

MOFA/IFAD/AfDB
NORTHERN RURAL GROWTH PROGRAMME (NRGP)

JOINT INTER-PHASE REVIEW REPORT

December, 2012

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

REPUBLIC OF GHANA

Northern Rural Growth Programme

Joint Inter-Phase Review Mission

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REPUBLIC OF GHANA
NORTHERN RURAL GROWTH PROGRAMME
JOINT INTER-PHASE REVIEW

I. PROGRAMME BACKGROUND

1. IFAD in December 2007 approved a loan and grant to support the Northern Rural Growth Programme (NRGP), which became effective on 24 October 2008. The IFAD finance is applied together with commitment from the Government of Ghana (GoG) and loan funds from the African Development Bank (AfDB) for a programme to last eight years and be completed by 24 October 2017. The Programme was designed in two phases, the first of which would establish the structures, systems and procedures for implementation and test in the field a range of innovative approaches to increasing rural development and reducing poverty. Whether to proceed further would be conditional on specified achievements in the first phase, while the content until completion would depend on findings of exploratory work of the first phase.
2. The three funding partners agreed to field a joint Inter-Phase Mission after NRGp had been operating for about four years. The funding partners gave the Mission a very broad brief and proposed that it review progress to date and prepare strategies and plans for the remainder of the Programme. The Mission included representatives from GoG's Ministry of Finance and Ministry of Food and Agriculture (MOFA), AfDB, IFAD's headquarters and Ghana Country Office, the Programme Management Unit (PMU) and specialist consultants.
3. The tasks of the Inter-Phase Review Mission were to assess performance in NRGp's first phase, determine whether the conditions for IFAD approval of funding for a second phase have been satisfied, make recommendations on possible improvements to strategy, outline the content for the second phase and recommend amendments to the Loan Agreement between GoG and IFAD¹.
4. The Mission, which commenced its work in Accra on 1 October 2012, travelled through the Programme's area of influence from 5 to 14 October to meet a wide range of stakeholders for discussions about all aspects of the Programme. The Mission held a "mini wrap-up" meeting in Tamale on 13 October to discuss its findings with key local stakeholders. A wrap-up meeting was held in Accra on 19 October to discuss a draft of the aide-memoire with key GoG agencies led by MOFA and the Ministry of Finance and with other important stakeholders.
5. The many individuals who assisted the Mission included staff of the PMU, participants in NRGp activities, government officials, representatives of international organizations, NGO staff and members of the private sector. The Mission extends its gratitude to all those who facilitated its work by assistance with logistics and provision of information, opinion, advice and hospitality.

1. ¹ See Appendix ?? for Terms of Reference for the Inter-Phase Review

II. THE PROGRAMME

PROGRAMME AREA

6. The programme area covers the three northern regions (Upper East, Upper West and Northern Region) and the contiguous Tain, Pru, Kintampo North, Kintampo South and Sene Districts of Brong Ahafo Region. The area is in that part of Northern Ghana with the highest incidence of poverty and seasonal hunger and malnutrition. These effects are caused by a combination of:

- a. which are caused by low agricultural productivity;
- b. dependence on a basic form of rainfed agriculture;
- c. low soil fertility;
- d. extensive livestock production systems;
- e. sub-optimal use of water resources;
- f. limited marketing outlets; and,
- g. lack of access to major markets in the south and abroad.

GOAL AND OBJECTIVE

7. The Programme's **overall goal** is to achieve sustainable agricultural and rural livelihoods and food security for the rural poor particularly those in deprived areas, rural women and other vulnerable groups in its area of operations.

8. The **specific objective** is to develop inclusive and profitable commodity and food chains to generate agricultural surplus production and orient it towards remunerative markets in southern Ghana and abroad.

PROGRAMME APPROACH

9. The NRGP takes a private sector, demand-driven approach for development of both rainfed and irrigated food and industrial crop commodity chains selected to have the capacity to meet local and international demand. The Programme assists markets to build pro-poor commodity chains that increase opportunities and raise productivity to reduce poverty and improve livelihoods for small producers. Very important to NRGP's development of value chains is the creation and strengthening of producers' organizations and their inter-professional bodies and stimulation of investment in facilities and human resources along the value chains. The Programme supports its direct work with value chains by improving access to financial services and by providing irrigation and market infrastructure.

THE COMPONENT STRUCTURE

10. While the Programme was designed in four components, the number of sub components listed varies among the documents prepared between appraisal and the present. For the purposes of review, sub components are taken to be as follows:

Component A: Commodity Chain Development

- A1. Strengthening producers' organizations;
- A2. Establishing commodity inter-professional bodies;
- A3. Preparing and implementing commodity business plans; and
- A4. Establishing a commodity development fund.

Component B: Rural Infrastructure

- B1. Small scale irrigation development; and
- B2. Marketing infrastructure development.

Component C: Improving Access to Financial Services

Component D: Programme Coordination, Management, Monitoring and Evaluation

Phasing

11. The Programme was designed to be implemented in two four-year phases, the first of which would be quite exploratory in character and would emplace delivery and institutional mechanisms. The Programme's first phase was to work on a limited number of commodity chains and develop approaches to partnering with commercially-oriented farmer organizations, rural women and the private sector and public sector service delivery or enabling institutions. By the end of this phase, the Programme was to have adopted robust and inclusive private sector development approaches and instruments. It was expected that the Programme would adjust for full compliance with the emerging policy framework and the sector-wide approach (SWAp) for agriculture which was then being considered by GoG as the conceptual framework for policy-making. The outcomes of the initial phase were to be measured through clear indicators which might trigger the expansion phase.

12. NRGPs second phase was to build on the experiences, innovations and learning from the initial phase. The Programme was to be re-oriented and its resources redirected towards most effective activities and commodity chains. This phase would "scale up" innovations successfully tested in the initial phase and more commodity chains would be supported. This phase would ensure that NRGPs was fully integrated within the new "development effectiveness agenda". Apex organizations of the various commodity chains would be developed and have matured to venture into policy dialogue.

Planning and Budgeting

13. Financing arrangements were designed to apply, in general, the concepts of a programme approach which sets out groups of activities within components which can be financed, with project management and participants able to design and implement activities which meet the objectives. Programme lending envisages, encourages and facilitates participatory approaches and bottom-up planning and allows appreciable flexibility to respond as lessons are learned and circumstances change. The programme approach renders planning and decision-making more amenable to participation of the target groups and other role players and stakeholders. Although the design documents show cost estimates derived by the "COSTAB" program which simulate the annual inputs for the entire implementation period, NRGPs management staff prepare annual activity schedules through the work plan and budget process. The very detailed specifications for inputs presented in the COSTAB files remained as indicative planning figures and were of minor significance to the annual planning process.

Costs and Financing

14. The original cost estimates envisaged costs for the entire programme over eight years totaling USD 103.553 million (Table 1).

Table 1. Programme Costs: Original Estimates

Component/ Sub Component	Cost (USD '000)	Of Total (per
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		cent)
A. Commodity Chain Development		
A.1 Strengthening Producer Organizations	3 262	3
A.2 Establishing Interprofessional Bodies	1 022	1
A.3 Preparing and Implementing Commodity Business Plans	7 523	7
A.4 Commodity Chain Development Fund	14 228	14
Subtotal Component A. Commodity Chain Development	26 035	26
B. Rural Infrastructure Development		
B.1 Small-Scale Irrigation Development	32 912	32
B.2 Market Infrastructure Development	36 637	36
Subtotal Component B. Rural Infrastructure Development	69 548	69
C. Access to Rural Finance	1 107	1
D. Programme Coordination, Management and M and E	4 749	5
Total Baseline Costs	101 439	100
Physical Contingencies	17	-
Price Contingencies	2 097	2
Total Project Cost	103 553	102

15. **Financing.** The financiers of the Programme are IFAD (loan and grant), AfDB, GoG, financial institutions, private investors and beneficiaries. The financing plan (summarized in Table 2) shows the expected funding from each source.

Table 2. Programme Financing Plan

Financier	Amount (USD '000)	Proportion (per cent)
IFAD loan	22 325	21.6
IFAD grant	400	0.4
African Development Fund	61 215	59.1
The Government of Ghana	10 370	10.0
Financial institutions	4 608	4.4
Beneficiaries	3 699	3.6
Private investors	936	0.9
Total	103 553	100.0

CONDITIONS FOR FINANCING THE SECOND PHASE

16. The Loan Agreement between GoG and IFAD specified that the Inter-Phase Review would consider whether the Programme's progress activated a set of triggers for approval of passage to the second four-year phase:

- (i) Linkages with the Borrower's Agricultural SWAp, as developed, are duly established;
- (ii) Implementation of appropriate funding mechanism in support to the Commodity chains' actors such as women and farmer organisations, private sector, public service, and the preparation of the Programme Implementation Manual;
- (iii) At least three commercial ventures (out-growers schemes, POs procurement schemes and direct marketing by POs in the four windows (industrial crops,

- “women crops”, exportcrops and animal-based commodities) are established and functioning;
- (iv) At least two commodity Inter-professional Bodies are established and functioning;
 - (v) Matching grant and leasing mechanisms are functional with at least three PFIs; and
 - (vi) At least 30% of the Programme financing proceedings from the loan and from otherfinancial instruments are disbursed.

III. PROGRAMME IMPLEMENTATION PROGRESS

17. The Northern Rural Growth Programme was designed to stimulate and support the development of agricultural enterprise in the north of Ghana, applying an innovative approach to reducing poverty and increasing incomes through commercial processes. The prime thrust of the Programme is through its first component, which directly develops and strengthens value chains by assisting farmer based organizations (FBO)^{2/} and inter-professional bodies and by stimulating investment in both physical and human capital along the chains. That direct effort to develop and strengthen value chains is further supported by infrastructure (irrigation facilities and roads) that encourages and assists production and by activities to improve the access of farmers and agribusiness operators to financial services.

