an estimated 25,000 new beneficiaries in addition to the 35,000 households under CLASS; 35,000 new beneficiaries in addition to the 60,000 households under LIPW; and double the transfer amounts received by all the 350,000 households under LEAP.

13. GPSNP2 AF has the following components:

Component 1: Productive Inclusion Program (US\$12 million): Supports the continuation of the productive inclusion activities for poor households through the expansion of CLASS activities in rural and urban poor communities and improve linkages to agriculture;

Component 2: Labor-Intensive Public Works Program (US\$19 million): Supports the implementation, expansion, and strengthens the performance of LIPW;

Component 3: Safety Net Program Transfers (US\$101 million (LEAP US\$40 million, GSFP US\$61 million): Finances the: (i) expansion of program coverage; (ii) improved targeting of the program to poor households; (iii) increased benefit levels; (iv) enhancement and strengthening of the capacity of decentralized structures; (v) school feeding program;

Component 4: Social Protection System Strengthening (US\$7 million): The component will support the continuous roll out of the Ghana National Household Registry, enhanced performance of Single Window Citizen Engagement Service (SWCES), strengthen Social Protection System resilience and responsiveness to shocks, and Operationalization and Maintenance of Social Protection Data Systems; and

Component 5: Project Management, Coordination, and Institutional Strengthening (US\$11 million): This component will finance the costs associated with the management and coordination of the project as well as, capacity building.

Component 6: Contingency Emergency Response Component (CERC) (US\$ 0 m): This component will be activated in case of an eligible emergency.

14. The project is scheduled to end on 31st December, 2025.

JUSTIFICATION FOR GOVERNMENT ACTION

15. **Alignment with Government Policy:** The project is consistent with the *Coordinated Programme of Economic and Social Development Policies (CPESDP) 2017-2024*. The proposed activities of the project are strategically relevant to Government's commitment of promoting inclusive economic growth that reduces poverty and create job opportunities for all especially, the poor and vulnerable as outlined in the CPESDP.

16. **Job Creation:** The project directly supports the implementation of the *National Rural Development Policy (NRDP)*, which incorporates the strategies of the LIPW. These policies and action plans support Government's flagship programmes such as Planting for Food and Jobs; Rearing for Food and Jobs; One Village, One Dam; One District, One Factory; and Planting for Export and Rural Development (PERD), which are all geared towards promoting inclusive economic growth, reducing poverty and creating job opportunities for all Ghanaians.

17. **Post COVID-19 Programme for Economic Growth (PC-PEG):** The Project is in line with Post COVID-19 Programme for Economic Growth (PC-PEG), which is the Government's blue print for addressing the economic crisis. This includes promotion of strong and inclusive growth while protecting the poor and vulnerable.

18. **International Protocols:** This Project, is contributing immensely to Government's efforts towards the attainment of Sustainable Development Goals (SDGs) 1, 2, 8 and 10 which

specifically relate to reducing poverty; reducing hunger; promoting decent work and economic growth and reducing inequality respectively.

OPTIONS AND IMPACTS CONSIDERED

19. Three options were considered for financing GPSNP2. The options considered were funding the project through Annual Budget Allocations, Re-allocating Funds under existing Programmes, or seeking Additional resource from IDA.

- i. **Annual Budget Allocations:** The estimated fiscal investment for the scope of interventions identified under GPSNP2 is substantial. Considering the current fiscal situation triggered largely by the impact of the COVID-19 pandemic on socio-economic activities and their attendant effect on national revenue mobilization potential, the prospect of implementing this critical intervention through the national Budget is less favourable.
- ii. **Fund Re-allocation from Existing Programmes:** This option is largely constrained by (a) limited number of projects that could be restructured; (b) consequences of such a restructuring on existing programme beneficiaries.
- iii. **Additional Resources from IDA:** The third option considered was to implement the project with new financing from IDA. This option comes with timely access to funds and favourable financing terms such as low interest rates and a long maturity period.

