

**SIGNING CEREMONY OF FIVE (5) IDA FINANCING AGREEMENTS
BETWEEN THE REPUBLIC OF GHANA AND THE WORLD BANK**

**SPEECH BY THE HON. MINISTER OF FINANCE &
ECONOMIC PLANNING**

Mr. Mats Karlsson

Hon Ministers

Heads of Agencies

Directors of MOFEP

The Press

Ladies and Gentlemen,

It is my greatest pleasure to welcome you all to today's signing ceremony of 5 Financing Agreements (FA) between the Republic of Ghana and the International Development Association (IDA) of the World Bank. The total value of these 5 FAs is SDR122.0 million (US\$185.0 million equivalent). The projects are as follows:

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| • Ghana Energy Development & Access Project | 90.0 |
| • Urban Transport Project | 45.0 |
| • Small Town Water Supply & Sanitation Project (Supplemental) | 10.0 |
| • Health Insurance Project | 15.0 |
| • Nutrition and Malaria Control for Child Survival Project | 25.0 |

The Ghana Energy Development and Access Project (GEDAP) seeks to assist the Government of Ghana in: (i) improving the operational efficiency of the electricity distribution system and increasing the population's access to electricity; and (ii) transitioning Ghana to a low-carbon economy through the reduction of greenhouse gas emissions. The three components of the project are as follows:

The Sector and Institutional Development component is critical for increased reliability of power supply and expanded access to electricity. Improvements in the

operations of the distribution system, should improve the performance of the power system, given Government of Ghana's new investment in power infrastructure.

The Electricity Distribution Improvement component will focus on the upgrading of facilities necessary for access expansion, technologies to improve operational performance and a backlog of investments that normally would have been part of Electricity Company of Ghana's (ECG) preventive maintenance programme to preserve and improve operation efficiency.

The Electricity Access and Renewable Energy Component will support a new and multifaceted approach to expanding electricity access in Ghana tailored to geographical location, potential level of demand, and distance from existing grid. To stimulate market for off-grid systems the project will also introduce new financing systems and institutions to encourage the development of small, private energy businesses and make electricity access more affordable to customers.

The Ministry of Energy (MOE) will be in charge of coordinating the overall project. Their responsibilities will include monitoring and evaluating the project's progress and the achievement of the project's development objectives, and the preparation of related reports. MOE will also ensure the implementation of the project's environmental and social management plans.

Other implementing institutions are Electricity Company of Ghana (ECG), Volta River Authority's Northern Electricity Department, Public Utilities Regulatory Commission (PURC), ARB Apex Bank and Energy Commission.

Apart from the World Bank support of US\$90.0 million to GEDAP which we are signing today, other co-financiers are Swiss Economic Co-operation (SECO), African Development Bank (AFDB), Africa Catalytic Growth Fund (ACGF), Global Partnership on Output Based Aid (GPOBA) and the Global Environment Facility (GEF), all contributing a total of US\$91.75 million as additional funding for the project.

The project will facilitate the replacement and expansion of transformers of communities to stabilize power supply and provide solar power as alternative source of energy to rural communities at subsidized rates.

Ladies and Gentlemen,

The next is the **Urban Transport Project (UTP)** which aims to improve the mobility in areas of participating Municipal and Metropolitan District Assemblies (MMDAs), promote a shift to more environmentally sustainable urban transport modes and encourage lower urban transport-related Green House Gas (GHG) emissions along pilot Bus Rapid Transit (BRT) corridors in Accra and Kumasi. The project has 5 components which are

Institutional Development component is to support MOT to develop and implement measures for enhancing the overall transport policy, regulation and co-ordination including the formulation of operating and safety standards and investment plans in the urban transport sector. There is also support to MLGRDE to develop and implement instruments for the regulation of urban transport, and to formulate, and facilitate the implementation of urban transport plans; and (ii) carrying out of activities to build the capacity of staff of MOLGRDE, Accra MMDAs and Kumasi MMDAs in integrated urban and transport development and environmental management.

This same component also supports Accra MMDAs to develop transport-related databases and plan and deliver urban transport services. Support to Project Advisory Office (PAO) and Centre for Urban Transportation (CUT) to provide advisory services in planning, management and regulation of urban passenger transport to the institutions and operators involved in the implementation of the Project, and carrying out of an institutional design and financing study to prepare the transition of PAO to CUT.

There is also support to passenger transport operators in the Accra MMDAs' areas by developing the operators' capacity to prepare business plans, enter into route service contracts and maintain their fleet. Apart from these, there is support to the Motor Traffic and Transport Unit of Ghana Police Service by developing its capacity to carry out traffic monitoring and enforcement of traffic regulations.

Traffic Engineering, Management and Safety component is to carrying out measures to improve traffic management at selected road intersections in the Accra MMDAs' areas, develop a coordinated traffic signal system and a centralized traffic signals control center in the Accra metropolitan area. Traffic signal system and a centralized traffic signals control center in the Kumasi metropolitan area will also be established.

In additional this component will carrying out public education, information dissemination and training programs for improved traffic management and enforcement of traffic regulations as well as design and supervision of the various engineering and other measures required for other components.