18. The Inter-Phase Mission reviewed the Programme's progress to the end of September 2012, in pursuit of lessons about its area of influence and its activities that can be applied in the second half of its life. These lessons are in three groups concerning first, activities and their general outcomes; second, the component and sub component structure; and third, how the activities are implemented. The first groups of lessons are addressed within this chapter, the second group in Chapter IV which describes the components, sub components and activities for Phase II and the third group in Chapter V which deals with revisions to implementation arrangements.

A. COMMODITY CHAIN DEVELOPMENT

19. The objectives of this component are (i) "to build the long-term physical and social capital needed to link agricultural suppliers (producers) located in Northern Ghana to demand centres within the country and abroad"; and (ii) "to empower rural communities in Northern Ghana to form competent and effective organisations to sustainably manage community-based development programmes". The expected considerable dependencies between and overlaps among the activities of the four sub components were to be addressed in the processes for implementation being tested in the first phase.

20. The activities of Component A were organized in four conceptual commodity "windows" that reflected differing production techniques, value chain entities and interest groups. There is substantial overlap level of these artificial demarcations, as many farmers are engaged in production covered by more than one "window". The windows are:

- Industrial crops (soybean, maize, brewery sorghum).
- Women's crops (shea nut, moringa, African rice, sesame).
- Export horticulture (chillies, onion, papaya, okra and butternut squash).
- Animal based (guinea fowl, fish, small ruminants, pigs).

Sub Component A.1.Strengthening Producer Organizations

21. **Aims.** NRGP drew up a wide range of expected outcomes which demonstrate the aims of this sub component:

^{2/} The early documentation for NRGP referred to "producers' organizations" (PO) as the prime form of rural association. The Inter-Phase Mission uses the term farmer based organizations (FBO) to represent all associations of rural producers and recommends that it be adopted by the PMU and IFAD for consistency with general practice in Ghana. FBOs include associations of rural people whose income base is not the farm, for example gatherers of forest products.

- (i) increased registration of informal FBOs;
- (ii) supported FBOs are strengthened, become more professional, enjoy better and more transparent governance including in deprived areas and ensure better and more secured income to their members;
- (iii) selected FBOs actively participate in the elaboration of commodity business plans and in the governance of commodity chains;
- (iv) information on issues related to selected commodity development is effectively disseminated;
- (v) a formal and functioning producer Inter-Professional Body (IPB) is established in each value chain (three in NRGPs Phase I and four to six in its Phase II);
- (vi) representation between deprived areas and non deprived areas in IPBs is balanced; and,
- (vii) the gender balance is respected in each value chain.

22. The sub component has made appreciable achievements in formation and training of FBOs, especially those associated with the industrial crops and women's crops windows. The majority of the work has focussed on maize production and shea nut collection, with less on soya bean and sorghum producers and a little with vegetable producers. There has been no substantive activity for other nominated crops and produce.

23. **Achievements: Industrial Crops Window.** The Programme has identified and provided training and sensitization to 1 913 FBOs with 31 870 members, of whom about 75 per cent are men. Some 21780 people in 987 FBOs have gained access to seasonal loans for production of these crops in the 2012 season. The total area of crop supported by these loans exceeds 9 560 hectares, with most farmers receiving seasonal finance for about 0.4 hectare of crop. There have been modest increments in yields, from 0.8 mt/ha for maize in 2007 to 2.0 mt/ha in 2011, from 0.5 to 1.3 mt/ha for soya and from 0.5 to 1.08 mt/ha for sorghum. Nevertheless, these yields remain low compared with the potential and with international standards.

24. **Achievements: Women's Crop Window.** The Programme's early work identified that there held considerable potential for **shea production and processing**, which has accounted for almost activity within this "window". Of the 25 000 people engaged in collection and processing of this commodity who have formed groups, more than 85 per cent are women. Shea processors have been supported through 53 FBOs and shea pickers through 910 FBOs. There is clearly enthusiasm in the groups for improvements in productivity and incomes, but there is no clear evidence that this is yet being realized. There is no data to show that this participation has had any practical impact on yields and incomes

25. While it is reported that the shea Inter-Professional Body (IPB) has been formed, no information on its roles and activity in assisting identify the critical investments needed for enhanced income production from this commodity is available. NRGPs has been unable to provide any information in this respect.

26. **Export Horticulture Window.** The activity within this "window" has been modest, with only a small number of farmers involved. The first of two attempts by NRGPs to assist farmers to engage profitably in **irrigated vegetable production** by promoting value chains was with the Vegetable Producers and Exporters Association of Ghana (VEPEAG), which was to sponsor an export vegetable enterprise from a nuclear estate and outgrower scheme on the Tono irrigation area. Despite substantial efforts, this did not eventuate due to lack of commitment from the commercial investor. The Programme in future should establish clear guidelines for accessing Programme funds. Part of this should be to verify the financial credentials and intentions of the proposed commercial partner. The second and more recent attempt, that has apparently been more successful, involved small pump irrigation in four

locations to produce butternut squash for export. Other vegetable crops have been grown in conjunction with the butternut, albeit on a very modest scale; a total area of 3.2 hectares was successfully grown in 2011 with an increase to 38 ha planned for the coming season

27. **Animal Based Commodities Window.** NRGP always intended to provide support for animal production through development of value chains based on small ruminants and Guinea fowl. There has been, as yet, no investment in these activities although there are apparent commercial opportunities, especially for the benefit of women.

28. **Special Purpose Vehicles.** NRGP has initiated an innovative form of FBO, based on the nucleus farming concept, which has been termed a Special Purpose Vehicle (SPV). This arrangement involves a large “nucleus” farmer providing mechanized services, inputs, extension, market access and finance to small farmers who are contracted as outgrowers. Engagement has been mainly for maize production, with some soya and sorghum. This arrangement was commenced in 2011 with two SPVs and in 2012 expanded to a total of 34 SPVs which engaged 4254 outgrowers who cultivated 6 817 ha of maize and soya.

29. The impressive results from this initiative include: (i) provision of more than GHC 1.6 million in incremental seasonal finance in 2012; (ii) excellent repayment rates for lending in 2011; (iii) modest increases in yield as a result of access to improved technologies and timely provision of inputs; and (iv) greater access for women to participate in commercial farming activities in their own right.

30. **Opportunities.** The Mission noted several areas requiring improvement, including: (i) higher on-farm productivity of resources used; (ii) improvements in financing, especially for capital equipment; and (iii) better use of pre-season budgeting by farmers. The Mission sees substantial opportunities for increasing productivity by improving the access to inputs and services to farmers, by strengthening farmers’ organizations, by promoting higher-value crops and by encouraging linkages with large agricultural companies that have recently started operations in the area. Among recommendations to increase productivity are: (i) access to improved varieties of maize, soya and sorghum; (ii) access to better financing, through venture/ equity capital for long-term financing, and banks and off-takers for seasonal financing; (iii) better business training for outgrowers so that they can more accurately assess risks and opportunities; and (iv) adaptive trials and demonstrations of improved technical packages, specifically including conservation farming methods.

31. **Opportunities: Shea Production.** There are three apparent opportunities for improving shea production and raising incomes: (i) increased harvesting from areas remote from those currently harvested; (ii) formal marketing engagement with prominent off-takers; and (iii) increases in processing at the local level to satisfy existing demand and to increase value and employment.

32. **Opportunities: Irrigated Vegetables.** Small-scale irrigation projects provide a genuine opportunity for profitable farming production and are a powerful generator of local jobs, especially when used for vegetable production. There are, however, significant problems that include: (i) the modality of financing of pumps; (ii) lack of irrigation accessories to facilitate accurate application of water (e.g. drip and micro-jet sprinkler systems); (iii) protection of irrigable area from livestock; (iv) lack of cost awareness and project ownership by farmers; (v) poor knowledge of irrigation procedures leading to poor water use management; and (vi) insufficient use of contract supply arrangements for crops other than butternut squash.

33. **Opportunities: Special Purpose Vehicles.** The success of SPVs suggests that there is scope for their further development. Facilitation services, similar to those provided for FBOs in industrial crops and for women's groups, could greatly increase the scope and effectiveness of SPVs. SPVs might also join other value chain actors in DVCCs or forming their own representative body to provide for advocacy and interaction with Government and larger commercial entities.

34. **Opportunities: Extension Services.** Delivery of extension messages could be strengthened, especially with respect to application of improved technology and application of business principles at the farm level. A first example of improved technology that could be applied is electronic platforms, which are accessible through mobile phones and some of which deal with good agricultural practices for specific crops, are emerging in the programme area.

35. An innovative extension tool is the farmer's business books (FBB) that have been distributed to a large number of members of FBOs. There is evidence that these are not being used as expected by many farmers. While records are entered, it is clear that this is often at the prompting of AEAs, sometimes with identical entries for differing farms. This reduces the value of the information entered. Additionally, there appear to be two design problems with the FBB: (i) there is no provision for pre-season calculations of crop costs and revenues; and (ii) the FBB appears overly complicated.

36. **Opportunities: Seed Quality.** Input dealers and farmers face considerable logistical challenges and expenses to procure certified seeds through Regional Seed Producers Associations of Ghana (SeedPAG). The result of these factors is that farmers commonly use farm-saved grains as seed, with attendant problems of viability and quality. NRGP plans to address the problem by supporting the Seed Inspection Unit of MOFA with mobile seed processing and testing equipment. In a bid to solve the problem of certified seed for soya, the programme is collaborating with SARI to produce breeder seed of non-shattering high productivity varieties (Jenguma and Quarshie). The Grains and Legumes Board takes responsibility for the production of foundation seed which will be used by private sector members of SEEDPAG to produce certified seed for farmers.

