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**MINISTRY OF LOCAL GOVERNMENT, DECENTRALIZATION, AND  
RURAL DEVELOPMENT (MLGDRD)**

**GHANA PRODUCTIVE SAFETY NET PROJECT 2 (GPSNP 2)**

**Credit # 6859-GH**

**PROJECT ID-P175588**

**PROJECT OPERATIONAL MANUAL VOLUME 6**

**FINANCIAL AND PROCUREMENT MANAGEMENT MANUAL**

**OCTOBER 2021**

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## ABBREVIATIONS AND ACRONYMS

ATM	Automated Teller Machine
AWPB	Annual Work Plan & Budget
BAC	Business Advisory Centre
BDS	Business Development Service
CBT	Community Based Targeting
CDD	Community Driven Development
CDF	Community Development Fund
CEPS	Customs Excise and Preventive Service
CF	Community Facilitator
CIGS	Complementary Income Generation Scheme
CLASS	Complementary Livelihood and Asset Support Scheme
CoA	Chart of Accounts
CSO	Civil Society Organization
DA	District Assembly
DBO	District Budget Officer
DCDO	District Community Development Officer
DCIT	District CLASS Implementation Team
DFID	United Kingdom Department for International Development
DFO	District Finance Officer
DMTDP	District Medium-Term Development Plan
DL	Disbursement Letter
DPCU	District Planning Coordinating Unit
DPO	District Planning Officer
DSWO	District Social Welfare Officer
ESHS	Environment Social Health and Safety
EPA	Environmental Protection Agency
EOI	Expression of Interest
ESMF	Environmental and Social Management Framework
FA	Financing Agreement
FAR	Financial Administration Regulation
FARAH	Financial Accounting, Reporting and Auditing Handbook
FBS	Fixed-Budget Selection
FM	Financial Management
FMS	Financial Management Specialist
GAS	Ghana Audit Service
GBV	Gender-based Violence
GCAP	Ghana Commercial Agricultural Project
GHS	Ghana Cedi
GIFMIS	Government Integrated Financial Management Information System
GLSS	Ghana Living Standards Survey
GNHR	Ghana National Household Registry

GoG	Government of Ghana
GPSNP	Ghana Productive Safety Net Project
GRATIS	Ghana Regional Appropriate Technology Industrial Service
GRM	Grievance Redress Mechanism
GSOP	Ghana Social Opportunities Project
GSS	Ghana Statistical Service
ICB	International Competitive Bidding
ICT	Information and Communication Technology
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEC	Information, Education, and Communication
IFR	Interim Financial Report
IFAD	International Fund for Agriculture Development
IGA	Income Generating Activities
IMCC	Inter-Ministerial Coordination Committee
IPEP	Infrastructure for Poverty Eradication Programme
IRS	Internal Revenue Service
ISD	Information Services Department
IUFS	Interim Unaudited Financial Statement
JSDF	Japanese Social Development Fund
LCS	Least Cost Selection
LEAP	Livelihood Empowerment Against Poverty
LERB	Lowest Evaluated Responsive Bidder
LIPW	Labour-Intensive Public Works
LOI	Letter of Invitation
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments, and Agencies
MFI	Micro Finance Institutions
MIS	Management Information System
MLGDRD	Ministry of Local Government, Decentralization and Rural Development
MMDA	Metropolitan, Municipal, and District Assembly
MoF	Ministry of Finance
MoFA	Ministry of Food and Agriculture
MoU	Memorandum of Understanding
MoGCSP	Ministry of Gender, Children, and Social Protection
NBSSI	National Board for Small Scale Industry
NCB	National Competitive Bidding

NGO	Non-Governmental Organization
NSPP	National Social Protection Policy
PAD	Project Appraisal Document
PDO	Project Development Objective
PERD	Planting for Exports and Rural Development
PFS	Project Financial Statement
PI	Productive Inclusion
PIC	Public Information Campaign
PIU	Project Implementation Unit
PFI	Participating Financing Agreement
POC	Project Oversight Committee
POM	Project Operation Manual
PPE	Personal Protective Equipment
PPME	Policy, Planning, Monitoring and Evaluation
PPR	Post Procurement Reviews
PRA	Participatory Rural Appraisal
PTC	Project Technical Committee
QCBS	Quality and Cost-Based Selection
QTRM	Quarterly Technical Review Meeting
RCC	Regional Coordinating Council
RDCU	Rural Development Coordination Unit
RFB	Request for Bids
RFP	Request for Proposals
RFQ	Request for Quotations
RPF	Resettlement Policy Framework
RTTU	Regional Technology Transfer Unit
RuCPAPP	Rural Community Poverty Alleviating Pilot Project
SBD	Standard Bidding Documents
SOE	Statement of Expenditure
SP	Social Protection
STEP	Systematic Tracking of Exchanges in Procurement
SPD	Social Protection Directorate
SRFP	Standard Request for Proposals
TAB	Transparency and Accountability Board
TOR	Terms of Reference
TSA	Treasury Single Account
SCMO	Safeguard and Case Management Officer
SWCES	Single Window Citizen Engagement Service
SSS	Single Source Selection
UCMS	Unified Case Management System
VAT	Value Added Tax
VSLA	Village Savings and Loans Association
ZCO	Zonal Coordinating Office

## **PROJECT DESCRIPTION**

### **1.1 Background**

1. The objective of the Ghana Productive Safety Nets Project 2 (GPSNP2) is to expand and enhance social safety nets that improve the incomes and productivity of the poor in Ghana. The Project has six (6) components namely:

- Component 1: Productive Inclusion Program (US\$15 million)
- Component 2: Labour-Intensive Public Works Program (US\$28 million)
- Component 3: Livelihood Empowerment Against Poverty Cash Transfers Program (US\$177 million of which US\$20 million from IDA, and US\$157 million from the Government)
- Component 4: Social Protection System Strengthening (US\$29 million)
- Component 5: Project Management, Coordination, and Institutional Strengthening (US\$8 million)
- Component 6: Contingent Emergency Response Component (US\$0 million)

2. The GPSNP 2 is to be implemented jointly by the Ministry of Local Government, Decentralization, and Rural Development (MLGDRD) and Ministry of Gender, Children and Social Protection (MoGCSP) with the former having responsibility for Components 1, 2 & 5b while MoGCSP takes responsibility for Components 3, 4 & 5a. Component 6, to be implemented jointly by both ministries, offers built-in flexibility to GPSNP2 to rapidly reallocate financing to support needed relief and recovery efforts (through the Government's pre-existing main, or other emergency, social safety net programs) for the poor and vulnerable in a future disaster or crisis that affects the country.

3. This Manual, which is Volume 6 of the GNPSP 2 Operational Manual, describes the financial management and procurement processes, expected deliverables, institutional arrangement as well as the roles and responsibilities of the various actors in implementation. This manual is organized under the following broad headings:

1. General Financial Management Provisions
2. Accounting Policies
3. Chart of Accounts
4. Annual Work Planning and Budgeting (AWPB)
5. District Assemblies Budgeting Systems
6. Designated Account
7. Access and Control of the Designated Account
8. Disbursement and Financial Information Letter
9. Withdrawal Application
10. Avoiding Delays in Replenishment
11. Financial Statements



- 12. Interim Unaudited Financial Reports
- 13. Audit
- 14. Financial Management of LIPW
- 15. Financial Management of Productive Inclusion
- 16. Internal Control

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## **2. FINANCIAL MANAGEMENT**

### **2.1. General Financial Management Provisions**

5. The following documents provide valuable information for the management of project funds under GPSNP 2
  - a) Project Appraisal Document (PAD);
  - b) Financing Agreement (FA);
  - c) Disbursement and Financial Information Letter (DFIL);
  - d) Project Operations Manual (POM);
  - e) Customized GIFMIS Operational Manual; and
  - f) GMIS Pro user guide
  - g) Financial Administration Act 2016 (Act 921)
  - h) Internal Audit Agency Act, 2003 (Act 658)
  - i) Public Procurement Act, 2003 (Act 663) as amended in 2016 (Act 914)
6. There are also several World Bank Manuals on policies and procedures that provides useful guidelines on financial management and disbursement of project funds. These include the:
  - a) Disbursement Handbook
  - b) Financial Accounting, Reporting and Auditing Handbook (FARAH)
  - c) Articles of Agreement
  - d) World Bank's "Procurement Regulations for IPF Borrowers" (Procurement Regulations) dated July 2016 and revised in November 2017, August 2018 and November 2020.
  - e) World Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated July 1, 2016
7. This manual will be used alongside the following Acts of the Government of Ghana:
  - a) Public Procurement Act, 2003 (Act 663) as amended in 2016 (Act 914) provides guidelines for public procurement, makes administrative and institutional arrangements for procurement, stipulates tendering procedures, and provides for purposes connected with these;
  - b) Public Financial Management Act, 2016 (Act 921) which regulates the financial administration of the public sector. It is a significant step towards strengthening public financial management systems to ensure fiscal discipline and the effective and efficient use of public resources for the delivery of improved public services
  - c) Internal Audit Agency Act, 2003 (Act 658) which established an Internal Audit Agency as a central agency to coordinate, facilitate, monitor, and supervise internal audit activities within Ministries, Departments and Agencies, and Metropolitan, Municipal and District Assemblies to secure quality assurance of internal audit within these institutions of state
  - d) Local Governance Act, 2016 (Act 936, as amended) which provides the framework for District Assemblies to exercise political authority. It also

empowers the DAs to exercise deliberative, legislative as well as executive functions. It is an enhancement on the Local Government Act, 1993 by harmonising five existing legislations on local governance and provides a one stop shop document on all local governance issues

- e) Ghana Revenue Authority Act, 2009 (Act 791) which merges the three revenue agencies; Customs, Excise and Preventive Service (CEPS), the Internal Revenue Service (IRS), the Value Added Tax Service (VATS) and the Revenue Agencies Governing Board (RAGB) Secretariat into a single Authority for the administration of taxes and customs duties in the country.

8. The following Legislative instruments will be useful reference documents in the implementation of this Project:

- a) Public Financial Management Regulations, 2019 (L.I. 2378);
- b) Financial Memorandum for DAs, 2004;

## **2.2. Eligible Expenditures**

9. Reasonable cost of goods, works, and services required for the project to be financed out of the proceeds of the loan and procured in accordance with the legal agreement and during the loan disbursing period.

### **2.2.1. Expenditure Categories**

10. Expenditure categories provide a means to monitor and manage the expenditures for project activities. They are specified in the withdrawal of proceeds section of the legal agreement, possibly in the form of a table.

11. Expenditure categories may be grouped based on types of eligible expenditures or eligible expenditures to be financed under certain project activities. The project design will determine whether more than one expenditure category needs to be established. The number of categories is generally kept to the minimum required for anticipated project needs. When deciding on the appropriate number of expenditure categories, the Bank considers the following.

- whether any disbursement conditions are required to determine when disbursements for part of a project can begin;
- whether multiple implementing entities are involved, in which case separate categories may help clarify allocations for each entity;
- whether the Bank's task team, the borrower, or other development partners require close monitoring of specific expenditures, components, or activities or want to exclude certain expenditures from Bank financing;
- whether the project includes refinancing of a project preparation advance;
- whether the borrower intends to finance the front-end fee (for IBRD borrowers) and/or other charges under the loan.

### **2.2.2. Definition of Categories of Expenditures**

12. The categories of expenditures are defined below.

13. **Training:** The term "Training" means the cost associated with the training workshops and study tours, based on Consolidated Annual Work Plans and Budgets agreed with the World Bank. It also includes:

- Travel, room, board and *per diem* expenditures incurred by trainers (to be paid as part of their fees) and trainees in connection with their training and by non-consultant training facilitators;
- Course fees;
- Training facility rentals; and
- Training material preparation, acquisition, reproduction, and distribution expenses.

14. For the purposes of the training to be financed under the Project and to be delivered through study tours, workshops, seminars, conferences, and on the job training, the MLGDRD through the Project Directorate shall:

- (a) Furnish to the World Bank for its approval, not later than January 31 of each year, a training program including the process and criteria for the selection of the trainees and an explanation of how such training is consistent and conducive to the objective of the Project and whether it offers the best price/quality ratio, as well as the schedule for its implementation; and
- (b) Furnish to the Association a report of such scope and detail as the World Bank shall reasonably request, on the results of each training and the benefits to be derived from it.

15. **Operating Costs:** The term "Operating Costs" means the incremental expenses incurred on account of Project implementation based on Consolidated Annual Work Plans and Budgets approved by World Bank. These include expenses on account of:

- Office equipment and supplies;
- Vehicle operation and maintenance;
- Maintenance of equipment;
- Communication and insurance costs;
- Office administration costs;
- Utilities;
- Rentals;
- Consumables; and
- Accommodation, travel and per diem.

16. It should be noted that operating costs exclude the salaries of staff in the Civil Service.

17. **Non-Consulting Services:** The term "Non-consulting Services" means services for which the physical aspects of the activity predominate, are bid and contracted on the basis of performance of a measurable physical output, and for which performance standards can be clearly identified and consistently applied, such as drilling, aerial photography, satellite imagery, mapping and similar operations.

18. **Other Services (Non-consultancy services in certain contexts):** These are defined by exclusion as services that cannot be classified as Consultancy Services. Other services involve routine repetitive physical or procedural non-intellectual outcomes for which quantum and performance standards can be tangibly identified and consistently applied and are bid and contracted on such basis. It may include small works, supply of goods or consultancy service, which are incidental or consequential to such services. Other services may include transport services; logistics; clearing and forwarding; courier services; upkeep and maintenance of office/buildings/Estates.