20. **Recommended Option:** Financing the project with new *Financing from IDA* is the preferred option in getting the project implemented on time to meet the national development agenda of inclusive economic growth and social protection for the poor and vulnerable. The option is the most attractive due to its relatively low financing cost (low interest rate and long maturity period of 30 years). In addition, retaining IDA as a funding source implies that the implementation structures could be maintained and thus reduce the potential loss of crucial time in setting up new structures.

INTER-MINISTRY CONSULTATIONS RECORD

21. Extensive consultations were held with the relevant stakeholders including the Ministry of Finance (MoF); Ministry of Gender, Children and Social Protection (MoGCSP); Ministry of Local Government, Decentralization and Rural Development (MLGDRD); Ministry of Employment and Labour Relations (MELR), Office of the Attorney-General and Ministry of Justice; Ghana Statistical Service (GSS); Office of the Head of Local Government Service, relevant Metropolitan, Municipal and District Assemblies, Civil Society Organizations, Development Partners, Academia and the Media.

22. The consultations informed the project design, determination of the scope and implementation arrangements. Environmental and social risk and mitigation planning were discussed and agreed upon during the consultations.

IMPLEMENTATION PLAN

23. The implementation arrangements will remain similar to the arrangements of the ongoing GPSNP2. MoGCSP and MLGDRD will remain the two implementing agencies for the AF. The GSFP is implemented by the MoGCSP through the School Feeding Secretariat and leverage on existing structures at subnational levels for implementation.

24. MLGDRD is responsible for the implementation of components 1, 2 and sub-component 5.2 while MoGCSP is responsible for components 3, 4, and sub-component 5.1

LEGISLATION/REGULATORY PLAN

25. The Project does not envisage the enactment of new legislations or amendments to existing legislation. Project implementation will be guided by the provisions of the Public Financial Management Act, 2016 (Act 921); Local Governance Act, 2016 (Act 936); Internal Audit Agency Act, 2003 (Act 658) the Ghana Audit Service Act, 2000 (Act 584), Public Procurement Act, 2003 (Act 663) as Amended with (Act 914), Labour Act 2003, (Act 651), Disability Act, 2006 (Act 715), and the Children's Act, 1998 (Act 560).

FINANCIAL IMPLICATION

26. The additional financing of US\$150.0 million will be provided as Credit on IDA blend terms as follows:

Repayment Period	25 years
Grace Period	5 years
Maximum Commitment Charge	0.5 - One-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance, <i>it is currently waived.</i>
Service Charge	1.34% - sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment (+59bps) to the Service Charge on the Withdrawn Credit Balance.
Interest Charge	1.39% - sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge (+14bps) on the Withdrawn Credit Balance.

27. The financing has a grant element of 25.08% and covers the full cost of the proposed activities.

COMMUNICATION PLAN

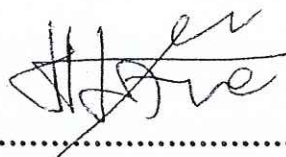
28. An effective communication strategy is critical to the successful implementation of the project. The parent project has adopted electronic and print media, sensitization workshops, community durbars, and regular stakeholder meetings to reach stakeholders and the public. This new financing envisages similar stakeholders, as such the same channels of communication used for the GPSNP-2 will be replicated in managing the project.

CONCLUSION

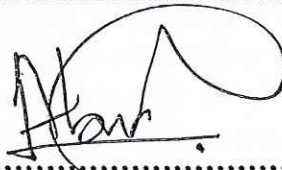
29. Considering the urgent need to provide social protection and safety nets for the poor and vulnerable in these challenging times, Members of Parliament are respectfully requested to consider and approve the proposed One Hundred and Fifty Million United States Dollars (US\$150.0 million) Credit from IDA.