37. **Opportunities: Engagement with Large Agribusiness Enterprises.** A major opportunity for development of smallholder agriculture and value chains linking it to markets is engagement with large commercial agribusiness enterprises. The aggregate of their investments is significantly greater than that of NRGP and there is a great opportunity to leverage their investments for the benefit of small farmers throughout the areas. The several large enterprises now developing schemes to engage with smallholders in the NRGP catchment area are involved in cotton, maize, rice, sorghum and groundnut production and are potentially powerful influences on smallholder production and profitability. Firms already active include Avnash Industries (rice and groundnuts), Olam (cotton and Shea), AAK (shea), Wenco (cotton), Accra Breweries (maize) and Nestle (high quality maize). Some of these firms have commenced activities jointly with NRGP, and all those which have not yet commenced joint activities have expressed an interest in doing so. The involvement of NRGP would help ensure that proper standards of equitable engagement are developed and maintained between the large commercial entities and smallholders. The continued strengthening of the FBOs, as well as introduction of more efficient and productive technology would enhance such relationships.

38. **Recommendations: Shea Production.** The Mission recommends that NRGP's support for shea collection and processing be sharpened by:

- (a) the facilitator detailing functions, activities and outputs of the shea IPB in its the next report;

- (b) specific investments (including improved transportation, storage facilities and farm access tracks) to enable increased harvesting from un-picked shea producing areas;
- (c) the facilitator working with the pickers' groups to help them make firm plans for contractual engagements with large offtakers such as AAK and Olam; and
- (d) the facilitator assisting processor groups to make business plans and applications for loans to enhance processing at decentralized locations.

39. **Recommendations: Irrigated Vegetables.** It is recommended that:

- (a) NRGp continues to support value chains for irrigated vegetables and that changes are made to address the identified weaknesses (para. 32); and
- (b) a facilitator be engaged to assist groups in the value chain to support this investment.

40. **Recommendations: Animal Based Commodities.** It is proposed that NRGp commence activities in these value chains, building on the work undertaken by the AfDB-supported Livestock Development Project and the work in this sector by GiZ and TRIAS. Specific recommendations are that:

- (a) facilitators be engaged;
- (b) market assessment be a critical initial task for facilitators; and
- (c) consideration be given to using the DVCC model of engagement.

41. **Recommendations: Extension Services.** The Mission makes several recommendations for improvement in delivery of extension services. These include:

- (a) improvement of technology dissemination:- the Programme should revisit and strengthen the operations of the existing but dormant Research Extension Linkage committees (RELC) as a platform to anchor agricultural technical knowledge review, generation, dissemination and feedback mechanism;
- (b) NRGp, in collaboration with other programmes, should assess the potential to increase its support to MOFA to enhance the performance of the district-level extension system to provide adequate Technical Assistance through the DVCCs;
- (c) the programme should engage with the Rural Enterprises Project (REP) to seek technical assistance for application of the appropriate training for MOFA, FBOs and farmers for application of business principles;
- (d) NRGp should evaluate the potential for electronic platforms and partner with their developers to promote their usage;
- (e) methods of improved training to engender better use of the FBB be devised and applied, with the FBB being redesigned in a simplified format while accommodating the need for pre-season budget estimates to be entered; and
- (f) NRGp recruits an agricultural production specialist in the PMU to complement the technical advice delivered through it by MOFA extension officers, facilitating agents (FA) and (SARI)/IFDC collaborations.
- (g) The Programme should also take advantage of engagement with large commercial companies to benefit from their commodity extension services through the PPP arrangements.

42. **Recommendations: Engagement with Large Agribusiness Firms.** It is strongly recommended that NRGP engage with these firms, to assist them in developing and operating equitable and mutually profitable production and purchasing arrangements. NRGP should commence this engagement immediately, starting by negotiating MOUs with companies interested in cooperation. It is recommended that NRGP's support include:

- (a) infrastructure, in the form of warehouses, feeder roads, farm tracks and irrigation facilities;
- (b) technology, particularly for introduction of viable conservation farming;
- (c) assistance in the form of building the capacities of FBOs (such as training in group dynamics, record keeping, financial management, business development skills, meeting quality standards of buyers etc); and
- (d) The Programme should look at the option of engaging a competent Technical Assistance provider to give advice on strategies for engaging with large commercial ventures, as well as training and mentoring in this for Programme specialists and implementation partners.

Sub Component A.2: Establishing Commodity Inter-Professional Bodies

43. **Aim.** This sub component originally set out to create and support “inter-professional bodies” that would improve planning, communications and policy analysis and advocacy in a range of value chains. It was envisaged that IPBs would be formed to:

- (i) elaborate the investment and support required to develop each commodity value chain;
- (ii) provide advice and direction to NRGP to implement the required investments;
- (iii) Participate in the preparation of the production of the commodity business plan (CBP);
- (iv) provide their members with technical services
- (v) negotiate among members for better efficiency and fairer distribution of value added;and,
- (vi) conduct policy assessment and dialogue with Government.

44. **Achievements.** NRGP assisted formation of IPBs for the soya and shea industries. However, the soya IPB has since closed and that for shea is ineffective, because such bodies cannot function effectively without legitimate mandate derived from their primary stakeholders. This linkage was not established in the development of IPBs; they had insufficient links to farmers and other entities in value chains and were thus unable to perform the functions expected in the programme design.

45. As the Programme progressed, it found that a more practical approach that could give more needed, faster and very effective results was to form District Value Chain Committees that would initially concentrate on the industrial crops valuechain, producing mainly maize and soya bean. District Value Chain Committees (DVCC) are a “grassroots” manifestation of an IPB for these value chains. They are formed from representatives of FBOs and other entities in the value chain including inputs suppliers, services providers, banks, off-takers and relevant government agencies such as MOFA and the Department of Cooperatives. Already, 35 DVCCs have been formed, 15 in 2011 and a further 20 in 2012 and it is intended to form a further 8 in 2013, so that all districts will be served. The DVCCs have been effectively supported by a facilitator, a contracted NGO. The challenge is to widen this option to a greater number of farmers and potential value chain participants in the industrial crops and other value chains of importance to farmers in the NRGP area.

46. **Opportunities.** DVCCs have two main functions which are to act as a communication channel between the entities in local value chains and as credit reviewers for farmers applying to banks for seasonal finance. The results have generally been positive as DVCCs have: (i) facilitated increased production and incomes, through increased yield and better access to markets; (ii) effectively functioned as credit reference point/bureaus for farmers, with total seasonal financing of more than GHC 2.0 million approved in 2012. In 2011, there were many examples of DVCCs whose farmers achieved 100 per cent repayment; (iii) some development of self-sustaining financing; and (iv) some ideas on zonal representation and apex bodies.

47. Despite the successes, there are signs of immaturity in some DVCCs, especially those formed most recently. Some have not fully adopted a business approach and some participating banks still need to be convinced of the model. Full awareness for the need for realistic contracts reflecting actual market conditions in advance of production is missing and in common with SPVs, there is inadequate pre-season financial analysis.

48. **Recommendations.** The promising results lead the Mission to conclude that NRGPs work with DVCCs be intensified and to recommend that:

- (a) the Industrial Commodity Window facilitator be engaged for a further two years, with possible further extension dependent on performance;
- (b) a manual of operations for DVCCs be developed;
- (c) DVCCs be promoted as the basis for organization of commodity-specific value chains to cover all main commodities produced by smallholders in the NRGPs catchment area. These will form the basis for IPBs. There may be some need for sub-groupings and larger cross-sectional groupings, dependent on experience. The key feature is that these institutions should maintain their relevance and coherence for their members;
- (d) NRGPs, in collaboration with the FAs, develop principles for varying assistance to meet the varying DVCC needs and tailoring assistance to their capacity. Tailored assistance should be provided to weaker DVCCs to enable them “catch-up” to the best; this support would not be open-ended and the removal of the weakest DVCCs from Programme support would need to be considered if significant progress is not observed by 24 months after their foundation. Progress would need to be measured through objective criteria. The criteria proposed are:
 - i. Number of FBOs being served as a percentage of those in the district;
 - ii. Ability to secure markets for produce (percentage of total production by member FBOs),
 - iii. Amounts of credit disbursed and percentages repaid;
 - iv. Percentage of demand for mechanised services being met; and,
 - v. Quantities and values of produce marketed by member FBOs;
- (e) NRGPs assist DVCCs to develop appropriate higher level apex bodies as the need becomes apparent. It is probable that apex bodies would be created at regional and later at national, levels. Functions of apex bodies would initially be limited to that of advocacy and policy interaction; and,
- (f) NRGPs should assist DVCCs to develop a sustainable self-financing mechanism. Some have already commenced this process, initially

through a small levy on FBOs. Another opportunity would be for PFIs to pay DVCCs for their credit reference point/bureau functions, based on performance. A possible modality may be for PFIs to pay a small proportion (say, 1.0% of the value of principal repaid) so long as repayments exceed a benchmark (say, 98% of portfolio value) for that DVCC. This may graduate to 1.25% for 99% repayment and 1.5% for 100% repayment. This would have the additional benefit of providing an incentive for DVCCs to maintain their discipline in credit-worthiness assessment and repayments. It is planned to pilot test such cost recovery systems for 10 DVCCs commencing in 2013.