19. **Consultancy Services:** These cover a range of services that are of an advisory or professional nature and are provided by consultants. These Services typically involve providing expert or strategic advice e.g., management consultants, policy consultants or communications consultants. Advisory and project related Consultancy Services which include, for example: feasibility studies, project management, engineering services, Architectural Services, finance accounting and taxation services, training, and development. It may include small works or supply of goods or other services which are incidental or consequential to such services.

20. **Goods:** Include all articles, material, commodity, livestock, medicines, furniture, fixtures, raw material, consumables, spare parts, instruments, machinery, equipment, industrial plant, vehicles, , sub-assemblies, accessories, a group of machines comprising an integrated production process or such other categories of goods or intangible, products like technology transfer, licenses, patents or other intellectual properties (but excludes books, publications, periodicals, etc., for a library), procured or otherwise acquired by a Procuring Entity. Procurement of goods may include certain small work or some services, which are incidental or consequential to the supply of such goods, such as transportation, insurance, installation, commissioning, training, and maintenance;

21. **Works:** Refer to any activity, sufficient to fulfil an economic or technical function, involving construction, fabrication, repair, overhaul, renovation, decoration, installation erection, excavation, dredging and so on, which make use of a combination of one or more of engineering design, architectural design, material and technology, labour, machinery, and equipment. Supply of some materials or certain services may be incidental or consequential to and part of such works. The term “Works” includes (i) civil works for the purposes of roads, buildings, small earth dams, irrigation systems, water supply, sewerage facilities, tunnels, and earthworks etc; and (ii) mechanical and electrical works involving fabrication, installation, erection, repair, and maintenance of a mechanical or electrical nature relating to machinery and plants.

### **2.3. Accounting Policies**

22. The following accounting policies shall be adopted by the project:

- a) The financial Statements are prepared under the historical cost convention method;

- b) Expenditures shall progressively be accounted for on an accrual basis;
- c) Remittances are recognized on a cash basis;
- d) The fiscal year is 1<sup>st</sup> January to 31<sup>st</sup> December;
- e) The Reporting Currency is The United States Dollar and Ghana Cedi;
- f) Transactions denominated in currencies other than United States dollars are to be translated in US dollars at the rate of exchange prevailing at the date of the transaction. Balances denominated in currencies other than US dollars are translated into US dollars at the rate of exchange prevailing at the balance sheet date;
- g) Stocks are written off during the year of purchase; and
- h) Routine Accounting Procedures at Project Coordinating Offices

#### **2.4. Chart of Accounts**

23. The Chart of Accounts is a set of codes and description which facilitate the classification, recording and reporting of financial transactions. It is designed to facilitate reporting on resources and expenditures, the preparation of annual financial statements, monitoring of project activities and audit. The chart also seeks to enhance the preparation of Interim Un-audited Financial Statements. The Project Accountant shall reference the Government of Ghana approved Chart of Accounts (CoA) which is in use by the Ghana Integrated Financial Management Information System (GIFMIS) to determine the classification of Accounts.

24. The Project Chart of Accounts is composed segments as defined under GIFMIS.

#### **2.5. Annual Work Planning and Budgeting (AWPB)**

25. The processes of planning and budgeting involve the determination of activities to be carried out and eligible expenditures to be financed during the budget year. The physical activities and the outcomes expected to be achieved shall be described for the period and this should be linked to disbursement for the activities. The AWPB will be submitted through MLGDRD to the World Bank for review and No-objection and then incorporated into the Ministry's AWPB.

26. The Objectives of the Budget are as follows:

- a) To define and prioritise the activities to be carried out within a fiscal year and to determine the resources needed to carry out these activities;
- b) To enable the implementing agencies of GPSNP 2 forecast resources and expenditures on quarterly, semi-annual, or annual basis.
- c) To facilitate the assessment of performance by comparing actual activities completed within the budget period with planned activities. Deviations arising from such assessments provide useful guide to the preparation of future plans;
- d) To serve as authorisation to receive and disburse funds;

- e) To coordinate the activities of the various parts of the implementing agencies to ensure harmony and elimination of duplication;
- f) Used as tool for evaluation of the intermediate outcomes of the Project.

27. The process of preparing the AWPB begins with the issuance of guidelines by the National Coordinator to the National Officers and Zonal Coordinators, outlining the broad objectives and assumptions which underlines the preparation of the plan. Also outlined in the guidelines will be the Zonal and Component expenditure ceilings.

28. The Zonal Coordinators upon receipt of the guidelines will request each key staff to submit budgetary proposals in the relevant functional areas. This process will include the selection of subprojects (for LIPW) and activities (for the PI) from the District MTDPs or Annual Action Plans. These will then be consolidated and thereafter reviewed to ensure consistency of the plan with the overall project goals. The budget is also checked to ensure conformity with the Zonal and component ceilings. The finalised Zonal AWPB is then submitted to the RDCU for consolidation and further refinement.

29. The RDCU, after consolidation, constitutes an AWPB team to review the plan for its consistency with the overall project development objectives, and the budget's consistency with the credit proceeds. The timetable for the AWPB preparation is as follows:

a) Issuance of the AWPB preparation guidelines	Mid-July
b) Submission of Zonal and Head Office AWPB	Mid-September
c) Consolidation of the AWPB	End of September
d) Review of the consolidated AWPB	End of October
e) Submission of the AWPB to POC for review	Mid-November
f) Submission of approved AWPB to the World Bank	End of November

30. The Annual work plan will be reviewed in July each year, and the lessons learnt serve as input in issuing guidelines for the next year's work plan and budget preparation. The project budget performance is controlled by comparing planned and actual expenditure on a quarterly basis using the unaudited Interim Financial Report (IFR).

### **2.5.1. District Assemblies Budgeting Systems**

31. In the preparation of budget estimates, the Assembly is required to disaggregate their budgets into the various levels of administration (departments and sub-district structures). The legal framework for the expenditure of the Assembly is outlined in the Public Financial Management Act 2016 (Act 921), and the Local Governance Act 2016, Act 936 as amended. Section 123 (2) of the Local Governance Act 2016, as amended requires that, each District Assembly before the end of each financial year, submit to the Regional Co-ordinating Council, the detailed budget for the respective district that states the estimated revenue and expenditure of the District Assembly for the ensuing year.

32. The RCC shall then collate and co-ordinate the budget of the Assemblies in the region and submit the total budget of the Assemblies in the region to the MOF, MLGDRD and the National Development Planning Commission (NDPC). The budget for a district shall include the aggregate revenue and expenditure of all departments and organizations under the District Assembly and the District Coordinating Directorate, including the annual development plans and programs of the departments and organisations under the Assembly.

## **2.6. Designated Account**

33. The Currency of the Designated Account is United States Dollar. To facilitate disbursements, the MLGDRD will open the following Accounts:

- a) Designated Account A (DA-A) at the Bank of Ghana
- b) Local Currency Operational Account at the Bank of Ghana under terms and conditions satisfactory to the IDA.

### **2.6.1. Access and Control of the Designated Account**

34. The RDCU is expected to make appropriate arrangements for controlling, monitoring, and accessing the Designated Account. Some of the steps that may be taken include:

- a) Restricting the use of the Designated Account to eligible expenditures only;
- b) Regular update of Designated Account records;
- c) Monthly reconciliation of Designated Account;
- d) Reviewing bank charges, interest, and exchange rates;
- e) Avoiding mingling of funds; and
- f) Having easy access to Signatories of the Designated Account.

## **2.7. Disbursement and Financial Information Letter**

35. The project's disbursement and information letter outline the disbursement procedures to be followed under the agreement. The Disbursement and Financial Information Letter provides the borrower and implementing agencies with clear instructions on withdrawals for the project. It also defines some of the provisions in Article V of the General Conditions and the Disbursement handbook. The disbursement and Financial Information letter provide sample withdrawal forms to be used and includes special instructions, where applicable, on the following:

- a) Retroactive financing;
- b) Items eligible for disbursement under the Statement of Expenditure
- c) Report based disbursement method through IFRs
- d) Specific requirements for the operation of a Designated Account;
- e) Audit requirements;
- f) Disbursement arrangements for any co-financing administered by the Bank; and
- g) Withdrawal Application forms.



## 2.8. Withdrawal Application

36. Similar to GPSNP, the funding allocated to MLGDRD will be disbursed using the report-based disbursement procedures through IFRs, which will also serve as the basis for withdrawals from the World Bank. The initial disbursement will be based on the consolidated expenditure forecast for six months, subject to the World Bank's approval of the estimates. Subsequent replenishments of the disbursement account would be done quarterly based on the forecast of the net expenditures for the subsequent half-year period. The following are the methods used in withdrawing funds from the Credit or Loan Account:

- a) **Advance:** An advance is the initial deposit paid into the Designated Account.
- b) **Reimbursement:** To avoid small and numerous payments from the IDA Designated Account and avoid high transfer charges, eligible expenditures may be paid from the Local Operational Account and later reimbursed from the Designated (Special) account. There is no fixed amount for pre-financing, but any payment could be pre-financed provided funds in the counterpart fund account are adequate.
- c) **Direct Payment** refers to payment made by World Bank to a Contractor, Consultant or Supplier directly from the Loan account. The use of direct payment avoids overburdening the Designated Account. The minimum amount for direct payment is clearly stated in the 'Disbursement and Information Letter'. This represents at least 20% of the authorized allocation.
- d) **Special Commitment:** A Special Commitment is a guarantee by the World Bank agreeing to reimburse the commercial bank for payments made under a Letter of Credit. A Letter of Credit is an undertaking by a commercial bank to a supplier confirming that bills drawn on it will be duly honoured. A letter of credit is used for import of large quantity of goods. A Commercial Bank will not issue a Letter of credit unless it is guaranteed that all payments made to the supplier would be duly refunded. An Application for Special Commitment is sent to the World Bank by the RDCU. The following Documents shall accompany Applications for Special Commitment;
  - Supplier's Invoice,
  - Copy of Contract - if not previously submitted,
  - Copy of Letter of Credit.
- e) **Applications for replenishment** of the Designated Account should be submitted in US Dollars. Application for Direct Payment to suppliers/contractors should be submitted in the currency claimed by suppliers, consultants, or contractors.
- f) **Forms** used for withdrawal Application are;
  - Application for Withdrawal,
  - Interim Unaudited Financial Reports (IFRs),
  - Application for a Special Commitment.
- g) **Further Advances to Designated Account:** This involves making periodic advances to the Designated Account based on the projected amount of funds that the borrower needs for the ensuing period(s). Supporting documents (contracts, invoices, evidence of shipment, and evidence of payment, etc.) should be properly

cross-referenced to the relevant withdrawal application (See Annex XII for templates of IFRs).

- h) **Submission of copies of relevant documents:** Withdrawal Applications on the relevant Forms must be submitted with copies of supporting documents.
- i) **Application for Special Commitments** must be submitted on Form 1931 in duplicate with 2 copies of the Letter of Credit and one copy of other supporting documents. Separate summary sheets must be prepared for payments under different categories and the relevant category reference must be marked clearly at the top of the summary sheet. Two confirmed copies of all contracts should be forwarded to the World Bank Project Task Team Leader promptly after their execution, and prior to the submission of the first related withdrawal application. Contracts against which withdrawals are authorized on the basis of SOEs should be retained at the RDCU with other documentation related to such applications.
- j) **Numbering System:** All Withdrawal Applications should be numbered sequentially beginning with the number one (1). Each withdrawal application number should be preceded by specific letters for easy identification e.g., GPSNP 2-ML.1 for MLGDRD activities.
- k) **Alterations** on application forms should be kept to a minimum, and authorized officials should initial any material alterations.
- l) **Supporting Documents**
  - i) Submitted in advance of withdrawal applications:  
Contract and procurement documents.
  - ii) Submitted together with withdrawal applications:  
Copies of:
    - Supplier's invoice
    - Contract certificate
    - Payment Voucher relating to the prior review expenditure
    - Evidence of shipment (Bill of Lading, airway Bill), Forwarder's Certificate, etc.) for imported goods.
    - Bank Statement.
    - Reconciliation Statement of the Designated Account.
    - Additional documents required in certain circumstances:
    - For advance payments, copies of advance guarantees and performance securities, if required under the terms of the contract, or where a large advance payment is made.

### **2.8.1. Avoiding Delays in Replenishment**

37. Incomplete or inaccurate withdrawal applications cause delays in replenishment of the Designated Account. To avoid delays in replenishment, the following must be adhered to:

- a) Forward 2 copies of contract document to the Project's Task Team Leader after they are signed;

- b) State the date of the World Bank's "No Objection" notice for contracts above the procurement prior review limits specified in the financing agreement;
- c) Ensure that authorized officials sign applications. Where there are changes in authorized signatories, the bank must be notified as soon as possible;
- d) The currency of payment should be clearly stated. There should be no ambiguity (more than 25 countries use the dollar sign);
- e) Include accurate payment instructions;
- f) Ensure consistency, between information on the withdrawal application and supporting documents;
- g) Include all necessary supporting documents;
- h) Include adequately reconciled bank statements to support all requests for replenishment of the Designated Account; and
- i) Initiate timely action to re-allocate funds between components, or to extend loan closing dates where necessary.