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SOCIAL PROTECTION

ANALYSIS DOCUMENT

CONTEXT

30. Social protection is a key component of the Government of Ghana's multi-pronged approach to poverty reduction. By reaching out to poor and vulnerable households through a mix of programs, social protection can help lift more households out of poverty and aid their resilience to shocks. This is evident in the various national interventions and reforms in the social protection sector such as the: (i) establishment of the MoGCSP to coordinate social protection programmes (ii) Institution of National Social Protection Policy, which sets the vision and guides programs in the social protection sector; (iii) approval of a National Employment Policy and the National Labor-Intensive Public Works Policy to provide guidance on supporting job creation programs, accelerated poverty reduction interventions and sustainable local economic development initiatives.

31. Government with support from development partners introduced, expanded, and strengthened social protection programs targeted at the poor and vulnerable. The main social protection programs include the: (i) LEAP cash transfer program; (ii) LIPW program; (iii) GSFP; (iv) NHIS; (v) Education Capitation Grant; and (vi) PI program.

32. In addition, Government has introduced several system-level reforms and innovations to strengthen program delivery performance. These include: (i) the continued rollout of the GNHR; (ii) digital benefit payment systems; (iii) digital program management information systems (MIS's) covering the full program delivery chain; and (iv) the rollout of an integrated unified citizen engagement and grievance redress mechanism (GRM), known as the Single Window Citizens Engagement Service (SWCES).

33. The programmes and system-level improvements have been supported by various World Bank projects. Specifically, the US\$139 million Ghana Social Opportunities Project (GSOP), which was implemented between 2010-2018, supported the Government in administering and strengthening the LEAP, LIPW, and pilot PI programmes.

34. To build on gains made under GSOP and intensify Government safety net response, GPSNP was designed in 2019. This was followed by a GPSNP 2 in 2022 and currently preparing GPSNP 2, Additional Financing. GPSNP supports Government in strengthening the country's social safety net system towards improving the welfare and productivity of the poor.

Implementation Status

35. The key achievements of the projects as of June 2023 include the following:

Productive Inclusion (PI): PI/ CLASS. Under GPSNP, a total number of 20,354 beneficiaries were provided with entrepreneurial support to commence their own income generation activities. The follow-on project (GPSNP 2) has enabled government to expand coverage from 41 to 82 districts and expand implementation

to urban areas (with the commencement of urban pilot in 2023). In this regard, a process has begun to provide entrepreneurial support to a further 35,000 beneficiaries bringing the total number to 55,354. The support provided is in the form of vocational skills training, start-up grants, mentoring and coaching and linkage to markets. Still under the PI component, a total of 19,913 beneficiaries (from LEAP and LIPW households) have been linked to other agricultural complementary support.

Labour Intensive Public Works (LIPW): Under GPSNP a total number of 34,579 extreme poor beneficiaries were provided with short-term employment and paid US\$13.80 million as unskilled labour wage. This was achieved through their participation in the delivery 352 subprojects comprising 64 (251.56 km) feeder roads, 79 small earth dams and 209 (2,022ha) climate change interventions. Under GPSNP 2 the funding provided has enabled government to expand coverage from 80 to 100 districts and also lead to an additional beneficiary reach of 60,000. To date, works have commenced on 246 out 529 subprojects. A total number of 20,894 poor persons of the 60,000 planned have been targeted, enrolled and working at LIPW sites.

LEAP Cash Grants: It supports the continuation, expansion, and strengthening of LEAP Programme. LEAP bi-monthly unconditional cash transfers are ongoing, currently reaching 346,019 extreme poor households (comprising 1,533,747) against a target of 350,000 households. The planned reassessment of LEAP beneficiaries has commenced with a pilot in 10 districts of the North.

Social Protection Systems Strengthening (SPSS): Data collection for the Ghana National Household Registry (GNHR) is completed in 6 regions and ongoing in 2 regions using the census method. Through collaboration with the GSS, the GNHR is leveraging the 2021 Population and Housing Census to complete household register for the remaining 8 regions., after which the Registry will focus on dissemination and updates. The Single Window Citizens Engagement Service (SWCES), a digitalized unified grievance redress mechanism is operational, with toll free number 0800800800/0800900900 that SP beneficiaries and interested persons can use to lodge complaints and seek redress. The SWCES unified case management system is interoperable with case management systems of flagship SP interventions. The GPSNP 2 has also provided the opportunity for extension of the SWCES to subnational level. Another key achievement under SPSS has been the development of an integrated Social Protection Monitoring and Evaluation Management Information System (SP MEMIS) to track performance of the flagship social protection programs in Ghana.