49. With respect to recommendation (d) above, the DVCCs should be divided into three groups for which different treatment should be applied:

- Group A, which have little need for external assistance and should be self-reliant within 24 months;
- Group B, which have need for substantial external assistance to become self-reliant within 24 months; and
- Group C, which are unlikely to achieve self-reliance within 24 months, whatever the level of external assistance supplied.

50. The PMU will classify the DVCCs into the three groups based on these performance criteria outlined above and fully developed by M & E Unit of PMU. The PMU will prepare and implement a plan for the actions agreed to deal with development of the groups.

Sub Component A.3. Preparing and Implementing Commodity Business Plans

51. **Aims.** This sub component set out to prepare “Commodity Business Plans” (CBP) to be the basis for setting strategies and deciding on priority investments along each value chain. The CBPs were to be the document for identifying investments and proceeding to application for support from the Commodity Development Fund (CDF) to be created for Sub Component A.4. It was intended that the CBPs be prepared by participatory processes with the IPBs in the lead. There were to be three CBPs in NRGPs first phase and up to six in its second.

52. **Achievements.** Immediately following the start-up workshop, stakeholders along each value chain were identified to prepare draft CBPs to guide the initial implementation. These were to be fine-tuned through technical assistance for each commodity. While three CBPs have been prepared, the usefulness and results vary. The IPBs as envisaged could not come into fruition and hence could not play their expected roles in the preparation of the CBPs. However, the Facilitation Agencies with broad consultation with stakeholders and technical assistance from consultants prepared the CBPs for the “industrial commodity window” and the “women commodity window”.

53. The CBP is envisaged to present the current status of the value chain for each commodity (i.e. a value chain analysis), explore the major challenges to be overcome in upgrading or developing the chain and provide investment opportunities for potential investors. The CBPs have been finalized for maize, soyabean, sorghum and shea. Stakeholder forums are yet to be organized to disseminate the findings. The documents should be reference material for DVCCs, FBOs and private investors.

54. **Opportunities.** The Mission noted that the Programme has had considerable success in supporting the DVCCs through facilitators and believes that a similar approach should be taken in developing other institutions and commercial

arrangements. There is clear need for facilitating agencies to support the development of SPVs.

55. **Recommendations.** The Mission recommends that the activities of the sub component be re-oriented, with its focus shifted from preparing CBPs towards supplying technical support for all the associations along value chains. The revised sub component would include specific facilitation contracts for development of DVCCs, SPVs and contract farming. The sub component would be flexible and would make allowance for facilitation services, so that further needs for support can be identified, funded and implemented as the Programme proceeds. Specific recommendations for this sub-component are that:

- (a) The preparation of CBPs on a commodity-wide basis should include public investment plans in infrastructure, capacity development of actors and public private partnerships to serve as basis for the preparation of District Agribusiness Investment Plans (DAIPs). The DVCCs would be trained in short and medium-term investment planning methodology, to actively participate in the preparation of the DAIP within the framework of District Assembly Development Planning. These DAIPs should be 3 year rolling plans from which annual operational plans are drawn. These plans would be updated annually according to experience and circumstances. DVCCs would be encouraged and assisted to consider private and public investment items as well as short-term financing for seasonal production. The DADUs from each District would be the “champion” and main source of guidance for the formulation of DAIPs;
- (b) The programme should enable the provision of guidelines for the formulation of DAIPs, monitoring the quality of DAIPs and provide feedback to the DVCCs on their usefulness, realism and accuracy; and
- (c) The PMU would aggregate the information in the DAIPs to assist in preparing the AWP&B for the Programme. It would use this information as a basis for monitoring implementation performance.

Sub Component A.4: Establishing a Commodity Development Fund

56. **Aims.** This sub component was intended to promote investments in facilities and development of human resources to overcome bottlenecks or fill gaps preventing efficient movement of produce along the value chains. The sub component consisted of investments that were in the nature of both private and public goods which were to be funded by partnerships of investors or clients, financial institutions and IFAD loan or grant. It was envisaged that value chains would be supported in the same four groups (termed “windows”) set out for Sub Component A.1.

The share of the CDF going to **private goods** (those which are for commercial enterprises and have clear beneficial ownership) was to support investments along value chains, with examples being facilities for aggregation, packing, cooling, storage and processing. The funding sources for investments in private goods were to be (i) investors who would contribute 10 per cent of cost as equity; (ii) financial institutions which would provide 50 per cent of costs as loans to investors; and (iii) the CDF which would provide 40 per cent using IFAD loan funds .

57. Investments in **public goods** were for items that had no clear ownership but supported the development of value chain activity. Examples of investments which might be financed were community sensitization, formation of water users’ associations, design and construction of irrigation schemes, research and extension

and support to post-harvest improvement and export certification. Funding of investments in public goods was to be from the IFAD loan (100 per cent)

58. The sub component included among public goods regional exchange visits for which an allowance of USD 400 000 was made. Funding for this activity was to be in the form of grant from IFAD.

59. **Achievements.** The public part of this sub-component has been relatively well implemented. However, that which relates to direct support for private investment has made little progress, primarily because the procedures and practices for use of the funds available have not been clearly established. The Programme has disbursed very small amounts for purchase of tractors. It is apparent that the lack of clarity on eligibility and processes for obtaining support from the CDF has been a major constraint to disbursement. Among the factors limiting performance are:

- (i) lack of an appropriate standard methodology for matching grants and alternative financing arrangements for private goods (i.e. leasing);
- (ii) lack of awareness by farmers and other value chain entities of the availability of matching grants;
- (iii) incoherent procedure with other projects operating with matching grants in the same areas; and
- (iv) failure to obtain collaboration with micro-leasing entities.

60. **Opportunities.** The Mission believes that elaboration of procedures and those practices that will disburse funds to support investments remains a critical part of NRGP. Effective strengthening of value chains depends on development of institutions and actors and of relations among them and on facilities that provide efficient services all along the value chains. In turn, those institutions and actors can provide the services needed only by investing in facilities.

61. There has been confusion between the CDF which was promoted and financed in this component (and this sub component) and “matching grants” which were promoted, but not financed, in Component C. This confusion can be removed by including all subsidies for investment in one activity group in the programme plan.

62. **Recommendations.** This sub-component was originally conceived as being the funding mechanism for support to private and public investments identified for programme support through the CBPs. This has proven to be unworkable in practice and there has been little effective disbursement. The Mission recommends that the management of the PMU and GoG place high priority on operationalizing the CDF process. The PMU should draw up a clear plan for identifying, analyzing and financing investments that remove constraints, relieve bottlenecks or fill gaps in capacity along value chains. The Mission’s major recommendations for this sub-component are:

- (a) The concept of CDF be removed from the Programme; and
- (b) The available funds for the CDF and the conceptual “matching grants” be combined into a Productivity Improvement Fund (PIF).

63. The PIF would continue to have both a public investment facility and one for private investment. The public investments would continue as before. The lessons and experience in the lack of use of the private investment facility highlight that the plan for use of the available funds should be very concerned with clarification and simplification. It is recommended that the PMU oversee the following three steps in this direction to provide better access to matching grants for private investment:

- (i) Prepare a rule book and make it available to all stakeholders detailing all conditions of eligibility and use of funds and the procedures for applying for funding;

- (ii) Undertake a media (visual and print) campaign to inform prospective users of the PIF of all its aspects; and
- (iii) Encourage and support the DVCCs, through the facilitating agents, to contact and sensitize their member organizations on the rule book to seek investment proposals.

64. The Mission recommends further that ways of providing private equity to enable the growth of SPVs and other larger value chain entities be explored through participation of third party institutional equity. The starting point would be the engagement of a consultant to design the PIF and to advise on promotion of investment in value chains in the programme area.

65. Further details on the structure and uses of the PIF are given in Chapter III in descriptions of the proposed Programme components. Procedures for management of the fund are described in Chapter IV.

A. Rural Infrastructure Component

66. While the programme area suffers from limited development of all classes infrastructure, agriculture is especially constrained by poor quality and coverage of access roads and the absence of irrigation facilities to support the cultivation of high-value crops. This component set out to develop both water management facilities and market infrastructure that were clearly linked to the development of agricultural marketing chains. The component, recognizing that engineering capacity is limited, was designed to provide strict enforcement of design, construction and supervision standards, while encouraging smaller construction enterprises to become involved.

67. Following AfDB's mid term review (MTR) mission in November 2011, which included a broad stakeholder consultation workshop, realistic and achievable targets for the remaining implementation period were agreed; they are:

- (i) Rehabilitation/ spot improvement of 600km of feeder roads;
- (ii) Completion of 12 irrigation schemes of SSIDP within the Programme area;
- (iii) Construction of 10 warehouses and 4 packhouses;
- (iv) Construction/ rehabilitation of 1 000 ha of flood recession schemes.

68. NGRP has included further infrastructure work in its activities. It responded positively to GoG's request for AfDB financial assistance to complete other agriculture water management infrastructure, made up of 9 small scale irrigation schemes and 20 inland valley rice production schemes which were outside the original Programme area.

69. The pressing need for additional infrastructure leads the Mission to recommend that NGRP develop a mechanism for identification and prioritization of infrastructure development needs and prepare designs as the basis to mobilize additional resources.