The Bus Rapid Transit (BRT) system component will provide the BRT infrastructure in Accra, including carrying out of major structural works, development of a BRT trunk route, provision of interchange facilities and implementation of traffic management measures. The component will also cover the design of the BRT system and supervision of BRT work, preparation and implementation of a BRT consultation and communication plan and carry out measures to operationalise and manage the BRT system.

The Integration of Urban Development and Transport Planning component will support the MLGRDE to undertake an integrated urban and transport development plan for the Accra MMDAs' areas, including the carrying out of a strategic environmental assessment.

The Project Outcome Monitoring component will among others carry out periodic studies to examine the travel and related social and economic patterns of, and transport constraints faced by, people living in the Accra and Kumasi MMDAs' areas. It will also monitor air quality and estimate the impact on greenhouse gas (GHG) emissions induced by the modal shift to less energy intensive urban transport modes along the pilot BRT corridor in Accra. Finally, this component will carry out a management audit to measure the impact of capacity building activities carried out under the Project on the institutions involved in the implementation of the Project.

This project has been jointly developed by the Ministries of Transportation and Local Government, Rural Development and Environment. The UTP has been identified as one of the appropriate means through which an effective and efficient urban transport system can be systematically developed and significantly improved.

Ladies and Gentlemen,

The Small Town Water Supply & Sanitation Project (STWSSP) is an ongoing project being implemented by the Community Water and Sanitation Agency (CWSA). This additional financing is to meet the higher than anticipated cost of providing rural water to a targeted population of 500,000 at the close of the project. There has been the predominance of participating towns with relatively smaller population sizes resulting in a shortfall in the access target population. This supplement will assist in serving the 80,000 population shortfall in order to meet the designated target population of 500,000. The project objectives and components remain unchanged.

Ladies and Gentlemen,

The Health Insurance Project (HIP) is to strengthen the financial and operational management of the National Health Insurance Scheme (NHIS) by improving the policy adaptation and implementation capacity of the NHIS. This will address the ongoing core policy issues related to the collection of contribution, risk equalisation and provider payment mechanisms. The implementation of this project will also enhance the purchasing functions of the National Health Insurance Commission (NHIC) and the District Mutual Health Organisations, and improve the billing functions of the provider network. The components of the project are:

The Enabling Environment for Implementation component will strengthen policy adaptation and implementation capacity of the National Health Insurance Scheme in the following areas:

- Stakeholder coordination
- Project management and sustainability
- Communication strategy to manage public expectations
- Standardizing fee schedules and drug lists
- Performance based provider payment mechanisms and other policy adaptation
- Development of related projects for donor support
- System for conducting routine audits and controlling for fraud and abuse

The Financial and Operational Management Tool component of this project will seek to improve the purchasing function of the Schemes and the billing function by the provider network through moving the billing and claims process from paper- base to electronic-based system. Specifically, it will strengthen the “front office” and “back office” of the provider network so that they will be able to carry out functions such as eligibility determination, tracking patients, bulk billing, and other standard accounting and financial

management functions. The activities will attempt to standardize the purchaser-provider interface so that the purchaser does not have to deal with multiple inconsistent provider interfaces. The project will support development and implementation of the purchaser-provider interface in the following areas:

- Providers' needs analyses and strategies for business process tools
- Network development, hardware, and alternative energy solutions
- Software and systems integration

The Financial and Operational Management Training component is intended to improve the skills in health insurance administration for staff working in both the NHIS and provider network. This component will strengthen the actuarial analysis capacity of the NHIC Secretariat, financial management of premiums, payment mechanisms, liquidity management, utilization management and other related activities needed to secure the long-term financial sustainability of the health insurance system. The project would also support training and capacity building in the following areas:

- Needs assessment and strategy development
- Management training for Scheme managers, providers, and MOH

Ladies and Gentlemen,

HIP is expected to yield significant socio-economic and financial returns for Ghana including a financially sustainable, revenue-generating National Health Insurance programme, which will support the modernization of the health system, and providing broad social benefits, protection from illness for the poor, improved governance, and increased use of health services by Ghanaians.

Ladies and Gentlemen,

The Nutrition and Malaria Control for Child Survival Project is to improve the utilisation of selected community-based health and nutrition services for children under the age of two and pregnant women in selected districts. The project has 3 components which are;

- Institutional Strengthening for Coordination, Implementation, and Outcome
- Community-Based Health and Nutrition Service Delivery
- Malaria Prevention

The project is will target children between the ages of 24 and 59 months especially for the child survival and malaria control interventions sub-component.

Ladies and Gentlemen,

The 'value is the same' standard IDA terms of credits for each of the 5 projects. These are;

Term of Credit	30 years
Grace Period	10 years
Service Charges	0.75% per annum
Commitment fees	0.5% – 0.3% per annum

In conclusion, I would like to once again charge all officers of the various implementing agencies to be guided by both the Republic of Ghana and IDA systems that seek to ensure appropriate use of public funds. The projects should bring a difference in the lifestyle and well-being of the Ghanaian.

Thank you.