## **2.9. Financial Statements**

38. The Project Accountant shall prepare quarterly financial statements of the Project and an annual financial statement at the end of the year.

39. **Quarterly and Annual Financial Reports:** The RDCU will prepare quarterly financial reports to be submitted to IDA not later than 45 days after the end of the preceding quarter. Financial Reports shall be submitted every time an application for withdrawal is initiated to the Bank. These include the following:

- a) A statement of cash position (supported by a bank statement and a bank reconciliation statement);
- b) An updated disbursement schedule
- c) Statement of financial position (stating all the assets and liabilities and the rated fund of the Project)
- d) Receipts and payments statement (stating all receipts and payment of the Project)
- e) Cash flow statement (showing the inflow of cash during the year appropriately categorized and how such cash were applied.)
- f) Relevant notes to the accounts (explaining in detail the summarized information contained in the financial statement)

40. The financial statements shall be prepared in accordance with generally accepted accounting principles, the Public Financial Management Act and other statutory regulations. The basis of accounting used in preparing the financial statement should be stated and any significant departure from this shall be identified and reported together with the reasons for departure.

41. The financial statements shall be approved by the Chief Director and Financial Controller of the MLGDRD and after approval, distributed as follows;

- a) One copy to the Ministry of Local Government, Decentralization, and Rural Development;

- b) One Copy to the Auditor-General; and
- c) Two Copies to IDA.

## **2.10. Audit**

42. All transaction that will be carried with project resources shall be subjected to both Internal and External audits as statutorily required.

### **2.10.1. Internal Audit:**

43. The Internal Audit Unit (IAU) of MLGDRD, RCC and District Assemblies shall review and carry out due diligence of all GPSNP 2 related transactions. Specifically, the IAU of the MLGDRD shall be required to produce quarterly internal audit reports on the Project's operations and share same with the Chief Director, Financial Controller, and the Project Co-ordinator. The IAU also has its own Audit Manual in place. The manual and other internal audit guidelines are considered adequate to enable staff undertake their internal audit functions.

### **2.10.2. External Audit:**

44. There shall be two types of External Audits:

- a) The regular audit of the designated accounts and project accounts to be carried out by an independent auditor or firm acceptable to IDA
- b) Where necessary, a review may be commissioned by the RDCU to assess implementation performance of the participating DAs, and this may be carried out by independent firms.

45. Annual Financial Audit: It is a requirement under the project to have the project accounts audited annually by independent auditors acceptable to IDA pursuant to international audit principles. The RDCU shall appoint Independent and Qualified Auditors to undertake its Annual Audit. The auditors' reports and opinions including the Managements letter of the annual financial audit would be furnished to the IDA within six months of the close of each fiscal year. The selection of all auditors and financial consultants shall be on a competitive basis in accordance with the Public Procurement Act 2003 (Act 663), as amended.

### **2.10.3. Scope of the Audit**

46. The audit will be carried out in accordance with International Standards of Auditing and will include such tests and controls as the auditor considers necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

- All funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
- Goods and services financed have been procured in accordance with the relevant financing agreements; and

- All necessary supporting documents, records and accounts have been kept in respect of all project ventures including expenditures. Clear linkages should exist between the books of account and report presented to IDA.
- LIPW unskilled Labour and PI Grant electronic payment cycle at all levels, which shall include processes for payroll preparation, approval, and beneficiary withdrawal procedures
- LIPW skilled Labour and PI allowance electronic payment processes and cycles at the Zonal and Head office levels (including reviewing approved rates against actual payments)

#### **2.10.4. Audit of Project Financial Statements**

47. The Project Financial Statements (PFS) should include a summary of funds received, showing the World Bank, a summary of expenditures shown under the main project headings and by main categories of expenditures, both for the current fiscal year and accumulated to date; and fund balance statement showing accumulated funds, Bank balances, other assets, and liabilities, as applicable. As an annex to the Project Financial Statements, the auditor should prepare a reconciliation between the amounts shown as “received by the project from the World Bank” and that shown as being disbursed. As part of that reconciliation, the auditor should indicate the mechanism for the disbursement, i.e., through the Designated Accounts using Interim unaudited Financial Reports (IFRs) or direct payment by the Bank for the portions of the amounts disbursed.

#### **2.10.5. Audit of Designated Account**

48. In addition to the audit of the Project Financial Statements, the auditor is also required to audit the activities of the Designated Accounts associated with the project. Designated Account transactions typically comprise:

- deposits and replenishments received from the Bank;
- payments supported by approved documentation (i.e., withdrawal applications); and
- The remaining balances at the end of each fiscal year.

49. The audit should examine the eligibility and correctness of financial transactions during the period under review and fund balances at the end of such a period, the operation and use of the Designated Account in accordance with the financing agreements, and the adequacy of internal controls for this type of disbursement mechanism.

#### **2.10.6. Audit of Interim Unaudited Financial Reports**

50. In addition to the audit of Project Financial Statements, the auditor is required to audit all Interim Unaudited Financial Reports (IFRs) used as the basis for the submission of withdrawal applications. The auditor should apply such tests and controls as the auditor considers necessary in the circumstances. These expenditures should be carefully compared for project eligibility with the relevant financial agreements and with reference to the Project Appraisal Document (PAD) and the Project Operations Manual (POM) for guidance when

necessary. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed, these should separately be noted by the auditor. Annexed to the Project Financial Statements should be a schedule listing individual Interim Unaudited Financial Reports (IFRs) withdrawal applications/payments by specific reference number and amount. The total withdrawal under the IFRs procedure should be part of the overall reconciliation of Project's disbursements described above.

51. In addition to the Auditors Report on the Project Financial Statements, the auditor will prepare a 'Management Letter' in which he/she will:

- a) give comments and observations on the accounting records, systems and controls that were examined during the audit;
- b) identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
- c) report on the degree of compliance with each of the Financial covenants in the Development Credit Agreement of the IDA and give comments, if any, on the internal and external matters affecting such compliance;
- d) communicate matters that have come to his attention during the audit which may have significant impact on the implementation of the Project; and
- e) bring to the attention of the MLGDRD any other matters the Auditor considers pertinent.

#### **2.10.7. Audit Opinion**

Besides a primary opinion on the Project Financial Statements, the annual audit report of the Project Accounts should include a separate paragraph commenting on the accuracy and propriety of expenditures withdrawn under IFR procedures and the extent to which the Bank can rely on the IFRs/FMRs as a basis for credit disbursement. The financial statements, including the audit report, should be received by the Bank no later than 30<sup>th</sup> June of the succeeding financial year to which the audit relates.

### **2.11. Financial Management of LIPW**

#### **2.11.1. Routine Accounting Procedures Offices in relation to LIPW**

52. At the RDCU, the Procurement Specialist with the support of the National Engineer will initiate all LIPW related expenditures which will be reviewed and approved by the National Coordinator. The relevant procurement process will then take place leading to the issuance of a contract or a payment order. A transfer instruction will be made and signed by the authorized signatories. These will then be recorded in the books of the RDCU and finally reported in the financial statements. The RDCU will ensure that all payments are properly receipted. The RDCU must submit consolidated financial statements to the Chief Director of the MLGDRD.

53. The financial management responsibility at the RDCU is vested in the Project Accountant, who will work under the Financial Controller of MLGDRD. The RDCU must

maintain the computerized accounting systems and put in place a procedures manual for use under the Ghana Integrated Financial Management Information System (GIFMIS).

54. The Zonal offices will follow similar procedures as described above to initiate expenditures, carry out relevant procurement processes, issue contract or payment orders and make payments. The financial management responsibility at the Zonal Office is vested in the Zonal Accountant.

55. The Zonal Office shall maintain the GIFMIS together with procedures consistent with the requirements of this manual. Additional and continuous training in financial management and World Bank disbursement guidelines and procedures will be carried out to achieve an improved financial management system of the DAs. This will also be done in close collaboration with other projects under implementation in the country.

### 2.11.2. Disbursement of LIPW Funds

56. **General Disbursement Principles:** An initial imprest out of the total allocation to a district will be made following the Zonal Office's endorsement of the DA workplan and budget and 6 months cash forecast. The DA will submit replenishment applications indicating receipts, expenditure, and project progress, as well as cash forecast for the next two quarters as condition for second and subsequent releases. These disbursements may be withheld if timely reports are not received.

**Table 5: Disbursement and Reporting Arrangements**

Step	Description	Responsibility
1	The RDCU and ZCOs shall prepare Annual Work Plans and Budgets to cover component and sub- activities	RDCU/ZCO
2	The Annual Work plans and budgets shall be approved	MLGDRD
3	Copies of the work Plans and Budgets shall be sent to the World Bank for its No-objection	MLGDRD
4	Based on the Plans and Budgets, Procurement Plans shall be prepared.	Procurement Specialists, PIU
5	Based on a 6-month cash forecast, application shall be sent to the World Bank for transfer of funds into Designated Account	PA. Financial Controller,
6	From Designated Account funds shall be transferred to RDCU Cedi Account, ZCOs, DA Sub-CF Account, E-Payment Service Providers and RDCU E-Fund Account	PA, Financial Controller,
7	Expenditure shall be incurred in line with the approved budgets, annual work plans, and procurement plans and recorded in the accounting books	Project Accountant
8	The implementing Agencies shall establish internal control measures to ensure efficient and effective use of project resources.	Financial Controller, Project Accountant
9	Financial reports shall be prepared by the ZCOs, MMDAs and submitted to the RDCU for review and consolidation	Financial Controller And PA

Step	Description	Responsibility
10	The PA shall prepare consolidated IFRs reflecting aggregate expenditures by the Implementing agencies for submission to the World Bank as part of requesting for replenishment/withdrawals and also for financial reporting purposes.	PA, Financial Controller MLGDRD
11	Upon approval of the Withdrawal Application, the World Bank shall advance funds into Designated Account 'A'	TTL, FM Specialist, World Bank

57. **First Release:** Participating district assemblies shall fulfil the following conditions precedent to the first release of project funds:

- a. The DA should be qualified under the eligibility criteria stated under the FA of IDA;
- b. Details of signatories and authorized persons mandated to sign on behalf of DA (if not already submitted);
- c. Six months detailed cash forecast of DA's requirements in respect of the approved work plan and budget;
- d. The procurement plan supporting the planned activities for the year;
- e. Where approvals are required, evidence that they have all been obtained prior to incurring expenditures;
- f. On receipt of the request from the DA, the Zonal Office will review the request to ensure that cash flow and procurement plan of the DA are consistent with each other;
- g. The request will then be submitted to the RDCU for further processing; and
- h. Funds will be transferred to the district once the approval and validation processes have been completed.

58. **Second and Subsequent Releases:** DAs will submit requests for their second and subsequent releases when at **least 70%** of the funds received in previous periods have been utilized and accounted for. In addition to the support documentation already submitted under the first release, DAs must also submit, as attachment to their request for additional funds, the following documents:

- a) Progress and financial reports as per agreed format provided (FMR) by the Project;
- b) Bank reconciliation statement; and
- c) Copy of bank statement.

59. In addition, the DA must ensure that there are no outstanding financial reports to be submitted (in the case of subsequent releases) and that all accounting issues identified by Auditors or Financial Consultants have been addressed before requesting for replenishment of their accounts.



### **2.11.3. Releases of LIPW Funds to DAs towards Project Closure**

60. As a means of ensuring that LIPW advances to DAs are recovered fully towards the end of the Project (i.e., a year to Project closure), the process of transfer of funds to DAs will be varied to tie transfers to actual pending LIPW expenditures. From that time, the DAs will be required to submit requests up to the value of the approved certificates, monitoring expenditure and any other pending LIPW expenditures for transfer and payment to the respective suppliers and contractors made. In addition, to the documentations listed above the request should be supported with the following:

- a) The total value of request due for payment;
- b) All relevant documentation to support the payment of certificates;
- c) Zonal Office cover letter;
- d) Copies of Payment Certificates and other requests;
- e) Completion and Progress reports, etc.

### **2.11.4. Disbursement to E-Payment Service Providers for Beneficiary Wage Payments**

61. Participating DAs will approve an estimated amount of its LIPW allocation to be used for e-payment of unskilled labour wages.

62. The financial management and procedures for LIPW e-payment systems for beneficiaries' wages will evolve around the following:

- a) Procure and sign contract with E-Payment Service Provider;
- b) Open a special account in the name of E-Payment Service Provider for receipt of LIPW funds for e-payment expenditures which includes wages of LIPW participants and the associated transactional charges;
- c) Targeting and registration of LIPW participants on e-payment platform;
- d) Engagement of registered participants in LIPW activities and compilation of E-DASH;
- e) Processing of E-DASH and generation of payroll;
- f) Dispatch of payroll to E-Payment Service Provider;
- g) E-Payment Service Provider credits participants Smart Cards/mobile money wallets and notifies the RDCU and Zonal Offices;
- h) Participants and/or beneficiaries can now access their funds through their e-zwich cards and/or mobile money wallets
- i) E-payment Service Provider submits monthly reports of LIPW E-Payment transactions to RDCU for reconciliation;
- j) Zonal Offices reconcile payrolls to Service Provider's report and follow up on outstanding issues;
- k) RDCU reconcile E-Payment Service Provider's e-payment expenditure with the LIPW advance released; and
- l) The E-payment expenditures are analysed and keyed into GIFMIS.