Lastly, with support from the World Bank and UNICEF, two (2) studies have been conducted to provide evidence and policy recommendations for strengthening SP systems to be able to anticipate, prepare and respond timely to shocks. This has necessitated the design of a national social protection shock response strategy being supported under GPSNP 2.

RATIONALE FOR GHANA PRODUCTIVE SAFETY NET PROJECT 2 - ADDITIONAL FINANCING (GPSNP 2 AF)

36. The social safety net programmes that the GPSNP-2 supports are central to protecting the consumption of the poor, improving food security, and increasing productivity and human capital.

37. In line with Ghana's Post COVID-19 Programme for Economic Growth (PC-PEG), Government has made commitments to safeguard and increase social spending to protect the poor and vulnerable during this time of economic difficulties. Government has committed to increasing the LEAP program budget from GHS197.5 million in 2022 to GHS395 million in 2023 as well as GHS442 million and GHS478 million as indicative amounts in 2024 and 2025, respectively. Given recent fiscal challenges, release of payments for government-funded social protection programs (particularly LEAP and GSFP) have largely been delayed due to a lack of liquidity. The additional financing is therefore needed to finance Government's commitments on social spending while the country works towards fiscal recovery.

38. The AF will support the Ghana School Feeding Programme (GSFP). The financing will allow 3.8 million beneficiary children to be provided with school meals, for approximately 2.5 out of 6 terms in the 2024 and 2025 academic year. This would represent around 32 percent of the GSFP programme budget over the two-year period 2024-2025 and will support GoG to meet its existing budgetary commitments to the programme.

Project Components - GPSNP 2 Additional Financing (AF)

39. The components of the AF will remain the same as those of the parent project except the introduction of the Ghana School Feeding Program under component three (3). *The six (6) components are detailed below:*

40. **Component 1: Productive Inclusion (PI) Program (US\$12m):** The objective of this component is to support the continuation of the productive inclusion activities for poor households. The proposed AF will scale up the originally targeted 35,000 under the parent project by 25,000 new beneficiaries. The total beneficiary reach will now be 60,000. The component will be implemented by the MLGDRD. This component consists of two (2) sub-components as detailed below:

41. **Subcomponent 1.1: Complementary Livelihood and Asset Support Scheme (CLASS)**
This subcomponent seeks to finance the expansion of CLASS activities in rural and urban poor communities. Specific activities to be supported include training on life skills, business management and micro enterprise development skills; mentoring and coaching tailored towards boosting the productivity and income of the poor and vulnerable. With the funding from the AF CLASS is expected to reach at least 25,000 poor households in the rural areas with beneficiaries ranging from the ages of 18 to 65 years.

42. **Subcomponent 1.2: Linkages to Agriculture:** This subcomponent is designed to improve the agricultural productivity of poor households by facilitating linkages to existing agricultural programs and projects. Specifically, the subcomponent will finance the establishment of a mechanism for referring LEAP and LIPW beneficiaries, in both rural and urban areas engaging in agriculture, to key government agricultural projects, to either participate in the projects or gain from inputs that are provided under them. This subcomponent will further finance provision of information to extremely poor farmers participating in LEAP and LIPW to form farmer-based organizations; identification of beneficiaries who are interested and able to participate in labour-intensive activities and explore value chain linkages to build viable opportunities for increasing incomes and reduce their risks of falling back into extreme poverty.

