Water Access for Low-Income Urban Areas in Ghana

Key results:
The project aims to provide safe, reliable, and affordable water access to 100,000 people, including 40,000 children, in targeted urban and peri-urban areas. About 90% of people will gain access through household connections and 10% via public standposts. This will be achieved by repairing leaks, expanding Ghana Water Limited's (GWL) distribution networks and financing models in underserved areas, improving water safety and energy efficiency, and providing reasonable, accessible financing for low-income households so they are willing and able to connect. Communities will also receive training to promote shared accountability for water resources.

Justification for support:
The proposed activities support Ghana's WASH priorities by expanding safe water access for low-income urban households. The project leverages unused system capacity in northern Ghana while addressing challenges like non-revenue water and connection affordability. Aligned with Denmark's development priorities including the Africa's Century Strategy on climate adaptation and water access, these initiatives complement existing sector efforts and ensure sustainability through proven models and close coordination with Ghana Water Limited's (GWL) Low Income Customer Support Department (LICSD).

Major risks and challenges:
This project does not address existing regulatory weaknesses that affect water service delivery, such as appropriate financing and tariff regimes that ensure the required levels of cost recovery that would allow needed levels of service operation and maintenance. However, the risks are significantly mitigated by UNICEF's ongoing engagement with sector partners towards creating an enabling environment for the delivery of more effective and sustainable water supply services under the Government of Ghana-UNICEF WASH programme 2023 -2027.

File No.	24/37814				
Country	Ghana				
Responsible Unit	Accra				
Sector	Water				
Partner	UNICEF				
DKK million	**2025**	**2026**	**2027**	**28**	**total**
Commitment	100	0	0		
Project disbursement	22.5	40.81	27.25	9.44	100
Duration	2025(Q4) - 2028(Q4)				
Previous grants	35 million DKK (Covid-19 Response)				
Finance Act code	06.32.01.15				
Head of unit	Tom Nørring				
Desk officer	Mathias Thuborg				
Reviewed by CFO	Victor Hørst-Madsen				

Relevant SDGs *[Maximum 1 – highlight with grey]*

No Poverty	No Hunger	Good Health, Wellbeing	Quality Education	Gender Equality	Clean Water, Sanitation
Affordable Clean Energy	Decent Jobs, Econ. Growth	Industry, Innovation, Infrastructure	Reduced Inequalities	Sustainable Cities, Communities	Responsible Consumption & Production
Climate Action	Life below Water	Life on Land	Peace & Justice, strong Inst.	Partnerships for Goals	

Objective:

To provide safe, reliable and equitable water supply to targeted service areas in rapidly urbanising settlements, including new access (at least basic access) to about 100,000 people (including 40,000 children) in northern Ghana.

Environment and climate tagging - Principal objective (100%); Significant objective (50%)

	Climate adaptation	Climate mitigation	Biodiversity	Other green/environment
Indicate 0.50% or 100%	50%	0%	0%	0%
Total green budget (DKK)	0%	0%	0%	0%

Justification for choice of partner:

UNICEF's expertise in urban WASH makes it the preferred Implementing Partner for this project. Unlike other NGOs and UN agencies focused on rural WASH, UNICEF Ghana has a strong track record in urban water infrastructure and collaboration with GWL. Given the project's DKK 100 million scale, Denmark requires a partner with strong technical, financial, and compliance capacity. UNICEF's experience with GWL, Ministry of Works, Housing and Water Resource and liquid sludge management under the EU Sustainable Cities project further aligns with Denmark's "The World We Share" strategy and the Targeted Partnership entered between Denmark and Ghana in 2023.

Summary:

The project is based on a simple logic that there is a willingness to pay for water services if the barriers to connection affordability (fees and tariffs) and water quality and reliability, can be addressed. Quality, efficient, and reliable water services responsive to the socio-economic context will lead to increased use by all (including low-income families), better cost recovery, profitability, and sustainability. This, in turn, will improve public health and productivity and enhance socio-economic development for everyone, particularly women and girls. Project interventions will target households in northern Ghana close to established water infrastructure, where people without access often rely on poor quality water from boreholes or tubewells, where the supply is vulnerable to climate change.

Budget:

Output 1 – additional water services access	61,013,100
Output 2 – Training water users associations and client engagement	6,861,029
Output 3 – Water safety planning	2,637,109
Output 4 – Water loss reduction and energy efficiency	11,282,889
Knowledge management	845,640
UNICEF direct costs (project-related technical assistance)	2,220,846
UNICEF indirect costs ((management, operation, office expenses and related services)	4,468,320
UNICEF HQ (c1% levy + 8 % of programmable budget)	8,111,067
Reviews and monitoring	750,000
Contingencies	1,810,000
Total	**100,000,000**

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LIST OF ACRONYMS

CapManEx	Capital Maintenance Expenditure
CONIWAS	Coalition of NGOs in Water and Sanitation
CO	Country Office
CPESD	Coordination Programme of Economic and Social Development
CWSA	Community Water and Sanitation Agency
DA	District Assembly
DHIMS	District Health Information Management System
DHS	Demographic and Health Survey
DMAs	District Metering Areas
DKK	Danish kroner
DP	Development Partner
DSIF	Danida Sustainable Infrastructure Finance
EU	European Union
FCDO	Government's Foreign, Commonwealth and Development Office
GDP	Gross Domestic Product
GLSS	Ghana Living Standards Survey
GSS	Ghana Statistical Service
GWASHSDP	Ghana WASH Sector Development Programme
GWL	Ghana Water Limited
HACT	Harmonised Approach to Cash Transfer
HH	Household
HRBA	Human Rights-Based Approach
IP	Implementing Partner
KNUST	Kwame Nkrumah University of Science and Technology
KPIs	Key Performance Indicators
kWh	Kilowatt Hours
JMP	Joint Monitoring Programme
LISCD	Low-Income Customer Support Department
LIUCs	low-income urban communities
LNOB	Leave No One Behind
MEAL	Monitoring, Evaluation, Accountability and Learning
MICS	Multiple Indicator Cluster Survey
MLGRD	Ministry of Local Government and Rural Development
MMDAs	Metropolitan, Municipal and District Assemblies
MPCUs	Municipal Planning Coordinating Units
MSWR	Ministry of Sanitation and Water Resources
MWHWR	Ministry of Works, Housing and Water Resources
NGO	Non-Governmental Organisation
NLLAP	National Level Learning Alliance Platform
NRW	Non-Revenue Water
O&M	Operation and Maintenance
OBA	Output-based Aid
OHLGS	Office of the Head of Local Government
OIAI	Office of Internal Audit and Investigations
PMV	Programmatic Monitoring Visit
PSC	Project Steering Committee
PSC	Programme Steering Committee
PURC	Public Utilities Regulatory Commission
RPCUs	Regional Planning Coordinating Units
SDG	Sustainable Development Goals
SIS	Sector Information Systems
SSC	Strategic Sector Cooperation

SWAp	Sector Wide Approach
TBD	To Be Decided
ToC	Theory of Change
ToR	Terms of Reference
UK	United Kingdom
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNFPA	United Nations Population Fund
USD	United States dollar
WASH	Water, Sanitation and Hygiene
WHO	World Health Organisation
WOP	Water Operators Partnership
WRC	Water Resources Commission
WSP	Water Safety Plans
WSSDP	Water Sector Strategic Development Plan
WSSWG	Water and Sanitation Sector Working Group
WTP	Water Treatment Plant
WUAs	Water User Associations

Budget exchange rates

100 DKK = 14.3 USD

100 DKK = 234.64 GHS[1]

[1] Source: Oanda Currency Converter, October 2024

1 INTRODUCTION

This project document outlines the background, rationale and justification, objectives and management arrangements for development cooperation concerning *Water Access for Low-Income Urban Areas in Ghana* (for the period of three years from 2025 to 2027) as agreed between the parties: the United Nations Children's Fund (UNICEF) and the Embassy of Denmark in Ghana. The project document is an annexe to the legal bilateral agreement with the implementing partner and constitutes an integral part hereof together with the documentation specified below:

The project overall outcome is to support the national water utility in Ghana Ghana Water Limited (GWL) in providing safe and reliable water supply in an energy efficient way to targeted service areas in rapidly urbanising settlements, including new access to about 100,000 people (including 40,000 children) with a focus in the north, over a three-year period.

2 CONTEXT, STRATEGIC CONSIDERATIONS, RATIONALE, AND JUSTIFICATION

2.1 National context

Ghana, with a population of just over 33 million persons spread over an area about six times the size of Denmark, is a relatively peaceful and stable democracy within an increasingingly unstable region.[2] Consequently, it has often provided a safe haven for countries experiencing crisis in the West Africa sub-region, such as the current conflict in the Sahel zone.[3] Over 58% of the population lives in urban areas, and this is expected to increase to over 60 percent by 2030.

Ghana has seen significant economic progress since the 1990's. Gross Domestic Product (GDP) grew consisently over the last two decades, there has been an increase in social spending (education and healthcare), and a notable decrease in poverty rates.[4] The COVID-19 pandemic, however, had a detrimental impact on economic growth, exposing structural weaknesses and vulnerabilities, limiting the government's capacity to invest in needed infrastructure, and reversing the positive poverty reduction trends of the previous. While the government is taking the needed fiscal measures to address these imbalances, and key economic indicators are once again

Box 1: Ghana at a glance

Population (million) = 33 million
Surface Area [km^2] = 238,533
Population density [persons/km^2] = 143
Life expectancy [years] = 66 (male 64, female 67)
Infant mortality rate [per 1000 live births] = 31.3
GDP millions [USD] = 76.37
GDP [USD/capita] = 2,238.16
CO2 emissions/capita =0.60 metric tons
Corruption perception index [rank out of 180] = 70
People living below the poverty line USD 1.90 [% of total] = 24.6

Data source: Ghana Statistical Bureau, World Bank, UNDP

[2] According to the Global Peace Index (GPI), Ghana is the fourth most peaceful country in sub-Saharan Africa after Mauritius, Madagascar, and Botswana. It has dropped from its previous second place position in 2022. According to the World Bank, Ghana consistently ranks in the top three countries in Africa in terms of press freedom and free speech.

[3] According to UNHCR, as of January 2024, Ghana hosts around 10,690 registered refugees and asylum-seekers, mainly from Burkina Faso, Togo, Liberia, and Sudan. These numbers do not capture the approximately 11,676 Burkinabe asylum seekers yet to be registered. Ghana Refugee Board was established to address the needs of refugee and asylum seekers from the West African Region, and it works with UNHCR, to coordinate international protection and the delivery of humanitarian assistance.

[4] The percentage of the population living in poverty fell from well over 50% on the late 1990's to about a quarter today.

largely on track, recovery has been slow.[5] Ghana's development is also vulnerable to climate change. Recent macroeconomic modeling[6] suggests that the impacts of climate change (more erratic rainfall patterns, higher temperatures, increasing floods and droughts) could increase poverty by several percentage points by 2050, affecting up to a million people compared to a 'no climate change' scenario.

2.2 Sector context

While Ghana has made good progress in providing water services to its citizens over the last few decades, many Ghanaians still lack access to safely managed water. In 2022, 44% (urban 63%, rural 18%) of Ghanaians had access to safely managed water services, and 44% (urban 35%, rural 55%) had access to basic services.[7] This means that 88% of the population has access to at least basic drinking water services.[8] But this also translates into 2.6 million people, including about 1.1 million children, without access to improved drinking water sources. Low-income urban, peri-urban, and rapidly urbanising settlements bear the brunt of this deficit, which increases if the population grows faster than the utility can provide new service connections. Water service infrastructure has not kept pace with physical community development for years. Although Ghana and its development partners have invested significantly in water supply systems in recent years, particularly in urban areas, this is still insufficient to cover Ghana's water needs. There continue to be significant funding gaps, particularly in the peri-urban and rural areas. According to the Ghana WASH Sector Development Programme (GWASHDP, 2021 - 2023), the country requires an annual investment of about USD 420 million per year from 2021 to 2030, in the Urban Water Sub-Sector alone, in order to fully achieve SDG 6.1, i.e. 100% access to Safely Managed Water Supply. The percentage of HHs with piped connections in Ghana dropped by almost half, from 14.5% to 7.4% between 2010 and 2021.[9] This states the importance of increasing investments in the WASH sector to keep up with the rapid demand in Ghana due to accellerated urbanisation.

There are significant inequities in water service access in urban and peri-urban areas. Paying for a water connection is prohibitive for low-income households.[10] Data suggests a connection rate as low as 8,4% for low-income households (this is about 14% of Ghana Water Limited's (GWL) domestic billed connections). [11] This means that even if an area is served, many people don't have the means to benefit from this service. In 2015, GWL established the Low-Income Customer Support Department (LISCD) to address this disparity. This department is mandated to guide Ghana Water's transition to becoming a utility with a more balanced customer base comprising at least 50% low-income households.

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[5] For a summary of recent trends and measures, see the recent July 2024 World Bank article Ghana's Economic Prospects on Track Amid Reforms

[6] See the World Bank 2022 Country and Climate Development Report, Ghana. The estimates here are conservative and do not take into account uncertainties about climate change and more catastrophic outcomes of exceeding tipping points.

[7] According to the World Health Organisation (WHO)-UNICEF Joint Monitoring Programme (JMP), 2022 data.

[8] The JMP access ladder for drinking water defines 'at least basic access' as the sum of **access to safely managed drinking water** (*proportion of the population using drinking water from an improved source that is accessible on premises, available when needed and free from contamination*) and **access to basic drinking water** (*proportion of the population using an improved drinking water source, where collection time is not more than 30 minutes for a round trip including queuing (improved sources include: piped water; boreholes or tubewells; protected dug wells; protected springs; rainwater; and packaged or delivered water*).

[9] Water Report (2023) – An analysis on the Ghana 2010 and 2021 Population and Housing Census.

[10] The average HH cost varies significantly depending on location (urban or rural), proximity to existing infrastructure, and type of water supply system being connected. Estimates range from approximately GHS 1,500 to GHS 3,000 (equivalent to about USD 100–250).

[11] The World Bank-supported Great Accra Metropolitan Area Sanitation and Water Project (GAMA-SWP) conducted the survey, and results are reported in the LICSDP draft Five-Year Strategic Plan 2024–2028. The survey looked at direct connection rates in low-income urban communities (LIUC) with water services, taking into account that not all households in LIUCs are low-income.

There are also regional disparities in access, including in urban and peri-urban areas. A significant proportion of the lack of access is in northern Ghana's semi-arid savannah ecological zone,[12] due primarily to the hydrological limitations (limited surface resources, difficult groundwater conditions and less favourable rainfall patterns which have become more erratic) in that part of the country. Despite significant investments in water treatment plant (WTP) capacity, the northern regions suffer from limited network expansion and affordable connections, leaving many low-income families and communities without access to Ghana Water Limited's (GWL) piped water system. Two state-of-the-art WTPs, Jambusi and Tono, constructed in 2017 and 2022 to meet demand up to 2040, are operating at only 34 to 37% capacity due to underdeveloped distribution networks and other barriers to access (high connection fees). Many low-income families in these urban and peri-urban areas who live close to the distribution network instead use boreholes or tubewells (see annex 6.1).[13]

Water safety is also a concern. Almost half of all water sources are at risk of microbial contamination, a risk that worsens to about 76% of drinking water at the point of use,[14] mainly due to transportation and handling practices. GWL tests (in Wa) show that almost half of all boreholes are contaminated — and climate-induced water scarcity makes them particularly vulnerable[15]. Ghana has developed a risk-based approach to address water quality issues that introduces Water Safety Planning (WSP),[16] but this has yet to be implemented in most water supply systems. Since water safety is generally known to improve with higher service levels (piped to the HH) compared to public stand posts and other point sources, increasing the proportion of safely managed (ie: piped into the HH) access compared to basic access is the ideal approach to reduce the risks of poor water quality.

Ghana faces some challenges in delivering water services efficiently, and this plays a key role in determining water access level and quality. Many factors influence efficiency. These include the age and condition of infrastructure (pipes, treatment plants, pumps), and the adequacy of maintenance and repairs. Ageing infrastructure and too many leaks leads to high water losses in the system and increased Non-Revenue Water (NRW).[17] Energy is also wasted as water is pumped and lost rather than used. Non-revenue water in Ghana is high (45%) for many water services,[18] negatively impacting cost recovery and reducing available resources for recurrent maintenance and re-investment. Poorly maintained systems lead to less reliable[19] services and directly impact the sustainability of the water system in the long term.[20] In Tema, one of the more established service areas in the Greater Accra Region (the national capital region) where the Embassy of Denmark is working through its Strategic Sector Cooperation, NRW is as high

[12] According to 2021 Population and Housing Census, only 43.5% of households in Wa Municipality of Upper West Region have access to water in their premises, as compared to 91.7% in the Accra Metropolitan Area (AMA) in the Greater Accra Region. https://statsbank.statsghana.gov.gh/
[13] In Wa, for example, Ghana Statistics reports that up to 80% of people use boreholes or tubewells for drinking and domestic purposes.
[14] Multiple Indicator Cluster Survey (MICS), 2018 on Drinking water Quality
[15] GWCLUWR Borehole quality report 2021
[16] See the National Drinking Water Quality Framework for Ghana (2015). The WSP approach is the primary tool for assuring the sustainable quality of drinking water. The WSP is a cost-effective approach that also seeks to enhance operational/ water use efficiency through stronger client engagement and is in line with international best practice.
[17] NRW is water that is pumped (at a cost) and then lost or unaccounted for. These losses can be real, physical losses (due to leaks, breaks, spills, etc.) or apparent losses because of broken or tampered meters, poor meter reading, inaccurate record keeping, or water theft. Reducing the amount of NRW allows a utility to provide better service, save energy, reduce greenhouse gas emissions and expand.
[18] Verbal information from GWL.
[19] Water supply system reliability is the ability of the system to meet the demands that are placed on it and can be defined in terms of the shortages that result from failures of a system's physical components. Water that is clean, available 24-7 and with sufficient pressure, is reliable.
[20] According to various sources, 30 to 40% of rural water systems fail within five years due to poor construction quality, insufficient maintenance and repair, and weak community management structures. Operational sustainability for urban systems managed by GWL is higher but could still be improved.

as 50%. Determining the exact causes of water losses and NRW and addressing these can be time-consuming and challenging, but if NRW can be reduced, the dividends are high in terms of overall cost recovery, improving energy efficiency (and reducing greenhouse gases) and reducing the environmental footprint (using water more efficiently).

While Ghana has a well-developed enabling framework for delivering water services, it does not yet have a harmonised funding mechanism for channelling donor funds. In 2023, the government, in close coordination with key sector actors and donors, developed the Ghana WASH Sector Development Programme 2021–2030 (GWASHDP). This programme is an important step in establishing a Sector-Wide Approach (SWAp) for WASH, since it 'provides the framework for inclusive sector planning, implementation, monitoring and evaluation, and reporting for sustainable and universal water supply, sanitation, and hygiene (WASH) services' and is meant to serve as a guide on how to 'transform the WASH sector to achieve common national and international targets by 2030'.[21] While the GWASHSDP does provide a framework for harmonisation, improved efficiency and aid effectiveness, it does not yet function as a direct pooled funding mechanism. The GWASHSDP estimates that it will cost about US$ 1.7 billion annually to achieve the Ghana's SDG 6 targets. This includes US$ 420 million for urban water supply, US$ 350 million for rural and community water supply; and US$ 800 million for sanitation.

2.3 Strategic considerations

The *Water Access for Low-Income Urban Areas in Ghana* project addresses clearly defined WASH sector priorities reflected in recent government policies and strategies. These include reducing safe water access disparities between low-income and middle-income households, increasing capacity for effective water service delivery at the community level, improving water safety and seeking innovative approaches to reducing NRW. The activities will support Ghana's efforts to achieve SDGs 1 (no poverty), 3 (good health and well-being), 6 (clean water and sanitation, water use efficiency), and 13 (climate action). The project targets are aligned with the GWASHDP (2021–2030), which aims to achieve, at a minimum, an 18% increase in access to safely managed water services, including a 35% increase in urban areas. The Danish proportion is a little over 3 % of the US$ 420 million needed annually for urban water supply. The project objective is also aligned with the GoG-UNICEF WASH Programme (2023–2027), which will contribute at least USD 32 million over the five-year period, including an estimated USD 5 million in regular resources.[22] The five targeted regions in northern Ghana are a UNICEF priority geographical focus, which targets a 9% increase (from 41% to 50%) in access to safely managed water service (10 percentage point increase in urban areas, i.e. from 60% to 70%, and a 17 percentage point increase, i.e. from 16% to 33% in rural areas) by 2027. This translates into increased access to a minimum of 50,000 people in the UNICEF programme focus areas.

The project is aligned with the objectives of Denmark's development cooperation "The World We Share", specifically, the first objective under the thematic area of fighting for climate, nature

[21] See Ghana WASH Sector Development Plan 2023–2030.

[22] Regular resources are flexible, unrestricted funding the organisation receives to support its mandate of promoting and protecting children's rights worldwide. These resources are not earmarked for specific projects, programs, or geographic areas, allowing UNICEF to allocate them where they are most needed.

and environment.[23] It also aligns with Denmark's Africa Strategy[24] priorities related to climate adaptation/water access.

The project also support the strategic objectives of promoting green, sustainable and inclusive economic growth, which is outlined in the Targeted Partnership 2023-2027, which was entered bewtween Denmark and Ghana in November 2023.

Furthermore, this project is aligned with the new Danish West Africa Peace and Stability Programme, which aims at building capaicty in the coastal states in West Africa to counter the spill over of violent extremism from the Sahel by adressing root causes of poverty and providing access to safe drinking water to the urban population in the North of Ghana. Communities' resilience to counter violent extremism is strengthened. During implementation, relevant guidance from the Danida 'how to' notes,[25] will be considered and integrated into project activities.

Denmark cooperates with the partners best positioned to bring about development and change. UNICEF in Ghana is well positioned in this regard, having nationwide knowledge and extensive experience in working in the social services sector including water supply since 2000. UNICEF has supported the government in developing and demonstrating effective, sustainable drinking water services strategies. It works on building capacities and community structures and on advocating for effective policies and strategies to ensure safe water access for all. It also provides both technical and financial support for sector policy and strategy development, as well as infrastrucure and service improvements, targted at the most vulnerable populations including in humanitarian emergencies. This includes developing, or co-creating and demonstrating feasible, resilient and sustainable approaches and technologies with government and other sector partners for adoption at-scale. In this respect, UNICEF is able to draw on its vast experience and expertise on the global front. The organisation's lead role in the government and development partners' dialogue in the WASH sector is an advantage when advocating for high-level buy-in, especially in innovation and system strengthening.[26] UNICEF has been closely involved in revising the 2024 National Water Policy, the WSSDP and the GWASHSDP. In Ghana, in addition to the Country Office in Accra, the organisation also has a Field Office in Tamale, that facilitates programme and implementation and the delivery quality in the north of the country.

UNICEF also has an advantage of working in other social sectors including WASH (Health and Nutrition, Education, Child Protection, Social Protection and Inclusion), and is therefore well placed to advocate on WASH and its positive impact in other social sectors, such as Health/Nutrition, Education and Social Protection.

The organisation is collaborating with GWL on developing service modalities and approaches targeting low-income urban and peri-urban areas in the country. This collaboration began under an initiative supported by the Government of Denmark to enhance resilience against the COVID-19 outbreak in 2020. The lessons from that initiative are still being built into service

[23] See 'The World we Share: Denmark's Strategy for Development Cooperation'. Objective 1 under this thematic area aims to 'strengthen action to support climate change adaptation, nature, the environment and resilience in the poorest and most vulnerable countries' and specifically to 'ensure new and improved access to water in Africa in rural and urban areas. This includes drinking water, water for production and crops, sanitation, and management and reuse of wastewater.