### **2.11.5. Disbursement of LIPW Funds to Skilled Labour engaged on LIPW Sub-Projects**

#### **General Disbursement Conditions**

Conditions to be engaged as a Skilled Actor involves the following

1. MMDAs should identify skilled actors who will be trained on LIPW activities
2. RDCU should regularly update the guidelines on rates to be paid to skilled actors
3. Skilled actors should obtain smart cards through which their reimbursables can be made
4. RDCU will request Bank of Ghana to create e-fund account

The procedures for M&S e-payment system will involve the following:

- a. Each DA will submit monthly M&S requests to the ZCO for review;
- b. The request once reviewed and found satisfactory will be processed into a payroll in GMIS Pro by DA/ZCO;
- c. DA will submit authorization and cover letter to the ZCO;
- d. ZCO will dispatch the DA's scanned authorization and cover letter to RDCU for payment;
- e. RDCU will credit the M&S Smart Cards of actors and notify the ZCO with an update of an M&S cash book; and
- f. The M&S payment expenditures will be analysed and entered into GIFMIS

## **2.12. Financial Management of Productive Inclusion**

### **2.12.1. Routine Accounting Procedures at Project Coordination Offices in relation to PI**

63. The following procedures will be followed in effecting all financial transactions at both the RDCU and Zones for the PI component:

64. At the **RDCU level**, the Procurement Specialist with the support of the Productive Inclusion (PI) Specialist will initiate all Productive Inclusion expenditures. This will then be checked and approved by the National Coordinator. The relevant procurement process will then take place leading to the issuance of a contract or a payment order. Transfer instructions will be made and signed by the authorized signatories. These will then be recorded in the books of the RDCU and finally reported in the Project's financial statements.

65. The RDCU must ensure that all payments are properly receipted, and consolidated financial statements submitted to the Chief Director of the MLGDRD.

66. The financial management responsibility at the RDCU is vested in the Project Accountant, who will work under the Financial Controller of MLGDRD. The RDCU must maintain a computerized accounting system pursuant to the Ghana Integrated Financial Management Information System (GIFMIS).

67. At the Zonal offices, all PI related transactions will be initiated by the Zonal Productive Inclusion Officer and shall follow similar procedures as described above to initiate expenditures or carry out relevant PI procurement processes. The financial management responsibility at the Zonal Office is vested in the Zonal Accountant. The Zonal Office shall initially maintain computerized accounting systems consistent with that pertaining at the RDCU.

68. Continuous training in financial management and World Bank disbursement guidelines will be carried out to achieve improved financial management at the Project and DA level.

#### **2.12.2. Disbursement of Productive Inclusion Funds**

69. Under the Productive Inclusion component, disbursement shall be in the broad areas of training related cost, monitoring and supervision cost, technical assistance (where necessary), start-up cash grants to beneficiaries and e-payment related cost.

70. All expenses related to training under the sub-component including the cost of training materials (teaching and learning aids) and reimbursables of the trainer shall be borne by the Project.

71. Where training is delivered by a Staff of the District Assembly or any other Government Institution, this will only attract reimbursable (transport cost and field allowance based on the prevailing government rates). On the other hand, non-government workers who will be engaged (through the relevant procurement method as provided in the section under Procurement) to provide training/facilitation service under the scheme shall be paid based on the terms and conditions of agreement signed with the Client (DA or MLGDRD).

72. All PI related payments, including training related and other incremental cost will have to be based on a formal request from the District Assembly, duly signed by the District Co-ordinating Director (DCD), as Chairman or by the District Class Implementation Committee ((DCIT), or his/her assign and submitted to the Project Office.

73. Just as was the case during the concluding phase of the LIPW programme under GPSNP, efforts will be made to pay the increment cost of all persons who provide training service and other support under the PI through an electronic medium (e-payment) to engender transparency and accountability on the part of both the Project Team and service providers.

#### **2.12.3. Disbursement of Start-up Cash Grants**

74. A Grant Ceiling of US\$ 250 has been established based on the average investment cost of the dominant income generating activities in communities. The exact grant amount will be dependent on the enterprise proposed in an agreed upon plan. All requests for grant funds from DAs shall be reviewed and validated by the Zonal Office before submission to the RDCU for further action. The RDCU shall in turn review and approve all grant requests received from the Zonal Office before release of grant funds to PFI for disbursement.

75. CLASS Grants shall be disbursed to beneficiaries through an Electronic Payment System and shall be administered in tranches. An initial release (which should be adequate to enable the beneficiary to commence his/her desired income generation activity) will be made and the remaining amount (part of which will be deemed as working capital) disbursed only when there is sufficient evidence that the beneficiary has applied the initial amount for the intended purpose.

76. The grants shall therefore be disbursed to beneficiaries based on:

- a) Recommendation of the District CLASS Implementation Team (DCIT) for each category in case of the first tranche; and
- b) Performance of individual beneficiaries in the implementation of their chosen activities in the case of subsequent tranche disbursement(s).

77. The above shall be subject to the concurrent approval by the supervising Project team at the DA level and the Zonal Office.

78. CLASS Start-up Grants shall be disbursed through an E-payment Service Provider to be engaged for the purpose:

79. The following shall be the steps leading up to the disbursement of start-up grants:

- a) Procure and sign contract with e-payment Service Provider
- b) Open a special account in the name of the E-payment Service Provider for receipt of CLASS funds for e-disbursement of start-up cash grants and associated cost
- c) Carry out targeting and enrolment of CLASS beneficiaries by issuing them with Biometric Debit Cards (Smartcards)
- d) Transfer advance into the Special Account based on agreed terms and condition.
- e) Process Grant for eligible CLASS beneficiaries based on recommended tranches after fulfilment of all training requirements
- f) Dispatch payment advise on eligible CLASS beneficiaries to the E-payment Service Provider
- g) E-payment Service Provider credit beneficiaries' smartcards and notify PFIs
- h) Assisted beneficiaries to cash and utilize grants
- i) E-payment Service Provider submit monthly reports of tranches of disbursements to beneficiaries onward to RDCU for reconciliation
- j) Zonal Offices reconcile payment records with the E-payment Service Provider Report and follow up on any outstanding issues
- k) RDCU reconcile E-payment Service Provider E-releases with approved amounts.
- l) The E-Releases are analysed and keyed into the GIFMIS Accounting Software.

### **2.13. Internal Control**

80. The Project Accountant shall ensure the establishment of an efficient system of internal control. A system of internal control shall comprise all financial and administrative controls that shall be established under the project to ensure the proper authorisation of all transactions, and the accuracy, reliability, and integrity of records.

81. An Internal control system of the GPSNP 2 shall include all the policies and procedures that shall be established by the Management of the project, to assist in the objective of achieving, as far as practicable:

- i. The orderly and efficient conduct of the business of the organization, including adherence to management policies, laws, and regulations;
- ii. The safeguarding of assets;
- iii. The prevention and detection of fraud and error;
- iv. The accuracy and completeness of the accounting records; and
- v. The timely preparation of reliable financial information.

82. As part of the system of internal control, project transactions shall be subjected to independent checks by the Internal Audit section of the Ministry of Local Government, Decentralisation and Rural Development. Such checks should however not result in delays in processing of transactions. The Internal Auditors should also acquaint themselves with relevant project documents including:

- i. Chart of Accounts;
- ii. Financing Agreement;
- iii. Disbursement and Financial Information Letter; and
- iv. Project Appraisal Document.

#### **2.13.1. Internal Control - Payments**

83. As part of the system of internal control, payments under project shall follow the following procedures:

- All requests for payments, irrespective of the amount, shall be sent to the Chief Director through the PPBME Directorate at the MLGDRD for approval and payment after the National Coordinator has certified the eligibility of the expenditure
- The Chief Director shall approve and forward the request(s) to the FC (MLGDRD) for payment processes to begin.
- The FC shall minute it to the Project Accountant for further checking and processing for payment.

### **3. PROCUREMENT MANAGEMENT**

#### **3.1 Introduction**

84. To help attain the Project Development Objective (PDO), the Ministry shall ensure that procurement activities undertaken are in a manner that will guarantee value for money, economy, integrity, fit for purpose, efficiency, transparency, and fairness.

85. A Project Procurement Strategy for Development (PPSD) documents was developed during the preparation of the Project per the Bank's Procurement Regulations 4.1 and 4.2. This is a project-level strategy document which is prepared to describe how best to engage Service Providers and outline the procurement strategies to be adopted to support the achievement of the PDOs and deliver value for money. All procurement plans will be prepared with reference to the PSD.

86. For each contract to be financed by the Credit, the different procurement methods, the need for pre-qualification, estimated costs, prior or post review arrangements, methods requirements and time frame will be agreed with the Bank in the Procurement Plan.

87. The following are some documents which provide detailed and valuable information/guidance and would be used in conjunction with this manual when undertaking the procurement activities:

- a) Project Appraisal Document (PAD);
- b) Financing Agreement (FA);
- c) The Project Procurement Strategy for Development (PPSD);
- d) World Bank's "Procurement Regulations for IPF Borrowers" (Procurement Regulations) dated July 2016 and revised in November 2017, August 2018, and November 2020;
- e) World Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated July 1, 2016; and
- f) Public Procurement Act, 2003 (Act 663) as amended in 2016 (Act 914).

#### **3.2 Procurement Implementation Arrangements**

88. The MLGDRD is to implement Components 1, 2 and 5.2 of the GPSNP 2 and will be responsible for undertaking all procurement activities under these Components.

89. The Procurement Unit of the Ministry will handle all procurements under the Project with technical support from the RDCU. The project will continue to use the current procurement staff of GPSNP in GPSNP 2 for MoGCSP and MLGDRD to execute procurement on the project and offer hands-on mentoring and training to Implementation Agencies (IA) procurement staff as part of project mainstreaming.

90. A Procurement Specialist to be employed by the Ministry for the Project will however lead the initial Project procurement activities for the Ministry until such a time that the Project is fully mainstreamed.

91. Procurement activities will be carried out and managed at the MDA and National levels by the respective Entities (i. e. MDA and MLGDRD). Almost all MDAs have Procurement Units headed by a Procurement Officer with procurement experience. These Heads work together with the staff of the Works Department. Procurement activities are also largely supported by the Assembly Engineers, Quantity Surveyors, and Planning officers. The Zonal offices of RDCU will provide backstopping for procurement implementation by the MMDAs. At the national level, procurement will involve logistics such as vehicles, computers and related accessories, IT infrastructure, etc., consultancy assignments and minor Works relating to refurbishment of office facilities.

92. The MDA level procurement would involve activities related to the physical implementation of the Labour Intensive Public Works (LIPW) and Productive Inclusion (PI) components.

93. Whereas LIPW procurements will involve low volume contracts for small earth dams, feeder and access roads, climate change mitigation activities, etc., those of the Productive Inclusion component at the district level, will mainly be for the selection of Service Providers for entrepreneurship and vocational skills training activities. For urban LIPW, higher volume contracts may be required, as well as selection of specialised Service Providers for subprojects in water supply, sanitation, waste management and flood mitigation measures.

94. The MDAs, through the District Planning and Co-ordinating Units, and specifically the District Works Department, Business Advisory Centres and Procurement Units will execute the LIPW and PI procurements with technical support from the Zonal Coordinating Offices/RDCU and other collaborating institutions such as GIDA and DFR.

### **3.3 Procurement Procedures**

95. Procurement execution shall be in accordance with the World Bank's "Procurement Regulations for IPF Borrowers" ('Procurement Regulations' herein after referred to as Regulation) dated July 2016, revised in November 2017, August 2018 and November 2020, and the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated July 1, 2016, and other provisions stipulated in the Financing Agreement as stated in the Project Procurement Strategy for Development (PPSD).

96. The procurement documents to be used will be based on the World Bank Standard Procurement Documents for international market approach, with modifications for national market approach, as well as the recently enhanced World Bank documents to address Environment, Social Health and Safety (ESHS) issues.

97. National procurement procedures (especially the approval processes) and structures outlined in the Public Procurement Act, 2003 (Act 663) as amended in 2016 (Act 914) and its associated guidelines shall be used when procurement is undertaken using the national market approach.

98. If national procurement procedures are used, the core procurement principles of the Bank shall be maintained in accordance with the Bank's Procurement Regulations 5.3 to 5.6. In instances where there is conflict between the Bank's Procurement Regulations and the country's Procurement Act, the Bank's Regulation shall take precedence over the latter.

### **3.4 Procurement Approvals**

99. National level procurements subject to post review will be approved by the MLGDRD Entity Head, Entity Tender Committee or reviewed for concurrent approval by the Central Tender Review Committee depending on the thresholds stipulated in the Public Procurement Act, 2003 (Act 663) as amended in 2016 (Act 914).

100. At the district level, procurement approvals will be issued by the Entity Head or Entity Tender Committee with the Regional Tender Review Committee undertaking reviews and concurrent approvals per the thresholds of the Public Procurement Act, 2003 (Act 663) as amended in 2016 (Act 914).

101. The review and no-objection of procurement activities subject to prior review will be given by the Bank.

### **3.5 Procurement Planning**

102. Procurement plans (PPs) prepared for the Project shall be based on provisions in the PPSD. The procurement plan and its updates shall include:

- a) A brief description of the activities/contracts;
- b) The selection methods to be applied;
- c) Cost estimates;
- d) Time schedules;
- e) Bank's review requirements (prior or post review); and
- f) Any other relevant procurement information.