Sub Component B.1. Small-Scale Irrigation Development

70. **Aims.** Small-scale projects can play a vital role in development of agriculture in the three northern regions by providing water to irrigate crops with high value and factor productivity. Such crops, although usually constrained by markets, generate high returns to investors and stimulate economic growth. This sub component originally was set out to construct 50 small dams, 410 dugouts for livestock, 400 hectares of flood recession schemes and 2 080 hectares of inland valley moisture conservation development. This has been reviewed at mid term to realistic and achievable targets including 2828.6 ha of irrigable land (from 21 schemes of SSIDP and 20 schemes of IVRDP), 1000 ha of flood recession schemes in Gbelimbisi

valleys 1 & 2, Weisi, Black Volta, Kulpawn river, Siisili River, White Volta, Oti River and Nasia river, planting of 12,000 seedling along the river banks.

71. **Achievements.** NRGP in 2009 procured 150 engine-powered water pumps and accessories for on-sale to farmers to promote surface water abstraction technologies for irrigation. To date, 70 of these pumps have been sold and the technology is gradually being adopted. However, it will be crucial to develop a private sector-led approach to promotion of small-scale irrigation to create a more sustainable and coherent mechanism for scaling up.

72. NRGP, with assistance from the Ghana Irrigation Development Authority and the (now closed) Inland Valley Rice Development Project of MoFA, packaged the irrigation scheme into five lots and recruitment of engineering consultants for technical audit are far advanced.

73. AfDB's MTR identified key issues for further work in small scale irrigation as:

- **Technical design and construction:** Poorly designed /constructed schemes were given as a major reason for non-use of some schemes.
- **Lack of knowledge of irrigated agriculture:** Irrigators did not appear to understand issues such as irrigation water requirements; and other in-situ parameters to be considered for optimal irrigation practices.
- **Inadequate costing to inform sustainable management of constructed schemes:** Water users did not incorporate investment costs in their costing, thus leading to a vicious cycle of breakdown and reliance of government to rehabilitate/ replace schemes and pumps.

74. The Embassy of Israel has expressed interest to IFAD to explore the possibility of providing technical assistance through Mashav in the area of irrigation development in Northern Ghana. The mission agreed that a proposal be developed for further discussion with the Embassy.

75. **Recommendations: Technical Matters.** It is recommended that technical audits be conducted in selected schemes to ascertain the extent of design and construction deficiencies.

76. **Recommendations: Scheme Management.** The Mission recommends that scheme planning and management be improved by:

- (a) Preparing programmes and operating manuals for specific schemes, including micro-scale pump schemes, be produced;
- (b) Preparing and delivering training programmes in costing of irrigated crop production (pre-season planning including estimates, cropping pattern, cropping schedule); and
- (c) Engendering a culture of payment of levies by WUAs for replacement/ future rehabilitation works on small scale irrigation schemes.

COMPONENT B.2: MARKET INFRASTRUCTURE DEVELOPMENT

77. **Construction of Feeder Roads.** The Programme's road work commenced with a batch of 16 lots of feeder roads rehabilitation/ spot improvement work totaling 154.25 km. Of these lots, 12 were either completed or very near completion at the time of the MTR; four lots were terminated due to poor performance of the contractors and have been repackaged for re-tendering. NRGP has recently awarded 53 additional lots totaling 492 km and contractors have possessed sites and commenced construction.

78. The key issues for the Programme's ongoing and future road work are:

- **Performance of contractors:** Some of the contractors were unable to complete their works as scheduled, with four abandoning sites leading to termination of their contracts.
- **Maintenance of constructed feeder roads:** The completed roads have not been handed over to the responsible government institutions for inclusion in their management plans. The communities also are ambivalent about their role in the management of the roads.

79. **Recommendations: Construction.** The Mission endorses the recommendations of AfDB's MTR that three steps to be taken to improve construction:

- (a) more effective supervision by DFR;
- (b) involvement of communities in monitoring and supervision of progress of work; and
- (c) training of contractors in contract and financial management.

80. **Recommendations: Maintenance.** The Mission makes two recommendations to improve maintenance:

- (a) constructed roads be handed to the appropriate government authorities as soon as possible; and
- (b) community members be sensitized and involved in the design, monitoring and supervision of the progress of works, with communities to be assigned specific roles during and after construction. This would be achieved through engagement with and through the appropriate District Assembly member for the locality.

81. **Farm Tracks.** Farmers requested farm tracks to enable the use of tricycles to cart produce from farms to primary processing/bulking centres. Two steps would be required before farm tracks could be incorporated into the Programme: (i) criteria for participatory selection of farm tracks should be set; and (ii) an individual consultant should be engaged to support the design and construction of farm tracks,.

82. **Market Facilities Development.** The tendering process for recruitment of engineering consultants to design and supervise the construction of the ten (10) sites for warehouse facilities and four (4) vegetable packhouse facilities has commenced.

83. The key issue for this activity is management of the facilities. There is agreement that these facilities shall be managed through Public Private Partnership for profitability and sustainability. Needs for further development of this activity group are (i) to build on knowledge based on ongoing studies by EMQAP and completed studies by REP; (ii) to place investments in the context of broad government policy for PPP and similar; and (iii) to undertake a comprehensive study on how each facility will be managed.

C. IMPROVING ACCESS TO FINANCIAL SERVICES COMPONENT

84. The objective of this component is to increase access to and use of short and long term financing for value chain actors as availability of sustainable financial services is key to the success of the programme. This involves:

- a. Capacity building of both targeted clients and Participating Financial Institutions (PFIs);
- b. Access to finance by leveraging private funds through measures (matching grants etc) to make finance more affordable and available to targeted clients;
- c. Promoting innovative financing mechanisms; and,

- d. Providing risk mitigation measures for both clients and financial institutions.

85. **Achievements.** This sub component has made several initiatives, including:

- (i) training staff of rural and community banks (RCB);
- (ii) providing transport equipment for RCBs;
- (iii) developing and applying the "cashless credit system" for use by RCBs, farmers and input/service providers;
- (iv) developing and applying the "tripartite financing agreements" involving FBOs, RCBs and commercial produce off-takers;
- (v) development of an effective credit screening methodology used by DVCCs for ensuring creditworthiness of farmers/ FBOs applying for seasonal credit (in conjunction with Component A); and
- (vii) development of effective financing systems for smallholders engaged in SPVs (also in conjunction with component A).

86. To date, 22 RCBs, two Commercial Banks, four financial NGOs and one equity financing institution (Venture Capital Trust Fund) have been engaged with the Programme. Progress has been positive, with USD 2.3 million of these PFI's own funds being disbursed since 2009 in the form of seasonal finance. Loan recovery rates have been high, with several PFIs reporting 100 per cent repayment. Further, in 2012, credit disbursed through SPVs has been some USD 0.85 million.

87. **Recommendations.** It is recommended that these initiatives be continued and strengthened. Consideration should be given to engaging larger banks where warranted, especially through the SPV model.

D. PROGRAMME COORDINATION, MANAGEMENT, MONITORING AND EVALUATION COMPONENT

88. **Aims.** This component was designed to support the three operating components and to ensure that the Programme was implemented efficiently. The NRGP is adopted a demand driven, private sector oriented programme approach, with a minimum of pre-determined investments. This component was designed to enable competent and efficient support for all aspects of these types of investments. It included all coordination, management and the monitoring and evaluation (M and E) functions.

89. **Programme Start-up.** The first of three aspects of the Loan Agreement that are especially important for inter-phase assessment of the Programme was the conditions it set for effectiveness, which were:

- “(a) the NPSC shall have been duly established
- (b) the PMU shall have been duly established
- (c) the National Programme Coordinator and the Financial Controller of the PMU shall have been selected and approved by IFAD
- (d) the Borrower shall have duly opened the Programme Account, the Grant Bank Account and the Special Account
- (e) this Agreement shall have been duly signed, and the signature and performance thereof by the Borrower shall have been duly authorised and ratified by all necessary administrative and governmental action; and
- (f) a favourable legal opinion issued by the Borrower's Ministry of Justice and Attorney General's Department in respect of the matters set forth

in Section 7.02 hereof and in form and substance acceptable to the Fund, shall have been delivered by the Borrower to the Fund.”

90. GoG was very efficient in meeting these conditions and completed all requirements by November 2008. The Programme was subsequently delayed by Ghana’s national election in December of 2008 and the resulting change of government.

91. **Management Performance.** Overall management performance in the first half of implementation is moderately satisfactory. Coordination by MOFA and the PMU has allowed the implementing partners to set up an innovative, technically sound and inclusive system for the development of agricultural value chains for smallholder farmers. The Mission notes that the PMU was generally successful in finding adequate solutions to the teething problems of the innovative approach of the Programme, while learning and improving continuously. After only two years of operation (and in the majority of the DVCCs only one year), farming is more and more seen as a business and a number of DVCCs function as a model for business cooperation. However, performance among DVCCs varies considerably and FBOs need to be better integrated as business partners.

92. Management should now turn to focus on systematic streamlining of coordination, good planning and monitoring and evaluation to provide NRGPs with a sound framework to implement its full range of proposed activities. Such a programme will require a solid M and E system that ensures constant measurement of key outcomes to assess the efficiency, effectiveness and sustainability of activities. Better management practices will provide also the basis for continued learning and refinement of emerging models that help small on- and off- farm enterprises to increase competitiveness and profitability. The Mission sets out four groups of recommendations to address overall performance issues systematically: (i) improved attention to planning and coordination; (ii) better use of management systems; (iii) facilities and staffing of the PMU; and (iv) monitoring and evaluation.

93. **Recommendations: Planning and Coordination.** The annual work plan and budget (AWPB) is the most important planning tool of any programme or project. The level and structure of disbursements also indicate that the planning side is not well developed. Budgeting has been over-ambitious with AWPB execution rates below 50 per cent and expenditure overruns for operating costs (including salaries and allowances) of about 1/3 of the total expenditures to date. The latter figure represents a disbursement rate of 107 per cent of the total allocation foreseen for four years. The Mission recommends that the PMU make two important changes to its approach to planning:

- (a) It should apply planning procedures from GoG and in accordance with the PIM; and,
- (b) it should derive detailed and realistic annual plans, primarily from the Programme’s activity, input and financing plans set out in its AWPB.