[24] See Africa's Century, the 2024 Danish government's guiding strategy for activities in Africa.

[25] There are 12 Danida 'How to' notes. The most relevant for this project is note # 3 on climate adaptation, nature and environment.

[26] This is a key component of the UNICEF WASH Programme (2023–2027).

provision at scale in similar contexts across the country. With UNICEF as implementing partner, the project would benefit directly from strategic partnerships with the Coalition of NGOs in Water and Sanitation (CONIWAS) and the Kwame Nkrumah University of Science and Technology (KNUST) for the generation of evidence and the synthesis of knowledge products to support advocacy in the up-scaling of feasible approaches and stronger sector accountability. The key lessons from the previous initiative that have been factored into this programme include 1) the need to support GWL to formalise the adoption of flexible water connection financing modalities that are feasible for vulnerable households within its operations in low-income urban and peri-urban areas towards expanding access to services in a sustainable manner and 2) the need for stronger collaboration between the Utility and local level actors, for example, service users and Metropolitan, Municipal and District Assemblies (MMDAs). This includes the institutionlisation of the WUA system and requires some facilitation support from at the ministerial level.

While the best choice regarding aid effectiveness would be to directly support MWHWR (and GWL) via harmonised financing mechanisms, these do not yet exist in Ghana, as noted above. The Embassy of Denmark in Ghana assesses that UNICEF is the most feasible implementing partner alternative in the current context. GWL and MWHWR, however, have key implementation roles, as further discussed below.

The project design is reflective of the six criteria set by the OECD-DAC. It is **relevant** as it addresses a basic development challenge that vulnerable low-income people in Ghana have inadequate access to safe drinking water.

The project is **internally coherent** with ongoing GWL initiatives (under the LICSD, corporate planning, and technology and innovation departments). This project seeks to act as catalysator to unlock potential funding of 8 million USD from the African Development Bank's climate action window to LICSD and to the national water policy 2024 to iniatiate social connection fund. It is also **externally coherent** with other actors' interventions. It will build on the ongoing feasibility analysis by GWL in collaboration with the United Kingdom (UK) Government's Foreign, Commonwealth and Development Office (FCDO, Ghana office) on water supply needs in the Wa municipality. This feasibility study will establish the basis for government and development partners' support in Wa. Increased water access is often accompanied by an increase in wastewater generation, and while the project scope does not include wastewater/sludge management, there will be an opportunity to build synergy with the European Union (EU) supported Sustainable Cities project, 2025[27] to ensure that the sanitation element is addressed in areas where the Danish-financed project is active. The activities also build on the ongoing support to GWL on risk-based water quality management (Water Safety Plan approach), which started under the GoG-UNICEF WASH Programme (2017–2022). This includes capacity building for key staff and technical support in the actual development of WSPs, in collaboration with Coliban Water (Australia), until 2022 and the Kwame Nkrumah University of Science and Technology (KNUST). The project also builds on the Danish Strategic Sector Cooperation (SSC) collaboration between the city of Aarhus, Aarhus Vand (Danish water utility), Tema Municipality and GWL on NRW reduction; funding from this project under output 4 will permit more expanded activities related to developing and testing best practices in NRW management and

[27] The EU Sustainable Cities Project Phase 1 2025-2028 EUR 14.7 MIO grant. Expertise France is the implementing partner. Ministry, EU confers on Sustainable Cities project (mlgrd.gov.gh)

help establish a platform for enhanced private sector engagement in NRW. This builds on a synergy to the Danida Sustainable Infrastructre Finance (DSIF) Aveyime feasisibility study that addresses both NRW and the deficit in water supply to Greater Accra and Tema. The project is expected to be **highly effective** in achieving its objectives as it builds on a proven intervention model that has already delivered results (the GWL low-income strategy) and adopts a simple implementation strategy (adding new connections to mostly existing distribution networks). Approximately 90,000 people will get access to safely managed water services, and an additional 10,000 people will get access to basic water services (this includes about 40,000 children). The combination of operational strength, experience and available resources of the key partners (UNICEF and GWL) will ensure **efficient** project implementation, considering the lack of immediate feasible alternatives. The availability of other financing options, such as targeted subsidies, could enhance cost recovery and aid re-investment, further increasing efficiency and extend the project's impact. This would also build upon and strengthen existing pro-poor targeting mechanisms within GWL. By increasing water access in areas of low access, the project is expected to **impact** people's health and well-being positively.

Targeting service areas directly managed by GWL and building the capacity of community-based client engagement structures will contribute to **sustainability**. Although the service connections belong to the property owner, GWL will be responsible for operation and maintenance, and more capable community organisations will contibute to improving service quality and ensure greater willingness to pay for water services in the longer term.

2.4 Lessons learned and experience

Ghana Water Limited enjoys a strong reputation among development partners, with the two key long-term collaborators being the Danish Strategic Sector Cooperation (SSC)[28] and the Dutch funded WaterWorx programme[29]. These partnerships support different departments of Ghana Water. The Danish SSC is working with the Operation, Planning and Digitalisation departments to tackle NRW. The WaterWorx programme is working closely with the Low-income Customer and the Commercial departments to strengthen service delivery and customer engagement in underserved areas. Both parties contribute to joint activities on training and capacity development with the GWL training school in Weija. UNICEF and World Bank[30] among others have also worked extensively with GWL on a project-to-project basis. Additionally, GWL is lead on an EU funded South to South Water Operators Partnership (WOP) project[31] with the Guma Water Valley in Sierra Leone as the partner counterpart.

2.5 Cross-Cutting Issues

The United Nations recognizes the right to safe and clean drinking water as a fundamental human right, and Ghana's low-income customer strategy aims to operationalise this global commitment. The project takes a *Human Rights-Based Approach* (HRBA) by increasing equitable access to safe water for low-income beneficiaries of all ethnicities and religions and strengthening

[28] https://ghana.um.dk/en/danida-en/strategic-sector-cooperation/water
[29] WaterWorX project: WOP Ghana
[30] Performanvce based contract project with GWL in Accra East, GAMA PCU – GPOBA Procurement Plan
[31] EU-WOP Programme, a European Union funded initiative managed by GWOPA/UN-Habitat, EU WOP Ghana (vei.nl)

their voices at the community level. In working in northern towns where access is lower, the project aims to '*Leave No One Behind*' (LNOB).

Principles of *gender equality* will be fully integrated into the project. GWL has recently developed (draft) gender mainstreaming guidelines that aim to help staff systematically integrate gender into their work, eliminate gender inequality in WASH programmes, and ensure that GWL fulfills national[32] and international gender mainstreaming standards. In this project, gender concerns will be integrated into the full programming cycle, strongly focusing on women's engagement. The project is expected to benefit women and girls significantly, as having nearby water access will free time for education and livelihood activities. It will also target equitable service access for specific, identifieable vulnerable groups, such as persons with physical disabilities.

Increasing access to reliable and safe drinking water, especially in the north, will increase resilience to climate change. Although the primary project objective is not climate adaptation or mitigation, climate adaptation and increased resilience is a signficant objective. According to the guidance on Rio Marker tagging, this project has been asigned a score of 1, and 50% of the budget can be tagged as climate adaptation financing.

3 PROJECT DESCRIPTION AND THEORY OF CHANGE

3.1 Project objective

The project objective is 'to provide safe, reliable and equitable water supply to targeted service areas in rapidly urbanising settlements, including new access (at least basic access) to about 100,000 people (including 40,000 children) in northern Ghana'.

3.2 Theory of Change

The project is based on simple logic. There is generally a demonstrable willingness to pay for water services in Ghana if the barriers to the affordability of connection fees and tariffs, as well as water quality and reliability, can be addressed. Quality, efficient, and reliable water services that are responsive to the socio-economic context will lead to increased use by all (including low-income families), better cost recovery, profitability, and sustainability. This, in turn, will improve public health and productivity and enhance socio-economic development for everyone, particularly women and girls. Project interventions will primarily target low-income urban and peri-urban households in northern Ghana close to established water infrastructure, where people without access often rely on boreholes or tubewells and are vulnerable to climate change.

Applying the **IF/THEN** logic:

- **IF** GWL can expand its distribution networks in underserved areas and investigate sustainable new water sources, and **IF** they repair leakages in their existing water systems and avoid leakages in their new systems, and **IF** they can build sufficient human resource capacity and through energy efficient measures, ensure reliable water supply,
- **THEN** they will lose less water and energy when they deliver their water services (they will deliver water more reliably and efficiently), the water systems will be well built,

[32] Ghana has a National Gender Policy (2015) aimed at 'mainstreaming gender equality and women's empowerment into Ghana's development efforts'.

managed and maintained, there will be more production capacity, and they can serve more people,

AND

- **IF** GWL can ensure that the water they provide is safe, and **IF** GWL can provide reasonable financing options to ensure connections for all, including lower-income households,
- **THEN** there will be an improved public perception of water quality, and more people will be able to afford household water connections,

AND

- **IF** the communities benefitting from GWL water services are aware of their responsibilities as public water consumers, related to hygiene, water conservation, and appropriate client behaviours,
- **THEN** there will be more shared accountability on the use of water as a public good,

AND

- **IF** there is more efficiency, including energy efficiency and production capacity, and better built, managed and maintained systems, and GWL can serve more people,
- **IF** the water services are perceived as safe, reliable and affordable,
- **IF** there is more shared accountability of water as a public good,
- **THEN** there will be an increased willingness to pay for services, there will be optimum use of the limited water resources, and
- **THEN** there will be increased, sustained and equitable access to safely managed, energy-efficient water services in Ghana.

The project Theory of Change (ToC) is reflected in a single outcome and six interlinked outputs.

The outcome is 'safe and reliable water is delivered more efficiently to all targeted urban and peri-urban service areas, and an additional 100,000 people, including about 40,000 children in the north of Ghana, are provided with at least basic water services'.

The project will target ***several important intervention pathways***. Targeted expansion of networks, especially within existing service areas (mainly urban and peri-urban), where feasible, will support increased household connections (***output 1a***). This could include some areas where investments began but were not completed and where there may be an opportunity for quick gains.

Further developing and implementing financing options that enable low-income households to connect and maintain their water connections in already-served areas will ensure more equitable access to the new connections. This may include subsidised connections and flexible payment plans for connecting. To ensure access equity to less densely populated areas, some public standposts will be installed (***output 1b***).

Effective community engagement and improved citizen participation is key to ensuring sustainable water services, and the project will support activities aimed at formalising the engagement arrangements (the Water Users Associations and other client liaison structures), and

training these organisations, on various aspects of water safety and sustainability, including water conservation, water hygiene, and service quality (***output 2***).

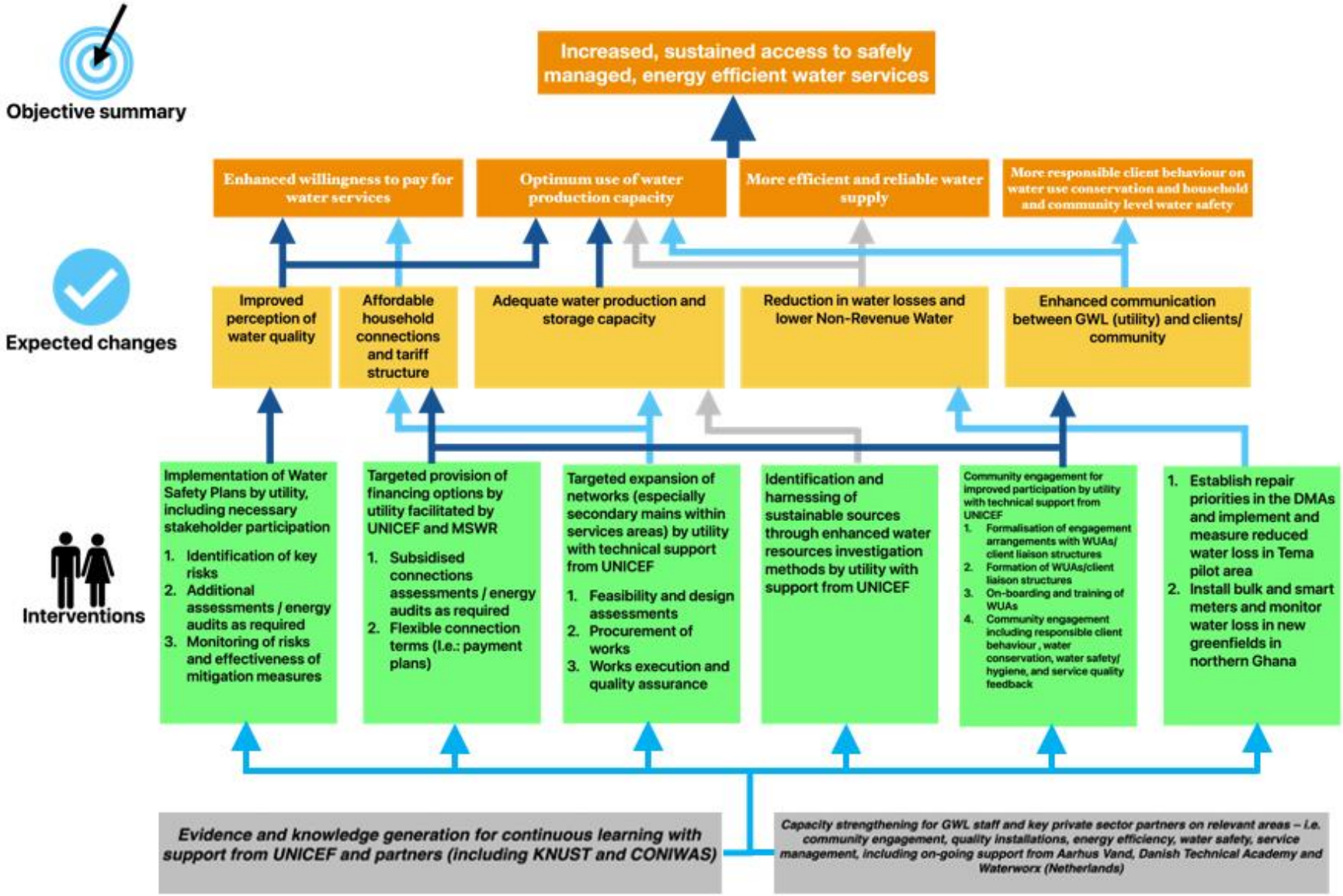
Consolidation and concerted implementation of the ongoing Water Safety Plan (WSP) approach, especially in the face of emerging threats to water quality, including climate change, will help to ensure that the water provided by GWL is clean and safe (***output 3***). Activities under this output will be implemented primarily by the relevant technical departments of GWL in close coordination with the WUAs, with technical support from UNICEF. UNICEF will support the relevant regulators and capacity building organisations, such as KNUST, to review technical guidelines for WSP implementation, the WSPs developed and the the quality of implementation of the plans.

Reducing water losses is key to increasing energy efficiency, improving cost recovery, and ultimately, profitably and sustainably. Under ***output 4a***, activities will aim to address the high NRW within GWL service areas. Applying a two-pronged approach, activities will focus first on better understanding and testing methods for reducing NRW in a pilot area in Tema, an urban municipality near Accra. These activities will also serve as a proof of concept for the DSIF Aveyime Water Supply investment project that aims to address the water deficit in Tema and greater Accra by 2035. In new service areas in the north, actions will be taken from the onset to ensure effective NRW management and minimise water losses (***output 4b***). This will include, among others, the installation of bulk and smart meters to establish small District Metering Areas (DMAs) in the new service areas to effectively monitor water losses. Activities under this outcome will be implemented by GWL in close coordination with UNICEF, the SSC and Arhus Vand and draw on learnings from an ongoing World Bank Performance based project in Eastern Accra.

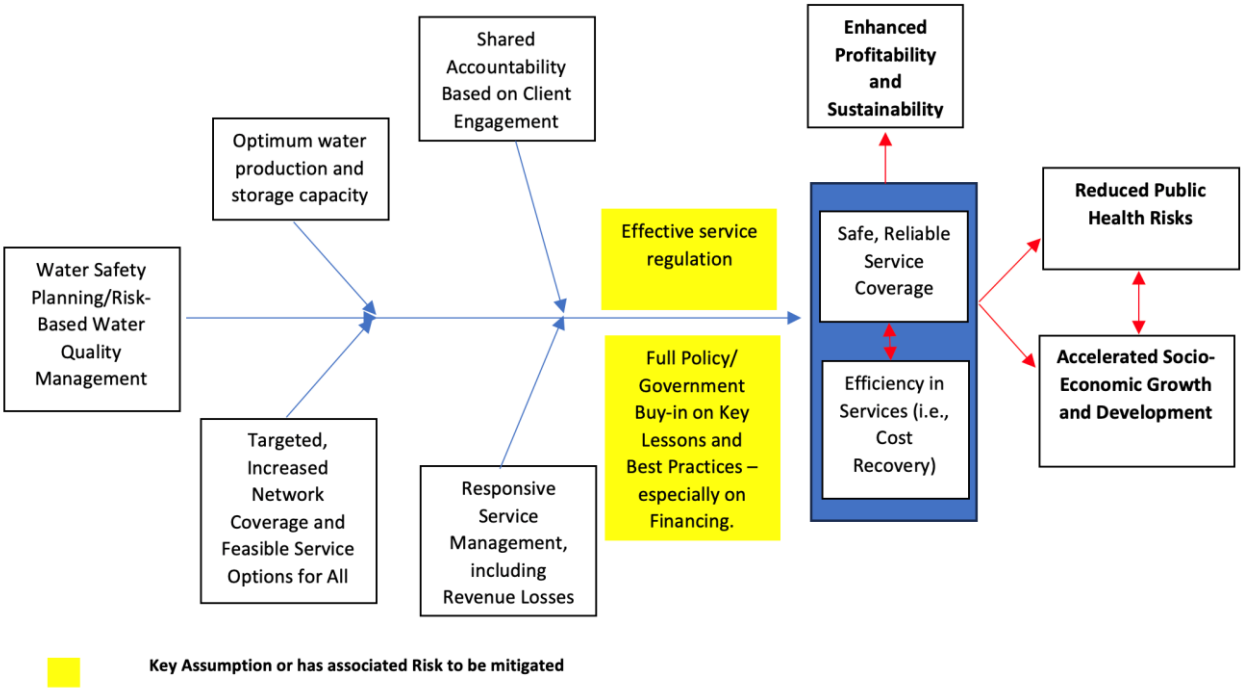
Several ***assumptions*** support the achievement of these change pathways. Effective water services regulation is critical, as is full government engagement and buy-in on key lessons and best practices, primarily related to reducing water losses and the adoption of financing options. The project success also relies on both financial and in-kind (human resources) contributions from GWL.

The intervention pathways and summary logic are illustrated in the diagrams below.

Theory of Change diagram showing interventions and expected changes



Summary of ToC at the strategic level



3.3 Implementation strategy

The project will be implemented over a three-year period. During the first few months the project partners will review and carry out key start-up processes, as well as assessments and feasibility analysis, to firm up implementation approaches and strategic partnerships within the rapidly evolving context. This will include the establishment of the Project Steering Committee (PSC), the preparation of rapid baseline assessments, feasibility assessments and design studies for the construction works, the formalisation of financing arrangements for providing targeted support for household connections, streamlining of procurement plans and processes between GWL and UNICEF, and the formalisation of modalities for the engagement of Water User Associations (WUAs).

Initial (first-year and into the second year) activities will focus on increasing water access to Wa (Upper West Region) and Bolgatanga (Upper East Region) where there is under-utilized production capacity.

Specifically, this will include:

- Expansion of distribution mains in targeted GWL low-income urban communities (LIUCs) in the Wa and Bolgatanga Municipalities, expected to add about 65 km of pipelines (mainly secondary service lines) to the existing network to facilitate more affordable household connections.
- Formation and training of WUAs to facilitate community engagement; the WUAs are the community-based clients' representative body which will serve as a liaison between GWL to enhance participation. The structure has proved useful in previous

interventions in facilitating community mobilisation, client feedback, disseminating service information at the community level and supporting with water safety/hygiene promotion and dialogue, as well as conversations on responsible client behaviour such as household waste management and water conservation.

- Training/ re-orientation of key operation and maintenance (O&M) staff and private sector construction partners in Wa and Bolgatanga on best practices and ethics. This is a key need that has been identified by GWL to improve the quality of network installations, which is also critical to the reduction of non-revenue water and service inefficiencies.
- Provision of household water connections, supported by appropriate financing approaches. This includes connections to homesteads/ houses that may have more than a single household, per the definition by the Ghana Statistical Service. On average, a household in the targeted areas has five members, and houses have about two households.[33] Up to 60% of the targeted connections will be carried out in the Wa Municipality. There will be a mix of financing options including flexible connection arrangements and targeted subsidies, building on previous interventions, as already noted. This component will also include water connections to schools and healthcare facilities, putting in place mechanisms to ensure sustainable access in these institutions to enhance their survival and development, especially girls. This aspect of the intervention will leverage ongoing work under the country with the Education and Health sectors on sustainable WASH access.
- Provision of other appropriate service levels as feasible, for example, public standposts adopting appropriate technologies for urban users such as Automated Water Vending Machines at the community level to provide basic services to about 3,000 people across ten sites in Bolgatanga and Wa. This service level would be provided in areas where extensive network expansions would not be feasible. These water points would, however, provide a backup supply when needed to enhance resilience and primarily be based on solar technology. They would, therefore, be redeployed elsewhere in the future if needed. Analytical data from these water points would provide additional insights into service demand.
- Review and operationalisation of WSPs in the Wa and Bolgatanga supply areas. As part of the scaling-up of the approach, GWL has developed a WSP guidance document and has started building the capacity of key staff at all levels for effective implementation. The key steps of the approach include the establishment of a team that facilitates engagement with all stakeholders who influence water quality, the identification of key risks within the service catchment that could contaminate water supplies (even beyond treatment) and the development of prioritised actions to address the risks in incremental steps over the plan period. This would ensure that water quality challenges, even beyond treatment, through distribution to the point of use.
- Knowledge Management and synthesis of lessons to inform scale-up and practices in the water sector. This would leverage on existing partnerships with KNUST and CONIWAS.

[33] Information from GWL local district office WA

Towards the end of the second year, activities will focus on enhancing water access to areas that require the augmentation of water sources and expanding networks and support to increase household connections. These will include Damongo (Savanah Region), Bongo and peri-urban areas adjoining Bolgatanga (Upper East Region). Activities will also focus on continuing and consolidating previous years' activities and include make synergy to partners (UNICEF Innovation Hub WASH). Specifically this will include:

- Expansion of distribution mains in targeted low-income urban and peri-urban communities, including further improvements in the Bolgatanga service area, possibly including the Bongo area, where the reliance on groundwater has been challenging due to inadequate sources and high fluoride levels. This phase will also target Bolgatanga and Wa and surrounding peri-urban areas, as well as Damongo (Savannah region). Adding about 160km of pipelines to the existing network is expected to facilitate more affordable household connections.
- Further formation and training of WUAs or other structures to facilitate community engagement to support community mobilisation, client feedback, disseminating service information at the community level and supporting with water safety/hygiene promotion and dialogue, as well as conversations on responsible client behaviour such as household waste management and water conservation.
- Community engagement to enhance demand for services, water conservation and responsible client behaviour.
- Provision of household water connections, supported by appropriate financing approaches. This component will also include water connections to schools and healthcare facilities, putting in place mechanisms to ensure sustainable service access in these institutions.
- Provision of other appropriate service levels as feasible e.g. Automated Water Vending Machines at community level.
- Implementation of innovations to improve energy efficiency through enhanced service tracking, including Non-Revenue Water reduction in the targeted service areas.
- Operationalisation of WSPs in the targeted service areas.