At the DA level planning for procurement activities under the project will form part of the general Procurement Plan of the Assembly.

103. PI and LIPW PPs at the MDA level will be developed at the MDAs, reviewed by the RDCU on behalf of the Ministry and suggested changes communicated to the relevant District Assemblies for revision before approval by the Assemblies. These PPs will be consolidated at the RDCU by the Procurement Specialist with other national Project procurement activities.



104. The procurement plan, which is prepared with the Bank's online procurement tracking tool; Systematic Tracking of Exchanges in Procurement (STEP), will be updated as and when required but must be reviewed annually.

105. STEP will be the primary software or platform to be used to submit, review, and clear all PPs and prior review procurement activities.

106. As indicated in the PPSD, a procurement plan to cover the entire duration of the Project shall be prepared and updated at least annually or as and when required to reflect actual implementation. An initial procurement Plan covering the first eighteen (18) months of the project implementation has however been prepared prior to completion of Project negotiations and publicised at the Bank's website. Data on the procurement plan can be found in STEP.

107. All in-house capacity building and training programs for Project stakeholders as well as workshops will not be captured in the procurement plans but will be carried out based on the Annual Work Plans and Budgets (AWPB) prepared for the Project by the RDCU/Ministry. The AWPB will be approved by the Bank on a yearly basis, and will among others, identify: (i) the envisaged training and workshops; (ii) the personnel to be trained; (iii) the resource persons/public institutions which will conduct the training; (iv) duration of the proposed training, and (v) expected outputs/outcomes of the training.

108. Operating costs financed by the project are incremental expenses related to the implementation of the Project. Procedures for managing these expenditures will be governed by the Ministry or DA administrative procedures, which have been reviewed and accepted by the Bank.

109. Procurement management reports will form part of the Project Quarterly Report and cover all Procurements on the project. It will provide a detailed summary of the procurement progress, updated procurement plans and write up on achievements, challenges, lessons learnt and way forward.

### **3.6 Prior and Post Review of Procurement Requirements**

110. In accordance with Regulations 3.5 to 3.8, the Bank will carry out prior review of procurement activities that are of high value and/or high risk to determine whether the procurement activities are being carried out in line with the agreed procurement arrangements.

111. Post review of procurement processes will be carried out by the Bank for low value and/or low risk procurement activities to confirm that the agreed procurement arrangements and procedures were followed including timely execution of activities and adherence to the specifications and conditions of the contract in general. Post reviews will be carried out annually by the Bank's Procurement Unit or an independent Auditor acceptable to the Bank.

112. Whether a particular procurement is one that is subject to prior or post review will be determined by the thresholds set out in the PPSD as shown in Table 4, as well as contract-specific procurement risks. The decision as to whether a procurement is subject to prior or post review will be stated in the procurement plan.

113. Irrespective of the Bank Annual Procurement Post Review, the Project shall undertake Annual Independent Procurement Audit and submit same latest by May 31 of each year, starting 2022.

### **3.7 Documents for Prior Review**

114. In accordance with Annex II of the Regulations, where a procurement is subject to the Bank's no-objection, the following documents among others shall be submitted to the Bank for review:

- a) The General Procurement Notice (GPN) and Specific Procurement Notices (SPN);
- b) Invitation to pre-qualify (if pre-qualification is required), pre-qualification selection documents (including any amendments to them) and pre-qualification evaluation report;
- c) Request for Expression of Interest including the complete ToR and the shortlist assessment report for the selection of Consultants;
- d) The request for bids/request for proposals documents, including any amendments thereof;
- e) The first request by the Client to bidders/Consultants to extend the bid/proposal validity period (when required) if it is longer than four (4) weeks and all subsequent requests for extension, irrespective of the period;
- f) The bid/proposal evaluation report and recommendations for contract award, including documents demonstrating that any procurement complaint made has been addressed to the satisfaction of the Bank;
- g) All requests for cancellation of a procurement process and/or rebidding/re-invitation of proposals;
- h) Reasons for decision and revised evaluation report in situations where the client changes its contract award recommendations after the Bank's prior review and no-objection; and
- i) Minutes of negotiations and draft contract initialled by both the Client and successful bidder.

### **3.8 Documents to be retained for Contracts Subject to Post Review**

115. The DA and Ministry/RDCU shall retain all relevant documentation and furnish same to the Bank upon request, with respect to each contract subject to post review for examination by the Bank or its Auditors. The documentation shall include but not limited to:

- a) The bid/request for proposal document;
- b) The bids/proposals evaluation reports and recommendations for award of contract;
- c) Original copies of the contract as signed and all subsequent amendments or addenda;
- d) Complaints if any; and
- e) Payment invoices or certificates as well as the certificates of inspection, delivery, completion and acceptance of Goods, Works, Non-consulting Services.

### **3.9 Procurement Categories**

116. Procurement will be undertaken for the following categories:

- a) Goods & Equipment – This involves the procurement of vehicles, materials, commodities, plant & equipment, related services, etc.;
- b) Works – Refers to construction, rehabilitation, and maintenance of civil work structures such as roads, small earth dams, etc. and related services;
- c) Non-consulting Services – This involves contracting based on performance of measurable outputs, and for which performance standards can be clearly identified and consistently applied. Examples will include photography and documentation of assignments, land surveying and mapping, vocational skills training, etc.; and
- d) Consulting Services – This involves the procurement of services that are of advisory and professional in nature and rendered by consultants. Examples include engineering design and supervision, finance and accounting services, project management, baseline, and impact studies, etc.

### **3.10 Procurement Provisions**

#### **3.10.1 Publication of Procurement Opportunities**

117. Before the beginning of any procurement activity under the Project, a General Procurement Notice (GPN) will have to be provided to the Bank by the Ministry for publication in the UN Development Business online (UNDB Online) and on the Bank's external website as indicated in Regulation 5.22. A template for the GPN can be found at the Bank's external website.

118. Following the publication of the GPN, Specific Procurement Notices (SPN) should be prepared and publicised for all other contracts by either the Ministry/RDCU or DA. For open national competitive procurement, the Ministry/RDCU or DA will have to advertise the SPN in at least one national newspaper of wide circulation and at the Public Procurement Authority (PPA) website per Regulation 5.23.

119. Where procurement is to be done using localised open competitive approach, the SPN will have to be advertised on the DAs notice boards (in the case of LIPW and PI activities) and at vantage points within the districts and regions.

#### **3.10.2 Preparation of Procurement Documents**

120. The preparation of procurement documents will be led by the Procurement Specialist with inputs such as designs and drawings, specifications, TORs, and Bill of Quantities, required training inputs in the case of PI activities, etc. from the technical staff at the RDCU and collaborating institutions such as Ghana Irrigation Development Authority (GIDA) and Department of Feeder Road (DFR), National Board for Small Scale Industries (NBSSI), etc.

121. Under the erstwhile GPSNP, specifications meeting national and international standards for various categories of procurement (for both LIPW and PI activities) were developed, used, and refined. For GPSNP 2, as anticipated in the PPSD, these specifications will be used with improvements based on lessons learnt.

122. As stated above, the procurement documents to be used will be based on the World Bank Standard Procurement Documents for international market approach, with modifications for national market approach, as well as the recently enhanced World Bank documents to address Environment, Social Health and Safety (ESHS) issues. This can be accessed at the Bank's external website: [www.worldbank.org/procurement/standarddocuments](http://www.worldbank.org/procurement/standarddocuments).

123. However, at the start of each implementation season, the RDCU, led by the Procurement Specialist shall furnish relevant stakeholders with the standard documents with modifications which have considered the needs and requirements of the specific contracts and provisions to deal with contractual matters arising from the preceding implementation year(s).

### **3.10.3 Bid/Proposal Security**

124. Bid/Proposal security may be required for the procurement of Goods, Works, and Non-Consulting Services. Such Security shall be in the amount and form specified in the Request for Bids (RFB)/Request for Proposals (RFP) document and shall remain valid for a period stated in the RFB/RFP document, sufficient to provide reasonable time for the Entity to act if the Security is to be called upon.

125. Bid/Proposal Securing Declaration was used extensively under GSOP and found sufficient for the LIPW procurement activities. Thus, in place of a Bid/Proposal Security, a Securing Declaration may be used in accordance with Regulation 5.35.

### **3.10.4 Bid/Proposal Validity**

126. The Bid/Proposal validity period shall be specified in the bid/request for proposal document sufficient to enable the Entity to complete the evaluation of bids/proposals, obtain the necessary approvals and award the contract.

### **3.10.5 Sale of Request for Bids Documents**

127. The sale of request for bids documents shall be coordinated at both the DA and MLGDRD level by the respective Procurement Units.

128. For DA level procurements, sale points for the procurement documents (especially when national competitive approach is used) will be at the respective DAs, RCCs and ZCOs. However, proceeds from the sale will be accounted to the DA by the RCCs and ZCOs. This is to ensure that documents are always available, and no prospective Bidder/Proposer is denied the opportunity to purchase a bidding document. The price charged for the document must reflect only the cost of preparing and printing the documents.

### **3.10.6 3.8.6 Bid/Proposal Opening**

129. The date and time for the Bid/Proposal opening shall be the same as for the deadline for submission of bids/proposals or immediately after. This should be indicated in the bid/request for proposals document and SPN.

130. An ad hoc Bid Opening Panel consisting of three or more persons of which at least one (1) is a member of the Entity Committee shall be formed to open the bids/proposals. At no point should the absence of the Head of Entity at a bid/proposal opening session be cited as grounds for postponement of the opening date and session.

131. The opening of bids/proposals must be done in public in the presence of bidders who choose to attend. At the opening session, the panel shall neither discuss the merits of any bid/proposal nor reject any that has been received on time.

132. At the opening, the panel shall read aloud and record the name of each Bidder/Proposer/Consultant that has submitted a bid/proposal, the total amount of each bid/proposal, any discounts, securities if required and substitutions/modifications/withdrawals if any.

133. A copy of the record of bids/proposal opening shall within seven (7) days be sent to all bidders/Proposers whose bids/proposals were opened and to the Bank if the procurement in question is subject to prior review, in accordance with Regulation 5.47.

134. Late bids/proposals shall be rejected in accordance with Regulation 5.49. This provision is non-negotiable and shall not be left at the discretion of bidders/Proposers or their representatives present at the opening. Bids/proposals not opened and read out at the opening session shall not be considered.

### **3.10.7 3.8.7 Evaluation of Bids/Proposals**

135. Bids/Proposals received would be evaluated by an evaluation panel formally constituted by the Head of Entity. The Evaluation Panel will be an ad hoc panel of not more than five (5) members who have the relevant expertise in the subject area of the specific procurement and in bid evaluations.

136. The evaluations shall be carried out in accordance with the criteria and methodology specified in the request for bid/request for proposal document.

### **3.10.8 3.8.8 Evaluation Criteria**

137. The Qualifying and Rated criteria will be used in evaluating bids/proposals for Goods, Works, and Non-consulting Services. Nonetheless, the qualifying criteria which depend on pass/fail basis to evaluate bids will be mostly used for these categories of procurements.

138. For Consultancy services, the Rated criteria which makes use of merit points will be used. A guide for the range of scores for quality of proposals is provided in Table 1.

**Table 1: Range of Scores for Quality of Proposals**

<b>Rated Criteria</b>	<b>Merit Point Range</b>
Consultant's specific experience	1 – 10%
Methodology	20 – 50%
Key experts	30 – 60%
Transfer of knowledge	0 – 10%
Participation by national experts	0 – 10%
Total:100 Pass mark: 80 points	
Technical Weighted: 0.8	
Financial (Cost) weight: 0.2	

### **3.10.9 Seriously Unbalanced or Front Loaded and Bids/Proposals for Goods, Works, and Non-Consulting Services**

139. In the case of LIPW for instance, it is common for contractors to price items such as site clearance and other initial earthworks very high and lowly price items such as those for reinstatement of borrow pits and other related safeguards requirements.

140. For Works and Plant, if the bid/proposal that results in the lowest evaluated cost/best evaluated proposal is in the opinion of the Evaluation Panel, seriously unbalanced or front-loaded, the Evaluation Panel may require the Bidder/Proposer to provide written clarifications including detailed price analyses to demonstrate the consistency of the prices with the scope of works and schedules. After evaluating the detailed price analysis, the Panel may accept the bid/proposal, recommend an increase in the amount of the performance security (if requested for and not exceeding 20% of the Contract Price) or reject the bid/proposal. This is in accordance with Regulation 5.64.

### **3.10.10 Abnormally Low Bids/Proposals for Goods, Works, and Non-Consulting Services**

141. This refers to a situation where a Bid/Proposal price, in combination with other elements (e.g., Unskilled Labour cost), appear so low that it raises material concerns as to the capability of the Bidder/Proposer to perform the contract for the offered price.

142. In such a situation, as in the case of the front-loading, the Evaluation Panel on behalf of the Entity will request for a detailed written breakdown of the Bid/Proposal price in relation to the scope and other requirements of the request for bids/proposal documents.

143. Per Regulation 5.67, if after evaluating the price analysis, the Evaluation Panel determines that the Bidder/Proposer has failed to demonstrate its capability to deliver the contract for the offered price, the Entity shall reject the Bid/Proposal. A typical example is

the case where the amount earmarked in the request for bid/proposal document for payment to unskilled labourers exceeds or almost equal to the total bid/proposal price.