94. **Management Systems.** The management systems (including M and E) must be improved if NRGPs are to succeed in refining the packaging and systematization of activities for more effective execution and replication of activities. The Mission recommends that, to improve management systems, NRGPs:

- (a) plans and monitors its services more systematically, so that it can judge the need, coherence and quality of contracted services. This can be achieved, partly, through feeding M and E results back into input allocation and activity plans; and

- (b) develops specific TORs and training plans for implementing partners, to assist building the basis for learning and for scaling up both quality and its coverage. These plans will emerge by comparing the needs for certain skills with existing capacities of implementing partners and then outlining the necessary steps to fill the gap. In some cases, well-targeted technical assistance might be appropriate.

95. **Office Facilities and Staffing of PMU.** The Mission noted the inadequacy of the office accommodation for staff of the PMU and endorse the request for an allocation to finance an office building.

96. Issues related to staffing also hinder the Programme's progress. The Mission sees needs for an agronomist to strengthen the technical support dimension and for a senior policy specialist based in Accra to liaise with government officials and partners to foster policy dialogue and harmonization at the national level. It should also strengthen the Regional Agricultural Development Units (RADU's) for implementation. They would be staffed with a value chain linkage officer and an M and E officer to build more efficient and effective support to the Programme's clients and their activities in remote areas.

97. The Mission observed some gaps in the capacity in general administration of the Programme that affect the efficient and effective running of the PMU. Particularly, the review of the compliance with the loan covenants, revealed that Programme personnel are not insured against health and accident risks.

98. **Recommendations: Office Facilities and Staffing the PMU.** Recommendations for more effective staff performance are:

- (a) that GoG and IFAD discuss the quality of office space at the PMU urgently and prepare and effect plans to provide adequate working conditions.
- (b) that the PMU recruit an agronomist, a policy officer (based in Accra), three value chain linkage officers and three M and E officers (one of each in each region) and an M and E assistant (PMU office).
- (c) that the PMU recruit to replace the demised Procurement Officer to deal with the procurement planning, purchases and contracts management, an Administrative Officer to supervise administrative and human resource issues and procedures, maintain efficient filing and documentation, coordinate travel arrangements and supervise maintenance of project vehicles and other fixed assets and (an Assistant Accounts Officer to support the Finance Unit; and,
- (d) that PMU staff be insured appropriately against health risks and accidents.

99. **Monitoring and Evaluation.** The Mission reviewed the M and E system in close collaboration with the responsible M and E officers and partners from national agencies. Further work is needed in the near future to develop the M and E system to become more useful for review, analysis and planning. The M and E system and processes have not been well developed, with the baseline survey undertaken only in 2012.

100. The Mission would like to see more analyses linking inputs, outputs and outcomes that would not only create learning and higher efficiency within the Programme but could be used for learning at a broader level. Furthermore, analyses could be used as a basis for policy dialogue with the government and partners on harmonizing its efforts efficiently. The Mission prepared a revised logframe and developed a more coherent and comprehensive set of indicators.

101. **Recommendations: Monitoring and Evaluation.** In keeping with the need to enhance NRGPs programme approach, a well designed and systematic M&E system is a key requirement. The programme needs to urgently improve its system, and specifically define realistic indicators to track performance and achievement of results in three-year cycles. This will allow the programme to know the clients and better understand performance of individual FBOs. Such information is clearly a precondition to tailor support for productivity and income growth by farmers. Accordingly, the Mission makes the following recommendations to improve the M and E system:

- (a) more focus on comparative analysis and learning in the reporting – for example, comparing the productivity of clients with non-clients in the same areas (i.e. farmers involved in NRGPs activities with other farmers) and comparing districts with high and low impact and analyzing changes over time;
- (b) the Programme develop a number of qualitative indicators to add to the quantitative indicators already in place; and
- (c) the Programme seek partnerships with universities and other research institutions to make ad hoc studies on relevant programme activities such as subsidies for investments, the functioning of the FBO approach and relationships between different intervening agents in the same area.

102. An interesting introduction by NRGPs is the “Farmer’s Business Book” (FBB), which not only serves as an important planning tool for the individual farmer, but also as a possible M and E panel data source. The FBB is, potentially, a valuable source of information on the effectiveness of the Programme, since each farmer can be followed closely. However, many farmers have difficulties using the book correctly, resulting in the emerging data being unreliable. The Mission recommends that the revision of the FBB planned for 2013 be thorough and involve all stakeholders and partners. Ownership and of the FBB on client and MOFA extension level is crucial; hence, training of FBOs, DVCCs as well as AEAs and the BACs to follow up is recommended. It is further recommended that a sample of the FBBs be used to provide qualitative data on costs, farm productivity and profitability for programme clients.

IV. PROPOSALS FOR PHASE II

A. ELIGIBILITY FOR FUNDING

103. The Mission reviewed the Programme's compliance with conditions for approval of passage to its second phase (para. 16) and found very acceptable achievement in most areas. Especially important have been: (i) Clear articulation of NRGP with or integration within the coming SWAp; (ii) implementation of appropriate funding mechanisms for the value chain actors; (iii) development of at least three commercial ventures and direct marketing arrangements; and (iv) At least, two inter-professional bodies established and functioning. (iv) At least 30% of the Programme financing proceedings from the IFAD loan.

104. The triggers were met as follows: (i) The expectation of emergence of a formal agricultural "sector-wide approach" (SWAp) has not materialized, leaving no requirement on NRGP to conform; however, NRGP has been aligned to the Medium Term Agriculture Sector Investment Programme (METASIP) which is GoG's major sector policy that was prepared under Ghana's obligations to the CAADP compact. (ii) the Programme introduced the "Cashless Credit System" which leveraged loans to the tune of USD 2.3 million from Participating Financial Institutions to finance the value chains with a repayment rate of 98%. (iii) The programme established 2 IPBs namely the shea network and soya alliance but their operations were not effective and therefore the Programme came out with innovative ways to address the challenge by the introduction of the concept of District Value Chain Committees. So far, 35 of them have been established and are at various stages of maturity. (iv) Disbursement of IFAD's loan funds to the end of September 2012 reached 32% , compared with the trigger figure of 30% , is a satisfactory performance exceeding target by 2%.

B. FINDINGS ON STRATEGIES AND APPROACHES

105. The Mission concludes that the concepts underlying the design of the Programme are appropriate and have generally been proven valid, although in varying degree. It is clear that much has been achieved, by the Programme and by other forces, in bringing agribusiness and farm business approaches to the area. The Mission's overall observation is that farmers in the NRGP area are talking about "the business of farming" and increasingly are carrying out their operations with a businesslike approach. Opinions of Farmer-Based Organizations, rural banks, input suppliers, aggregators and other marketers and of government extension staff given to the Mission, to the PMU and to supervision missions all point in this direction.

106. The Mission finds that the value chain approach has demonstrated relevance and effectiveness in linking smallholders with markets and other key value chain actors and in raising productivity and incomes. It should be continued, strengthened and expanded and particular focus should be given to strengthen the efficiency of the approach.

107. The Programme has already offered up valuable lessons for selection of activities and activity groups for the remainder of its life. Some of the lessons are positive in character and others pose challenges to be addressed. On the positive side, the Mission observed that:

- (i) The SPVs and DVCCs have both proven successful in bringing various actors together for mutually advantageous activities. The SPVs have had notable

success in delivering inputs and developing markets for groups of smallholder farmers.

- (ii) The DVCCs have facilitated the formation of farmers' organizations.
- (iii) The Programme's initiatives to improve farmers' access to finance have made a promising start, with high repayment rates and expressed strong satisfaction of rural finance institutions.

108. Areas that especially require improvement include:

- (i) The Programme's outreach has been limited and revised methods will be required to bring its benefits to most farmers in the subject area.
- (ii) Mechanisms to increase the supply of medium term credit have not been developed.
- (iii) Public investment in infrastructure and business enterprises has been limited.

109. The lessons of experience that should inform planning for the future of the Programme include: (i) links in the selected value chains should be strengthened; (ii) there is considerable variation in the outcomes of efforts to build institutions; (iii) strong FBOs are essential for furtherance of commercialization of rural production; (iv) specific attention must be paid to raising factor productivity on farms; (v) coherent policies and key investments must go hand-in-hand; (vi) inadequate infrastructure can be a severe constraint to development and investment by the private sector; and (vii) value chain development is a long term process. Some key aspects of these areas of learning are:

(i) Strengthening Links in Selected Value Chains

The development of inter-professional bodies (IPB) has to start in areas where business transactions happen. The experience with the Soybean Alliance led the Programme to shift its focus to district level. NRGP assisted formation and operation of 35 District Value Chain Committees (DVCC), with a further eight in progress, to provide a mechanism to link farmers to markets, service providers and input dealers. The DVCCs have had notable success in increasing the access of smallholders to credit and in introducing various actors in value chains. Rural financial institutions and participating farmers' organizations record great satisfaction with the progress and predict rapid growth in impact in coming years.

(ii) Building Institutions Meets Varying Success

The DVCCs are variable in membership, ambition and capability and it is clear that their future roles and needs for assistance should be tailored to their circumstances. The Programme should form a strategy for assisting the DVCCs that takes account of the great variations in circumstances and should consider:

- tailoring assistance to capacity of the DVCCs
- whether to provide greater assistance to weaker DVCCs to enable them "catch-up" with the best
- whether to provide for removal of the weakest DVCCs from the Programme.

