



Investing in rural people

Republic of Ghana

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West and Central Africa Division
Programme Management Department

Northern Rural Growth Programme

Supervision report

Main report and appendices

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Abbreviations and acronyms

ACDEP	Association of Church-Based Development NGOs in Northern Ghana
AEA	Agricultural Extension Agents
AESD	Agricultural and Engineering Services Directorate
AfDB	African Development Bank
AWPB	Annual Work Plan and Budget
AWM	Agricultural Water Management
BD	Bidding Document
BER	Bid Evaluation Report
CMEF	Country M&E Framework
DRF	Disability Rights Fund
DVCC	District Value Chain Committees
EDAIF	Export Development and Agricultural Investment Fund
EPA	Environmental Protection Agency
ESMP	Environmental and Social Management Plans
FA	Facilitation Agency
FC	Financial Controller
FBB	Farmer Business Book
FBO	Farmers-based Organizations
FMM	Financial Management Manual
FNGO	Financial Non-Governmental Organisation
GASIP	Ghana Agricultural Sector Investment Programme
GAP	Good Agricultural Practices
GHS	Ghanaian Cedi
GIDA	Ghana Irrigation Development Authority
GOG	Government of Ghana
ICO	IFAD Country Office
ITN	Insecticide Treated Nets
IFAD	International Fund of Agriculture Development
IFDC	International Fertilizer Development Center
IPBs	Inter-Professional Bodies
MES	Monitoring & Evaluation Specialist
M&E	Monitoring and Evaluation
MG	Matching Grant

MLG&RD	Ministry of Local Government & Rural Development
MOFA	Ministry of Food & Agriculture
MOU	Memorandum of Understanding
NRGP	Northern Rural Growth Programme
MTR	Mid-Term Review
NPC	National Programme Coordinator
NSA	National Soya bean Alliance
OVCF	Outgrower Value Chain Fund
PC	Project Coordinator
PFI	Participating financial institutions
PMU	Programme Management Unit
POA	Participatory Outcome Assessment
POS	Point of Sale
PPP	Public Private Partnership
RAFiP	Rural and Agricultural Finance Investment Programme
RCB	Rural Commercial Bank
REP	Rural Enterprise Programme
RFSS	Rural Financial Services Sector
SADA	Savannah Agricultural Development Authority
TOR	Terms of Reference
SDR	Special Drawing Rights
SOE	Statements of Expenditure
SPA	Special Programme Account
SPV	Special Purpose Vehicles
UA	Unit of Account
VCC	Value Chain Committees
WA	Withdraw Application

A. Introduction¹

1. A joint Government of Ghana (GoG), African Development Bank Mission, IFAD and undertook joint supervision of Northern Rural Growth Programme (NRGP) from 22 April to 2 May, 2014. The main objective of the mission is to monitor and report on the Programme's progress in line with actions specified in the appraisal report, loans and grants agreements and supervision and/or mid-term review mission reports. The specific objectives of the mission are to: (i) Review the status of implementation with regards to physical achievements, procurement, financial management and disbursement in order to ensure satisfactory project performance; (ii) Review the issues raised at the last SPIP missions, progress made at resolving the issues and the way forward; (iii) Assess programme impacts in addressing constraints in agricultural development in Ghana; (iv) Assess the management and implementation capacities of the executing agencies, in order to assist in attaining programme's objectives; (v) Identify issues, problems and constraints, and discuss measures to improve the programme management and thereby implementation; and (vi) Make the necessary recommendations to improve project management and implementation.

2. The Northern Rural Growth Programme (NRGP) is in its fifth year of implementation. Programme duration is 7 years for the AfDB component and 8 years for the IFAD component. As such, the programme now has 20 months and 32 months respectively completion of the AfDB and IFAD components.

3. The programme consists of the following components:

- (a) Commodity chain development: strengthening, enhancing and empowering of the producers' organizations, by providing capacity building and technical and financial support
- (b) Rural infrastructure: developing and strengthening small-scale irrigation systems, water and flood control management, rainwater management, feeder roads and farm tracks as well as storage facilities, and
- (c) Access to Financial Services: strengthening of financial institutions and financial NGOs with view to enabling an improved access to credit for smallholder farmers

4. NRGP takes a private sector, demand-driven approach for development of both rain-fed and irrigated food and industrial crop commodity chains selected to have the capacity to meet local and international demand. Very important to the development of value chains is the creation and strengthening of producers' organizations (Farmers-based Organizations, FBOs) and linking them to inter-professional bodies (District Value Chain Committees, DVCCs). The programme stimulates investment in facilities and human resources along the value chains and supports value chains by facilitating access to financial services and providing irrigation and marketing infrastructure.

MISSION'S ACTIVITIES

5. The Mission commenced with Joint Briefing and Planning Session at the Ghana Field Office of the AfDB. The mission agreed on the mission activities and key issues for consideration in the Mission, including acceleration of programme implementation, procurement and contract management and synergetic relationship between the project and other interventions such as SADA.