### **3.10.11 Most Advantageous Bid/Proposal**

144. When the qualifying criteria for evaluation is used, the Most Advantageous Bid/Proposal is the bid/proposal that meets the qualification criteria and determined to be substantially responsive to the requirements of the request for bids/proposal documents and lowest evaluated cost.

145. The Most Advantageous Bid/Proposal when the rated criteria are used is the bid/proposal that meet the qualification criteria and determined to be substantially responsive to the requirements of the request for bids/proposals document and highest ranked bid/proposal.

146. The Evaluation Panel will recommend the award of contract to the Bidder/Proposer/Consultant offering the Most Advantageous Bid/Proposal.

### **3.10.12 Approval of Evaluations**

147. Once the evaluation of Bids/Proposals received is completed, the Evaluation Panel will submit its report to the Head of Entity. The report shall then be referred to the appropriate approving authority depending on the threshold per the Public Procurement Act 663, as amended in 2016 (Act 914) in the case of post review contracts for approval/concurrence, or to the World Bank for no-objection if it is a prior review contract before award.

### **3.10.13 Notification of the Intention to Award**

148. Following approval from the relevant approving authority to award a contract, the Entity shall within three (3) days, convey a written notification by the quickest means possible to the successful Bidder/Consultant of the Entity's intention to award the contract (letter could be scanned and sent via WhatsApp, email, etc.)

149. Such notification shall simultaneously be sent to each Bidder/Proposer that submitted a bid/proposal and opened at the opening session (unless the Bidder/Proposer has previously received notification of exclusion from the bidding process at an earlier stage) in the case of procurement of Goods, Works, and Non-Consulting Services.

150. For Consulting Services, the said communication will be served to all Consultants whose Financial Proposals were opened. This is in accordance with Regulations 5.72 to 5.74 and 5.75 to 5.77.

151. The form or template of the ***Notification of the Intention to Award*** can be found in the Bank's Standard Procurement Documents and will form part of the request for bids/proposal document.

### **3.10.14 Standstill Period**

152. In line with the Bank's current procurement regulations, a standstill period which will give unsuccessful Bidders/Consultants time to examine the Notification of Intention to Award and to assess whether it is worth submitting a complaint shall be observed.

153. The Standstill Period begins once the Notification of Intention to Award letter is issued to the Bidders/Consultants and shall last for ten (10) Business Days (counted as working days in the country excluding public holidays) per Regulation 5.79.

154. Consistent with Regulation 5.79, a Notification of Award or Letter of Acceptance should not be issued before or during the Standstill Period.

155. As provided for in Regulation 5.80, the Standstill Period shall not be applied where only one bid/proposal is received in the case of an open competitive process or where direct selection method is employed.

### **3.10.15 Debriefing by the Entity**

156. Upon receipt of the Notification of Intention to Award from the Procurement Unit, a Bidder/Consultant has 3 business days within the Standstill Period to make a written request to the Employer for debriefing.

157. The Entity, represented by the Procurement Unit shall acknowledge receipt of the complaint letter within 3 days and provide within five (5) Business Days, a debriefing to all Bidders/Consultants whose complaints are received within the deadline, unless the Procurement Unit decides, for justifiable reasons, to provide the debriefing outside this timeframe. In that case, the Standstill Period shall automatically be extended until five (5) Business Days after such debriefing is provided. If more than one debriefing is so delayed, the Standstill Period shall not end earlier than five (5) Business Days after the last debriefing takes place. The Procurement Unit shall promptly inform, by the quickest means available, all Bidders/Proposers/Consultants of the extended Standstill Period.

158. Where a request for debriefing is received by the Entity later than the three (3) Business Day deadline, the Entity should provide the debriefing as soon as practicable. Requests for debriefing received outside the three (3)-day deadline shall not lead to extension of the Standstill Period. No more complaints should be entertained once the Standstill Period expires.

159. Debriefings of unsuccessful Bidders may be done in writing or verbally. Participation in any such debriefing session shall be at the expense of the Bidder/Proposer per Regulation 5.85.

160. Minutes and copies of any documents used for each debriefing shall be filed as part of the procurement records for the particular contract. If it is a prior review contract, copies must be sent to the Bank for necessary action.

161. Any aggrieved Bidder/Proposer can also take advantage of the opportunity provided through the Single Window Citizens Engagement Service to seek redress on any procurement related infraction.



### **3.10.16 Pre-Condition for Contract Award**

162. At the end of the Standstill Period, if there are no complaints or if there were but have been resolved, the Entity will proceed to award the contract. However, if the contract is one that is subject to the Bank's prior review, the Entity shall not award the contract without receiving confirmation of satisfactory resolution of the complaint(s) from the Bank.

### **3.10.17 Contract Award**

163. The RDCU/Ministry and DA shall publish on public notices (on the PPA website, DA website, on notice boards, national daily of national circulation, etc) of award of all contracts within 10 business days from the date of issuance of the Letter of Acceptance.

## **3.11 Procurement Selection Methods**

### **3.11.1 Market Approach**

164. Open competitive approach to market will be the default procurement process.

165. As envisaged in the PPSD, procurement assignments to be undertaken under MLGDRD for the Project are of relatively small value, hence the national market will be able to contain the entirety and therefore the national market approach will be used. This however will not exclude the use of international market approach if the need arises during implementation.

### **3.11.2 Selection Methods for Goods, Works, and Non- consulting Services**

166. The following selection methods may be used for procurement of Goods, Works, and Non-Consulting Services:

- a) Request for Proposals (RFP);
- b) Request for bids (RFB);
- c) Request for Quotations (RFQ);
- d) Direct Selection;
- e) Force Account; and
- f) Community Driven Development (CDD).

### **3.11.3 Request for Proposals**

167. The Request for Proposals (RFP) method shall be used in cases where the nature and complexity of the Goods, Works, or Non-consulting Services to be procured are such that, the needs are better served by allowing Proposers to offer customised solutions or proposals that may vary in the way the requirements of the request for proposal documents are met or exceeded. This is conducted in a multistage process using rated- criteria and evaluation methodology. It can either be a one or two envelopes process.

168. Procurement of Goods, Works or Non-consulting Services of nature and complexity requiring the use of an RFP method has not been identified yet for the Project, hence none of the procurement activities on the 18 months procurement plan proposed in STEP is planned to be undertaken using RFP. If during implementation, the need to use an RFP for these

categories of procurement arises, the procedures as described in Annex XII of the Regulations shall be followed.

#### **3.11.4 Request for Bids**

169. A Request for Bid (RFB) is a competitive procurement method used to solicit for bids when, because of the nature of the Goods, Works, or Non-Consulting Services to be provided, the Ministry or DA is able to specify detailed requirements to which Bidders will be required to respond in offering bids. Procurement under the RFB method is conducted in a single-stage process. The Qualifying criteria is used with minimum requirements evaluated on a pass/fail basis.

#### **3.11.5 Request for Quotations**

170. Request for Quotations (RFQ) is also a competitive procurement method based in comparing price quotations from Firms. It is appropriate for procuring limited quantities of readily available off-the-shelf Goods or Non-consulting Services, Standard Specifications Commodities, or simple Civil Works of small value.

171. Most Goods, Works, and Non-consulting Services to be procured under the Project are not complex and small in value hence the RFQ and RFB methods shall be used extensively.

#### **3.11.6 Direct Selection**

172. Direct Selection method involves approaching and negotiating with only one firm for the provision of Goods, Works, and Non-consulting Services. It is appropriate when there is only one suitable firm or the procuring entity has a strong justification for its usage considering the size, purpose of the procurement and the gains regarding value for money. Although not encouraged, where necessary, the Direct Selection method shall be used in accordance with Regulations 6.8 to 6.10.

#### **3.11.7 Force Account**

173. Force Account refers to works such as construction and installation of equipment and enterprise related training services carried out by government departments such as the District Works Department, District Agric. Department, Business Advisory Centre, etc. instead of awarding the works or services on contract. This procurement arrangement will be used to deliver some of the LIPW and PI activities especially the Climate Change Mitigation interventions and vocational skills training. Where the Force Account approach is used, the Entity will continue to adhere to procurement methods which involve the use of shopping or RFQ for the procurement of construction materials, tools, seeds, seedlings, vocational skills training inputs, etc.

#### **3.11.8 Community Driven Development (CDD)**

174. CDD projects generally envisage a large number of small-value contracts for Goods and several small works scattered in remote communities across the country. Commonly used

procurement procedures include RFQ; local competitive bidding inviting prospective Bidders for Goods and Works located in and around the local community; direct contracting for small-value Goods, Works, and the use of community labour and resources. This method of procurement will mostly be used to carry out the Climate Change Mitigation Intervention (CCMI) activities under LIPW component of the project. With CDD, labour component of activities (amount of sub-project cost that will be paid to community members as wages) constitute a significant element of project cost. Where Community Driven Development is used, the Procurement Entity shall continue to adhere to procurement methods which involves the use of Request for Quotation for the procurement of PPEs, seeds, wellington boots, seedlings, working tools, construction materials etc, and will apply thorough quality checks and inspection just like any other contract.

175. A Labour Service Agreement will be signed with all participants (Refer to Annex of Vol. 2 of GPSNP 2 POM) for all works.

### **3.12 Steps for Procurement of Goods, Works and Non-consulting Services using RFB and RFQ Selection Methods**

176. The following steps will be followed when procuring for Goods, Works and Non-consulting Services using the RFB and RFQ methods.

**Table 2: Steps for Procurement of Goods, Works and Non-consulting Services using RFB and RFQ Selection Methods (One-Envelope Bidding Process)**

No.	Procurement Activities	Remarks/Time Frame
<b>Using Request for Bids (RFB) Method</b>		
1.	Ensure that the bidding documents are ready, and contain the relevant sections, i.e., Letter of Invitation for Bids, Instructions to Bidders, Forms of Bid, Bidding data, Evaluation and Qualification Criteria, Schedule of Requirements, etc., General Conditions of Contract, Particular Conditions of Contract, Technical Specifications, Drawings, Bills of Quantities, and the relevant Contract Forms.	<p>i. The document should be completed by the RDCU or DA with support from the ZCO and Collaborating institutions</p> <p>ii. If it is a prior review contract, seek No-objection from the Bank for the document and any amendments thereof.</p>
2.	Prepare a procurement notice and advertise in the appropriate medium, giving relevant information such as source of funding, eligible bidders,	i. National Competitive Procurement - in at least one newspaper of nationwide circulation (national dailies)

No.	Procurement Activities	Remarks/Time Frame
	implementing agency, the investment, currency of payments, address and location for inspection and purchase of bidding documents, cost for each document, bid validity period, level and type of bid security, location for bid submission and deadline (date and time) for receiving bids.	<p>ii. National Competitive Procurement (but localised) – Notice pasted on District Assembly/ Area Council/Community Notice Boards, Radio/FM Stations, etc.</p> <p>iii. Request for the Bank’s review and No-objection for prior review contracts</p> <p>iv. the preparation of the notice should be done within 5days once the procurement document is ready</p>
3.	Receive the bids in a tender box, at the designated place and time, and prepare to open the submitted bids immediately after the deadline (date and time) (Under no circumstances should any late bid be accepted)	<p>i. The bid opening shall be done by a Bid Opening Panel made up of at least 1(No.) designated member of the Entity Tender Committee and at least 2(No.) persons of the Procurement Unit/User Department in the presence of bidders’ representatives who choose to attend.</p> <p>ii. Each member present will complete the Bid Opening Attendance Record for the Bid Opening.</p> <p>iii. The period for bid submission is 42 calendar days from date of notice</p>
4.	Open, publicly, the box containing the bids, inspect each bid to ensure that it has not been tampered with. Subsequently, open the bid and call out the names of the bidders, one-by-one, announcing each bid price, and confirming whether the required documents for each bidder are attached. <b>Items marked as Withdrawal, Substitution, and Modification found in the box should be opened first in that order before any other item is opened.</b>	<p>i. Apart from the bid price, it should be verified whether (a) the bid has been signed, (b) bid security is of the required specification and validity, and (c) any discount has been offered. The absence of information on any of the following, i.e., Tax Clearance, Social Security payments, Labour, Registration with PPA and Registration with District Assembly does not make a bidder non-responsive, and therefore cannot be used to disqualify a bidder. Instead, these requirements should be addressed and met during post-qualification. <b>The Firm which has submitted the Most Advantageous Bid and has demonstrated capacity to perform, but</b></p>

No.	Procurement Activities	Remarks/Time Frame
		<p><b>lacks any of above, would be requested to provide the required information prior to signing the contract.</b></p> <p>ii. It is normal practice for all bidders present to take down all the information on competing bids called out.</p> <p><b>iii. Opening of Bids shall not be postponed as a result of the absence of the Entity Head.</b></p> <p><b>iv. Bids submitted late shall be rejected</b></p>
5.	Record all the information above on each of the bids onto the Bid Opening Record Form, and get the form authenticated by the Bid Opening Panel.	i. Members of the Bid Opening Panel should verify the information on this form and authenticate the form. Members of the Bid Opening Panel will do this by writing their names, designations and signing against them. Copies of the authenticated record form will be made and distributed among members of the Bid Opening Panel.
6.	Release the originals of the Bid(s) and copies to the Evaluation Panel, together with the Bid Opening Attendance Record and the original of the authenticated Bid Opening Record Form.	<p>The documents comprising the bid are as follows:</p> <ul style="list-style-type: none"> <li>• The form of Bid</li> <li>• Bid Security, if required</li> <li>• Priced Bill of Quantities</li> <li>• Qualification Information Form and Documents, and</li> <li>• Any other document required to be completed as specified in the Bidding Data</li> </ul>
7.	Following this, the bid opening meeting closes.	<p>Minutes of Bid Opening shall be recorded, including information disclosed to those present. The following documents shall form part of the Evaluation Report.</p> <ul style="list-style-type: none"> <li>• Minutes of Bid Opening,</li> <li>• Records of sale of Bids</li> <li>• A copy of the Newspaper Advert, (or for local competitive bidding, a copy of the advert that was posted on notice board and read on radio / FM stations),</li> </ul>