(iii) Farmers' Organizations Must Act as Business Entities

The empowerment of farmers' organizations to understand their business transactions, assess investment options, manage risks and negotiate contracts with other actors in the value chains continues to represent a major challenge in the approach. There is obvious need to ensure that FBOs have access to adequate technical services to enhance their skills in leadership and management and in analyzing business transactions. Only if the

programme succeeds in supporting the emergence of strong, cohesive and sustainable FBOs driven by clear business models can the DVCCs provide an inclusive mechanism for agricultural value chain development. Emergence of strong institutions will depend on the level of value that can be added in each link of the chains.

(iv) Productivity Can be Raised

Farmers in the NRGPs catchment area typically have low crop yields and low productivity from their livestock with high unit production costs rendering their competition in commodity markets difficult. In addition to improved marketing services, substantial investment in productivity enhancement is needed at the farm level.

Value chain development aims to raise the productivity of enterprises all along the chain so that crops produced can be delivered to consumers at costs permitting successful competition with other suppliers.

Raising farm productivity depends initially on (i) better and timely access to inputs and services for the farmer; (ii) improved use by the farmer of all factors available for production; and (iii) marketing systems that absorb the farmer's output efficiently and at best possible price. The Mission proposes that the Programme should further strengthen the linkages between and among the value chain actors and support agencies for more reliable delivery and access of services.

(v) Coherent Policies and Programmes Facilitate Commercialization

NRGP's approach provides a viable mechanism to ensure sustainability by empowering the private sector to deliver services by embedding their business transactions in the arrangements between the DVCCs. This implies that the management of business relationships and associated risks (e.g., of production and of market risks) at the level of the value chain actors is an inherent part of the approach. Parallel interventions in the programme area that affect input and output prices and market transparency present particular challenges that should be addressed at policy level and through better coordination and targeting. Programmes and public investment should focus on public goods and capital investments and minimize the distortionary effects of their intervention in view of providing a level playing field for smallholders and small and medium enterprises to compete.

(vi) Inadequate Infrastructure Constrains Private Sector Investment

The development of the institutional aspects has to be matched by adequate investments in productive infrastructure, to reduce transaction cost, enable aggregation, proper post-harvest handling and marketing of higher quantities, as well as capital investments that enable farm productivity to increase. There is a need to prioritize investments based on a clear business rationale, and to develop a strong pipeline for infrastructure investment to reduce unnecessary delays once the financing is approved.

(vii) Value Chain Development is a Long Term Process

Development of strong value chain requires long term engagement with a flexible approach to respond to changing contexts and markets and to incorporate lessons as they emerge. NRGPs management must be tightened, with strengthened planning and M and E systems to ensure learning effective and efficient coordination in execution. This is especially important in view of the emerging partnership with private sector entities, which require the ability to deliver once agreements are made. It is also very important in the context

of developing a genuine programme approach to investment in rural enterprises development. A programme approach needs access to detailed and accurate information on the performance of ongoing initiatives, as well as a responsive management culture to ensure timely implementation of the legitimate investment demands of clients.

PROGRAMME CONTENT

110. The overall goal and objective should remain as set from the outset of planning NRGP. The Programme's **overall goal** is to achieve sustainable agricultural and rural livelihoods and food security for the rural poor particularly those in deprived areas, rural women and other vulnerable groups in its area of influence. The **specific objective** is to develop inclusive and profitable commodity and food chains to generate agricultural surplus production and orient it towards remunerative markets in southern Ghana and abroad.

111. As NRGP has completed four years' of operations and review, the time has come for very clear statements of the expectations from its remaining period and of what is to be done to meet them. The Mission sees it as essential that NRGP understand what is to be achieved from every component and how it is to be achieved. The objectives for the components and sub components describe very clearly what is expected from each and collectively outline the strategy for the remaining programme period. The activities and activity groups that show the tactics by which the strategy will be effected are further explained in the component descriptions and the input/ output relationships set out in the programme plans in the detailed cost tables. The strategic hierarchy of tactics and component and sub component objectives show how the Programme will attempt to reach the specific objective and hence, to realize the goal. The strategic hierarchy is represented in the statements of inputs and is pictorially shown in the logframe (Annex --).

COMPONENT A. COMMODITY CHAIN DEVELOPMENT

112. The structure of this component remains as set out in the Appraisal report with four sub components, which correspond broadly to those already in action. The four sub components together will contribute to the component objective, which is:

Strengthen value chains for greater efficiency in distribution and marketing of produce, expansion of markets and attainment of higher incomes for rural producers.

113. While the sub components are structurally similar to those in the previous descriptions of the Programme, a number of changes have been made following the Mission's review of progress (Chapter II). The principal changes are:

- the titles of all four sub components have been changed, better to reflect their aims and content;
- sub component objectives have been included in the descriptions, to focus attention on what is expected from activities in each and to show how the four sub components together address the component objective
- activities that have been completed or are judged no longer relevant have been excluded

- minor new activities have been added to cater for the intent of future operations
- Sub components A.3 and A.4 have been substantially revised to address serious concerns raised by the Mission and to sharpen their focus on priority and revised activity groups.

114. **Sub Component A.1.Strengthening Farmer Based Organizations.** This sub component would deal with the FBOs engaged in production/ gathering of rural products. It would be concerned with strengthening FBOs for their critical roles in supporting members to raise factor productivity on-farm and in gaining access to the best possible markets. Its objective would be:

Strengthen producer organisations to increase their production and marketing opportunities.

115. This sub component's title would reflect the Mission's recommendation that all rural producer organizations be termed "farmer based organizations" (para. 17). Preparatory work that has been completed has been deleted from the plan and minor adjustments have been made to continuing activities ³. The previous activity that was to support the formation of a producers' inter-professional body has been amended to provide support to farmer's apex organizations.

116. The major activity for the sub component would be training programmes for FBOs. To implement this, a training manual would be developed based on the training needs assessment conducted in Phase I. In developing the manual, the consultant will review earlier FBO training manuals developed by MOFA and MIDA. Technical Service Providers (TSP) will be engaged to provide the training services using the manual in geographically defined areas.

117. **Sub Component A.2.Development of District Value Chain Committees.** This critical sub component would deal with assistance to the DVCCs which replaced inter-profession bodies in Phase I and proved very successful in bringing value chain actors together for mutually beneficial activities. The sub component objective would be:

Enable producer organizations to gain more efficient Commercial access to finance and commercial transactions from value chain actors

118. The major change in this sub component is that the switch of attention from interprofessional bodies in Phase I to DVCCs would be formalized and addressed. The activities would be very similar to those previously planned, with slightly different targets. Added to sub component activities would be a contract for a legal adviser to examine any implications for the structure and operations of the DVCCs.

119. **Sub Component A.3. Development of Value Chain Organizations.** This sub component will be substantially re-oriented in the light of experience gained in NRGPs first phase. The sub component, to be directed specifically at strengthening value chains actors, would have the objective that:

³. The specific changes to planned inputs and outputs can be tracked by comparing the detailed cost tables that accompanied the Appraisal Report with those for this report (Annex --).

Provide business and other advisory services to value chain actors and their allied organizations to enable more efficient provision of services to their members

120. The first of two streams of activities in this sub component will be facilitation services for a range of value chain actors. A programme approach would be taken to providing facilitation and advisory services to strengthen links and transactions along selected value chains. The value chains to be supported with facilitation services will include industrial crops, women's crops, horticulture crops and animal-based products; in addition, facilitation services will be extended to SPVs. Already, facilitation contracts are in place for industrial crops and women's crops. This sub component will extend the existing contracts and add contracts for horticulture crops, animal-based products and SPVs. A programme approach will be applied, with one fund used to finance the inputs of all contracts. The PMU will prepare proposals for retention of facilitating agencies, for approval of the NPSC before contracts are awarded. The PMU will consult with available NGOs and consultants in designing the process for selecting facilitation agencies.

121. The sub component's second stream of activities will be to arrange for representatives of FBOs and DVCCs in the various value chains to meet to exchange experiences and discuss proposals for solving problems, ameliorating difficulties and taking up opportunities that arise. Initially, one workshop will be held annually in each region for each of the industrial crops, women's crops and horticulture value chains. Further workshops will be added if there is sufficient progress in formation of FBOs and DVCCs for other crops.

122. **Sub Component A.4: Investing for Productivity Improvement.** The Review Mission recommends that resolution of difficulties with previously planned matching grants to encourage financial institutions be a high priority for NRGPs. Re-orientation and revision of the sub component objective will be a high planning and operational priority for NRGPs in the first year of its second phase. The objective of the critical work will be:

Facilitate access by value chain entities and supporting agencies to finance for investment along segments of the value chain

123. This sub component will include investments by the public and private sectors that are designed to raise productivity in all links of the selected value chains. Private sector investments will be supported by financial institutions and parallel access to matching grant funds for eligible investments. Public sector expenditure would be for investment in extension services, research and development of post harvest handling technology. The third element of the subcomponent would be for regional exchange tours for staff of participating agencies, the PMU, members of FBOs and DVCCs to gather information on all aspects of agricultural development and strengthening of value chains.