Concurrently with the above, reducing water loss activities in Tema (output 4a) will begin with the establishment of the DMAs (to be funded by GWL). Activities during the first year will include:

- Partner with the SSC and Aarhus Vand to baseline testing of the targeted DMA by conducting a water audit to determine current NRW levels. Use GIS mapping to identify high-risk zones for leaks and unauthorised connections. Create a baseline report for progress measurement.
- Establish and equip a NRW Task Force Team to do community engagement, house-to-house surveys, and leakage detection around HH connection. Focus Areas: Identify unauthorised connections, Map out the flat rate customers and unmetered use, and identify leaks on private properties or close to HH connection.
- Craft a NRW reduction strategy based on current knowledge of the targeted DMA focusing on:

- Asset Management: Implement a framework for tracking infrastructure conditions and identifying replacement priorities.
- Pipe Replacement: Develop an estimated schedule for pipe renewal based on leakage data and asset life expectancy.
- Repair Prioritization: Rank leakages by impact and schedule timely repairs.
- Procurement of materials needed.
- Key Performance Indicators (KPIs): Quantitative Goals: Reduction in NRW percentage or absolute water loss volume. Number of pipe replacements and SMART meter installations completed. Qualitative Goals: Consistent digital monitoring of water inflow and leakage trends over time. Delivery of DMA data reports to district offices and headquarters. Updates to GIS and asset management systems to reflect current infrastructure conditions. Streamline communication between teams for swift action on detected issues.

- The intervention phase of the DMA is set to last 12 months. This will consist of ongoing monitoring, replacing malfunctioning meters with SMART meters, replacing old pipes and repairing leakages on the more extensive service lines. Install SMART meters for digital water tracking and repair leaks around household connections to reduce unaccounted water losses. GWL will be reimbursed 70 % of the funds needed for the intervention and the remaining 30 % will be unlocked if the KPIs are met (To be decided). A second or a third DMA will be carried out similarly, depending on the funds needed to address the NRW.

Activities related to efficiency in the greenfields (output 4a) will focus on:

- Installation of the bulk and smart meters (GWL funds the difference between mechanical and ultrasonic meter) in new areas to establish small DMAs (bulk meters funded by GWL).
- Monitoring low water loss in new infrastructure and knowledge sharing with SSC, Aarhus Vand.
- Training in pipe welding and fitting (for both GWL and private sector) (implemented in cooperation with SSC water and Waterworx, equipment to be provided).
- Monthly reporting of water flow to HQ, Standard Operating Procedure in tackling water loss).

3.4 Summary of the Results Framework

The following results framework will be used for results-based management, learning, and reporting. Progress will be measured using the agreed framework, including the outcome, four outputs and associated indicators.

Project	Water Access for Low-Income Urban Areas in Ghana
Project objective	**To provide safe and reliable water supply to targeted service areas in rapidly urbanising settlements, including new access to about 100,000 people (including 40,000 children) with a focus in the north, over a three-year period.**
Impact indicator	Percentage increase in access to safely managed water services in Ghana (*target is 6%, from 44% to 50%, this is aligned with the GoG-UNICEF WASH Programme, the 44% baseline is 2022 JMP data)* Percentage reduction in cases of acute watery diarrhoea in children under five years *(target is a 2,5% reduction from District Health Information Management System (DHIMS) 2024 data, the targeted areas recorded 1,0465 cases (Upper West), 9,218 cases (Upper East) and 5,009 cases (Savannah) in 2024. The end of year numbers will be compiled as the baseline.*

Outcome 1		**Safe and reliable water is delivered more efficiently to all targeted urban and peri-urban service areas, and an additional 100.000 people, including about 40.000 children in the north of Ghana, are provided with at least basic water services'**	
Outcome indicators		*Population with enhanced access to, at least, basic water services in the targeted areas in the Upper East, Upper West and Savannah Regions. (GWL database and country surveys (MICS and DHS)* *Population with enhanced access to safely managed in the targeted areas in the Upper East, Upper West Regions and Savannah. (GWL database and country surveys (MICS and DHS)* *Non-Revenue Water (NRW) levels in all targeted service areas and equivalent energy **efficiency** gains. (GWL database and Operational Study Reports)*	
Baseline	Year	TBD (2024)	Many major towns in the north of Ghana are under-served in terms of water supply. There is significant production capacity that is not distributed in some areas (e.g., Wa and Bolgatanga), while some areas experience unreliable services due to inadequate sources or production capacity (e.g. Damongo). Average, NRW across GWL systems is estimated at 40%. In the Tema service area, where GWL will collaborate with Aarhus Vand of Denmark to derive key lessons to inform the system strengthening effort under this initiative, NRW is estimated at 50%. The specific baselines for the other service areas of interest will be established before the start of the intervention. This will be estimated from operational assessments by GWL (including existing operational data). The project will aim at reducing NRW by at least 10% by the end of 2028.
Target	Year 1	Basic Access: Baseline + 0 people Safely Managed Access + 10,000 people NRW: 98% of Baseline (Tema) and equivalent energy efficiency gains	At Least Basic Access: Access to safe, reliable water services improved in identified populations in the targeted areas through the efficient use of available or improved service capacity, household connections and other appropriate service levels. [34] Energy Efficiency Gains from NRW Reduction will be estimated using the formula: **Energy Efficiency Gains (kWh) = Total NRW Saved (m^3) × 1.6 kWh/m^3.** It is estimated that the energy savings of safely managing and transporting 1 m^3 of water over 50 km requires 1.6 kWh/m^3 in Ghana. This estimate will be further refined/confirmed as part of initial operational studies under the initiative.
Target	Year 2	Basic Access: Baseline + 5,000 people Safely Managed Access + 30,000 people NRW: 95% of Baseline (Tema) and equivalent energy efficiency gains	
Target	Year 3	Basic Access: Baseline + 10,000 people Safely Managed Access + 90,000 people NRW: 90% of Baseline (All targeted service areas) and equivalent energy efficiency gains	
Output 1 a		***9,000 households are connected to water services in the targeted areas in northern Ghana***	
Output indicator		Number of new household connections installed in the targeted areas in northern Ghana (in the Upper East, Upper West and Savannah Regions).	
Baseline	Year	TBD (2024)	20% of residents in the targeted low-income areas in the Wa Municipality (UWR) have household water connections, whilst the existing water system is utilising only 34% of its installed capacity. In Bolgatanga Municipality (UER) only 37% of the production capacity is in use, whilst household connection coverage in targeted areas stands at 18%.
Target	Year 1	Baseline + 1,500 Households Connections	1,500 households connected to the water supply services in the Wa and Bolgatanga Municipalities through the identified range of financing options (i.e., WASH credit line, flexible payment terms and subsidised connections. This will include connections to priority institutions based on feasibility (schools and healthcare facilities).

[34] The JMP access ladder for drinking water defines 'at least basic access' as the sum of **access to safely managed drinking water** (*proportion of the population using drinking water from an improved source that is accessible on premises, available when needed and free from contamination*) and **access to basic drinking water** (*proportion of the population using an improved drinking water source, where collection time is not more than 30 minutes for a round trip including queuing (improved sources include: piped water; boreholes or tubewells; protected dug wells; protected springs; rainwater; and packaged or delivered water*).

Target	Year 2	Baseline + 5,000 Households Connections	5,000 households connected to the water supply services in the Wa and Bolgatanga Municipalities through the identified range of financing options (i.e., WASH credit line, flexible payment terms and subsidised connections. This will include connections to priority institutions based on feasibility (schools and healthcare facilities).
Target	Year 3	Baseline + 9,000 Households Connections	9,000 households connected to the water supply services in the Wa, Bolgatanga, Damongo, Bongo Municipalities and surrounding per-urban areas through the identified range of financing options (i.e., WASH credit line, flexible payment terms and subsidised connections. This will include connections to priority institutions based on feasibility (schools and healthcare facilities).
Output 1 b		***1,000 households (about 10,000 people) have access to public standposts or bulk water connections in the targeted areas in northern Ghana***	
Output indicator		Number of public water spouts (including Automated Water Vendor Machines) rehabilitated or installed in the targeted areas in northern Ghana (in the Upper East, Upper West and Savannah Regions).	
Baseline	Year 2024	0 (2024)	Ref. Narrative for Output 1a. In" leaving no one behind" in terms of water access, public standposts will be installed or rehabilitated to provide, at least, basic water services to persons who may still not be able to obtain household connections, mainly due to tariffs or physical limitations in the immediately planned network extensions under this initiative. these public fetching points could be de-commissioned and re-installed in other hard-to-serve areas in the medium- long term. The intervention also targets bulk water supply to communities such as Bongo in the Upper East Region, which could be supplied from the Bolgatanga system, where the existing source is unreliable. [35]
Target	Year 1	0 public waterspouts installed/ rehabilitated and / or bulk water supply to one community	
Target	Year 2	15 public waterspouts installed/rehabilitated and/or bulk water supply to one community	
Target	Year 3	30 public waterspouts installed/rehabilitated and/or bulk water supply to one community	
Output 2		***Established and trained Water User Associations /community-based client engagement structures effectively facilitating service delivery in targeted areas in northern Ghana***	
Output indicator		Number of Water User Associations (WUAs) or client/community mobilisation and engagement/ participation structures formed and trained in the targeted areas to facilitate service delivery	
Baseline	Year	0 (2024)	No formal structures have been formed in the targeted service areas to facilitate effective client/ community mobilisation and participation to address the gaps in information and understanding on service modalities, particularly in the unserved low-income areas.
Target	Year 1	15 WUAs/ client engagement structures formed and trained	The critical client engagement structures are in place to enhance client/ community engagement through the appropriate social systems and networks. This will mainly involve the formation of WUAs in targeted low-income service areas in the Wa and Bolgatanga Municipalities.
Target	Year 2	30 WUAs/ client engagement structures formed and trained	
Target	Year 3	35 WUAs/ client engagement structures formed and trained	Appropriate client engagement structures are in place to enhance client/ community engagement through the appropriate social systems and networks, in targeted areas beyond the Wa and Bolgatanga Municipalities.
Output 3		***Operational Water Safety Plans in northern Ghana regions (Wa, Bolgatanga and other targeted areas)***	
Output indicator		Number of WSPs finalised and operationalised in the targeted areas.	
Baseline	Year	0 (2024)	Water Safety Plans (WSPs) have been developed for the Wa and Bolgatanga Municipalities, as well as, other potential service areas, but are yet to be implemented and reviewed. These plans have mainly been developed after initial capacity building in the WSP approach and would require refinement and technical support for effective implementation.
Target	Year 1	2 WSPs, reviewed, refined and operationalised	The WSPs for the Wa and Bolgatanga Municipalities refined through further technical support and priority planned interventions will be identified and carried out.
Target	Year 2	1 WSPs audited	The on-going implementation of the WSP for one of the water systems audited (Verification Function) in partnership with the service regulator and feedback shared with the 2 systems to inform effective implementation.

[35] The intervention plans to provide about 35 public standposts in addition to bulk supply to Bongo and/ or another community within the service areas, if feasible.

Target	Year 3	2 WSPs audited 4 WSPs operationalised	The on-going implementation of the WSPs for the Wa and Bolgatanga water systems audited (Verification Function) in partnership with the service regulator and feedback shared with the 2 systems to inform effective implementation. WSPs will be developed and operationalised in 2 additional targeted service areas.
Output 4		**Reduced water losses (non-revenue water) in selected Ghana Water Limited distribution networks**	
Output 4a		***Reduced physical water losses demonstrated in Tema and other targeted service areas***	
Output indicator		Percentage reduction in physical losses in the Tema service area and in the targeted areas in the Upper East, Upper West and Savannah Regions Other key output indicators will be determined after key studies by the end of Year 1 e.g. Number of DMAs to be established with digitalised water loss tracking mechanisms, reporting requirements etc.	
Baseline	Year	0 (2024)	% of physical loss reduction (GWL operational reports and reports of specific operational studies) Through the establishment of District Metered Areas (DMAs) and the implementation of strategic plans (based on water balance analysis), GWL can improve monitoring and address physical losses) in the targeted service areas. For example, the Tema service area has limited monitoring when it comes to flow of water from the booster station. Water losses in the Tema service area will be addressed through the establishment of DMAs in the distribution network in Tema, based on the findings from relevant baseline assessments under the SSC between Aarhus Vand – GWL. Up to 5 DMAs have been planned under the partnership, which will facilitate the estimation of baselines for physical losses, as well as project interventions to improve NRW.
Target	Year 1	Lessons Learnt Report for the physical Loss and Energy Efficiency Optimisation in Tema finalised. % physical loss reduction in Tema (TBD)	Baseline of physical water loss assessments will be completed in Tema and feasible output targets and related interventions will also be implemented (i.e. based on the findings of the assessment and relevant information from the World Bank Performance Based project in Accra East). The improvements in physical losses achieved and other critical lessons learned through the process will then be synthesised and documented to inform similar interventions that may be required in other service areas. The key improvement measures envisaged include: • Establishment of DMAs • Replacement of dysfunctional water meters and installation of "Smart" Meters • Replacement of weak/ damaged pipelines • Enhanced tracking of losses and repair of leaks based on digitised tracking systems • Improved accuracy and frequency of reporting on water losses and NRW (monthly)
Target	Year 2	Physical loss targets for all service areas achieved (based on key indicators identified) - % TBD	Feasible water loss improvement measures are fully implemented in the Tema, Wa and Bolgatanga service areas.
Target	Year 3	Physical loss targets for all service areas achieved (based on key indicators identified) - % TBD	The water loss situation in the DMAs in all targeted service areas will be re-assessed/evaluated to establish improvements against set targets, to inform further improvements and appropriate application in other systems.
Output 4b		***Maintain low water losses (minimum non-revenue water) in targeted areas***	
Output indicator		Number of key staff and partners trained on critical service installation and O&M practices and ethics. Other key output indicators covering mainly process indicators on the effective management of water loss management within the DMAs established will be determined after the lesson learned report at the end of Year 1.	
Baseline	Year	0 (2024)	Service management capacity within GWL would need to be enhanced to effectively implement the proposed water loss reduction approaches to be implemented in the targeted service areas (Ref. narrative for output 4a). The need for stronger capacity among GWL operational staff and private contractors who provide services to the organisation has been identified by GWL (Ref. Theory of Change diagram showing interventions and expected changes) to improve the quality of service installation (construction of system appurtenances) and maintenance practices.
Target	Year 1	200 key staff and service partners trained.	Utility (GWL/ CWSA) staff and identifiable private sector partners will gain improved knowledge skills and be certified in key aspects of service installation, digitalisation, operation and maintenance and ethical practice. This will include all suitable capacity building approaches, especially the ongoing technical support from the Danish Technical Academy to the GWL Training School.
Target	Year 2	250 key staff and service partners trained.	

Target	Year 3	300 key staff and service partners trained.	

4 INPUTS/BUDGET

The Danish contribution of this three-year project amounts to a total of DKK 100,000,000. In addition to the Danish contribution the overall budget also includes in kind contributions from GWL of 16,530,000 DKK. Please see Annex 5 for a detailed budget.

Summary budget in DKK million

Output 1 – additional water services access	61,013,100
Output 2 – Training water users associations and client engagement	6,861,029
Output 3 – Water safety planning	2,637,109
Output 4 – Water loss reduction and energy efficiency	11,282,889
Knowledge management	845,640
UNICEF direct costs (project-related technical assistance)	2,220,846
UNICEF indirect costs ((management, operation, office expenses and related services)	4,468,320
UNICEF HQ (c1% levy + 8 % of programmable budget)	8,111,067
Reviews and monitoring	750,000
Contingencies	1,810,000
Total	**100,000,000**

The management of the approved budget once the project implementation starts will follow Danida's General Guidelines for Financial Management 3.3.

The Embassy of Denmark in Ghana will disburse twice a year for a 6-month period to avoid accumulating funds at partner level in accordance with Danida's general guidelines on financial management of disbursements. Disbursement will not take place if 70% of previously disbursed funds have not yet been used. If the programme develops a need for change to this setup, it will be justified and documented.

The Embassy of Denmark in Ghana will use the following provional disbursement schedule for disbursement to UNICEF:

Schedule of payment for UNICEF	Installment	Amount
September 2025	1st tranche, initial advance	DKK 22,500,000
March 2026	2nd tranche	DKK 22,500,000
September 2026	3rd tranche	DKK 16,500,000
March 2027	4th tranche	DKK 16,500,000
September 2027	5th tranche	DKK 10,000,000
March 2028	6th tranche	DKK 9,440,000
Total:		**DKK 97,440,000**

The total disbursements of the project's commitment will be according to the following yearly disbursemet plan:

DKK mill.	2025	2026	2027	2028	Total
UNICEF cost	22.5	39.0	26.5	9.44	97,440,00 DKK
Review and monitoring	0.0	0.0	0.75	0.0	750,000 DKK
Contingency	0.0	1.81	0.0	0.0	1,810,000 DKK
Total	22.5	40.81	27.25	9.44	100,000,000 DKK

5 INSTITUTIONAL AND MANAGEMENT ARRANGEMENTS

The organisational set-up for the implementation of the intervention will be as follows:

- Ghana Water Limited (GWL) - Project implementation and front-line supervision and quality assurance.
- UNICEF - Project management and technical support for quality implementation, including technical areas, learning and knowledge management, implementation reviews, monitoring and evaluation and project visibility.
- MWHWR – Stakeholder/ institutional coordination and reviews, support for dissemination of lessons and inter-ministerial facilitation, including with key local government/ decentralised departments and agencies.
- Embassy of Denmark – participation in national governance structure.

A Project Steering Committee (PSC) will be established to support MWHWR to engage with stakeholders at all levels to facilitate effective and sustainable implementation and results achievement.

The PSC will include representation from the following organisations:

- Ministry of Works, Housing and Water Resources (MWHWR) – Lead Ministry (Chair/ Convener)
- Embassy of Denmark – Main Funder
- Office of the Head of Local Government (OHLGS) – Management of government staff and processes at the decentralised level
- Ghana Water Limited (GWL) – main activity implementation
- Water Resources Commission (WRC) – Responsible for Water Resources Management (including IWRM and resource monitoring)
- Coalition of NGOs in Water and Sanitation (CONIWAS) – Key role in advocacy for sector accountability
- Development Partner (DP) Lead - Key role in the coordination of DP support to government and advocacy for sector accountability
- Public Utilities Regulatory Commission (PURC) - Regulation of water supply services, including service quality and tariffs.
- UNICEF – Secretariat and Technical Assistance
- EU Delegation in Ghana – invited in ad hoc as an observer to establish synergy to the EU Sustainable cities project.

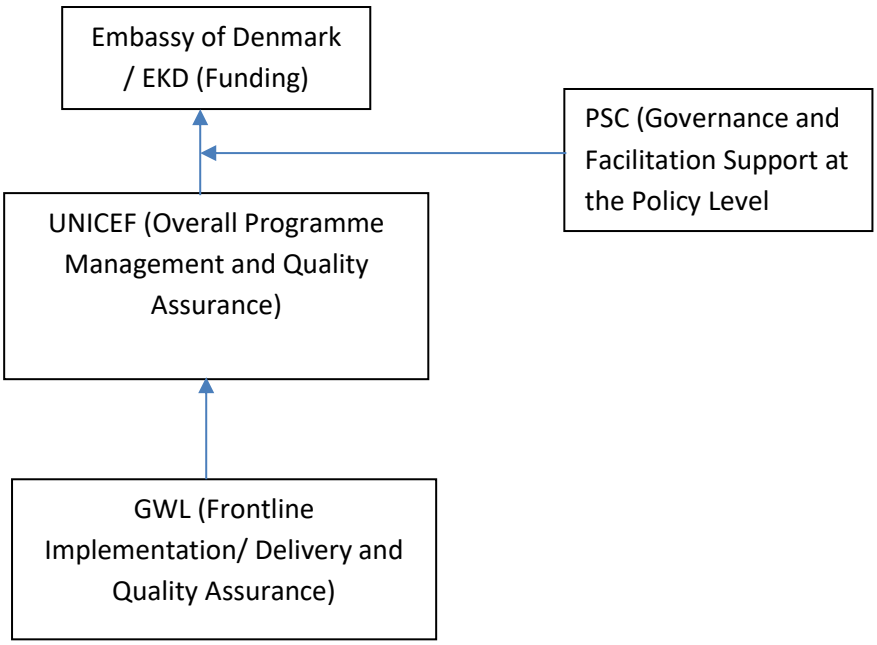
At the operational level, UNICEF will be responsible for overall project management, including:

- Receipt and management of funds.
- Quality assurance of implementation processes, including implementation plans, Terms of Reference (ToRs), implementation output and output reports.
- Procurement of specialised interventions, e.g. special studies (on a need basis).
- Development of planning and reporting formats.
- Annual Reporting on the Project to the Embassy of Denmark.
- Planning and facilitation of review processes (Semi-Annual Steering Committee Meeting and Annual Programme Review in collaboration with the Ministry of Works, Housing and Water Resources (MWHWR) and other stakeholders.

GWL will be responsible for:

- Procurement of goods, services and works, including water and energy audits and network extensions (with technical support from UNICEF).
- Works supervision and frontline quality assurance.
- Development of reporting on all implementation output (based on agreed formats).

The proposed programme governance and delivery structure may be summarised as shown below:



6 FINANCIAL MANAGEMENT, PLANNING AND REPORTING

The activities of the Danish support to the UNICEF Ghana WASH programme shall be subject to reporting, accounting, financial controls and auditing in accordance with Danida's general guidelines for financial management.

UNICEF, Ghana WASH TEAM will disburse project funds using the Harmonised Approach to Cash Transfer (HACT) modality to GWL and all other relevant partners. The modality involves risk assessment of all partners, at least, once within the GoG- UNICEF country programme (2023 – 2027) to identify the most suitable funds transfer modality per partner.

These include:

- Direct Cash Transfer- Payment of advances to the partner by means of electronic transfers. This would require the utilisation and appropriate reporting on funds with a 3-month period. Failure to retire the funds with a 6-month timeline as required would lead to no further disbursements.
- Reimbursements – Payments for completed activities, based on an agreed budget ceiling and a formal pre-finance authorisation to that effect, and evidence of the completion of the activity as planned.
- Direct Payments – Payments to third parties on behalf of the partner (e.g. GWL), based on an agreed budget ceiling, and evidence of the completion of the activity as planned. This modality could, particularly, be adopted for construction works to manage the performance of high-risk partners and service providers.

The modality would require GWL to request for quarterly disbursements, based on a workplan and deliverables that are aligned to this initiative. Funds approved would be required to be expended and liquidated within the quarter, or a maximum duration of 6 months. Failure to comply would lead to no further disbursements, as well as other possible measures including a special audit.

In line with the HACT modality, implementation quality will be assured through:

- A minimum of one audit per partner within the 5-year programme cycle, based on the risk rating of the partner conducted by an external auditor engaged by UNICEF.
- A minimum of 1 spot-check per year per partner by the UNICEF, Ghana Operations Team, based on the amount of funds transferred and the risk rating of the partner.
- At least 1 Programmatic Monitoring Visit assess the (PMV) per partner by the UNICEF, Ghana WASH Team with the support of the M&E Team to assess progress towards project results.
- Regular field monitoring and technical support visits, as well as technical meetings organised by the UNICEF, Ghana WASH Team to provide guidance for effective implementation. This would also include supply monitoring to ascertain the quality and utilisation of supplies, as well as the related processes and documentation, where applicable.

7 MONITORING, EVALUATION, ACCOUNTABILITY AND LEARNING

The UNICEF Ghana M&E Team will provide overall support for project monitoring and evaluation. They will support the design and implementation of studies and assessments and synthesise knowledge, data, and evidence from the project for dissemination.