No.	Procurement Activities	Remarks/Time Frame
		<ul style="list-style-type: none"> <li>• Bid Opening Attendance Record, and</li> <li>• Bid Opening Record Form</li> </ul>
8.	An Evaluation Panel officially formed by the Head of Entity shall commence evaluation of the recorded bids submitted on or before the deadline. It would first, examine each bid package to confirm whether all information requested have been provided.	i. Strict confidentiality should be maintained during this evaluation stage. Information relating to the examination, clarification, evaluation, and comparison of bids and recommendations for the award of a contract shall not be disclosed to bidders or any other persons not officially concerned with such process until the Notification of the Intention to Award stage. Any effort by a Bidder to influence the processing of bids or award decisions may result in the disqualification of the Bidder.
9.	Prior to the detailed evaluation of bids, the Employer will determine whether each Bid (a) meets the eligibility criteria; (b) has been properly signed; (c) is accompanied by the required securities; and (d) is substantially responsive to the requirements of the bidding documents.	i. The bids, which shall meet requirements, will be deemed as substantially <u>responsive</u> . Those that are unable to meet the requirements are deemed <u>non-responsive</u> .
10.	Correct the errors of the responsive bids and adjust the bid prices of the original bids based on the corrections.	
11.	Seek the concurrence of the bidder with the new or adjusted bid price. There is the need for hard evidence, so this is done by fax or letter, and directed only to bidders in whose bid's mistakes were detected in the bills.	i. The idea is to enable the bidder to confirm the veracity of the corrections. In agreeing that the corrected bid price is right, (and therefore the original, wrong) the bidder will so indicate by writing confirming this in a letter to the Evaluation Panel. This letter legally empowers the Evaluation Panel to use the new bid price for further stages of the evaluation process. If the bidder does not accept the corrected price, his/her bid is rejected, and their tender security is forfeited.
12.	All bid prices in different currencies, if any, should be converted to Ghanaian Cedis (GHS) by applying the Bank of Ghana Exchange rate, prevailing on the	i. The rates of exchange to be used by the Bidder in arriving at the Ghanaian Cedis equivalent shall be the selling rates for similar transactions established by the Bank of Ghana prevailing on

No.	Procurement Activities	Remarks/Time Frame
	date 28 days prior to the latest deadline for submission of bids.	the date 28 days prior to the latest deadline for submission of bids.
13.	Evaluate and compare only the bids determined to be substantially responsive. (Non-responsive bids are rejected and cannot be considered for further evaluation)	i. The sum of the following in LIPW procurement for instance; <ul style="list-style-type: none"> <li>the provisional sums, (which will be common to all the bids),</li> <li>Unskilled Labour Cost (which will be common to all the bids)</li> <li>contingencies, and</li> </ul> Discounts which are <u>offered and announced</u> at bid opening are excluded from the corrected bid price to determine bidders' evaluated bid prices.
14.	Rank the "evaluated bids", in a manner where the lowest evaluated price is ranked No 1, the next lowest No 2, and so on.	i. Evaluated Bids are corrected bid prices which exclude all non-firm and non-competitive costs and may be regarded as the corrected bid prices reduced to the same level playing field to facilitate comparison of bids.
15.	Request for detailed price analysis from Bidder if the bid that results in the lowest evaluated cost in the opinion of the Evaluation Panel is seriously unbalanced or front loaded or abnormally low.	i. The bid of the 1 <sup>st</sup> ranked Bidder will be rejected if the Firm is not able to adequately demonstrate consistency of the prices with the scope of works or equipment. In such a situation, the next in rank is considered for further evaluation.
16.	Post Qualify the 1 <sup>st</sup> ranked bidder	i. The bid with the lowest evaluated cost is scrutinised for technical and financial ability to execute the works.
17.	If this 1 <sup>st</sup> ranked bidder is post qualified successfully, the Evaluation Panel will recommend the Firm as the successful bidder.	This bidder would have offered <b><u>the Most Advantageous Bid</u></b> and found capable of executing the works, supplying the goods, or providing the Non-consulting Service.
18.	If this 1 <sup>st</sup> ranked were unsuccessful in post qualification, the next ranked, in a "downward serial manner" is post qualified till one of the ranked bidders is successfully post qualified.	The next ranked bidder is technically and financially evaluated.
19.	The Evaluation Report will be written by the Evaluation Panel and submitted to the Head of Entity for further submission to the Entity Tender	i. The Entity Committee will approve or Tender Review Committee will review the Bid Evaluation Report and give their concurrent approval for the award of the contract, if it is

No.	Procurement Activities	Remarks/Time Frame
	Committee or appropriate Tender Review Board, for its review and concurrent approval based on the thresholds stated in Act 663 and its amendments, if it is a post review contract.	<p>post review.</p> <p>ii. For prior review procurements, the Bank's review and no objection will be sought on the evaluation report for award.</p> <p>iii. Evaluation of bids should be done within 30 calendar days from date of opening.</p>
20.	Issue a Notification of the Intention to Award the contract to the successful Bidder as well as to each Bidder that submitted a bid (unless the Bidder has previously received a notification of exclusion from the procurement process at an interim stage)	Notification of Intention to Award is not issued if only one bid is submitted.
21.	Begin the Standstill Period	<p>i. A Day after the Notification begins the Standstill Period which will last for ten (10) business days, or any other days as may be extended.</p> <p>ii. If only one bid was received, then there shall be no Standstill Period.</p>
22.	Provide a debriefing to all unsuccessful Bidders who have complaints and request for debriefing	<p>i. Debriefing requests received within 3days after the Notification of the Intention to Award will be responded to either verbally or in writing within 5 business days.</p> <p>ii. If the Entity decides, for justifiable reasons, to provide the debriefing outside the above time frame, the standstill period shall automatically be extended until five (5) Business Days after such debriefing is provided. If more than one debriefing is so delayed, the standstill period shall not end earlier than five (5) Business Days after the last debriefing takes place.</p> <p>iii. Where a request for debriefing is received by the Entity later than the three (3) Business Days deadline, the Entity should provide the debriefing as soon as practicable.</p>



No.	Procurement Activities	Remarks/Time Frame
		<p>iv. Requests for debriefing received outside the three (3)-day deadline shall not lead to extension of the standstill period.</p> <p>v. No more complaints related to the procurement process should be entertained once the Standstill Period expires.</p> <p>vi. If prior review procurement, furnish the Bank with copies of documentation on all debriefing requests received and the debriefing given to Bidders</p>
23.	Once the Standstill Period is over and any complaint received has been fully addressed, the Entity shall award the contract by issuing a Letter of Acceptance (Notification of Award) to the successful bidder	<p>i. In the Letter of Acceptance, request the successful bidder to present a Performance Guarantee / Bond if indicated in the Bidding Document.</p> <p>ii. Contract award shall not take place before the expiry of the Standstill Period or until all complaints have been fully resolved.</p> <p>iii. For prior review procurements, the Bank must first confirm its satisfaction with the resolution of complaints received before the Entity can award the Contract.</p> <p>iv. The Notification of Contract Award should be done within 14 calendar days after the Standstill/Debriefing Period.</p>
24.	Publish a public notice of award of the contract at PPA website or in a newspaper of nationwide circulation	i. The publication must be done within 10 business days after the issuance of the Letter of Acceptance
25.	Upon receipt of a Performance Guarantee / Bond (if required), the Client will (i) invite the contractor/supplier to sign a Contract to undertake the works, supply the goods or provide the Non-consulting Service	i. The Bid Security of unsuccessful bidders will be returned within 28 days after the end of Bid Validity period. The Bid Security of the successful bidder will be discharged when the bidder has signed the Contract Agreement and furnished Performance Security.

No.	Procurement Activities	Remarks/Time Frame
		ii. The Contract should be signed within 21 days after Notification of Contract Award.
	<b><u>Using Request for Quotations (RFQ) Method</u></b>	
26.	Ensure that the Request for Quotations documents are ready, and contain the relevant sections, i.e., Letter of Invitation for Quotations, description, quantity, delivery period, location of Goods, Works, and Non-consulting Services, etc. The Request shall also indicate the deadline, mode, and place of submission of the quotations.	i. The document should be completed by the RDCU or DA with support from the ZCO and Collaborating institutions
27.	Prepare a procurement notice and advertise in the appropriate medium. If limited competition is used, the Letter of Invitation (LOI) containing all the relevant sections will be sent to at least 3(No) credible service providers with proven track record and experience of dealing with the services required	i. National Competitive Procurement - in at least one newspaper of wide circulation  ii. National Competitive Procurement (but localised) – Notice pasted on District Assembly/ Area Council/Community Notice Boards, Radio/FM Stations, etc.  iv. The preparation of the notice should be done within 5days once the RFQ document is ready
28.	The firms will submit their quotations at the predetermined time and place	i. Period for preparation and submission of quotations by Firms is 14 calendar days after issuance of notice
29.	The quotations will be opened, preferably, in the presence of the representatives of the firms who chose to be present, and the Bid Opening record form filled up by the Bid Opening Panel, and the attendance also recorded.	

No.	Procurement Activities	Remarks/Time Frame
30.	The Evaluation Panel will undertake evaluation of the quotations, first by checking for arithmetic errors, correcting them, and drawing the attention of the firms for concurrence purposes.	<p>i. The evaluation will be done according to the criteria specified in the RFQ.</p> <p>ii. The evaluation of quotations should last for not more than 7 calendar days.</p>
31.	Based on the Evaluation Criteria, the firm who ranks first as having submitted the Most Advantageous Bid will be recommended for award of the contract	i. The high point of the evaluation process is the Evaluation Report, which will be reviewed by the relevant authorities per the thresholds in Act 663 as amended.
32.	Issue a Notification of the Intention to Award the contract to the successful Firm. The notification shall be sent to each Firm that submitted a quotation	
33.	Standstill Period starts	<p>i. A Day after the Notification of the Intention to Award begins the Standstill Period which will last for ten (10) business days, or any other days as may be extended.</p> <p>ii. If only one quotation was received, then there shall be no Standstill Period.</p>
34.	Provide a debriefing to all unsuccessful Firms who have complaints and request for debriefing	<p>i. Debriefing requests received within 3days after the Notification of the Intention to Award will be responded to either verbally or in writing within 5 business days.</p> <p>ii. If the Entity decides, for justifiable reasons, to provide the debriefing outside the above time frame, the standstill period shall automatically be extended until five (5) Business Days after such debriefing is provided. If more than one debriefing is so delayed, the standstill period shall not end earlier than five (5) Business Days after the last debriefing takes place.</p> <p>iii. Where a request for debriefing is received by the Entity later than the three (3) Business Days deadline, the Entity should provide the debriefing as soon as practicable.</p> <p>iv. Requests for debriefing received outside the three (3)-day deadline shall not lead to extension</p>

No.	Procurement Activities	Remarks/Time Frame
		of the standstill period.  v. No more complaints related to the procurement process should be entertained once the Standstill Period expires.
35.	Once the Standstill Period is over and all complaints received have been fully addressed, the Client shall award the contract by issuing a Letter of Acceptance (Notification of Award) to the successful Firm	i. Contract award shall not take place before the expiration of the Standstill Period or until all complaints have been fully resolved.  ii. The Notification of Contract Award should be done within 14 calendar days after the Standstill/Debriefing Period.
36.	Following this both parties will sign the contract, and would be bound by its stipulations	i. The Contract should be signed within 21 days after Notification of Contract Award

### 3.13 Selection Methods for Consulting Services

177. Procurement of Consultancy Services will be done using the following five (5) selection methods:

- a. Quality and Cost-Based Selection (QCBS)
- b. Selection under a Fixed Budget (FBS)
- c. Least-Cost Selection (LCS)
- d. Individual Consultant Selection
- e. Direct Selection

#### 3.13.1 Selection of Consultants Using Quality and Cost-Based Selection (QCBS) Method

178. Quality and Cost-Based Selection (QCBS) is a method based on the quality of the proposals and the cost of the services to be offered by shortlisted consulting firms. When using this method of selection, the minimum score to be attained for the technical proposals is specified in the Request for Proposals documents and the weight to be given to the quality and cost depends on the nature of the assignment. The firm that obtains the required technical score and attains the highest combined (quality and cost) score is considered the Most Advantageous Proposal.

#### 3.13.2 Fixed Budget Selection (FBS) Method

179. Selection under a Fixed Budget (SFB) is based on the disclosure in the RFP of the available budget to invited consultants and selecting the consultant with the highest-ranking

technical proposal within that budget. Whilst using this selection method, the Entity shall ensure that the budget is (as much as possible) compatible with the TOR and that, consultants will be able to perform the tasks within the budget.

180. Evaluation of all technical proposals shall be carried out first as in the QCBS method. The Proposal with the highest technical score which also meets the fixed budget requirement is considered the Most Advantageous Proposal and recommended for award of contract.