124. **Private Sector Commercial Investments.** The sub component's first group of activities will be a private sector initiative that attempts to encourage RCBs and commercial banks to provide finance for investors in increasing capacity and improving productivity in value chains. The "Commodity Development Fund" and "matching grants" proposed in early Programme documentation will be amalgamated and re-packaged as the "Productivity Improvement Fund" (PIF, para. --) Note that there will still be public investments finance through the PIF. Value chain actors considering commercial investments along the value chains selected for the Programme will be eligible for grant funding to go with their own equity and

institutional finance, as incentive to investment. Outlined principles for the PIF would include:

- Funding would be used for investments for commercial entities represented within a DVCC.
- A maximum of 40 per cent of the investment proposed would be financed by the PIF, with the balance to come from the proprietor of the investment as equity, debt, external equity, or a combination of these.
- A maximum of GHC 100 000 per investment would be available from the PIF; an investment with capital cost of GHC 250 000 could attract a maximum PIF contribution of GHC 100 000. This would apply for investments by FBOs and other value chain entities.
- For SPVs, the maximum would be GHC 250 000 from the PIF, so long as the PIF investment does not exceed GHC 5 000 per outgrower engaged with the SPV: i.e. an SPV that had 50 or more outgrowers would qualify for a maximum grant of GHC 250 000; an SPV which had 25 outgrowers would qualify for a maximum PIF grant of GHC 125 000.
- Each applicant must contribute at least 10 percent of the overall value of the investment to qualify for a PIF award.
- Applications must show clear evidence that their projects would increase farmers' productivity. This would be through calculations demonstrating that the total costs of sales per unit of output had significantly increased as a result of the investment; e.g. if a farmer currently had a cost of sales ratio of 0.80 GHC per 1.0 GHC of sales, and the investment reduced this cost of sales ratio to 0.60 GHC per 1.0 GHC of sales, then the investment proposal would have demonstrated an improvement in farmer productivity.
- The process of awarding of PIF funds for investment would be competitive within NRGP regions, but not between commodity value chains.

125. Funds allocated for the PIF are as set down in the Appraisal Report. A total of USD 2.020 million is expected for investments with funding from investors (10.0 per cent and USD 202 000), financial institutions (60 per cent and USD 1.212) and the PIF (30 per cent and USD 606 000). The allocations between value chains are as estimated in the Appraisal Report, with USD 680 000 for the industrial crops window, USD 180 000 for the women's crops window, USD 800 000 for the export horticulture window and USD 360 000 for the animal-based products window. This is an estimated share out but actual allocation will be strictly demand driven.

126. The PMU will, as a matter of very high priority, retain the services of a finance/ investment expert to help design the structure and conditions for the PIF. The expert will prepare a "rule book" for all stakeholders and a set of procedures for applications, approvals and disbursements. The PMU will prepare a proposal, based on the expert's report, for development of the PIF, to be approved by the NPSC.

127. The PMU and the expert will together develop a monitoring and evaluation framework with performance targets allowing to assess its performance and to generate lessons to either further fine-tune the instrument or develop alternative instruments. . Supervision Missions will judge performance against the conditions to determine whether the activity will continue.

128. This group of activities will include assistance to potential investors to prepare their business plans and applications to financial institutions and the PIF (para. --). Applicants will be able to gain grants of up to USD 5 000 to retain a consultant to assist in the preparation of plans and applications. A fund of USD 200 000 will be set aside for these grants.

129. The second group of activities for this sub component would be **public sector investments** that supported the private sector initiatives in other sub components.

This activity group brings together all the extension, research and technology development work envisaged for MOFA agencies in the design document. A fund of USD is estimated as needed, with notional spending of USD 450 000 per year.

130. The PMU will prepare annual plans for technical expenditures by GoG agencies, for ratification by the NPSC. This would replace the previous specification of inputs over the eight year programme period. The purpose of the change in approach is to bring flexibility to resource allocation and planning to the work of the PMU and MOFA and to allow them to fine tune responses to changes in circumstances and needs. Specifically, the PMU would need to verify that proposed expenditure would be an efficient means of encouraging sustainable productivity and profitability growth amongst programme clients.

131. The third group of activities of the sub component remains as in the original programme plan; it is a series of **exchange visits** for members of DVCCs, FBOs, staff of MOFA and the PMU to neighbouring countries to gather technical and economic information about crop and value chain development. Tours would be short – a maximum of two weeks – and participants would be required to prepare reports on their findings for dissemination as needed. This group of activities will be financed by the IFAD grant of USD 400 000. The PMU will, in consultation with MOFA and subject to approval by the NPSC, set out conditions and application procedures for grants. The PMU will subsequently call for applications from eligible agencies and individuals and arrange travel for selected participants.

COMPONENT B: RURAL INFRASTRUCTURE

132. The structure of this component is very similar to that set out in previous documents, especially in AfDB's MTR which described two sub components. While other documents give varying descriptions of the component that in the MTR, which was confirmed by AfDB's inclusion in the Joint Review Mission, is taken as ruling. However, this component remains an integral part of the value chain demand driven approach. As such, it is important that each investment is demonstrably part of the overall investment needed to improve productivity in one or more value chains, and that the investments themselves are financially and technically sustainable. It is also important that the opinions and preferences of key entities involved in value chain development, such as DVCCs, DAs and DADUs are properly consulted in order to identify and prioritise investments. The two sub components would be directed to achieving the component objective which is:

Develop infrastructure for enhanced market-oriented rural production

133. **Sub Component B.1: Small-Scale Irrigation Development.** This sub component would package all the Programme's investments to promote and support irrigation for high value crops. The activities would be similar to the list set out in the Appraisal report and amended in AfDB's MTR, with the sub component objective being:

Improve irrigation water supply and management for increased profitable production of high-value crops

134. The sub component's programme for construction of water management facilities would be completion of 21 SSIDP, 20 IVRDP and construction or rehabilitation of 1 000 ha of water conservation schemes, 200 flood recession schemes. AfDB and the PMU have prepared proposals to improve the efficiency of award and supervision of contracts to ensure effective implementation of plans.

135. The sub component will address capacity to plan, operate and maintain irrigation facilities. The PMU will prepare and supervise training programmes for operators and operating manuals for specific schemes, including micro-scale pump schemes.

136. The AfDB MTR found that costing prior to investment did not adequately inform sustainable management of constructed schemes. Water users did not incorporate investment costs in their costing, thus leading to a vicious cycle of breakdown and reliance on government to rehabilitate/ replace schemes and pumps. This sub component would provide training programmes in costing irrigated crop production. Further, the Programme would encourage and train WUAs to engender a culture of payment of levies for replacement/ future rehabilitation works on small scale irrigation schemes.

Sub Component B.2. Transport and Market Infrastructure Development

137. This sub component would assist the development of value chains by constructing roads and storage/ packaging facilities to facilitate the movement of goods from farmers to consumers. The sub component objective would be

Improve access roads to reduce transport costs and increase profits from sales of crops and livestock

138. Following AfDB's mid term review (MTR) mission in November 2011, which included a broad stakeholder consultation workshop, realistic and achievable targets for the remaining implementation period were agreed; they are:

- (i) Rehabilitation/ spot improvement of 600km of feeder roads; and,
- (ii) Construction of 10 warehouses and 4 packhouses.

COMPONENT C: IMPROVING ACCESS TO FINANCIAL SERVICES

139. This component would continue and complete the work with financial institutions initiated in NRGPs Phase I to strengthen their links with investors in value chain enterprises. The component objective would be:

Assist PFIs to provide innovative financial products for value chain actors to increase profits in their businesses

140. The sub component would continue the activities started in Phase I to assist PFIs and RCBs to innovate and develop products. As this is the mandate of RAFiP, strong collaboration with this programme would be developed. If deemed necessary, international experts would be recruited as needed to advise PFIs and RCBs in this regard.

141. NGRP would engage with RAFiP to provide training, to be designed, to assist PFIs. Training for staff of PFIs and RCBs would be in the fields of value chain operations and loan appraisal and supervision. Further training would be made available to NGOs in financial matters and to credit unions.

COMPONENT D: PROGRAMME COORDINATION AND MANAGEMENT

142. NRGPs has developed a management structure and personnel that can well serve its purposes as implementation of activities gathers pace and intensifies. Further development in facilities and personnel will be required if the Programme is to achieve all that is expected; the component objective will be:

**NRGP's Activities are Implemented Efficiently and Effectively and
Monitored and Evaluated to Provide Accurate and Validated
Information to the PMU, to GoG, to AfDB and to IFAD**

143. Four substantial changes are made to the activities and inputs envisaged at Appraisal. First, an office will be constructed to provide adequate accommodation for staff and their operations. Second, additional technical and administrative personnel are added to the staff complement. Third, further vehicles will be purchased to ensure full mobility for the PMU's personnel. Fourth, input requirements for M and E are more clearly specified.

144. **Office Construction.** The PMU will, together with MOFA, identify sites that might be suitable for a programme office. MOFA will arrange for acquisition of a site and make it available to the PMU which would call for tenders, applying GoG procedures, to design and construct the office.

145. **Personnel.** The PMU will retain additional technical personnel consisting of one Agronomist, one Policy Officer, three Regional Value Chain Officers (one for each region), one M and E/ MIS Assistant and three Regional M and E Officers (one for each region).

146. Administrative staff to be added to the PMU would be one Procurement Officer, one Administrative Officer (Human Resources) and one Assistant Accounts Officer.

147. **Vehicles.** A further eight vehicles (six 4WD pick-ups and two station wagon) are needed to serve the additional workload for the PMU that was not foreseen during programme design.

148. **M and E Activities.** The expanded M and E capacity arising from the additional personnel will be supported by a clear set of studies and assessments. First, NRGPs' M and E personnel will engage in continuing exchanges, through electronic means and workshops, with their counterparts in other rural development projects and programmes in the north to share data and findings and to avoid duplication of effort. Second, studies will be carried out to assess outcomes and impacts as the Programme proceeds. Third, a final evaluation study will be concluded in the Programme's last year.