In line with the HACT approach, all implementing partners, including GWL, will provide activity implementation reports to account for every tranche of funds disbursed to them, outlining results achieved concerning the programme's targets. These results will be collated in internal databases that are used to track programme results per donor, as well as for the overall GoG-UNICEF WASH programme. With the assistance of the UNICEF M&E team, who collaborate closely with the Ghana Statistical Service (GSS), internal data is analysed and triangulated with data from national surveys (e.g. the Multiple Indicator Cluster Survey (MICS), the Demographic and Health Survey (DHS) and the Ghana Living Standards Survey (GLSS)), which is the same data that feeds the WHO-UNICEF Joint Monitoring Platform (used to track SDG progress at country level and internationally). At a minimum, all results will be submitted to the Embassy of Denmark in an Annual Report, in an agreed format structured to show progress on all the key output indicators of this initiative.[36]

In addition to the review and collation of implementation reports, for which the UNICEF WASH Team provides technical support throughout every initiative under the Country Programme, the CO also conducts scheduled programme monitoring visits and spot checks (led by the HACT Assurance Team) to assess the quality of implementation and reporting (including financial compliance) of implementing partners.

UNICEF also supports establishing the WASH Sector Information Systems (SIS) under the GoG-UNICEF programme. The system combines WASH field surveys at the decentralised levels and administrative data from sector agencies, such as GWL to determine progress on key sector indicators. This is aimed at improving access to WASH data through the mainstream government systems. As required, GWL will submit administrative data on areas covered by their services to the lead sector Ministry, as part of the SIS. This will also serve as a source of cross-checking information collected and reported under this initiative. UNICEF will provide technical assistance to GWL in that respect, where necessary.

Already established partnerships with KNUST and CONIWAS will provide a ready avenue for putting together and disseminating learning from the initiative to further inform sector development through existing platforms such as the Water Sanitation Sector Working Group, the Water Technical Working Group, the annual Mole Conferences, the National Level Learning Alliance Platform (NLLAP).

Dissemination and Visibility

Technical support for project visibility and the packaging and dissemination of evidence for advocacy will be provided will be supported by the UNICEF, Ghana Communications Team.

7.1 Reporting

UNICEF will have the overall responsibility for reporting, which will include the following. UNICEF Ghana is expected to deliver financial reporting according to DANIDA guidelines for financial management.

Report Type	Frequency	Responsibility	Note

[36] The frequency and formats for reporting will be confirmed as part of the finalization of the Grant Agreement between UNICEF and the Danish Embassy/ Government.

Baseline report	Six months after the signing the project agreement	Third party	
Half-yearly Progress Update (narrative and financial utilisation)	Every six months (will be submitted within the first 30 days of the following every six months)	Project Coordinator/ UNICEF	This report will be on operational and financial progress. (Reviewed by UNICEF's M&E Team)
Annual Progress Reports (formal narrative and Financial)	Every year (will be submitted within the first 60 to 90 days of the following year)	Project Coordinator	This will include a narrative on project activities and a certified financial report, as well as progress on achievement of the Outcomes. The annual progress reports will be the basis for the development of new work plans and adjustments to risks. (Reviewed by UNICEF's M&E Team and Deputy Representative, Programme)
Project final evaluation report including end line survey	Three months after the contract ends	Conducted by third party	The final evaluation will review progress at outcome level and capture important lessons learned and case studies on significant changes
Project narrative and uncertified financial report completion report	Three months after the contract ends	Project Coordinator	This report will have narratives on operational and financial aspects with lessons learned.
Final certified financial report	6 - 12 months after project completion		This is a standard UNICEF reporting practice and the Danish MFA focal points are familiar with this

8 RISK MANAGEMENT

The main risk to this initiative is that existing regulatory weaknesses in the water sector will limit the sustained outcomes of the initiative in the long run. These risks, however, are significantly mitigated by UNICEF's ongoing engagement with sector partners, as well as technical and financial support to the Government towards an enabling environment for the delivery of more effective and sustainable water supply services under the GoG-UNICEF WASH programme (2023–2027).

The key risk areas include:

Ensuring water safety through a proactive risk-based approach, including effective stakeholder partnerships beyond GWL. UNICEF is working with the lead Ministry and other relevant partners, such as the Public Utilities Regulatory Commission (PURC), to strengthen regulation and provide technical support to sector utilities in implementing WSP.

The provision of reliable services that meet clients' needs to maintain their willingness to pay set tariffs. UNICEF has initiated discussions at the sector level on the enhancement of the framework for the delivery of water services, which also seeks to streamline service standards and benchmarks.

Establishment of appropriate financing and tariff regimes that address the required levels of cost-recovery. This issue is also under consideration under the discussions on the water sub-sector service delivery framework.

Establishment of viable and sustainable financing options for service access at the household as well as service operation and maintenance costs (especially Capital Maintenance Expenditure (CapManEx). UNICEF's work with the lead Ministry, Development Partners and other stakeholders on sector financing is targeted at addressing these issues.

The safeguards under the HACT approach, including the partner assessment, spot check, review meetings and external audit are expected to proactively mitigate the risk that funding for the project could be expended for purposes outside the scope and objectives of this intervention. In addition to these, as already noted, UNICEF will review the quality of project procurement processes, including the specifications and utilisation of supplies to ensure effectiveness[37].

9 CLOSURE

The project aims to support, upscale or replicate ongoing and prioritised activities in the well established public partner utility Ghana Water Limited (including relevant authorities at national and sub-national levels) and by engaging external partners, such as the private sector.

UNICEF has a long history of collaboration with these institutors and will also continue to be a key partner to these institutors beyond the finalisation of this support.

This setup of implementation vehicle secures the immediate and effective use of the support but also the sustainable and continuation of the different engagements. The lessons learned and strengthened capacities will be accumulated in the institutors where it naturally belongs.
While the Danish Embassy will end its support at the end of 2028, UNICEF will continue to be support the government of Ghana within WASH and beyond.

In larger water projects, there remains a risk associated with the potential lack of sustainable financing for ongoing maintenance. While the new technologies in this project aim to reduce maintenance costs, they will simultaneously increase the demand for skilled human resources to manage and operate the system effectively. We encourage GWL, UNICEF CO and the SSC on Water among others for continued work around capacity development to ensure the long-term success and sustainability of this vital infrastructure.

[37] UNICEF Programme Implementation Handbook (March 2023)

10 ANNEXES

Annex 1: Context Analysis (not included)

Annex 2: Partner Assessment

Annex 3: Theory of Change, Scenario and Result Framework

Annex 4: Risk management

Annex 5: Budget details

Annex 6: List of supplementary materials

Annex 7: Plan for communication of results (not included)

Annex 8: Process action plan.

ANNEX 2 PARTNER ASSESSMENT

1. Brief partner presentation

The UNICEF Country Office (CO) in Ghana operates through its main office in Accra and a field office in Tamale, ensuring year-round coordination of activities in northern Ghana. As at June 2024, the CO had 118 staff, including 26 international professionals and 52 national officers, with 25 based in Tamale. The Chief of WASH, supported by specialized sectoral teams of 12 employees, oversees climate change adaptation initiatives, including Water, Sanitation and Hygiene. In addition, the CO receives technical and logistical oversight from its headquarters and regional offices, aligning its operations with global commitments and best practices. Staff are regularly trained on emerging issues such as climate change, private sector engagement, and gender.

A 2024 internal audit by the Office of Internal Audit and Investigations (OIAI) provided a positive assessment, affirming that the CO's structure and capacity meet programmatic and operational needs. The audit highlighted well-functioning statutory committees and strong collaboration with the government, as evidenced by joint publications like advocacy and budget briefs[38]. Donors also reported positive relationships with the CO, further demonstrating its effectiveness and credibility. However, the OIAI report highlighted a need to clarify accountabilities and responsibilities for the management of supplies transferred to implementing partners and to expand the application of supply end-user monitoring. These and other identified weaknesses in supply and logistics management heightened the risk of diversion and theft of supplies. This project is aware of this particular risk and will demand increased focus on monitoring and reporting from UNICEF CO. UNICEF's CO has been selected as the implementing partner for the "Water Access for Urban Low-Income Areas in Ghana" project due to its proven expertise, extensive experience in WASH, and alignment with the project's objectives. The CO's strong presence in northern Ghana, further bolstered by its recent expansion under the EU Sustainable Cities Project, provides a compelling rationale to leverage synergies across both initiatives to reduce risks and increase the success of the project outcomes and beyond. Below is a comprehensive assessment of UNICEF's capacity and the rationale for its selection.

2. Lessons identified and proven track record

The Embassy of Denmark has provided positive feedback on their recent DKK 35 million UNICEF COVID-19 Response in Ghana project with Ghana Water Limited (GWL) 2021-2023 that among others provided WASH in schools and health clinics across 9 municipalities in Greater Accra and Kumasi.

- UNICEF's Country Office (CO) successfully delivered rapid assessments in communities and achieved the project outcomes within the designated timeframe. This included coordination at both national and subnational levels, working effectively with multiple ministries and agencies such as the then Ministry of Sanitation and Water Resources (MSWR), Ministry of Local Government and Rural Development (MLGRD), Ghana Water Limited (GWL), Office of the Head of Local Government Service (OHLGS), Regional Planning Coordinating Units (RPCUs), and Municipal Planning Coordinating Units (MPCUs), which was crucial to the project's success.

[38] ANNEX 6.2 - 2024-oiai-ghana-country-office-audit-report.pdf

- The CO has demonstrated strong expertise in capacity building for local health workers and the development of Water Safety Plans (WSPs). Its staff effectively engaged women, children, adults with disabilities, and other marginalised groups who might face barriers to accessing essential information. Moreover, UNICEF has proven to be a key partner for GWL, helping unlock additional funding through its robust monitoring and evaluation systems, which have been critical in achieving project goals.
- During and after the program, UNICEF CO has engaged with civil society organisations and knowledge partners on specific themes. For example, the CO works with the Coalition of National NGOs in Water and Sanitation (CONIWAS) to advocate for evidence-based policy change and with knowledge partners such as universities (UDS and KNUST) to introduce capacity development initiatives such as water safety and climate-sensitive water resources management.

In Addition to the Danish-funded COVID-19 project, UNICEF has effectively implemented 10 WASH projects in Ghana since 2006, providing safe water access to over a million people to date. It focuses on strengthening the national system to ensure sustainability and developing the capacity to provide sustainable basic services. UNICEF also drives learning and transformational change through its knowledge management, innovation and private sector development activities. Ongoing programmes in the north include renovation and expansion of WASH services in over 50 health facilities (Global Affairs Canada), WASH in schools in five northern regions, including building climate change awareness (USAID), and the recent EU Sustainable Cities Project that among others seeks to improve liquid sludge handling.

3. Summary of partner capacity assessment

The absence of a harmonised funding mechanism may pose challenges in coordinating resources and aligning efforts among stakeholders. An implementing partner aligned and connected nationally, locally, and across other crucial projects will strengthen coordination and reduce risks to effective project implementation. Additionally, the Danish Ministry of Foreign Affairs has already a secondment agreement with UNICEF, which aims to streamline and improve administrative efficiency. This is beneficial in the absence of a posted Chief Financial Officer at the Embassy of Denmark in Accra.

UNICEF's extensive WASH experience, particularly in underserved complex urban areas, positions it as the preferred Implementing Partner (IP) capable of delivering the water project efficiently and effectively. Other NGOs (Plan International, CARE, IRC) and UN agencies (UNDP, WHO, UNFPA, UNHCR) work in the same complex environments; however, their WASH expertise is mainly within rural areas. UNICEF CO is an agency with a satisfactory and proven track record that includes extensive collaboration with GWL and within urban water in the north. The CO is among the few agencies with the technical capacity to assist in advanced and complex water infrastructure expansions. The RDE determined that a DKK 100 million project requires substantial technical and financial administrative capacity, including compliance and transparency mechanisms. Since the partner will work closely with and strenghten GWL, a proven track record with positive feedback from GWL and MWHWR has been crucial. In addition, it is highly beneficial that the UNICEF CO is approaching liquid sludge handling elements through the EU Sustainable Cities Phase II project and through the UNICEF CO's innovation WASH specialist (DANIDA

funded), which is outside the scope of this water project but a priority under the Danish strategy 'The World We Share'.

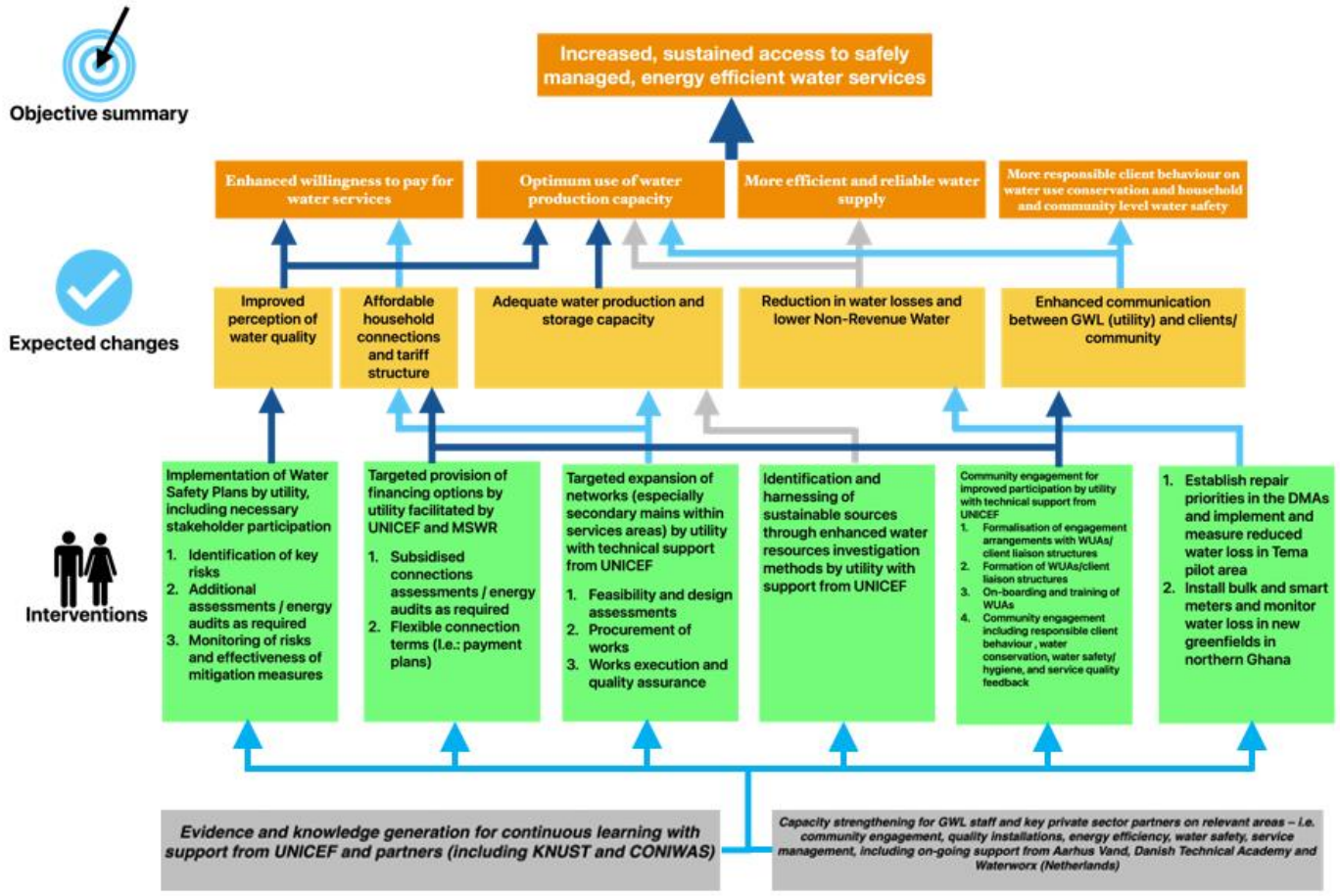
The UNICEF Ghana country programme aligns with national and global goals, including the Ghana WASH Sector Sustainable Development Plan, National Water Policy, and SDGs 6.1 and 6.2. UNICEF collaborates closely with the Ministry of Sanitation and Water Resources, Ghana Water Limited (GWL), and the Water Resources Commission, as well as decentralized agencies for service delivery.

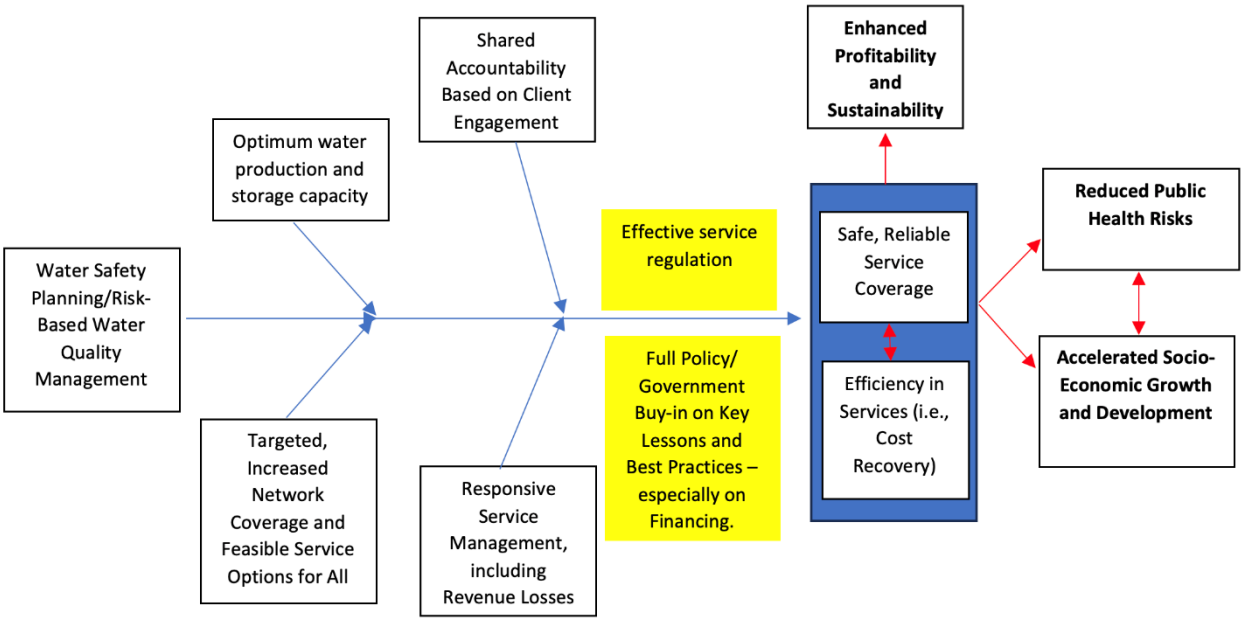
4. Summary of key partner features

Name of Partner	Core business *What is the main business, interest, and goal of the partner?*	Importance *How important is the project/programme for the partner's activity-level (Low, medium high)?*	Influence *How much influence does the partner have over the project/programme (low, medium, high)?*	Contribution *What will be the partner's main contribution?*	Capacity *What are the main issues emerging from the assessment of the partner's capacity?*	Exit strategy *What is the strategy for exiting the partnership?*
UNICEF Country Office in Ghana	UNICEF's core business is to work to ensure that every child has a right to a childhood, future, and a fair chance. UNICEF delivers this by implementing programs in health, nutrition, education, WASH, Protection and Social Policy	**Highly Important:** The activities are core businesses of UNICEF, as access to water plays a vital role in survival, protection and development children and women. Link it to CO overall strategy where WASH is the biggest aspects	**High Influence:** UNICEF is one the largest and longest WASH partners of Government of Ghana. Through its strong field presence, it effectively implements projects and grams to generate evidence and advocates and supports to make a policy change to scale up the successful approaches.	As a principal implementing partner, UNICEF is responsible for overall management of the project. It will provide required training and supervise the work of GWL team to ensure the project activities are implemented in a timely manner maintaining the highest quality and addressing gender and climate concerns. It will also support building community structures and enhancing	No major issues UNICEF WASH a 5 year strategy and a USD 32 million target. A third is from this water project. EU SUSSTAINABLE Cities project is funding EUR 9 million. UNICEF will most likely exceed the target. UNICEF Ghana country program target is 180 million USD over 5 years.	Sustainability of the project is at the core of its design. The UNICEF's lead role in national level at GoG and DP's level an advantage when advocating for high-level buy-in, especially in identifying the innovative ways to sustain and scale-up the water services. There will be a project end evaluation to capture the good practices and lessons learned which

				their capacity for effective management and use of water services.		UNICEF will widely disseminate and support their implementation in future projects through a Management Response Plan