43. **Component 2: Labor-Intensive Public Works (LIPW) Program (US\$19m):** The component will support the implementation, expansion, and strengthen the performance of LIPW, specifically: (i) expansion of the program in rural communities; (ii) extension of the program to urban areas; and (iii) development of a strategy for increasing financing for LIPW, including through Government financing at the national level and through the budgets of Metropolitan Municipal and District Assemblies, and (iv) pilot the construction of the school kitchen using local resources for school feeding. It will also finance the cost of LIPW sub-projects (including LIPW wages for participants), program administration, and the costs of strengthening and reforming program design and implementation. The component will be implemented by MLGDRD. The proposed AF will scale up the originally targeted 60,000 under the parent project by 35,000 new beneficiaries. The total beneficiary reach will now be 95,000.

44. **Component 3: Safety Net Program Transfers (US\$101.0 million):** This component will be implemented by MoGCSP. The objective of the component is to support the provision of cash transfers to the LEAP program as well as provide payments for food transfers under the GSFP.

45. **Subcomponent 3:1 Livelihood Empowerment Against Poverty (LEAP) Program (US\$40m):** The subcomponent supports the continuation, expansion, and strengthening of LEAP through: (i) expansion of program coverage; (ii) improved targeting of the program to poor households; (iii) increased benefit levels; and (iv) enhancement and strengthening of the capacity of decentralized structures to support the implementation of LEAP at the community level. It will finance cash transfers, program administration and operations, and the costs of strengthening and reforming program design and implementation. The proposed AF will support in double cash transfers to all the 350,000 households under LEAP.

46. **Subcomponent 3:2 Ghana School Feeding Program (GSFP) (AF US\$61.0 million):** The objective of this subcomponent is to contribute to the financing of payments to caterers and support Government to improve timeliness and predictability of payments. The subcomponent will also contribute to financing technical implementation costs associated with strengthening implementation quality including training of caterers on nutrition, hygiene and fiduciary standards; linking children to deworming services and provision of vitamins; and linking farmers and Farmer Based Organizations to caterers. The AF will therefore strengthen

the key partnership with collaborating MDAs to improve the efficiency and delivery of the programme.

47. **Component 4: Social Protection System Strengthening (SPSS) (US\$7m):** MoGCSP will be the main implementing agency for the component, partnering with other relevant national government authorities and MMDAs. The component comprises four subcomponents:

48. **Subcomponent 4.1: Ghana National Household Registry (GNHR):** This subcomponent will finance: (i) the continued operations of GNHR; (ii) further collection and updating of GNHR data; (iii) the maintenance, protection, and dissemination of GNHR data; and (iv) the development of a strategy toward securing sustainable financing for GNHR. The use of GNHR is vital in identifying vulnerable beneficiaries in the event of shocks such as the COVID 19 pandemic.

49. **Subcomponent 4.2: Single Window Citizen Engagement Service (SWCES):** The subcomponent will further finance the development, implementation and enhanced performance of SWCES, the project's Grievance Redress Mechanism (GRM). In addition, the subcomponent will support ICT products and services, personnel, arrangements and procedures for scaling up the coverage of SWCES across the country.

50. **Subcomponent 4.3: Social Protection System Resilience and Responsiveness to Shocks:** This subcomponent will finance the implementation and maintenance of arrangements and procedures to improve the resilience and responsiveness of the Government's main social safety net programs and the overall social protection system to economic and natural shocks, including weather-related shocks such as drought and flood. This will involve developing a shock responsive mechanism for social protection programs so that they are robust to address various disaster or shock scenarios and strengthening the sector's coordination for shock response, with institutions such as the Office of the Head of Local Government Service, the National Disaster Management Organization (NADMO), and the Ministry of Health.

51. **Subcomponent 4.4: Operationalization and Maintenance of Social Protection Data Systems:** The subcomponent will finance the completion, operationalization and maintenance of the social protection data system, which was initiated under the parent project. The system would track progress of social protection programs to promote transparency and accountability.

52. **Component 5: Project Management, Coordination, and Institutional Strengthening (US\$11m):** This component will finance the costs associated with the management, coordination and capacity building for the MLGDRD and MoGCSP and their implementing and partnering agencies.

53. **Component 6:** In addition to the above-mentioned components, the project made provision for *Contingent Emergency Response (US\$0 million)* to facilitate the swift reallocation of project funds in case of a shock or crisis classified as an emergency by Government.