### **3.13.3 Selection of Consultants using Least Cost Selection (LCS) Method**

181. Under Least-Cost Selection (LCS), a minimum qualifying mark for technical proposals is established and indicated in the RFP. Proposals scoring less than the minimum technical qualifying mark are rejected, and the financial envelopes of the rest are opened in public. The proposal with Technical Score above the minimum set and with the lowest evaluated cost is considered the Most Advantageous Proposal.

### **3.12 Steps for Procurement of Consulting Services using QCBS, FBS and LCS Selection Methods**

182. The steps indicated below can be used for selection of consultants using the QCBS, FBS and LCS methods:

**Table 3: Common Procedures for QCBS, FBS, and LCS**

No	Activity	Remarks
1.	Prepare the ToR for the assignment clearly indicating the Objectives, goals, background information, scope, etc.	i. Seek the Bank's review and No-Objection if it is a prior review procurement
2	Prepare the Request for Expression of Interest (REoI) using the template provided at the Bank's external website	i. The REoI contains the complete ToR. ii. Seek the Bank's review and No-Objection if it is a prior review procurement
3.	Advertise for Expression of Interest	i. The advert requires to be widely circulated. ii. The advert should last for at least 10 business days to give interested Firms adequate time to prepare their proposals
4.	Receive Expression of Interest (EoI) on the due date	i. Late submission however is not grounds for rejection of EoI unless the evaluation panel has completed the evaluation exercise and already prepared a shortlist of qualified Firms
5	Evaluate, Award points and Rank	i. This is based on set criteria in the REoI.
6	Select those who meet minimum requirements	i. Seek No-Objection from the Bank for the Shortlist if required

No	Activity	Remarks
7	Prepare Request for Proposals (RFP) using the Bank's Standard Request for Proposal document	i. Seek the Bank's no objection if required
8	Select at least three (3) Firms from the Shortlisted Firms and issue to them letters of invitation to submit proposals including the RFP document	i. Allow sufficient time to allow Firms to prepare and submit their proposals
9	Receive the Proposals on the appointed day	i. The Technical and financial proposals shall be submitted at the same time in two separate sealed envelopes
10	First open the Technical Proposal for evaluation.	i. Evaluate in accordance with the Evaluation Criteria ii. Once the evaluation report is ready, seek the Bank's no-objection if required
11	Select the names of all the consultants who got the minimum technical score or more.	i. The Financial proposals of these consultants will be opened publicly at a later date. ii. Consultants who fail to achieve the minimum score will be rejected, and their Financial Proposals will be returned to them unopened.
12	Notify the consultants whose proposals did not meet the minimum mark or were not responsive to the RFP and the TOR, that their Financial Proposals will be returned unopened, after completing the selection process.	
13	At the same time invite the consultants who secured the minimum qualifying marks to the public opening of the Financial Proposals	State location, time, and date. The opening date shall not be sooner than seven (7) business days after the notification.
14	Open the Financial proposal publicly, in the presence of the consultant's representatives who choose to attend.	i. The Procurement Unit shall prepare minutes of the public opening.
15	The Evaluation Panel will check the completeness of the Financial proposals	i. This includes checking computational errors and confirming and adding all items of the corresponding Technical proposals, which have not been costed. The result is the corrected version of the Financial Proposals

No	Activity	Remarks
16	Apply the Evaluation Criteria to the Financial proposals and award points.	i. In QCBS, the Consultant with the least cost will be given a financial score of 100. The scores of the others will be related to this as specified in the Data sheet.
17	Combine the Technical and Financial scores for each Firm and rank them	i. The firm achieving the highest combined technical and financial score is ranked No 1 and said to have submitted the Most Advantageous Proposal, and followed by the next highest ranked No 2, and so on.
18	Invite the first ranked firm for negotiations.	
19	Negotiate by discussing the entire Technical Proposals, and any suggestions made by the firm to improve the TOR. Conclude negotiations with a review of the draft form of contract.	i. Seek approval of the Combined evaluation report from the relevant approving authority depending on the threshold. ii. If prior review, submit to the Bank for no-objection.
20	Per Regulations 5.75 to 5.77 and 5.78 to 5.80, provide the successful Firm and the unsuccessful ones the Notification of Intention to Award and indicate the beginning of the Standstill Period	
21	Receive complaints and debrief Firms if requested	
22	Once all complaints have been resolved successfully, award the Contract in accordance with Regulations 5.88 to 5.95	

### 3.14 Use of Individual Consultants

183. In accordance with Regulations 7.34, Individual Consultants will be selected for assignments for which:

- a) A team of experts is not required; and
- b) The experience and qualification of the individual are of paramount importance.

184. Methods of selection of Individual Consultants are as per Regulations 7.36 to 7.39.

185. Individual Consultant Selection will primarily be used to select the key staff of the RDCU and its ZCOs and will be applied to any other assignment that lends itself to such method of selection. The default procurement process to be followed to select individual consultants will be open competition.

### 3.14.1 Selection of Consultants using Direct Selection Methods

186. Direct or Single-Source Selection (SSS) methods, though not encouraged, would be applied for assignments that meet the requirements of Regulations 7.13 to 7.15.

### 3.15 Threshold for Procurement Methods and Prior Reviews

187. Table 4 shows the thresholds for the various procurement methods and prior reviews. These thresholds have been developed based on the procurement risk assessment conducted by the Bank during the preparation of the Project. The thresholds will therefore be revised periodically based on reassessment of the Project's procurement risks during implementation.

**Table 4: Thresholds for Procurement Methods and Prior Reviews**

RISK RATING	Prior Review Threshold in (US\$ '000)					Procurement Methods Thresholds (in US\$'000)							
			Consultants		Single Source & Direct Contract	Works			Goods, IT and non-consulting services			Shortlist of National Consultants	
	Works	Goods, IT Systems+ Non Con. Serv	Firms	Individuals		Open International or ICB	Open National or NCB	Request for Quotation/ National Shopping	Open International or ICB	Open National or NCB	Request for Quotation/ National Shopping	Consulting services	Engineering & construction supervision
SUBSTANTIAL	≥\$10,000	≥\$2,000	≥\$1,000	≥\$300	≥\$100	≥15000	<15000	≤200	≥3000	<3000	≤100	<100	≤500

### 3.16 Contract Management and Administration

188. The aim of contract management is to ensure that all parties meet their obligations under the contract. Contracts under the Project shall therefore be planned, executed, actively monitored, and evaluated to ensure satisfactory service provider performance and value for money.

#### 3.16.1 Contract Types

189. The determination of contract type for a particular procurement shall be based on fit-for-purpose and value for money considerations. Contract types to be used on the Project shall include:

- Lump Sum;
- Performance-Based;
- Admeasurement;
- Time-Based; and
- Reimbursable contracts.

190. Full descriptions of these types of contracts and when they are used can be referenced from the Bank's Regulations 3.2 to 3.13 of Annex VIII.

191. All contracts under the project shall be signed by the heads of the respective Entity Tender Committees in accordance with the laws of the country. These heads however reserve the right to delegate the responsibility of the day-to-day management of contracts to relevant technical officers who possess the requisite competencies and experiences in the subject area.



### **3.16.2 Contract Monitoring and Evaluation**

192. The necessary monitoring arrangements would be put in place at the national, zonal, regional and DA levels to monitor the activities of service providers and to ensure they are executing the assignments in accordance with the terms, conditions, and specifications of the contracts.

193. As indicated in the PPSD, key Performance Indicators (KPIs) will be developed to monitor the performance of the various contracts. Key performance areas which will be tracked will include but not limited to:

- a) On-time delivery of outputs;
- b) Quality of outputs;
- c) Deployment of relevant Staff as indicated in the contracts;
- d) Site Management;
- e) Invoicing and payments timeliness;
- f) Change requests/contract amendments
- g) Efficient use of resources; and
- h) Safeguards adherence.

194. An evaluation of each contract execution would be carried out at contract completion to assess the performance and identify any lessons learned for future contracts.

### **3.16.3 Procurement Management Reports.**

195. These reports will form part of the Quarterly Reports and will cover all Procurements related to the MLGDRD Components of the Project. The reports will give a snapshot of the procurement progress, updated procurement plans and write up on achievements, challenges, lessons learnt and way forward.

### **3.17 Procurement Records Keeping**

196. The RDCU, ZCOs and District Assemblies will establish and maintain an appropriate procurement filing system, ensuring that all contract packages have their specific files and furnished with relevant documentations. It is mandatory under the Project for all beneficiary Districts to keep individual files on all contracts.

### **3.18 Frequency of Procurement Supervision and Reviews**

197. Procurement processes at the DA level shall be facilitated and reviewed by the ZCOs.

198. The Ministry, through the RDCU, will conduct procurement audit of DA procurements on a yearly basis.

199. In general, all Goods, Works, Non-consultancy and Consultancy service contracts indicated as prior review will be subject to World Bank's prior approvals. For such contracts, documents covering key steps of the procurement or consultancy selection process will have to be cleared by the Bank before proceeding with required actions. Contracts not subject to

prior review will be selectively reviewed during Post Procurement Reviews (PPRs) and findings and recommendations communicated to the Ministry.

200. There will be one supervision mission each year by the Bank to visit the field to carry out post-review of procurement actions and technical review either by the Procurement Specialist at the Bank or an independent Auditor acceptable to the Bank. This exercise will cover at least 20 percent of contracts subject to post-review.

201. Post reviews of in-house trainings will be conducted from time-to-time to review the selection of institutions/facilitators/course contents of trainings, and justifications thereof and costs incurred.

### **3.19 LIPW Specific Procurement Arrangements**

202. Physical implementation of LIPW would be executed within the agricultural off-season, i.e., January – June. Engineering designs, selection of contractors, training of new contractors and new Districts' staff would therefore have to be completed by December of the previous year to enable works to be carried out within the agricultural off-season.

203. LIPW Procurement will be done at two levels: (i) the general procurement at the national level and (ii) Works Procurement by the respective District Assemblies. The national level procurement will involve goods (logistics for project activities), Consulting and Non-Consulting Services.

204. Public works related procurements shall be carried out by the beneficiary District Assemblies with support from the ZCOs/RCCs, RDCU and collaborating institutions.

205. LIPW works will be executed using two procurement approaches depending on the type of sub-project (i.e., Contract works and Community Driven Development).

206. In the case of feeder road and small earth dam, Districts will use the services of external works contractors recruited through competitive bidding and when awarded the contract, undergo intensive, theoretical, and practical training in execution of Labour-Intensive Public Works. Procurement of Contractors will be done using mainly RFB and RFQ selection methods and these contracts will be executed on Admeasurement basis.

207. In the case of climate change subprojects however, districts will use the Community Driven Development method of procurement to execute the activities which will also include the use of request for quotations or shopping for procurement of construction materials, tools etc.

208. Different government departments will provide the required technical support to the DAs in the delivery of LIPW. Departments like Feeder Roads, Ghana Irrigation Development Authority, etc., may provide services such as design, estimation and drafting of specifications, etc. to the DAs (through the respective Works Departments). They may also assist in monitoring and supervision of the works during physical implementation to ensure the quality of materials and work-standards among others. As Government Agencies, the services as would be rendered by the collaborating institutions shall not attract consultancy fees/remunerations but rather, arrangements made to bear the incremental cost that will be incurred in respect of the services rendered based on prevailing Government rates. Where

necessary and possible, the Project may provide other logistical support such as vehicles towards the delivery of these services. The roles and responsibilities of the collaborating institutions and DAs will be defined in an MoU. The RDCU and Zonal Coordinating Offices will facilitate and provide the necessary technical back stopping to ensure value for money.

### **3.20 Productive Inclusion Specific Procurement Arrangements**

209. Procurement for the PI component will be done at both the national and district levels. The national level procurement will involve Goods (logistics for project activities), Non-consulting and Consulting Services and will apply to all procurement activities carried out by the Ministry/ RDCU. Procurement by the beneficiary District Assemblies will mostly be for Goods and Non-Consulting Services (e.g. procurement of Service Providers to provide Vocational Skills and Enterprise Development trainings).

210. Life Skills/Vocational and related Enterprise Development Trainings as well as other support to beneficiaries under the PI component including formation of VSLAs and linkages to Agriculture may either be contracted to external Service Providers or delivered in-house by relevant staff of the DAs.

211. Training services to be rendered by the external Service Providers will be classified as Non-Consulting services, hence RFB and RFQ methods will be used in engaging these Service Providers. Steps for the selection of service providers under LIPW would be used for the selection of other service providers under the PI component (e.g. Business Service Providers).

212. Contract types with the external Service Providers may include Performance-Based, Lump- Sum and Reimbursable-Cost depending on the nature of service to be provided.

213. In situations where government institutions/agencies such as NBSSI, GRATIS/RTTU, MOFA Units, etc. or any official on government payroll is used to render training/service under the PI component, (i.e. life/vocational skills and enterprise development training services), a Memorandum of Understanding will be signed between either the RDCU/Ministry or DA on one part and the said government institutions/agencies or official on the other to provide services in their areas of expertise. The services of this category of Service Providers (which are from public institutions) shall not attract consultancy fees/remunerations but rather, arrangements made to bear the incremental cost that will be incurred by the institutions/agencies or individual in respect of the particular service rendered based on prevailing Government rates. Where possible, the Project may provide other logistical support towards the delivery of the said service.

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