ANNEX 3 THEORY OF CHANGE DIAGRAM AND RESULTS FRAMEWORK





Key Assumption or has associated Risk to be mitigated

Project		Water Access for Low-Income Urban Areas in Ghana	
Project objective		**To provide safe and reliable water supply to targeted service areas in rapidly urbanising settlements, including new access to about 100,000 people (including 40,000 children) with a focus in the north, over a three-year period.**	
Impact indicator		Percentage increase in access to safely managed water services in Ghana (*target is 6%, from 44% to 50%, this is aligned with the GoG-UNICEF WASH Programme, the 44% baseline is 2022 JMP data)* Percentage reduction in cases of acute watery diarrhoea in children under five years *(target is a 2,5% reduction from District Health Information Management System (DHIMS) 2024 data, the targeted areas recorded 10465 cases (Upper West), 9218 cases (Upper East) and 5009 cases (Savannah) in 2024. The end of year numbers will be compiled as the baseline.*	
Outcome 1		**Safe and reliable water is delivered more efficiently to all targeted urban and peri-urban service areas, and an additional 100.000 people, including about 40.000 children in the north of Ghana, are provided with at least basic water services'**	
Outcome indicators		*Population with enhanced access to, at least, basic water services in the targeted areas in the Upper East, Upper West and Savannah Regions. (GWL database and country surveys (MICS and DHS)* *Population with enhanced access to safely managed in the targeted areas in the Upper East, Upper West Regions and Savannah. (GWL database and country surveys (MICS and DHS)* *Non-Revenue Water (NRW) levels in all targeted service areas and equivalent energy **efficiency** gains. (GWL database and Operational Study Reports)*	
Baseline	Year	TBD (2024)	Many major towns in the north of Ghana are under-served in terms of water supply. There is significant production capacity that is not distributed in some areas (e.g., Wa and Bolgatanga), while some areas experience unreliable services due to inadequate sources or production capacity (e.g. Damongo). Average, NRW across GWL systems is estimated at 40%. In the Tema service area, where GWL will collaborate with Aarhus Vand of Denmark to derive key lessons to inform the system strengthening effort under this initiative, NRW is estimated at 50%. The specific baselines for the other service areas of interest will be established before the start of the intervention. This will be estimated from operational assessments by GWL (including existing operational data). The project will aim at reducing NRW by at least 10% by the end of 2028.
Target	Year 1	Basic Access: Baseline + 0 people Safely Managed Access + 10,000 people NRW: 98% of Baseline (Tema) and equivalent energy efficiency gains	At Least Basic Access: Access to safe, reliable water services improved in identified populations in the targeted areas through the efficient use of available or improved service capacity, household connections and other appropriate service levels. [39] **Energy Efficiency Gains from NRW Reduction will be estimated using the formula:** **Energy Efficiency Gains (kWh) = Total NRW Saved (m^3) × 1.6 kWh/m^3.** It is estimated that the energy savings of safely managing and transporting 1 m^3 of water over 50 km requires **1.6 kWh/m^3** in Ghana. This estimate will be further refined/confirmed as part of initial operational studies under the initiative.
Target	Year 2	Basic Access: Baseline + 5,000 people Safely Managed Access + 30,000 people NRW: 95% of Baseline (Tema) and equivalent energy efficiency gains	
Target	Year 3	Basic Access: Baseline + 10,000 people Safely Managed Access + 90,000 people NRW: 90% of Baseline (All targeted service areas) and equivalent energy efficiency gains	
Output 1 a		***9,000 households are connected to water services in the targeted areas in northern Ghana***	
Output indicator		Number of new household connections installed in the targeted areas in northern Ghana (in the Upper East, Upper West and Savannah Regions).	
Baseline	Year	TBD (2024)	20% of residents in the targeted low-income areas in the Wa Municipality (UWR) have household water connections, whilst the existing water system is utilising only 34% of its

			installed capacity. In Bolgatanga Municipality (UER) only 37% of the production capacity is in use, whilst household connection coverage in targeted areas stands at 18%.
Target	Year 1	Baseline + 1,500 Households Connections	1,500 households connected to the water supply services in the Wa and Bolgatanga Municipalities through the identified range of financing options (i.e., WASH credit line, flexible payment terms and subsidised connections. This will include connections to priority institutions based on feasibility (schools and healthcare facilities).
Target	Year 2	Baseline + 5,000 Households Connections	5,000 households connected to the water supply services in the Wa and Bolgatanga Municipalities through the identified range of financing options (i.e., WASH credit line, flexible payment terms and subsidised connections. This will include connections to priority institutions based on feasibility (schools and healthcare facilities).
Target	Year 3	Baseline + 9,000 Households Connections	9,000 households connected to the water supply services in the Wa, Bolgatanga, Damongo, Bongo Municipalities and surrounding per-urban areas through the identified range of financing options (i.e., WASH credit line, flexible payment terms and subsidised connections. This will include connections to priority institutions based on feasibility (schools and healthcare facilities).
Output 1 b		***1,000 households (about 10,000 people) have access to public standposts or bulk water connections in the targeted areas in northern Ghana***	
Output indicator		Number of public water spouts (including Automated Water Vendor Machines) rehabilitated or installed in the targeted areas in northern Ghana (in the Upper East, Upper West and Savannah Regions).	
Baseline	Year 2024	0 (2024)	Ref. Narrative for Output 1a. In" leaving no one behind" in terms of water access, public standposts will be installed or rehabilitated to provide, at least, basic water services to persons who may still not be able to obtain household connections, mainly due to tariffs or physical limitations in the immediately planned network extensions under this initiative. these public fetching points could be de-commissioned and re-installed in other hard-to-serve areas in the medium- long term. The intervention also targets bulk water supply to communities such as Bongo in the Upper East Region, which could be supplied from the Bolgatanga system, where the existing source is unreliable. [40]
Target	Year 1	0 public waterspouts installed/ rehabilitated and / or bulk water supply to one community	
Target	Year 2	15 public waterspouts installed/rehabilitated and/or bulk water supply to one community	
Target	Year 3	30 public waterspouts installed/rehabilitated and/or bulk water supply to one community	
Output 2		***Established and trained Water User Associations /community-based client engagement structures effectively facilitating service delivery in targeted areas in northern Ghana***	
Output indicator		Number of Water User Associations (WUAs) or client/community mobilisation and engagement/ participation structures formed and trained in the targeted areas to facilitate service delivery	
Baseline	Year	0 (2024)	No formal structures have been formed in the targeted service areas to facilitate effective client/ community mobilisation and participation to address the gaps in information and understanding on service modalities, particularly in the unserved low-income areas.
Target	Year 1	15 WUAs/ client engagement structures formed and trained	The critical client engagement structures are in place to enhance client/ community engagement through the appropriate social systems and networks. This will mainly involve the formation of WUAs in targeted low-income service areas in the Wa and Bolgatanga Municipalities.
Target	Year 2	30 WUAs/ client engagement structures formed and trained	
Target	Year 3	35 WUAs/ client engagement structures formed and trained	Appropriate client engagement structures are in place to enhance client/ community engagement through the appropriate social systems and networks, in targeted areas beyond the Wa and Bolgatanga Municipalities.
Output 3		***Operational Water Safety Plans in northern Ghana regions (Wa, Bolgatanga and other targeted areas)***	
Output indicator		Number of WSPs finalised and operationalised in the targeted areas.	
Baseline	Year	0 (2024)	Water Safety Plans (WSPs) have been developed for the Wa and Bolgatanga Municipalities, as well as, other potential service areas, but are yet to be implemented and reviewed. These plans have mainly been developed after initial capacity building in the WSP approach and would require refinement and technical support for effective implementation.
Target	Year 1	2 WSPs, reviewed, refined and operationalised	The WSPs for the Wa and Bolgatanga Municipalities refined through further technical support and priority planned interventions will be identified and carried out.

Target	Year 2	1 WSPs audited	The on-going implementation of the WSP for one of the water systems audited (Verification Function) in partnership with the service regulator and feedback shared with the 2 systems to inform effective implementation.
Target	Year 3	2 WSPs audited 4 WSPs operationalised	The on-going implementation of the WSPs for the Wa and Bolgatanga water systems audited (Verification Function) in partnership with the service regulator and feedback shared with the 2 systems to inform effective implementation. WSPs will be developed and operationalised in 2 additional targeted service areas.
Output 4		**Reduced water losses (non-revenue water) in selected Ghana Water Limited distribution networks**	
Output 4a		***Reduced physical water losses demonstrated in Tema and other targeted service areas***	
Output indicator		Percentage reduction in physical losses in the Tema service area and in the targeted areas in the Upper East, Upper West and Savannah Regions Other key output indicators will be determined after key studies by the end of Year 1 e.g. Number of DMAs to be established with digitalised water loss tracking mechanisms, reporting requirements etc.	
Baseline	Year	0 (2024)	% of physical loss reduction (GWL operational reports and reports of specific operational studies) Through the establishment of District Metered Areas (DMAs) and the implementation of strategic plans (based on water balance analysis), GWL can improve monitoring and address physical losses) in the targeted service areas. For example, the Tema service area has limited monitoring when it comes to flow of water from the booster station. Water losses in the Tema service area will be addressed through the establishment of DMAs in the distribution network in Tema, based on the findings from relevant baseline assessments under the SSC between Aarhus Vand – GWL. Up to 5 DMAs have been planned under the partnership, which will facilitate the estimation of baselines for physical losses, as well as project interventions to improve NRW.
Target	Year 1	Lessons Learnt Report for the physical Loss and Energy Efficiency Optimisation in Tema finalised. % physical loss reduction in Tema (TBD)	Baseline of physical water loss assessments will be completed in Tema and feasible output targets and related interventions will also be implemented (i.e. based on the findings of the assessment and relevant information from the World Bank Performance Based project in Accra East). The improvements in physical losses achieved and other critical lessons learned through the process will then be synthesised and documented to inform similar interventions that may be required in other service areas. The key improvement measures envisaged include: • Establishment of DMAs • Replacement of dysfunctional water meters and installation of "Smart" Meters • Replacement of weak/ damaged pipelines • Enhanced tracking of losses and repair of leaks based on digitised tracking systems • Improved accuracy and frequency of reporting on water losses and NRW (monthly)
Target	Year 2	Physical loss targets for all service areas achieved (based on key indicators identified) - % TBD	Feasible water loss improvement measures are fully implemented in the Tema, Wa and Bolgatanga service areas.
Target	Year 3	Physical loss targets for all service areas achieved (based on key indicators identified) - % TBD	The water loss situation in the DMAs in all targeted service areas will be re-assessed/evaluated to establish improvements against set targets, to inform further improvements and appropriate application in other systems.
Output 4b		***Maintain low water losses (minimum non-revenue water) in targeted areas***	
Output indicator		Number of key staff and partners trained on critical service installation and O&M practices and ethics. Other key output indicators covering mainly process indicators on the effective management of water loss management within the DMAs established will be determined after the lesson learned report at the end of Year 1.	
Baseline	Year	0 (2024)	Service management capacity within GWL would need to be enhanced to effectively implement the proposed water loss reduction approaches to be implemented in the targeted service areas (Ref. narrative for output 4a). The need for stronger capacity among GWL operational staff and private contractors who provide services to the organisation has been identified by GWL (Ref. Theory of Change diagram showing interventions and expected changes) to improve the quality of service installation (construction of system appurtenances) and maintenance practices.
Target	Year 1	200 key staff and service partners trained.	Utility (GWL/ CWSA) staff and identifiable private sector partners will gain improved knowledge skills and be certified in key aspects of service installation, digitalisation, operation and maintenance and ethical practice. This will include all suitable capacity building approaches, especially the ongoing technical support from the Danish Technical Academy to the GWL Training School.
Target	Year 2	250 key staff and service partners trained.	

Target	Year 3	300 key staff and service partners trained.	

ANNEX 4 DETAILED RISK MANAGEMENT

Contextual risks:

Risk factor	Likelihood	Impact	Risk response if applicable	Residual Risk	Background to assessment
Decreasing surface water due to extended droughts (climate change)	Unlikely	High	N/A	N/A	The risks to surface water quantity in the county is generally low, though there are emerging threats in the project area (north of the country) in particular, which has only one peak rainy season. This ecological zone is the closest to the Sahel Region and has similar weather conditions. It is, therefore, more vulnerable to the impacts of climate change, though the threats are not imminent in the short-term if the necessary mitigation and adaptation measures are put in place.
Decreasing groundwater recharge due to extended droughts (climate change)	Unlikely, (lacks information)	High	N/A	N/A	The situation is similar to surface water. There would be need to deliberately map out key recharge areas and to plan water resources use (both surface water and groundwater) based on the country's water basins to enhance long-term sustainability.
Heavier, shorter rains leading to WASH infrastructure damage (climate change)	Likely	High	UNICEF supported the (then) Ministry of Sanitation and Water Resource (MSWR) to conduct a sector Resilience Study and is already working with the current Ministry and other sector partners to review Ghana's Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs). The initiative is expected to include the review of water and sanitation sub-sector guidelines and design criteria	In some cases, livelihoods, and ability to pay for water services may be adversely affected by the impacts of flooding.	The project area, as well as most of the country is already increasingly experiencing erratic rainfall patterns, including shorter, high intensity rainfall periods. The impacts include more frequent flooding, especially in the project target areas.

Risk factor	Likelihood	Impact	Risk response if applicable	Residual Risk	Background to assessment
			for WASH infrastructure and service to be more climate and shock responsive.		
Contamination of surface water and groundwater	Likely	Medium	This is mitigated by the treatment facilities in place for drinking water. The implementation of the Water Safety Plan (WSP) approach, as well as sanitation interventions in the project area are also intended to address risk factors within the catchment area, especially that for faecal contamination. Chemical contamination from illegal mining is generally a bigger risk in central and western Ghana. However, it is important for authorities to be watchful for such risks in the North as well, as small scale mining activities have started emerging there as well.	N/A	The open defecation practice in the project area is very high. These are, however, already being addressed by complementary interventions under the GoG-UNICEF WASH programme, as well as other partners' interventions. Risk of faecal contamination is much higher for shallow groundwater sources where majority of the dug wells and shallow boreholes fitted with handpumps receive water from. Increasing access to the GWL network that supplies treated water will also significantly address the risks in the target urban areas. The gradually emerging practice of illegal mining in the north of the country may lead to contamination challenges similar to the situation in the mining belt of the country (such as the Ashanti and Western Regions).
Integrated Water resource Management	Unlikely	Low	UNICEF supports and coordinates with the Water Resource Commission to advocate for the safety of water bodies, especially the rivers and streams that provide raw water for water systems, especially by raising the profile protecting water bodies during the annual	N/A	The WSP will address water quality if adopted at scale, however, stronger coordination is needed in water resources planning and utilization in the long-term. This will ensure that the competing uses of water would be met in an environmentally sustainable manner.

Risk factor	Likelihood	Impact	Risk response if applicable	Residual Risk	Background to assessment
			event of World Water Day. Greater coordination is needed to appreciate the value of raw water both in quality and quantity for the shared prosperity of different sectors (agriculture, industries, and drinking water supply). UNICEF will use its national influence to raise need of having an IWRM for the Northern Region Water Basins.		
Socio-cultural situation	Unlikely	Low	N/A	N/A	The concept of payment for drinking water is generally understood in the project area, as evidenced by the high patronage of sachet water (estimated at 37% across the country), which has growth potential in the targeted areas in the north of the country, unless better and cheaper options like household water connection with improved reliability and quality are offered, which the proposed project is aiming for.
Changes in senior management of GWL because of the changes in the government as a result of the election	Likely	High	The intervention has been designed in close collaboration with the technical departments of GWL (including the Project Planning Department) to ensure that it is well anchored institutionally. The proposed start in the 3rd Quarter of 2025 will also allow for adequate engagement at both the top management, while	The working relationship between any new administration and development partners usually take the best part of a year to establish. This is, however, significantly mitigated by the	The changes in the ruling party as a result of the recent parliamentary election is expected to lead to significant changes at GWL senior management level, as well as in the leadership WASH sector. The expected changes may delay ongoing initiative for a period, anticipated to be a few months.

Risk factor	Likelihood	Impact	Risk response if applicable	Residual Risk	Background to assessment
			the anticipated leadership arrangements (GWL and Ministerial) should be fully operational.	UN Development Assistance Framework with government, which is well established.	

Programmatic risks:

Risk factor	Likelihood	Impact	Risk response if applicable	Residual Risk	Background to assessment
Risk of reduced access to the northern areas due to increased conflict/decreased security	Unlikely	High	UNICEF as the principal Implementing Partner (IP) and the GWL the lead agency that will benefit from the project have had uninterrupted access to the targeted areas even at times of heightened insecurities in the neighbouring district like Bawku. UNICEF's long presence in the North supported by a Field Office in Tamale makes this possible. UNICEF is also the coordinator of UN security system in the North which closely monitors the early warning system and provides feedback to all agencies concerned.	N/A	The major security flashpoint remains in the north-east of the country (Bawku Area), which is outside the project area. Though, the Upper east and Upper West Region are on the country's frontiers with the Sahel Region where there is an armed conflict. The project municipalities and neighbouring districts are secure and serves as a safe haven for persons displaced by the Sahel crisis. Furthermore, Denmark and other developing partners have initiated regional stabilisation programmes, that focuses on building resilience to the spill over of violent extremism in the Northern parts of the coastal states in West Africa, including Ghana.

Risk factor	Likelihood	Impact	Risk response if applicable	Residual Risk	Background to assessment
Ghana Water Limited's counterpart contributions unavailable or less than expected, hampering the project implementation and the outs.	Unlikely	Low	N/A	N/A	GWL's contribution to the initiative is mainly through staff input for which there are virtually no risks. GWL's provision of smart meters for the loss reduction component of the initiative is already part of its corporate strategy
Increased use of deep groundwater resources in the North may have unintentional negative environmental impacts	Likely	Moderate	Expertise from UNICEF Innovation Hub in Copenhagen will provide useful guidance in the identification and development of a roadmap for developing a strategy for deep groundwater sources abstraction, as necessary. The strategy will be intended to inform WASH sector of Ghana for the sustainable exploitation of groundwater resources.	N/A	There may be the need to develop sustainable groundwater sources for emerging urban areas such as Damongo, where surface water development schemes may not be economically feasible, even in the medium term. Most of the project targeted service areas, however, have adequate surface water sources and is not anticipated that the intervention will include many urban and peri-urban areas of that nature.
Innovative approaches to providing low-income access (viable and sustainable financing options) fail	Unlikely	High	The proposed direct support to households for household connections has already been factored into the intervention. GWL is also expected to follow through the planned establishment of a social fund to support households. Sanitation Financing	N/A	With different financing approaches planned (1. direct support by the project for yard connections; 2. GWL planned scheme to establish Social Funds; and the proposed expansion of UNICEF-GoG Sanitation credit facilities to cover the water connections in the yards in the project target areas) provide much needed confidence that

Risk factor	Likelihood	Impact	Risk response if applicable	Residual Risk	Background to assessment
			approaches demonstrated under the GoG-UNICEF WASH programme is being expanded in the six Northern Cities under EU support which has a plan to provide credit to HHs for accessing yard connections water in the medium term.		this risk will not be a barrier to the project progress and its sustainability. A significant proportion of residents in the targeted areas in Wa and Bolgatanga indicated that they had not subscribed to GWL service due to high cost of yard connections.
Inadequate operation and maintenance of new water systems limits sustainability	Unlikely	High	The intervention includes the strengthening of key operation and maintenance capacities, as well as improving proficiency in the installation of service infrastructures. The resulting reduction in physical losses of water and improved energy use efficiency will also optimize the service costs.	Sector approaches are still required to enhance service cost recovery and to meet capital maintenance expenditure requirements in more sustainable manner. This is being addressed through sector dialogue and advocacy.	GWL is generally able to raise resources for capital improvement. However, as noted, over the years investments have not kept pace with maintenance and operational needs. Furthermore, while the organization has strong technical capacity, the maintenance mechanisms require further improvement to enhance efficiency and reliability.
Ineffective adoption and implementation of the water safety planning approach impacts public perception of water safety and willingness to pay for new water services	Unlikely	High	Regulatory capacity is being enhanced through the GoG-UNICEF WASH Programme, under a collaboration between the MWHWR, the Public Utilities	N/A	GWL has demonstrated significant commitment to the adoption of the WSP approach. The organization has developed a WSP Policy Guide (launched in 2023) and the strengthening of capacities, in collaboration with KNUST and UNICEF is

Risk factor	Likelihood	Impact	Risk response if applicable	Residual Risk	Background to assessment
			Regulatory Commission (PURC) and the Kwame Nkrumah University of Science and Technology (KNUST).		still ongoing. As noted, under the collaboration, WSPs have been developed for the Wa and Bolgatanga service areas, which only require support to be implemented. The only related risk in this area is the regulatory systems within the sector which requires improvements.
Limited tariff flexibility limits ability to pay for water services especially for low-income households	Likely	High	Separate meters will be provided for individual households, where feasible. This initiative is a prime opportunity to demonstrate new tariff implementation approaches.	Metering and tariff implementation approaches will have to be reviewed at the policy level to facilitate adoption at scale.	GWL operates a lifeline tariff structure, which ensures affordability for the most vulnerable segments of the population. However, there still remain some households that cannot afford even the life-line tariff. Furthermore, a significant proportion of people living in low income urban and peri-urban areas live in compound houses, sharing the compound which may have one water meter among several households and, therefore, collectively consume more water than the lifeline limit of 5,000 litres. Consequently, they are charged at higher rates that may not always be affordable.
Limited reliability of water services due to framework conditions limits customer willingness to pay for new services	Likely	High	Improvements in service efficiency (through the reduction of losses), improvements in water safety, the optimum use of service	N/A	A significant proportion of resident in the targeted areas in Wa and Bolgatanga indicated that they had not subscribed to GWL service due to service unreliability.

Risk factor	Likelihood	Impact	Risk response if applicable	Residual Risk	Background to assessment
			capacity and enhanced community engagement and feedback will significantly address the risks through the Water Users Associations (WUAs).		
The underutilized water system capacity is insufficient to meet project access targets	Unlikely	Moderate	N/A	N/A	The areas to be served by under-utilized service capacity have been identified by GWL. However, the intervention also includes some source development to address the needs of a few targeted service areas. This will involve the cost-effective development of sustainable groundwater sources, with the support of the UNICEF Innovation Hub, Copenhagen.
The effectiveness and ability to connect the low-income households	Unlikely	High	N/A	N/A	It requires many resources from GWL to brand the expansion of connections to low-income households

Institutional risks:

Risk factor	Likelihood	Impact	Risk response if applicable	Residual Risk	Background to assessment
Fiduciary risk incl. corruption	Unlikely	High	Denmark will fund through UNICEF CO to act as a financial safeguard	N/A	Fiduciary risks, including corruption, are potential risks in Ghana.

This programme could duplicate activities and sources of finance	Likely	high	Other development partners intend to work with GWL to expand infrastructure. UNICEF CO is a key actor to coordinate activities with GWL and other donors	N/A	WASH is Ghana is heavily underfinanced and there is a need of investments both from public and private sectors. GWL is a national actor in Ghana which eases coordination.
Possible misapplication of project funds and other resources (e.g. supplies)	Unlikely	High	N/A	N/A	The disbursement of resources by UNICEF will be based on the HACT approach, which includes deliberate planning of activities and results, as well as follow-up monitoring, spot-checks and implementation review processes, is adhered to. This significantly reduces the likelihood of resource misapplication.
Inappropriate or procurement practices	Unlikely	High	N/A	N/A	GWL has competent suppliers in the technical areas related to the delivery of their services. Furthermore, UNICEF will assure that procurement processes and goods obtained are in line with guidelines and standard specifications, in line with the HACT approach.

ANNEX 5 BUDGET DETAILS

See also the attached budget in excel.