54. Project Components and Allocations for GPSNP-2 Original and Additional Financing in (US\$ millions).

Component	Sub-component / Activity	IDA Original (US\$ m)	IDA AF (US\$ m)	Total IDA Financing (US\$ m)
Productive Inclusion Program	PI	15	12	27
Labor-Intensive Public Works Program	LIPW	28	19	47
Safety Net Program Transfers	LEAP Cash Transfers	20	40	60
	GSFP payments	0	61	61
Social Protection Systems Strengthening	SPSS	29	7	36
Project Management, Coordination and Institutional Strengthening	Project management	8	11	19
Contingency Emergency Response	CERC	0	0	0
Total		100	150	250

OPTIONS AND IMPACTS

ASSESSMENT OF OPTIONS

55. The three financing options considered by the Ministry of Finance, MoGCSP and MLGDRD for addressing the need for increased social protection for the poor and vulnerable are as detailed below:

- i. **Fund Re-allocation from Existing Programmes (FREP):** The first option considered was to implement the project by re-allocating unutilized funds under existing social protection programmes. FREP presents the advantage of less time and efforts in securing additional funds as Government only needs to meet Steering Committees and funding agencies to negotiate and re-allocate. In addition, FREP offers efficiency in use of resources and has no additional interest rate charges. This option is largely constrained by (a) limited number of projects that could be restructured; and (b) consequences of such a restructuring on existing programme beneficiaries.
- ii. **Annual Budget Allocations (ABA):** A major alternative for financing the cost of the project is to rely on annual budget allocations. Implementing the project with budget allocations requires no interest payment and debt servicing which will result in cost saving benefits. However, considering the huge financing requirements, and current levels of domestic revenue mobilization it will take government a very long time to complete the project if it decides to fund it through annual budget allocations.

- iii. **International Development Association (IDA):** The final option considered was to seek the financing from IDA. As a multilateral development partner, IDA is better positioned to fund the project at favourable terms and conditions. The terms and timelines of IDA financing are very competitive for social projects of this nature. In addition, IDA also brings its knowledge and experience to support the design and implementation of the project.

RECOMMENDED OPTION

56. Financing the project with new Financing from IDA is the preferred option in getting the project implemented on time to meet the national development agenda of inclusive economic growth and social protection for the poor and vulnerable. The option is the most attractive due to its less net negative effect on the financing of the entire ecosystem of Social Protection, relative low interest rates and long maturity period of 30 years. In addition, retaining the IDA as a funding source implies that the implementation structures could be maintained and thus reduce the potential loss of crucial time in setting up new structures.

EXPECTED OUTCOMES OF THE PROJECT

57. The additional financing for the project would support an estimated additional 25,000 households under CLASS; 35,000 households under LIPW; and double the cash transfers to the 350,000 households under LEAP. These numbers are expected to culminate in the following:

- ❖ **Increased Productivity:** The project activities will contribute to Government efforts of reducing inequality in all areas by providing equal opportunities for productive inclusion through enterprise development, creation of job opportunities through construction and rehabilitation of community assets such as roads, dams, as well as improved financial services;
- ❖ **Strengthened Social Protection Delivery Systems:** The project is designed to improve the efficiency, effectiveness and transparency of safety net interventions across the country. This will ensure that benefits of Social Protection interventions are received by the intended target beneficiaries.
- ❖ **Improved livelihood conditions:** Government's initiative with the support of this project will help to smoothen consumption among extremely poor households. The provision of LEAP grants to poor households will help them meet their basic needs. Securing the basic consumption of these households would enable them to engage in economic activities, thus breaking the intergenerational cycle of poverty.

ENVIRONMENTAL AND SOCIAL IMPACT

58. **Environmental Impact:** The proposed project through LIPW, seeks to support sub-projects that build green infrastructure and assets in poor rural and urban communities, and thereby promote environmental sustainability.

59. **Social Impact:** The project is expected to have a positive social impact through increased household income for the direct beneficiaries.