Outcomes, output and activitiies	Year 1	Year 2	Year 3	Total	Total	Total	Total
	DK (USD)	DK (USD)	DK (USD)	DK (USD)	(DK (DKK)	GWL USD	GFWL DKK
Project Outcome: Safe and reliable water is delivered more efficiently to all targeted urban and peri-urban service areas, and an additional 100.000 people, including about 40.000 children in the north of Ghana, are provided with at least basic water services							
Output 1 At least an additional 100.000 people in northern Ghana have access to at least basic water services							
Output 1a: 9.000 new household connections installed and delivering safe, reliable water							
Output 1b: Up to 35 public water spouts installed and delivering safe basic water services in areas that cannot be served by direct household connections							
Network expansions	3,750,000	1,625,000	375000	*5,750,000*	*40,020,000*		
Water source improvement/development	0	200,000	200000	*400,000*	*2,784,000*		
Household connections (safely managed services)	375,000	875,000	1000000	*2,250,000*	*15,660,000*		
Public water points (basic services)	34,000	68,000	136000	*238,000*	*1,656,480*		
UNICEF technical assistance (direct cost)	51,300	51,300	25650	*128,250*	*892,620*		
Sub total outputs 1a and 1b	***4,210,300***	***2,819,300***	***1,736,650***	***8,766,250***	***61,013,100***		
GWL financial contribution in kind (difference between mechanical and smart meeter)						1,500,000	10,440,000
GWL technical in kind contribution connection staff						200,000	1,392,000
							0
Output 2: Established and trained WUAs/community-based client engagement structures effectively facilitating service delivery in targeted areas							0
Formation, training and on-boarding of WUAs	120,000	120,000	40,000	*280,000*	1,948,800		0
Community Engagement	400,000	100,000	100,000	*600,000*	4,176,000		0
UNICEF technical assistance (direct cost)	42,312	42,312	21,156	*105,780*	736,229		0
Sub total output 2	***562,312***	***262,312***	***161,156***	***985,780***	***6,861,029***		0
GWL technical assistance in kind Low-income-customer department						300,000	2,088,000
GWL financial contribution in kind related to training						50,000	348,000
Output 3: Operational Water Safety Plans in northern Ghana regions (Wa, Bolgatanga and other targeted							
Review and operationalisation of Water Safety Plan (WSP) Approach	110,000	110,000	0	220,000	1,531,200		
UNICEF technical assistance (direct cost)	63,558	63,558	31,779	158,895	1,105,909		
Sub total output 3	***173,558***	***173,558***	***31,779***	***378,895***	***2,637,109***		
Output 4: Reduced water losses (Non-Revenue Water) in selected GWL distribution networks							
Output 4a: Reduced physical water losses demonstrated in Tema and other targeted service areas	600,000	400,000	11,654	1,011,654	7,041,110		
Output 4b: Maintain low water losses (minimum NRW) in new greenfields in targeted areas							
Water Loss reduction pilot in other service areas	0	200,000	398,951	598,951	4,168,699		
UNICEF technical assistance (direct cost)	1,050	6,300	3,150	10,500	73,080		
Sub total outputs 4a and 4b	***601,050***	***606,300***	***413,755***	***1,621,105***	***11,282,889***		
GWL technical assistance in kind						300,000	2,088,000
GWL financial in kid contribution (Establishment of 6 DMAs)						25,000	174,000
Gwl financial contribution on bulk metering in kind						**TBD**	
Knowledge management - overall input to ehanced sector level learning and mainstreaming in collaboration with KNUST, CONIWAS and the UNICEF Innovation Hub to inform sector planning , approaches	14,000	14,000	14,000	42,000	292,320		
not yet allocated to outputs	15,900	23,850	39,750	79,500	553,320		
Sub total	***29,900***	***37,850***	***53,750***	**121,500**	**845,640**		
Project Management (including HACT Assurance/ Compliance, Communication)							
UNICEF technical assistance including HACT Assurance/ Compliance (direct cost)	127,635	127,635	63,817	319,087	2,220,846		
Sub total	***127,635***	***127,635***	***63,817***	**319,087**	**2,220,846**		
Indirect costs UNICEF							
Technical assistance and management (operations, procurement, driver)	172,800	216,000	43,200	432,000	3,006,720		
Office expenses and services (including programme visibility)	63,000	84,000	63,000	210,000	1,461,600		
Sub total	***235,800***	***300,000***	***106,200***	**642,000**	**4,468,320**		
Total Programmable Budget	**5,940,555**	**4,326,955**	**2,567,107**	**12,834,617**	**89,328,933**		
UNICEF cost recovery (head office, 8% of programmable budget))	475,244	346,156	205,369	1,026,769	7,146,315		
1% Levy	138,614			138,614	964,752		
Total	**5,940,555**	**4,326,955**	**2,567,107**	**14,000,000**	**97,440,000**	**2,375,000**	**16,530,000**
Reviews and monitoring, Danish Ministry of Foreign Affairs			107,759	107,759	750,000		
Contingencies		260,057		260,057	1,810,000		
Unallocated							
Grant total	***5,940,555***	**4,326,955**	**2,567,107**	**14,367,816**	**100,000,000**		

Summary budget	USD	USD	USD	USD	DKK	% of total
Total investment output 1 Additional water services access	*4,159,000*	*2,768,000*	*1,711,000*	*8,638,000*	*60,120,480*	60.1%
Total investment output 2 Training Water Users Associations and client engagement	*520,000*	*220,000*	*140,000*	*880,000*	*6,124,800*	6.1%
Total investment output 2 Water Safety Planning	*110,000*	*110,000*	*0*	*220,000*	*1,531,200*	1.5%
Total investment ouutput 4 Water loss reduction and energy efficiency	*600,000*	*600,000*	*410,605*	*1,610,605*	*11,209,809*	11.2%
Knowledge management	*14,000*	*14,000*	*14,000*	*42,000*	*292,320*	0.3%
Total investment/knowledge management costs all outputs	5,403,000	3,712,000	2,275,605	11,390,605	79,278,609	79.3%
Total direct costs (UNICEF)	301,755	314,955	185,302	802,012	5,582,004	5.6%
Total indirect costs (UNICEF)	235,800	300,000	106,200	642,000	4,468,320	4.5%
UNICEF HQ (Recovery Cost + 1% Levy)				1,165,383	8,111,067	8.1%
Reviews and monitoring				107,759	750,000	0.7%
Contigencies				260,057	1,810,000	1.8%
Unallocated					0	
Grand total USD	**5,940,555**	**4,326,955**	**2,567,107**	**14,367,816**	**100,000,000**	**100.0%**
Grand total DKK	**41,346,261**	**30,115,605**	**17,867,066**			
					100,000,000	

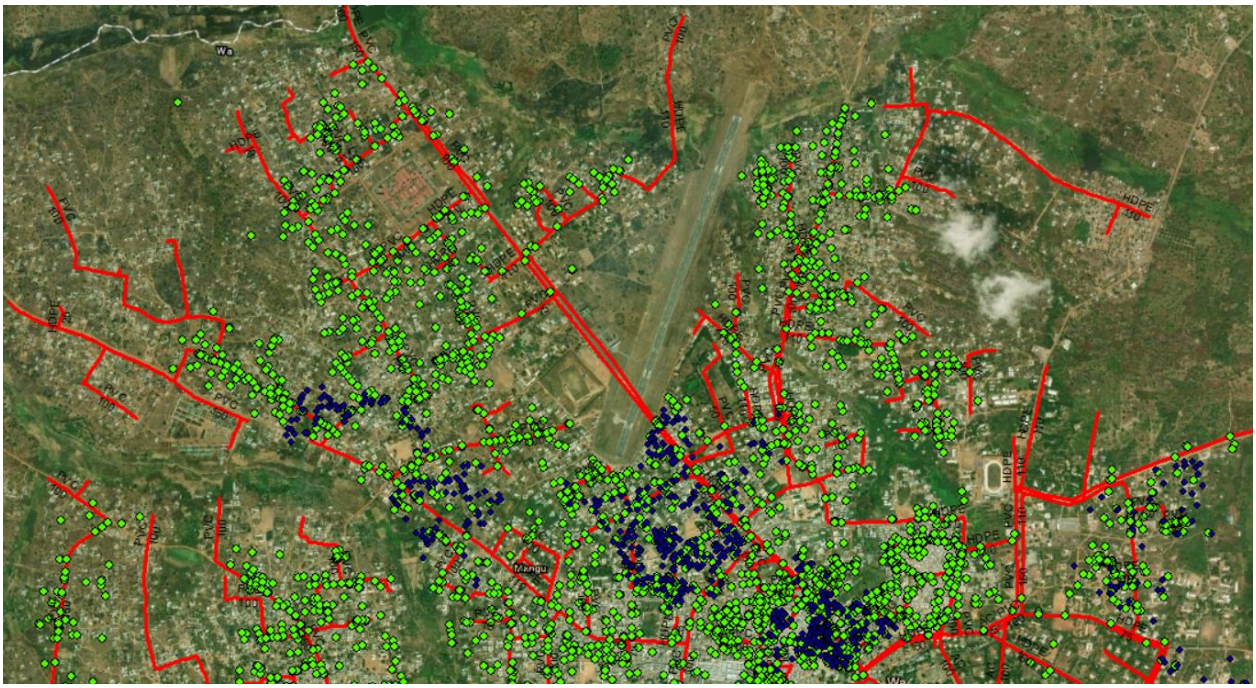
1 USD = 6,96 DKK (November 6th 2024)

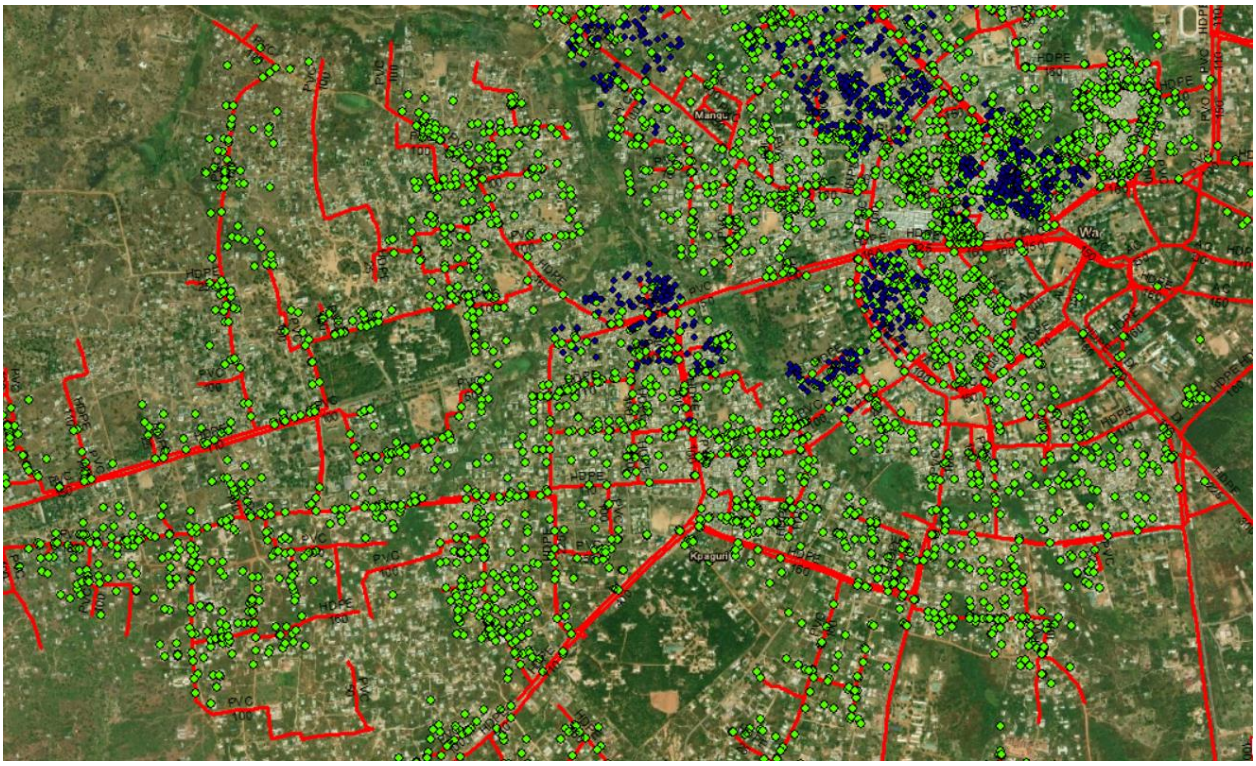
ANNEX 6 LIST OF SUPPLEMENTARY MATERIALS

#	Document / Material	Source
1	MAP of WA and Bolgatanga based on GWL survey data	Ghana Water Limited
2	OIAI UNICEF Audit report	2024-oiai-ghana-country-office-audit-report.pdf (attached)

Annex 6.1 MAP of WA and Bolgatanga based on GWL survey data

The following map shows the city of Wa in the Upper West Region. Green indicates households connected to GWL. Blue represents data from a GWL survey, highlighting households that are willing to connect but cannot afford the high connection fee. Red lines show the main pipelines. The map also reveals many households without connections and yet to be surveyed.

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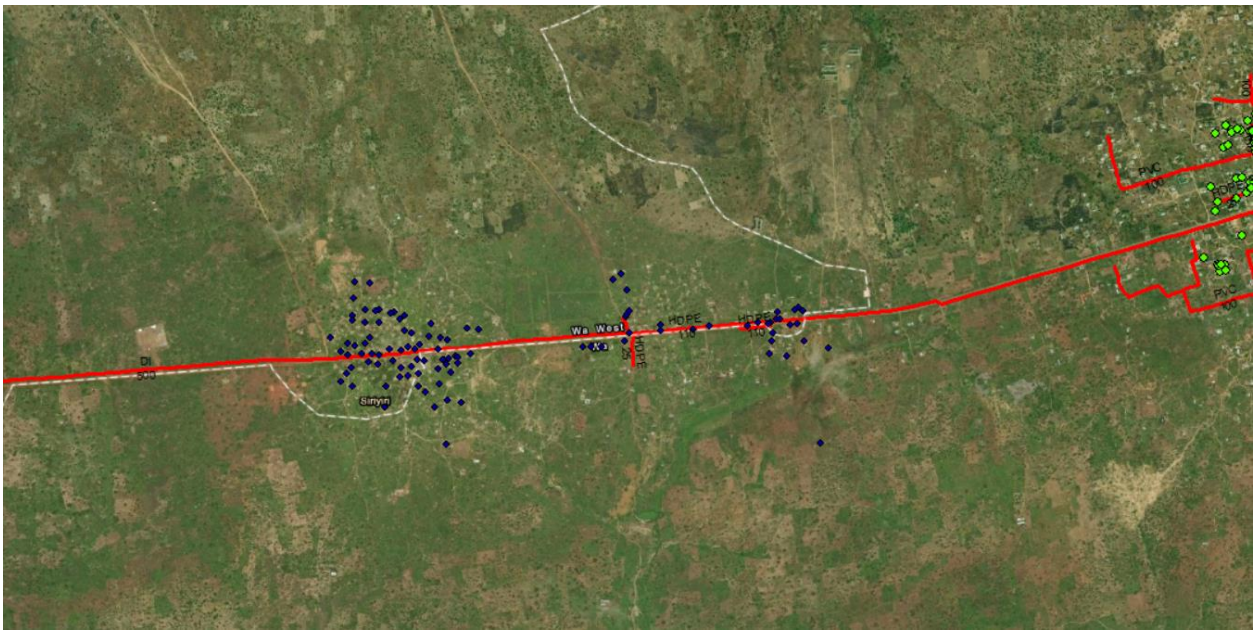
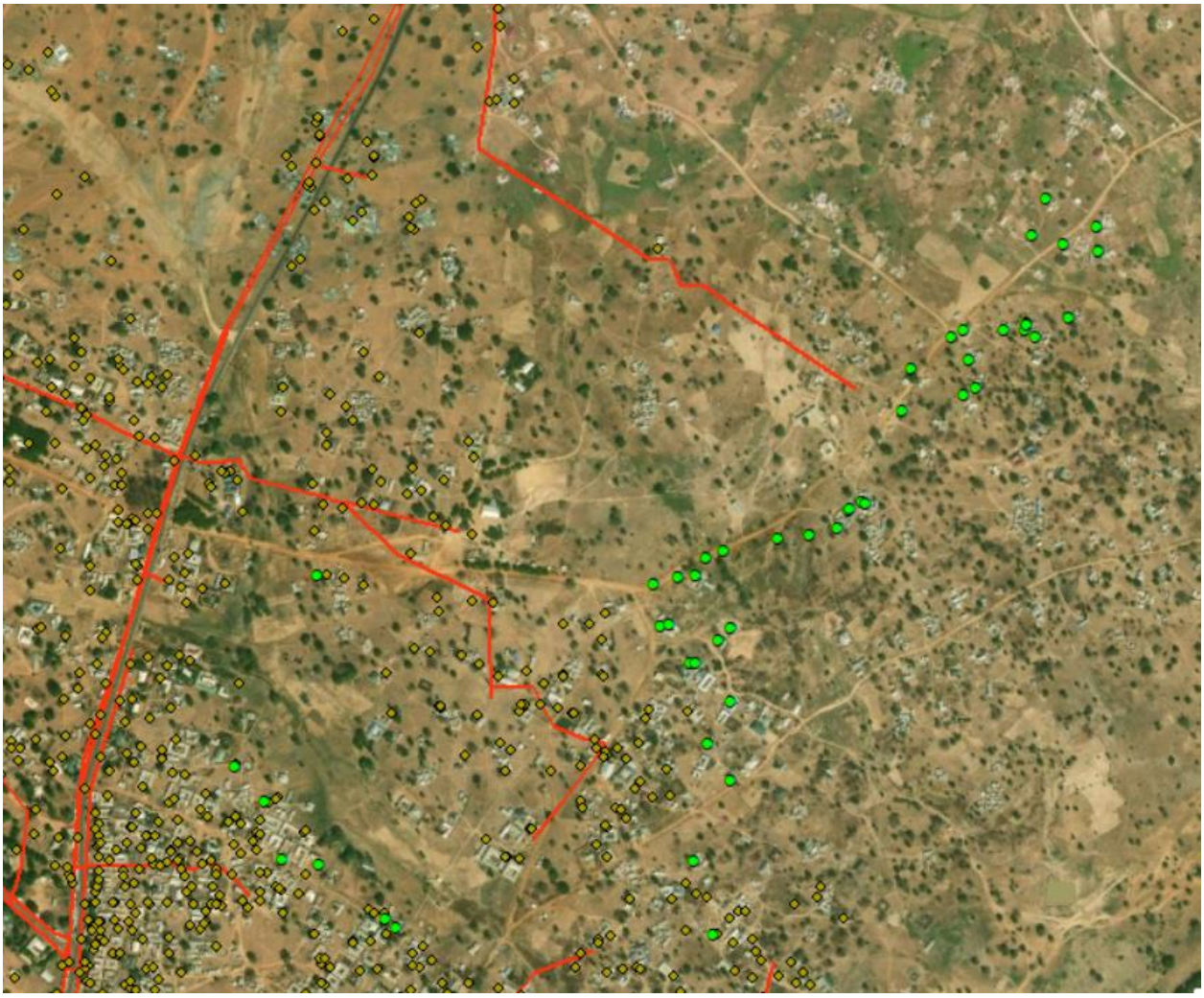
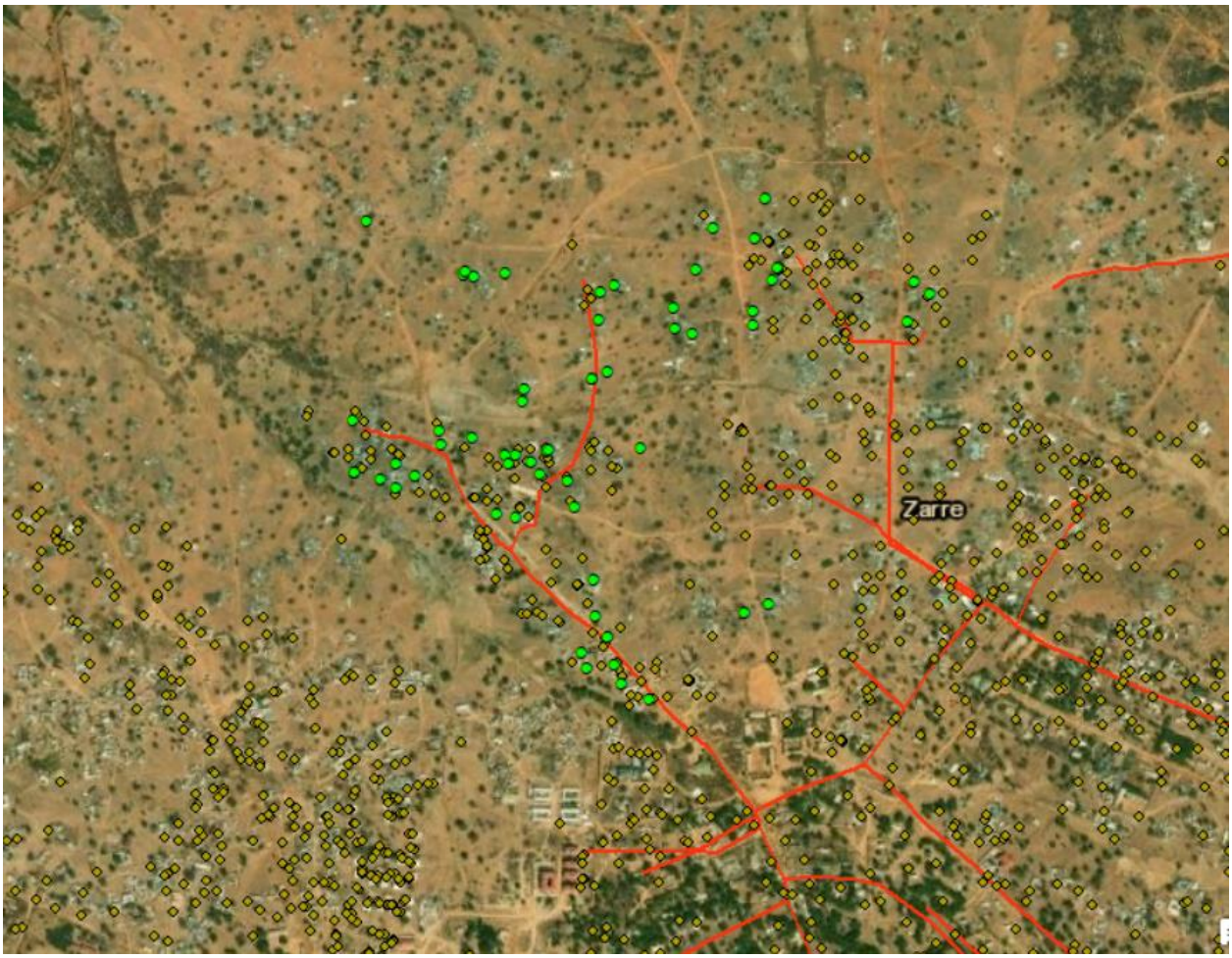

Wa West
Wa
Sinyin
HDPE
PVC

The following map shows the city of Bolgatanga in the Upper East Region. Yellow indicates households connected to GWL. Green represents data from a GWL survey, highlighting households that are willing to connect but cannot afford the high connection fee. Red lines show the main pipelines. The map also reveals many households without connections and yet to be surveyed.

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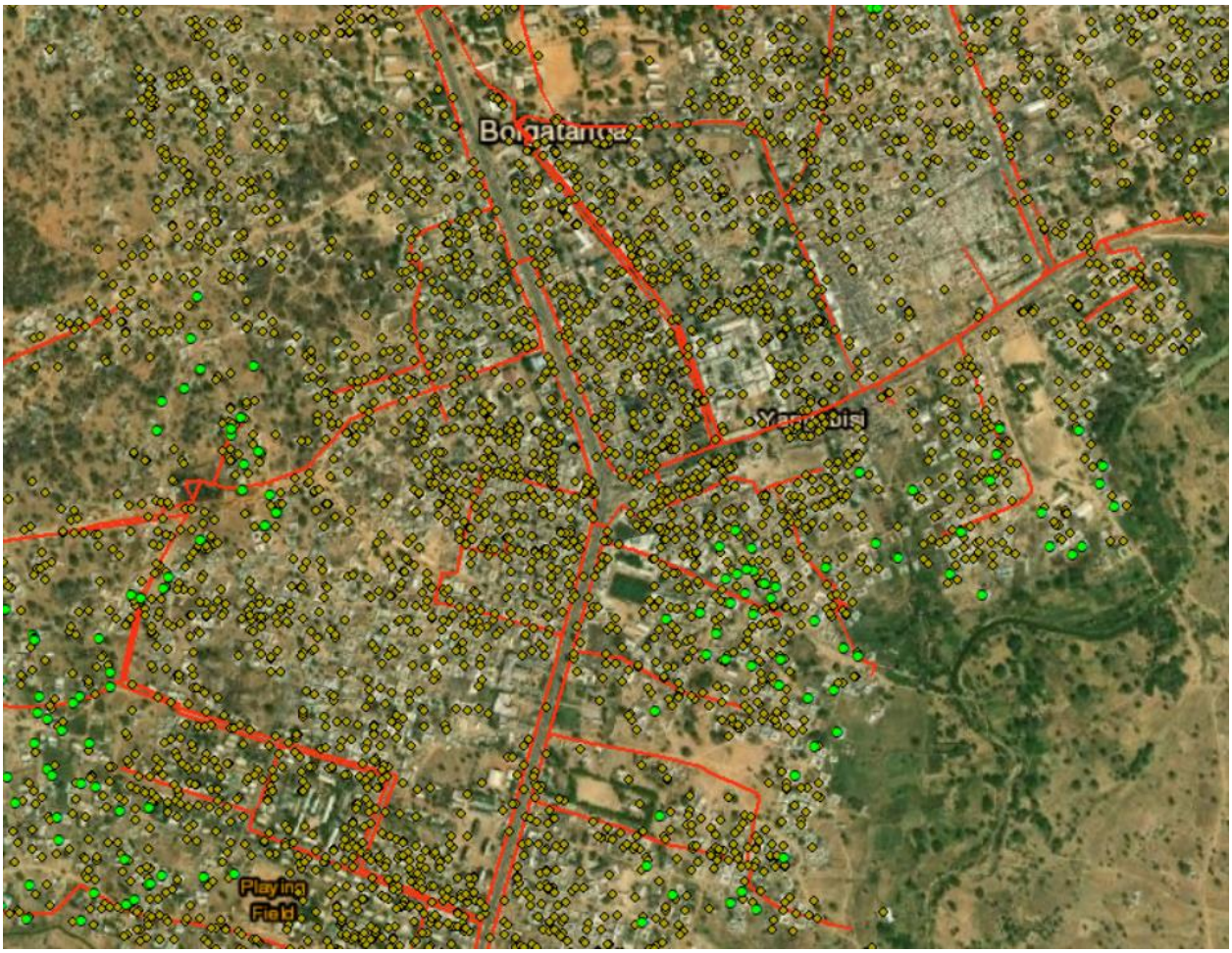
Playing
Field

ANNEX 7: PLAN FOR COMMUNICATION OF RESULTS

Not included

ANNEX 8 PROCESS ACTION PLAN (PAP)

Action/product	Deadlines	Responsible/involved units	Comment/status
Meeting in Programme Committee	**25 February 2025**	LEARNING and Accra	List of received responses from the consultation
Finalisation of the project/programme document	**7 March 2025**	Accra	Summary conclusions from the Programme Committee taken into account. Task Force discusses conclusions/recommendations
Quality assurance: Appraisal	**April 2025**	Development specialist from LEARNING	Confirmed by LEARNING - programme for 2025
Draft Appraisal Report, including summary of conclusions and recommendations	**21st of April 2025**	Development specialist from LEARNING and Accra	Conclusions and recommendations will be reviewed and discussed in Task Force.
Final appraisal report integrating comments from responsible unit and partner	Min. 2 months prior to the Minister's approval **16-22 May 2025**	Development specialist from LEARNING and Accra	Conclusions and recommendations will be discussed in Task Force. Accra will accept and document in system.
Final Project Document, annexes and appropriation cover note forwarded to LEARNING	Min. 13 working days before meeting in Council for Development Policy **26 May 2025**	Accra	
Presentation to the Council for Development Policy	Min. 1 month prior to the Minister's approval of the project **12 June 2025**	Accra	
The Minister approves the project	**July/early August 2025**	LEARNING submits the proposed project/programme together with the minutes of meeting	After Council for Development Policy meeting
Document for Finance Committee (Aktstykke) and presentation to the Parliamentary Finance Committee (if applicable)	**N/A**		This project is on the financial bill for 2025 – thus "aktstykke" is not necessary.
Initial actions following the Minister's approval			
LEARNING facilitates that grant proposals are published on Danida Transparency after the Minister's approval	**September 2025**	LEARNING	
Signing of Government-to-government agreement(s) and/or other legally binding agreements (commitments) with partner(s)	**September 2025**	Accra	
Register commitment(s) in MFA's financial systems within the planned quarter	**August/September 2025**	Accra	

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Office of Internal Audit and Investigations

Report on the Internal Audit of the Ghana Country Office

NOVEMBER 2024

Report 2024/12

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6. Payment processing

Appendix 22

Definitions of Audit Observation Ratings
Definitions of Overall Audit Conclusions

EXECUTIVE SUMMARY

The Office of Internal Audit and Investigations (OIAI) conducted an audit of the Ghana Country Office, covering the period from January 2023 to May 2024. The audit fieldwork was conducted from 3 June 2024 to 14 June 2024 in conformance with the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. The overarching objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over a selection of significant risk areas of the Country Office, including fraud risk management, cash transfers and assurance activities, supplies and logistics management, construction contracts, innovative financing schemes and protection from sexual exploitation and abuse. The descriptions of the specific risks evaluated are provided in the Audit Objectives, Scope and Approach section of this report.