FINANCIAL IMPLICATION

60. The additional financing of US\$150.0 million will be provided as Credit on IDA blend terms as follows:

Repayment Period	25 years
Grace Period	5 years
Maximum Commitment Charge	0.5 - One-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance, <i>it is currently waived.</i>
Service Charge	1.34% - sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment (+59bps) to the Service Charge on the Withdrawn Credit Balance.
Interest Charge	1.39% - sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge (+14bps) on the Withdrawn Credit Balance.

IMPLEMENTATION PLAN

61. The implementation arrangements will remain similar to the arrangements of the ongoing GPSNP 2. The project will be implemented by MoGCSP and MLGDRD. The Chief Directors of the two ministries will have overall responsibility of the project implementation for their respective Ministries. Detailed below is the Implementation Plan for the project interventions:

62. **PI Program:** The delivery process of CLASS will include: (i) Selection of Beneficiary Communities; (ii) Community Mobilization and Sensitization; (iii) Beneficiary Enrolment; (iv) Finalization of Income Generation Activity Choices and Group Formation; (v) Training on Life Skills, Business Management and Microenterprise Development; (vi) Grant Disbursement; and (vii) Coaching and Mentoring.

63. **LIPW Program:** The delivery cycle of LIPW involves: (i) Identification and Selection of an LIPW Community; (ii) Selection of Sub-projects; (iii) Appraisals, Field Surveys and Design of LIPW Sub-projects by District Assemblies, Collaborating Institutions and other actors; (iv) Procurement of Works; (v) Sensitization, Targeting and Enrollment of Community

Workforce; (vi) Execution of Works; and (vii) Payment of LIPW wages to beneficiaries and contractors.

64. **LEAP:** The LEAP cash transfer programme delivery cycle will include: (i) Payroll Generation; (ii) Household Care Giver Account Accredited; (iii) Household Care Giver Cash Out; (iv) Preparing Crediting and Cash out Reports; and (v) Preparing Reconciliation Reports.

65. **GSFP:** The GSFP delivery process will include: (i) Selection of beneficiary districts (ii) Operationalization of the management information system (iii) Re-engagement of GSFP caterers (iv) Caterer contracting (v) Training of contracted caterers on hygiene standards, use of portion control/handy measures and payment processes (vi) Training of contracted caterers (and other district actors) on the Management Information System (vii) Community sensitization (viii) Caterer payment (ix) Monitoring and evaluation activities.

66. **SPSS:** The major intervention to be delivered under the SPSS is the GNHR. The delivery process will include: (i) Stakeholder Engagement; (ii) Recruitment of Firm and Field Officers; (iii) Conducting Public Information Campaigns; (iv) Structural listing by Ghana Statistical Service (GSS); (v) Data Collection by Firms; (vi) Spot Check by GSS; and (vii) Monitoring and Evaluation.

67. The project is scheduled to end on 31st December, 2025.

COMMUNICATION PLAN

INTRODUCTION

68. An effective communication plan is critical to the successful implementation of the Ghana Productive Safety Net Project (GPSNP2). This document outlines how the issues pertaining to the project would be communicated to various stakeholders and the general public during and after the implementation of the project.

MINISTRIES AFFECTED

69. The under-listed are the main Ministries, Departments and Agencies (MDAs) as well as Metropolitan, Municipal and District Assemblies (MMDAs) to be impacted by the project. Consultations have been held with the institutions on the project development objective, scope, design and implementation arrangements:

- i. Ministry of Gender, Children & Social Protection;
- ii. Ministry of Local Government, Decentralisation and Rural Development
- iii. Ministry of Finance;
- iv. Ministry of Employment and Labour Relations;
- v. Ministry of Education;
- vi. Ministry of Food and Agriculture;
- vii. Ministry of Health;
- viii. Office of the Attorney-General and Ministry of Justice;
- ix. Ministry of Environment, Science, Technology and Innovation;
- x. Environmental Protection Agency;
- xi. National Health Insurance Authority;
- xii. Ghana Statistical Service;
- xiii. Office of the Head of Local Government Service;
- xiv. Institute of Local Government Studies;
- xv. Department of Feeder Roads;
- xvi. Ghana Enterprises Agency;
- xvii. Commission for Technical and Vocational Education and Training;
- xviii. National Development Planning Commission;
- xix. Ghana Irrigation Development Authority;
- xx. National Disaster Management Organisation; and
- xxi. Ghana Interbank Payment and Settlement Systems.