The Ghana Country Office supports the Government of Ghana in the implementation of the country programme through partnerships with the Government at the central and subnational levels and with civil society organizations (CSOs). During the audited period, the Country Office transferred approximately US$14.5 million in cash and US$3.9 million worth of programme supplies to its partners and spent approximately US$5.2 million on construction contracts. There were several risks related to the transfer of cash to implementing partners, the management and distribution of programme supplies and construction contracts. The audit therefore sought to determine whether and how the Country Office managed those risks.

Overall Conclusion

Based on the audit work performed, OIAI concluded that the assessed governance, risk management, or control processes were **Partially Satisfactory, Improvement Needed,** meaning they were generally adequate and functioning, but needed some improvement. The weaknesses or deficiencies identified were unlikely to have a materially negative impact on the performance of the audited entity, area, activity or process.

	Satisfactory
➡	***Partially Satisfactory, Improvement Needed***
	Partially Satisfactory, Major Improvement Needed
	Unsatisfactory

Summary of Observations and Agreed Actions

OIAI noted several areas where UNICEF Ghana's controls were adequate and functioned well. These included:

- **Governance**: The Country Office structure and capacity were generally aligned with programmatic and operational needs and a detailed accountability framework was developed to clarify staff roles and responsibilities in the Country Office and its field office. All statutory committees (Country Management Team, Contract Review Committee, Partnership Review Committee) were properly established, with clear Terms of Reference and appropriate training for committee members, and operated effectively during the audited period. The Country Office established two additional committees: the Risk Management Committee, to facilitate an office-wide approach to risk management; and the PSEA Committee, which coordinated the provision of PSEA training, implementation and reporting of the Country Office's PSEA action plan and acted as the PSEA focal point for other United Nations agencies in Ghana.

- **Relationship with Government Counterparts and Donors**: There was strong collaboration between the Country Office and the Government, as demonstrated by the joint publication of

'quarterly advocacy briefs' and 'annual budget briefs' that analyse the size and composition of national expenditure on programme outcomes directly related to child rights. The audit team visited three donors, all of whom confirmed that they had positive relationships with the UNICEF Country Office.

- **Innovative Financing Scheme:** The Country Office was piloting a sanitation fund whereby small-scale loans were granted to households and Micro-, Small and Medium-sized Enterprises in selected municipal and metropolitan districts for the construction of latrines. Since the start of the pilot in 2019, the Country Office has transferred US$833,000 to fund managers for this scheme. As at May 2024, 2,237 toilets have been constructed, with an average loan recovery rate of 87 per cent. At the time of the audit, the Country Office and UNICEF's Division of Financial and Administrative Management (DFAM) were working towards the expansion of this scheme, in terms of financial value and geographic coverage, with additional funding and enhanced fund management and governance arrangements. Several donors and government counterparts have already expressed interest in this new project.

The audit team also made a number of observations related to the management of the key risks evaluated. In particular, OIAI noted:

- **Transfer and monitoring of programme supplies:** There was a need to clarify accountabilities and responsibilities for the management of supplies transferred to implementing partners and to expand the application of supply end-user monitoring. These and other identified weaknesses in supply and logistics management heightened the risk of diversion and theft of supplies.

- **Construction Contracts**: The Country Office needed to integrate budget and performance indicators for construction activities into the overall work planning process to facilitate monitoring and ensure achievement of programme results. There was also a need to strengthen the application of controls over the tendering and contract award process related to construction and to maintain sufficient documentary evidence to demonstrate effective management of construction-related risks. The Country Office also needed to ensure that construction contracts include mitigating measures to protect UNICEF against financial risks.

- **Fraud Risk Management:** While the Country Office had established measures to identify and mitigate fraud risks, there were opportunities to further strengthen its approach to preventing, detecting and reporting fraud. These included assessment of all activities susceptible to fraud, for example, low-value procurement, procurement through Fund Commitment and manual payments. Despite the high completion rate by staff of fraud-related training, there was a need to enhance efforts to raise awareness of government implementing partners and other external stakeholders of UNICEF's fraud reporting procedures.

- **HACT Assurance Activities:** The audit team noted several opportunities to strengthen the planning, execution and finalization of assurance activities. These included establishing office-wide coordination to maximize the coverage and usefulness of risk-based assurance activities; improving the timeliness of spot checks, spot-check reports and follow-up of assurance recommendations; and ensuring the independence, objectivity and quality of spot checks through adequate staff training, as well as staff rotation/avoidance of spot checks by single staff members where feasible. As government implementing partners received more than 80 per cent of the Country Office's resources, effective HACT assurance is a critical risk management activity.

The table below summarizes the key actions management has agreed to take to address the residual risks identified and the ratings of those risks and observations with respect to the assessed governance, risk management and control processes. (See the definitions of the observation ratings in the Appendix.) For all other areas within the audit scope, no deficiencies in the governance, risk management or control processes evaluated were identified that warrant reporting.

OBSERVATION RATING		
Category of Process	**Area or Operation and Key Agreed Action**	**Rating**
Risk management	**Fraud risk management (Observation 1):** Conduct a periodic assessment of the potential for fraud and adequacy of existing mitigating measures in all relevant activities; Ensure that fraud awareness and reporting training is provided to key service providers and government implementing partners and that fraud-related information and UNICEF reporting requirements are adequately distributed in all relevant UNICEF and partner locations.	**Medium**
Control processes	**Transfer and monitoring of programme supplies (Observation 2):** Map out the supplies distribution and monitoring processes to accurately reflect the roles and responsibilities of all parties, identify key risks and assess the adequacy of control measures to mitigate identified risks and establish a plan to address identified control weaknesses and to ensure all parties understand their respective responsibilities; Develop and implement a standardized approach to supply end-user monitoring, including monitoring of supplies during programmatic visits and clarifying SEUM responsibilities for Programme and Supply section staff.	**High**
	Construction contracts (Observation 3): Establish a process to ensure the timely revision and alignment of work plans, budget and the RAM to capture activities not initially planned; Ensure consistent application of controls over the vendor selection and contract award process, while ensuring that key decisions and exceptions to controls are clearly documented; Ensure that signed contracts include mitigating measures to protect UNICEF against financial risks.	**Medium**
	HACT assurance activities (Observation 4): Establish a mechanism to ensure that spot checks are conducted and reports prepared in a timely manner; Ensure that staff conducting spot checks are appropriately trained and that there are mechanisms to ensure independence and objectivity of spot checks; Establish a mechanism for office-wide coordination of a risk-based HACT assurance approach, with appropriate programmatic visit (PV) coverage and performance of PVs during implementation of agreed activities; Ensure that assurance activity reports are uploaded in eTools for timely follow-up and closure of recommendations.	**Medium**
	PSEA (Observation 5): Implement plans to integrate PSEA monitoring activities in the Country Office's overall programme monitoring framework; Ensure adequate PSEA training of service providers and enhance PSEA awareness among all stakeholders through the display of PSEA information at relevant Country Office, field office and partner locations.	**Medium**
	Payment processing (Observation 6): Continue to reduce the number of payments processed manually, and ensure that they are used only in	**Medium**

	exceptional circumstances, in consultation with GSSC and the Regional Office.	

Management is responsible for establishing and maintaining appropriate governance, risk management and control processes and implementing the actions agreed following this audit. The role of the OIAI is to provide an independent assessment of those governance, risk management and control processes.

CONTEXT

Ghana is a lower-middle-income country that was the first country to ratify the Convention on the Rights of the Child. The country has achieved significant gains for children since 1990, halving monetary poverty rates, reducing child mortality by 60 per cent, boosting immunization coverage, achieving universal primary school enrolment with gender parity and extending free education to upper secondary level.

Despite these successes, progress for children has stagnated in recent years. The COVID-19 pandemic and other external shocks have slowed socioeconomic progress, impacting the country's 13 million children. Macro-economic challenges, including a high debt burden, and the ongoing economic crisis have impacted budgetary allocations and expenditure within key sectors affecting children's rights, including health care, education, WASH, and child protection services.

Instability in the Sahel region continues to impact northern Ghana's economic and social vulnerability, with 15,000 persons displaced from Burkina Faso to Ghana in 2023. In September 2023, the Akosombo dam spillage caused significant flooding in two regions, impacting 39,000 people.

Country Programme Document: The UNICEF Ghana Country Office 2023-2027 programme is derived from the United Nations Sustainable Development Cooperation Framework 2022–2025. It responds to the vision of the Government of Ghana for achieving socioeconomic transformation and meeting its development objectives independently, as articulated in the Medium-term National Development Policy Framework 2022–2025. The programme will contribute to the country's Sustainable Development Goal aspirations through six components: Health and Nutrition, Education, WASH, Child Protection, Social Policy and Programme Effectiveness.

The Country Office supports the Government of Ghana in the implementation of the country programme of cooperation through the country office located in Accra and a field office located in the northern region of the country. As at June 2024, the Country Office had 118 posts (26 International Professionals, 52 national officers and 40 general service posts) of which 26 were vacant.

The following two charts outline the Country Office programme spending by outcome and by category for the audited period.

Figure 1: Programme expenditure by outcome (January 2023 to May 2024)

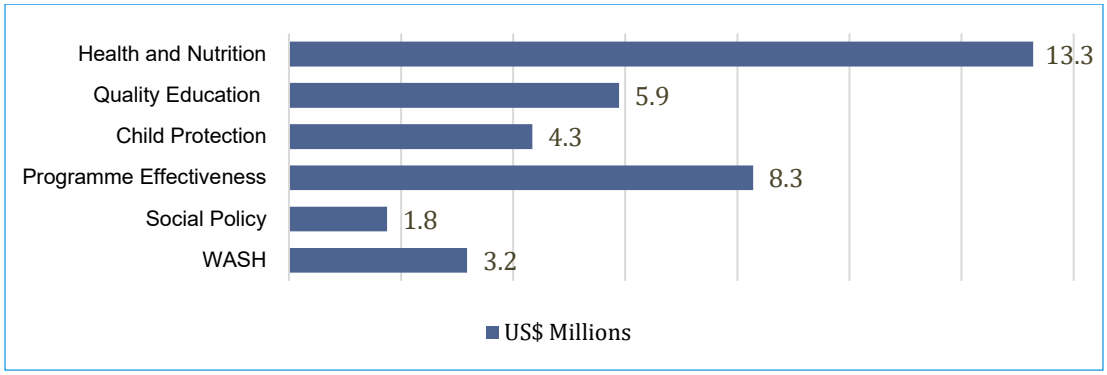

Figure 1 shows that most resources were spent on health and nutrition. This related mainly to the purchase of medical supplies and the construction of cold rooms for vaccines. The US$8.3 million of expenditure under programme effectiveness includes expenditure on advocacy, social behaviour change and programme monitoring.

Figure 2: Programme expenditure by cost category (January 2023 to May 2024)

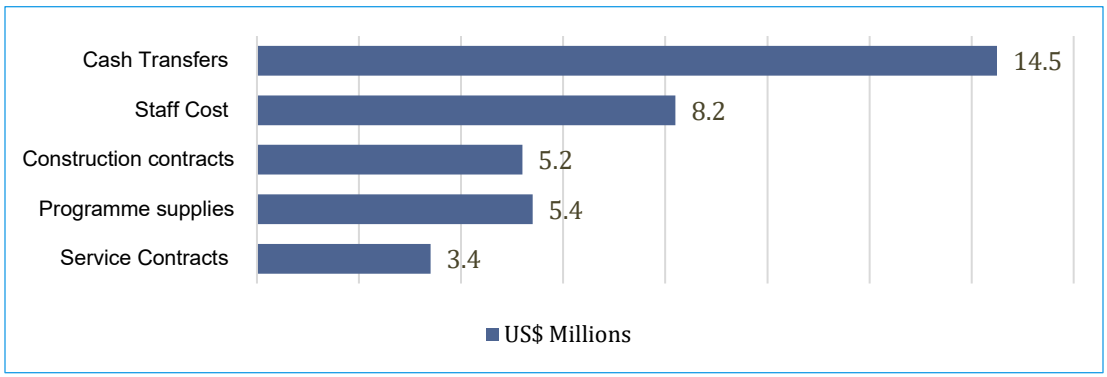

Figure 2 provides a breakdown of the Country Office expenditure by cost category for the audited period. The risk areas covered in the audit include three of the four most significant expenditure categories: cash transfers, programme supplies and construction contracts. Staff costs were excluded from the audit scope due to the high degree of centralization and standardization in the administration and management of staff-related costs across the organization.

AUDIT OBJECTIVES, SCOPE AND APPROACH

The overarching objective of the audit was to assess the adequacy and effectiveness of the governance, risk management, and control processes across a selection of significant risk areas of the Ghana Country Office, including fraud risk management, cash transfers and assurance activities, supplies and logistics management, construction contracts, innovative financing schemes and protection from sexual exploitation and abuse.

The audit scope included key areas, set out in following table, that were selected during the audit planning process based on an assessment of inherent risks.[1] The table below briefly describes the inherent risks in relation to the specific areas covered in the audit.

RISK AREA	KEY INHERENT RISKS EVALUATED DURING THE AUDIT
Fraud risk management	The Country Office may not effectively identify and assess fraud risks to its programmes and operations and take effective measures to mitigate them.
Governance and office structure	Statutory committees may not be established or functioning properly. Accountabilities and delegation of authority may not be adequately defined to ensure effective and efficient functioning and oversight of all programme activities and operations.
Programme monitoring and reporting of results	Insufficient data collection, analysis and timely and regular monitoring may result in a lack of feedback and decision-making for programme adjustments, potentially affecting the programme's impact and effectiveness.
Construction contracts	Inadequate construction management may result in suboptimal quality, inefficient and costly construction activities.
Transfer and monitoring of programme supplies	Supplies transferred to implementing partners may not be used for intended purposes, leading to loss of resources, non-achievement of results and reputational risk.
Protection from sexual exploitation and abuse (PSEA)	Adequate PSEA measures may not be taken, resulting in exposure of beneficiaries, partners and staff to sexual exploitation and abuse and non-reporting of SEA incidents.
Cash transfer and assurance activities	The Country Office may not properly plan and execute assurance activities, resulting in failure to identify and promptly address issues that might impact implementation of planned activities and to obtain assurance that cash transfers made to implementing partners were used for their intended purposes.
Innovative financing schemes	Lack of clarity regarding the Country Office's role in the implementation of innovative financing schemes may expose UNICEF to financial and reputational risks.
Financial management	The Country Office processes large numbers of payments manually, which increases the risk of payments being made to unauthorized individuals or for unauthorized transactions.

The audit fieldwork was conducted from 3 June 2024 to 14 June 2024 in conformance with the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. For the purpose of audit testing, the audit covered the period from January 2023 to May 2024. The audit involved a combination of methods, tools and techniques, including interviews, data

[1] Inherent risk refers to the potential adverse event that could occur if management takes no actions, including internal control activities. The higher the likelihood of the event occurring and the more serious the impact would be should the adverse event occur, the stronger the need for adequate and effective risk management and control processes.

analytics, document review, transaction testing, evaluations and validation of preliminary observations.

OBSERVATIONS AND MANAGEMENT ACTION PLAN

The key areas where actions are needed are summarized below.

1. Fraud Risk Management — Medium

While the Country Office had established measures to identify and mitigate fraud risks, there are opportunities to further strengthen its approach to preventing, detecting and response to fraud. These include consideration of all activities susceptible to fraud and enhancing efforts to raise awareness of partners and other external stakeholders of UNICEF's fraud reporting procedures.

The Ghana Country Office operations in an environment that necessitates a strong commitment to the systematic prevention, detection and response to fraud and misconduct in all its forms, in line with UNICEF's anti-fraud strategy.

The audit team evaluated the control processes and activities established by the Country Office to identify, assess, and mitigate fraud risks in the key risk areas set out in the audit scope and objectives. Weaknesses identified and recommendations are included in each relevant observation in this report. The audit team also evaluated the capacity, structure and governance of the Country Office's fraud risk management activities, including staff and stakeholder communication and training, fraud risk assessment and the monitoring of appropriate mitigating controls, as well as the establishment and application of procedures for reporting allegations or suspicions of fraud or misconduct. OIAI noted the following:

Fraud risk assessment and monitoring: The Country Office established a risk management committee to coordinate the identification and assessment of risk within the office, including fraud-related risks. The Country Office's risk register included several fraud-related risks, for example, misappropriation of UNICEF resources by partners/vendors and misappropriation of supplies and assets by staff. However, it did not cover the full spectrum of the Country Office's activities that are susceptible to fraud and the audit did not obtain any justification of how fraud risks related to these areas are being mitigated. For example, despite the extensive use of manual payment mechanisms and procurement of goods and services through Fund Commitment,[2] lack of segregation of duties between the procurement and receipt of supplies, and low-value procurement procedures, the risk of fraud related to these activities and the adequacy of related control measures were not specifically assessed by the Country Office. The Country Office may therefore be exposed to fraud risks that have not been properly assessed or mitigated.

The Country Office's Conflict of Interest declaration for 2024 did not include some of the members of the Supply and Logistic Unit and programme sections highly involved in the tendering process, as required by the relevant guidelines.[3] There was no mechanism in place to ensure that those staff and other members of the Contract Review Committee (CRC) declared a potential/actual conflict of interest. This elevates the risk that potential/actual conflict of interest may not be declared and mitigated.

Fraud awareness and reporting: The audit team noted that 96 per cent of staff had completed the mandatory anti-fraud training course as at the time of the audit, and all CSO partners received

[2] A Fund Commitment (FC) may be used when a PO is not required due to the low value of the procurement.

[3] UNICEF Conflict of Interest Declaration policy states that all staff members who have significant and substantive involvement in any of the following procurement activities - drafting, reviewing or approving statements of work; preparing or developing solicitations; managing the contractor or vendor - must file an annual conflict of interest declaration. This generally includes all staff members who (i) have either approving or co-approving authority for US$25,000 or above, or (ii) spent the majority of their time working on confidential procurement matters.

fraud-related training in 2023. While government implementing partners received more than 90 per cent of the Country Office resources during the audited period, there was a lack of training to raise awareness of government implementing partners, as well as vendors, about fraud risks and responses. The audit team also observed that information regarding UNICEF's fraud reporting procedures was not adequately disseminated to increase fraud awareness among staff, vendors and partners. For example, whistleblower posters were not displayed at the Country Office, Tamale field office or the two implementing partner sites visited by the audit team. Audit interviews with UNICEF staff at the field office indicated a lack of awareness of this requirement. Without a clear understanding of how to report suspicions related to UNICEF's funding and supplies, government implementing partners and vendors may fail to detect or report fraud, thereby hindering the Country Office's fraud risk management efforts.

AGREED ACTIONS 1

The Country Office agrees to:

i. Conduct a periodic assessment of the potential for fraud and adequacy of existing mitigating measures in all relevant activities (e.g., low-value procurement, manual payments and supply distribution) with consideration of all possible forms of fraud, corruption and misconduct, including financial fraud, asset misappropriation, bribery and conflicts of interest to ensure a targeted approach to adequately managing these risks.

ii. Ensure that fraud awareness and reporting training is provided to key service providers and implementing partners, and that fraud-related information and UNICEF reporting requirements are adequately distributed in all relevant UNICEF and partner locations.

Staff Responsible: (i) Deputy Representative Programmes and Deputy Representative Operations (with Finance, Supply and PME teams and Country Office Risk Management Committee); (ii) Deputy Representative Operations and Implementing Partnerships Management Specialist (HACT)

Implementation Date: 31 March 2025

2. Transfer and Monitoring of Programme Supplies — High

There was a need to clarify accountabilities and responsibilities for the management of supplies transferred to implementing partners and to expand the application of supply end-user monitoring. These and other weaknesses in supply and logistics management heightened the risk of diversion and theft of supplies.

The Country Office transfers supplies directly to implementing partners from vendors or from the United Nations humanitarian response depot (UNHRD). Health supplies, which constitute approximately 95 per cent of total supplies, are managed by government partners and fully integrated into the in-country supply chains, with logistics support from the UNICEF Country Office. For the period January 2023 to May 2024, the Country Office transferred to implementing partners supplies worth US$3.2 million directly from vendors and US$0.5 million from the UNHRD warehouse. The audit team evaluated the adequacy and effectiveness of controls over the transfer of supplies to ensure the timely distribution of the expected quantity and quality of supplies to the intended beneficiaries. OIAI noted the following:

Identification and follow-up of discrepancies: The audit team selected four release orders totalling US$225,000 for supplies transferred in February 2024. In one case related to education supplies, the quantity transferred by the Country Office (as per the release order) exceeded the quantity received by the implementing partner (as per the waybills) by US$10,000. The Country Office explained that the difference related to supplies due to be transferred to partners. However, the audit team noted that the supplies were no longer in the corporate system (VISION), nor physically present in the warehouse in June 2024. While this was the only exception noted in the sample selected, it was not identified or flagged by any of the parties involved for the purpose of investigating the underlying cause and taking appropriate action, including reviewing the adequacy of controls to mitigate the risk that supplies may be misappropriated or diverted.