ORIGIN OF THE ISSUE

70. The GPSNP2 is largely triggered by Government's bid to end extreme poverty, protect the consumption of the poor, improve food security, and increase productivity and human capital.

71. Considering the success and implementation efficiency of GPSNP2, the AF presents a perfect opportunity to scale-up social protection interventions under the project. Government is committed to improving the livelihoods of poor households by harnessing investments in the Social Protection sector to support these households to better access services that promote their productivity and improve their access to jobs.

AUDIENCE

72. In communicating the issues of this project, the under-listed will be the target audience:

- i. The General Public;
- ii. Low Income Communities;
- iii. Metropolitan and Municipal Assemblies;
- iv. Civil Society Organizations;
- v. Development Partners;
- vi. Business Associations;
- vii. Key Ministries, Departments and Agencies; and
- viii. Beneficiary Communities.

COMMUNICATIONS GOALS AND OBJECTIVES

73. Communicating the project is aimed at informing the general public on national efforts of reducing the prevalence of poverty through social protection and improving the livelihoods of poor households in the country.

ANNOUNCEMENTS

74. The project will be announced through the following channels: official websites of the implementing agencies, newspaper publications, social media handles of the respective implementing units, national dialogues on social protection, workshops, community durbars, distribution of printed documents in relevant institutions, annual/mid-year project stakeholder meetings, and radio and TV communications. Each implementing Ministry will be responsible for announcing their respective components; MLGDRD will be responsible for announcing Components 1, 2 and 5.2 while MoGCSP will be responsible for announcing Components 3, 4 and 5.1.

75. In securing final approval for the project, it is expected that Parliament will be informed and adequately engaged. The Finance Committee of Parliament will be engaged and apprised on the interventions intended under GPSNP2 AF. It is anticipated that, the committee which comprises both government and opposition members of Parliament will be sufficient outlet for addressing any potential issues from the perspectives of political parties.

BUDGET

76. The communication cost of the project will be budgeted for annually and financed under funds allocated to Component 5 (Project Management, Coordination, and Institutional Strengthening).



OFFICE OF THE PRESIDENT

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Ref. No. OPS 182/23/727
31st July, 2023

Honorable Member:

RE: REQUEST FOR EXECUTIVE APPROVAL FOR THE PROPOSED US\$150.0 MILLION CREDIT FACILITY BETWEEN THE REPUBLIC OF GHANA AND IDA OF THE WORLD BANK GROUP AS ADDITIONAL FINANCING TO THE GHANA PRODUCTIVE SAFETY NET PROJECT 2

I refer to your letter dated 26th July, 2023, with reference number ERMERD/WBGU/GPSNP2/VOL.1, in respect of the above subject matter.

The President has granted approval for a proposed credit facility of One Hundred and Fifty Million United States Dollars (US\$150.0 million) from the International Development Association (IDA) of the World Bank Group (WBG) as additional financing for the Ghana Productive Safety Net Project 2 (GPSNP 2 AF).

I shall be grateful if you could take the requisite action on the above.

**NANA BEDIATUO ASANTE
SECRETARY TO THE PRESIDENT**

**THE HON. MINISTER
MINISTRY OF FINANCE
ACCRA**

ATTN: MR. KEN OFORI-ATTA

Cc: The Vice President
Jubilee House, Accra

The Chief of Staff
Jubilee House, Accra

Secretary to the Cabinet
Jubilee House, Accra

The Hon. Minister
Ministry of Local Government,
Decentralisation and Rural Development
Accra