Segregation of duties: The audit team noted a lack of segregation of duties between the procurement and receipt of supplies by the Country Office, as Supply staff were responsible for both procuring supplies and confirming receipt of the supplies in the system. Segregation of incompatible duties ensures that no individual or group of individuals is in a position to perpetrate and/or conceal errors or fraud in the normal course of their duties and is one means of mitigating the risk of loss or misappropriation of supplies. This was particularly important as 86 per cent of supplies procured during the audited period were transferred directly from vendors to implementing partners.

Supplies transferred to implementing partners: It is good practice in any partnership or collaborative arrangement to set out in writing the agreed responsibilities and accountabilities of each partner in sufficient detail to ensure effective, efficient implementation of agreed objectives and to mitigate the risk of any dispute or contractual issues in the event of failure of either party to fulfil its accountabilities. The Country Office signed workplans with its government implementing partners, according to the UNICEF requirement. The audit team noted that the Health and Nutrition (H&N) workplan, which was signed by the Ministry of Health (MOH) and Ghana Health Services (an implementation arm of the MOH) did not indicate the amount of supplies to be transferred to these partners nor did it clearly state their respective responsibilities and accountabilities, including the partners' responsibility for storing, recording and distributing supplies to final beneficiaries. The audit team explored this issue further and determined that it applies not only to Ghana Country Office but to other UNICEF country offices and would therefore be followed up by OIAI at the organizational level.

The lack of detailed accountabilities in the workplan was a source of confusion, which created challenges for the Country Office in ensuring effective monitoring of supplies. Discussions with Country Office programme, supply and logistics staff and Ghana Health Services officials, and OIAI's visit to the central medical store, all indicated a lack of clarity as to which partner was accountable for the supplies received from UNICEF. The audit team noted that the Country Office recorded Ghana Health Services in VISION as the recipient of supplies, when, in fact, supplies were received, managed and distributed by the central medical store, managed by the Ministry of Health (MOH). This resulted in gaps in supplies monitoring, as outlined below. The audit team also noted that there was no documented workflow that clearly set out the roles and responsibilities of all respective parties and identified the key risks and essential control measures in the local supply chain.

The Country Office did not always receive confirmation when supplies were delivered to the regional or district medical stores, despite this being mandated by UNICEF procedures on programme implementation. Such confirmations are necessary to ensure that supplies have been received by the final beneficiaries. The Country Office explained that there is a rigorous national

supply chain system to track the movement of supplies from central, regional, district levels to facilities but the audit team was not in a position to verify the adequacy of that system.

These weaknesses not only limited the Country Office's ability to obtain assurance that supplies transferred to implementing partners are delivered to the final beneficiaries but also increased the risk of misuse and diversion of supplies.

Supply End-user Monitoring (SEUM): The UNICEF procedure on programme implementation mandates rigorous end-user monitoring to ensure that supplies transferred to implementing partners have been delivered to beneficiaries or used for intended purposes. The audit team noted inconsistent application of SEUM within the Country Office. Although the Tamale field office conducted some end-user monitoring at the Ghana Health Service regional office, no documented evidence was available to demonstrate that SEUM was conducted in other regions of the country or at other implementing partners. None of the programmatic visit reports reviewed by the audit team for partners that received supplies included any evidence that supplies were monitored during those visits. The gaps in SEUM were also due to unclear responsibilities for supplies monitoring in the Programme sections and Supply unit and to the fact that the partner that physically receives supplies is not the same as the partner to which the Country Office transferred supplies (as mentioned above), which meant that the Country Office was not informed when supplies were transferred to the final beneficiaries.

Insufficient end-user monitoring, combined with non-confirmation of receipt of supplies by end-users, limits the Country Office's ability to obtain assurance that supplies transferred by the Country Office were received by the final beneficiaries.

AGREED ACTIONS 2

The Country Office agrees to:

i. Map out the distribution and monitoring processes related to Health & Nutrition supplies, to accurately reflect the roles and responsibilities of all parties, identify key risks and assess the adequacy of control measures to mitigate identified risks, and establish a plan to address identified control weaknesses and to ensure all parties understand their respective responsibilities and supplies can be accurately tracked to recipient implementing partners and delivery to beneficiaries.

ii. Develop and implement a standardized approach to supply end-user monitoring (SEUM), including monitoring of supplies during programmatic visits and clarifying SEUM responsibilities for Programme and Supply section staff.

Staff Responsible: (i) Chief of Health & Nutrition, Supply Manager (ii) PME Manager and Supply and Logistic Manager

Implementation Date: (i) 30 April 2025 (ii) 31 March 2025

3. Construction Contracts — Medium

The Country Office needed to integrate budget and performance indicators for construction activities into the overall work planning process to facilitate monitoring and ensure achievement

of programme results. There was also a need to strengthen the application of controls over the tendering and contract award process related to construction and to maintain sufficient documentary evidence to demonstrate effective management of construction-related risks. The Country Office needed to ensure that signed contracts include mitigating measures to protect UNICEF against financial risks.

During the period January 2023 to May 2024, the Country Office spent US$5.2 million (22 per cent of total expenditure) on construction projects in various districts of Ghana. The procurement and management of construction services were handled directly by UNICEF, with technical expertise provided by a third-party engineering firm. Contracts were awarded in lots to four vendors. The audit team assessed the design and operating effectiveness of the Country Office's planning, management, and oversight of construction activities, and tested the application of controls related to the vendor selection and contract award process of selected contracts, to ensure effective use of funds in support of programmatic objectives. OIAI noted the following:

Budgeting and monitoring construction works: The Country Office signed multi-year work plans, covering the period January 2023 to December 2024. The audit team reviewed the Health and Nutrition (H&N) work plan and noted that the construction budget (approximately 35 per cent of the H&N budget of US$14.8 million) and related target indicators were not included in the work plan signed with the Government or in the UNICEF result framework (RAM). The Country Office explained that the absence of budget and indicators in the work plan was due to an error in the Country Office's quality assurance process. The Country Office informed OIAI that it initiated an exchange of letters with the Ministry of Health in June 2024 to revise the work plans, although those letters were not available for OIAI's review at the time of the audit. Not including all relevant budget and indicators in the work plan and the RAM exposes the Country Office to the risks that programme activities and funds are not properly monitored and that programme results may not be achieved as planned.

Solicitation, bidding process and contract award: Country Offices are expected to follow UNICEF guidance on Supply of Goods and Services with respect to the solicitation, bidding and awarding of contracts, including for construction activities. The audit team reviewed four construction contracts that amounted to US$5.2 million and noted that controls related to the receipt and handling of bids and the award of contracts, designed to prevent or detect fraud, were not operating as required. Both the technical and financial proposals were submitted at the same time, using an email address accessible by the staff member who was responsible for opening the bids. UNICEF procedures require that electronic bid submissions be protected by a password, accessible only by the appointed bid committee. The Request for Proposal did not specify the cut-off time for bid submissions, as required, which posed a risk that bids already received may be opened and figures shared with other bidders yet to submit their bids.

The contracts were awarded in four lots to four vendors as follows (Lot A for US$ 0.9 million, Lot B for US$ 1.2 million, Lot C for US$ 1.5 million and Lot D for US$ 1.6 million). However, the audit noted that one of the vendors that received a contract (Lot D) did not have adequate financial capacity to execute the contract. Even though the SEU assessment[4] of this vendor was medium, with unsatisfactory financial situation, the Country Office proceeded to award a contract to this vendor, for US$1.6 million, which was 88 per cent more than the vendor's 2022 annual turnover, or US$0.7 million more than its total assets. Other vendors assessed by the SEU as having a

[4] UNICEF procedures on vendor registration and management require that, prior to contract award, the Supply Evaluation Unit (SEU) conduct a financial evaluation to ensure that potential vendors have the necessary financial resources and stability to deliver the proposed contracts.

solid financial situation and with satisfactory technical scores were awarded contracts for lower amounts. The Country Office explained that it awarded this contract based on the technical score and the overall saving to the Country Office of US$300,000 and that the financial risks related to the contract were mitigated through progress payments and site visits. In this case, the audit team was unable to find adequate evidence to support the decision or to demonstrate that the financial risks had been assessed and were being monitored. Due to a lack of documentation, the audit team also was unable to verify how the Country Office addressed and monitored construction-related risks identified by the Contract Review Committee.

Awarding contracts to vendors with insufficient financial capacity exposes UNICEF to the risk that the vendor may not be able to deliver to the terms of the contract. Maintaining documentary evidence of the adequacy of key decisions and the process by which such decisions were arrived at supports strong, transparent governance and effective risk management.

The audit team noted that contracts were awarded to vendors for construction work tied to short-term grants, without including penalty clauses for delayed execution, as required. As at May 2024, all construction projects were behind schedule; one project for which the grant was due to expire in June 2024 was only 48 per cent complete. While the Country Office explained that this was an omission that would be corrected in subsequent construction contracts, the audit attributed it to a lack of thorough contract review. Awarding contracts without such clauses means that the Country Office has no legal means by which to hold contractors to account for late delivery of construction work.

AGREED ACTIONS 3

The Country Office agrees to:

i. Establish a process to ensure the timely revision and alignment of work plans, budget and the RAM to capture activities not initially planned.
ii. Ensure consistent application of controls over the vendor selection and contract award process, while ensuring that key decisions and exceptions to controls are clearly documented.
iii. Ensure that signed contracts include mitigating measures to protect UNICEF against financial risks.

Staff Responsible: (i) PME Manager; (ii) and (iii) Supply and Logistics Manager
Implementation Date: 28 February 2025

4. HACT assurance activities — Medium

The audit team noted several opportunities to strengthen the planning, execution and finalization of assurance activities. These included establishing office-wide coordination to maximize the coverage and usefulness of risk-based assurance activities; improving the timeliness of spot checks, spot-check reports and follow-up of assurance recommendations; and ensuring the independence, objectivity and quality of spot checks through adequate staff training, as well as

staff rotation/avoidance of spot checks by single staff members where feasible. As government implementing partners received more than 80 per cent of the Country Office's resources, effective HACT assurance is a critical risk management activity.

Under the Harmonized Approach to Cash Transfers (HACT) framework, UNICEF country offices are required to carry out assurance activities to ensure the proper use of cash transfers by implementing partners, including programme visits, spot checks and audits. The framework also requires timely, complete and accurate follow-up of financial findings from assurance activities. During the audited period, the Country Office completed 142 programme visits, 70 spot checks, and 2 audits, meeting the minimum risk-based HACT assurance activity requirements. The audit team assessed the Country Office's planning, execution, quality assurance and follow-up of assurance activities and noted the following areas for improvement:

Performance and quality of spot checks: In the Ghana Country Office, spot checks are conducted by UNICEF staff members. However, the audit team noted that one staff member performed multiple spot checks of the same seven partners during the audited period, and that 61 of the 70 spot checks in the audited period were conducted by a single staff member. While not a UNICEF requirement, it is good practice to rotate staff or to assign more than one staff member to perform spot checks, to ensure independence and objectivity of these important assurance activities.

The audit team found that 50 per cent of the 70 spot checks conducted during the audit period did not result in any observations or recommendations. In the other 50 per cent, 15 of the 32 high-priority action points in eTools were classified as "other,"[5] which made it difficult to analyse, follow up and close the recommendations. Although the Country Office explained that the lack of recommendations was a result of comprehensive HACT training provided to partners, in OIAI's experience, this may also be indicative of a need to ensure that staff are adequately trained to conduct spot checks and that adequate measures are in place to ensure the integrity of the assurance process. The audit team also observed that three of six staff performing spot checks did not attend the Regional Office's training for spot checkers.

Timely finalization of spot-check reports: The audit team noted that spot-check reports were not produced on a timely basis to enable the prompt follow-up and closure of recommendations. For example, 15 final reports of the 70 spot checks conducted during the audited period (21 per cent) were produced more than 120 days after the field visit, with two of those reports produced after 250 days. The Country Office explained that the delays were mainly due to partners not providing comments on time and to the internal processes for validation and approval of the reports. These delays in finalization of spot-check reports may be partly explained by the limited involvement of senior personnel in the Country Office's follow-up efforts with implementing partners. Late completion of spot checks can impact the timely resolution of financial discrepancies, result in late assurance on cash transferred to partners and delay the Country Office's ability to address weaknesses identified within the partners internal controls systems.

Programmatic visits: Programmatic visits (PVs) provide assurance on the status of programme implementation compared to the work plan and on the reliability of programme results reported by implementing partners. The minimum required number of PVs for each partner is generated in

[5] Key categories are: 'reimbursement of ineligible expenditure', 'lack of supporting documents' and 'internal control weaknesses.'

eTools when the partner receives at least US$2,500. The Country Office should then conduct the required PVs within the activities implementation period as defined in FACE[6] forms.

The audit team noted that, as at May 2024, the Country Office had not conducted a single programmatic visit of 35 implementing partners (including 9 high-risk partners) that received total cash transfers of US$2.2 million between October 2023 and March 2024. Twenty-four of those partners had fully or partially liquidated the cash transferred to them. There was no available evidence of any other field monitoring visits to verify the progress of these activities. The Country Office explained that these programmatic visits were included in the 2024 assurance plan and would therefore be conducted. However, the activities had already been implemented and some of the partners had already liquidated the cash transferred to them. Failure to conduct sufficient, timely programmatic visits and other field monitoring reduces the Country Office's opportunities to take any corrective measures or to make adjustments to agreed activities.

The audit team also found that partner risk ratings and the amount of cash transferred were not always used as the basis for determining the programmatic visit plan. For example, in 2023, the Country Office only conducted 11 of 17 required programmatic visits for 12 implementing partners (including four high-risk partners with cash transfers of US$348,000) that received a total of US$ 662,000 in cash transfers. In the same year, the Country Office conducted 44 visits for 16 partners (including 15 low-risk partners that received 42 programmatic visits, far above the minimum requirement of 18 visits). There was insufficient office-wide, coordinated oversight to maximize risk-based programmatic visit coverage, such that the Country Office did not make most effective use of its limited resources.

Follow-up of assurance recommendations: The audit team noted that assurance activity reports were not promptly uploaded in eTools to allow actions to be followed up. For example, an audit query related to 12 partners revealed that the reports from 8 programmatic visits conducted during the audited period were not uploaded in eTools for tracking. In 5 of 11 sampled spot-check reports with high-priority recommendations, 9 of the 26 high-priority recommendations were not recorded in eTools for tracking and follow-up. While the Country Office tracked and closed six of those recommendations offline, there was no evidence that the Country Office was tracking the remaining three high-priority recommendations. Without such tracking, there was an elevated risk that identified gaps might not be effectively addressed. Audit discussions with the HACT team indicated a need for further training to ensure that recommendations are correct, adequate and promptly implemented.

AGREED ACTIONS 4

The Country Office agrees to:

i. Establish a mechanism to ensure that spot checks are conducted and reports prepared in a timely manner.
ii. Ensure that staff conducting spot checks are appropriately trained and that there are mechanisms to ensure independence adequacy and objectivity of spot checks, for example, by rotating staff and/or minimizing spot checks conducted by a single staff member.
iii. Establish a mechanism for office-wide coordination of a risk-based HACT assurance approach, with appropriate programmatic visit (PV) coverage and performance of PVs during implementation of agreed activities.

[6] FACE – Funding Authorization and Certificate of Expenditure

iv. Ensure that there is timely follow-up and closure of all recommendations and that assurance activity reports are uploaded in eTools in a timely fashion.

Staff Responsible: PME Manager & Implementing Partnership Management Specialist
Implementation Date: 31 March 2025

5. Protection from Sexual Exploitation and Abuse (PSEA) Medium

While the Country Office assessed partners' SEA risks and established mitigating action plans, there was a need to integrate the follow-up of the partners' agreed actions into field monitoring and to increase SEA awareness among partners and service providers working directly with the Country Office.

The Country Office operates in a context where there are significant challenges related to sexual violence and gender-based issues. Measures to protect vulnerable communities from sexual exploitation and abuse are of particular importance in northern Ghana, where there is a high number of refugees from the Sahel crisis.

The audit team assessed whether controls were adequate and operating effectively to ensure that the risk of SEA was understood and that sufficient mitigating actions were planned and implemented. This included measures to ensure that all staff, as well as implementing partners, vendors, interns and consultants are equipped to prevent and respond to SEA and that at-risk communities have access to and are aware of safe reporting channels.

The Country Office established a PSEA committee whose role is to support the coordination and implementation of the PSEA and Child Safeguarding policy and procedures by UNICEF staff and partners; the development, review, implementation and reporting of the Country Office's PSEA action plan; and the integration of PSEA by UNICEF programme sections into regular programme activities, as appropriate. This committee is also the PSEA focal point for other United Nations agencies in Ghana. It has rolled out staff and partner training on PSEA reporting requirements and procedures and developed and disseminated a Code of Conduct to 160 officers from the Ministry of Education/Ghana Education Service. While acknowledging these achievements, the audit team also noted the following areas for improvement with respect to PSEA:

Monitoring of PSEA during programmatic visits: As at the date of audit, in addition to government implementing partners, the Country Office worked with 22 CSO partners, of which 14 had a moderate SEA rating and 6 had a low SEA rating. The Country Office established action plans with CSO partners, as required, to mitigate identified SEA risks. UNICEF programme implementation procedures require Country Offices to integrate the follow-up of partners' PSEA agreed actions into programmatic visits and other field monitoring activities. The audit team reviewed 12 of the 42 programmatic visit reports from the audited period and noted that the implementation of PSEA agreed actions by partners was not monitored during these visits. This was because the County Office had not updated their field monitoring template to cover SEA. They however stated that they plan to incorporate PSEA into the office's field monitoring activities from July 2024. The lack of consistent monitoring of PSEA activities reduces the Country Office's ability to monitor the effective implementation of PSEA through the collection, analysis and use of the data gathered.

Training and awareness: The audit team noted that 99 per cent of Country Office staff and a high proportion of non-staff personnel completed the mandatory PSEA training. By contrast, there was a need to expand coverage of PSEA training to include third-party service providers, such as security personnel, cleaners and canteen staff, who work in the country office in Accra, and in the field office in Tamale. The audit team noted that these service providers were not trained on PSEA, either by UNICEF or by their employer. The Country Office explained that some of these service providers were contracted by other United Nations agencies for the provision of common services and that UNICEF was working with the Resident Coordinator to provide PSEA training. The audit team also observed that there were no PSEA-related posters displayed in strategic locations (for example, the main entrance, canteen and drivers' rest area) of the country office, field office, or at some partner sites visited by OIAI, to raise awareness of PSEA and the available reporting mechanisms.

Inadequate PSEA capacity of UNICEF stakeholders increases the risk of misconduct and underreporting of SEA cases.

AGREED ACTIONS 5

The Country Office agrees to:

i. Implement plans to integrate PSEA monitoring activities in the Country Office's overall programme monitoring to ensure that action plans are adequately implemented to mitigate partners' SEA risks.
ii. Ensure adequate PSEA training of service providers and enhance PSEA awareness among all stakeholders through the display of PSEA information at relevant Country Office, field office and partner locations.

Staff Responsible: (i) Implementing Partnership Management Specialist (ii) Child Protection Specialist & Human Resource Manager and Implementing Partnership Management Specialist.

Implementation Date: 30 April 2025

6. Payment Processing — Medium

A significant proportion of payments to implementing partners and vendors were processed manually, exposing the Country Office to an increased risk of payments to unauthorized individuals or for unauthorized transactions.

The UNICEF policy on cash disbursement aims to manage the risk of processing payments for unauthorized purposes or to unauthorized individuals. It distinguishes between two principal types of payment, electronic fund transfer (EFT) and manual payment (FT). It recommends that EFT should be the primary payment method, allowing payments to be processed electronically by the Global Shared Services Centre (GSSC) through a banking interface with no manual intervention from Country Office staff. This increases efficiency and reduces the organization's exposure to potential fraud or manual error. FT should only be used in exceptional cases or when the local banking system does not support the use of an electronic banking interface. During the period January 2023 to May 2024, the Country Office processed payments amounting to US$25.4 million. Of these, US$14.4 million (57 per cent, or 893 payments) were manual. The audit team sought to understand the reasons for this high level of manual payments and noted the following:

Manual bank transfers: The Country Office processed 737 manual bank transfers amounting to US$14.1 million to pay implementing partners, institutional vendors, and individual consultants. Although the payments were initiated by the GSSC, the Country Office staff still needed to print, sign, and transmit transfer letters to the banks for payment. The Country Office and GSSC finance team explained that the manual bank transfers were used to make payments to recipients with account names whose length exceeds the number of characters accepted by the electronic payment platform. However, the audit team noted that the bank account names of 65 per cent of these transfers were below this limit and could not ascertain why the payments were manually processed.

Cheque payments: The UNICEF policy on cash disbursement requires that cheques should be used only in rare circumstances, for example, where electronic banking facilities are unavailable or untrustworthy. Manual cheques can be lost, stolen, forged, altered and improperly endorsed. The Country Office processed 156 cheques amounting to US$200,000 during the audited period even though electronic banking facilities exist in Ghana. While the Country Office explained that daily subsistence allowances (DSA) for staff on stretch assignments and other international travel costs were paid by cheque for staff that did not have a US$ bank account, the audit team could not ascertain why cheques were used to pay vendors, individual consultants, and staff for trips within Ghana. For example, 7 cheque payments were made to local staff for trips within Ghana, 35 to individual consultants and 25 to vendors. The Country Office's standard operating procedure did not clearly state the circumstances under which cheques should be used and any financial threshold for the use of cheques.

The Country Office stated that over the past few years, they have made significant efforts to reduce the number of manual payments. The audit team confirmed that manual payments, as a proportion of total payments, decreased by 30 per cent between December 2022 and April 2024.

The frequent use of manual payments and cheques increases the risk of fraudulent or erroneous payments to unauthorized individuals or for unauthorized transactions and is an inefficient use of staff time.

AGREED ACTION 6

The Country Office agrees to work with GSSC and the Regional Office to reduce the number of payments processed manually, and ensure that they are used only in exceptional circumstances.

Staff Responsible: Deputy Representative, Operations and Finance Officer
Implementation Date: 31 January 2025

APPENDIX

Definitions of Audit Observation Ratings

To assist management in prioritizing the actions arising from the audit, OIAI ascribes a rating to each audit observation based on the potential consequence or residual risks to the audited entity, area, activity or process, or to UNICEF as a whole. Individual observations are rated as follows:

Low	The observation concerns a potential opportunity for improvement in the assessed governance, risk management or control processes. Low-priority observations are reported to management during the audit but are not included in the audit report. Action in response to the observation is desirable.
Medium	The observation relates to a weakness or deficiency in the assessed governance, risk management or control processes that requires resolution within a reasonable period of time to avoid adverse consequences for the audited entity, area, activity or process.
High	The observation concerns a fundamental weakness or deficiency in the assessed governance, risk management or control processes that requires prompt/immediate resolution to avoid severe/major adverse consequences for the audited entity, area, activity or process, or for UNICEF as a whole.

Definitions of Overall Audit Conclusions

The above ratings of audit observations are then used to support an overall audit conclusion for the area under review, as follows:

Satisfactory	→	The assessed governance, risk management or control processes were adequate and functioning well.
Partially Satisfactory, Improvement Needed	→	The assessed governance, risk management or control processes were generally adequate and functioning but needed improvement. The weaknesses or deficiencies identified were unlikely to have a materially negative impact on the performance of the audited entity, area, activity or process.
Partially Satisfactory, Major Improvement Needed	→	The assessed governance, risk management or control processes needed major improvement. The weaknesses or deficiencies identified could have a materially negative impact on the performance of the audited entity, area, activity or process.
Unsatisfactory	→	The assessed governance, risk management or control processes were not adequately established or not functioning well. The weaknesses or deficiencies identified could have a severely negative impact on the performance of the audited entity, area, activity or process.

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