1 Mission composition: IFAD Team : Mr Ulac Demirag, Country Programme Manager, mr Richard Pelrine, Agribusiness Finance Expert, Mr Andrew Macpherson, Value Chain Expert, Mr Godfrey Wanjohi, Financial Management Consultant.

AfDB Team: Mr. Lawal UMAR, Chief Livestock Specialist, Ghana Field Office (GHFO); Mr. Tabi KARIKARI, Agric. & Natural Resource Mgt. Officer, GHFO; Mr. Daniel OSEI-BOAKYE, Procurement Officer, GHFO; Ms. Jemima TETTEY-COFIE, Disbursement Assistant, GHFO; Ms. Saran DIANE, Agri-business Consultant OSAN.

MoFA Representative: Emmanuel Garti and Ministry of Finance Representative: Edward Chonia.

6. The Mission's field activities started with Presentation on the status of Programme implementation by the PMU in a mini-workshop in Wa. Participants at the workshop included the Programme Implementation Team, Collaborating Institutions (Department of Feeder Roads, Environmental Protection Authority), Participating Financial Institutions and Implementing Partners (e.g. ACDEP).
7. The Mission visited Programme sites in the Upper West and Northern Regions and interacted with beneficiaries. The visited sites in the Upper West Region were irrigated banana and vegetable production farmers Nandom, Lawra, Jirapa Districts and feeder roads in these areas. In the Northern Region, the Mission inspected the ancillary works on AfDB financed Fufulso – Sawla Road including the Mognori Bridge and Damango Warehouse and irrigated crops farmers at Kpong Tamale.
8. The Mission's field activities were concluded at a mini wrap-up session at Tamale. Participants at the wrap-up meeting included the Regional Directors for Agriculture in the four Programme Regions, programme implementation partners, farmers and PMU staff. At the meeting the key mission findings and recommendations were discussed with the stakeholders.
9. This Aide Memoire summarizes the Mission's activities and findings, as well as recommendations that emanated from discussions held with project management teams and beneficiaries of the various projects. The contents were discussed with the Government of Ghana at a wrap-up meeting chaired by Hon. Clement Kofi Humado, Minister of Food and Agriculture at the Hon. Minister's Conference Centre on 2 May 2014. The major issues discussed, agreements reached and follow-up actions below. This Aide Memoire has been signed ad referendum, pending the endorsements of Senior Management of the Bank and IFAD.

B. Overall assessment of programme implementation

10. The NRGP is a highly ambitious programme attempting to facilitate the development of complex agricultural value chains. This is to enable smallholders to increase their productivity through genuine commercial relationships that allow them to access markets, services, assets and finance and enhance their income and livelihoods. The programme team and implementing partners need to be commended for their ground-breaking work in piloting models of inclusive sector growth and being able to demonstrate their effectiveness. Moreover, the programme has over the years become a cornerstone of public investment in supporting agricultural development, and has provided important practical lessons for the design of the Ghana Agricultural Sector Investment Programme (GASIP), which is slated to become the basis for an agricultural Sector Wide Approach in Ghana.
11. Positive developments since the last supervision mission in November/December 2013 include:
 - (a) Continued good performance and massive scaling up of outreach of the support to farmers, and particularly women and youth engaged in the industrial crop window (maize, rice, sorghum and soya);
 - (b) Good progress has also been noted with PPP linkages (Avnash, Nestlé, Olam, etc); and,
 - (c) Some promising progress with regard to getting commercial banks involved in financing farmers.
12. The programme has an outstanding leadership and capacity to achieve development outcomes by implementing innovative approaches and pooling together relevant partnerships for a sustainable, business driven development process for the benefit of the most disadvantaged parts of Ghana's population.
13. However, in view of the high pressure on the programme management team, there is scope and need to improve efficiency of management, planning and coordination as well as administrative controls. This is to ensure timely follow-up on agreed actions, more efficient procurement and better contract management for consultancies and contractors. This is required as the current level of disbursements remains below acceptable levels for both the IFAD and the AfDB financing. While overall implementation performance of NRGP can continue to be considered moderately satisfactory

in view of the good outreach and success in many technical areas, NRGP will be considered a potential problem project if adequate measures to improve achievement of the planned programme of work are not implemented without further delay. Key priorities include the activation of additional value chains through the procurement of facilitating agencies, and establishing a system to monitor and ensure adequate and timely implementation of the AWPB.

14. Key risks and constraints that the implementing agency is facing include:

- (a) Distortions in the produce markets caused by external factors interfering with the price setting practices between farmers and markets. These have led to a relative loss of negotiation power of the target group with an erosion of the trust and sustainability of the relationships between the value chain actors. Required actions to rectify this issue include a sensitization campaign directed at value chain actors to re-emphasise the need to set prices through transparent and effective mechanisms between the parties involved, thus developing trust and collaboration between the actors.
- (b) Limitations of the capacity of conventional participating financial institutions (PFIs) and limited access to financial services that respond to the needs of the various value chain actors for growth and scaling up. To overcome the imminent gaps, the team will need to mobilize capable, short term technical assistance to efficiently address: (a) strengthening contracts between value chain actors; (b) developing and promoting a more formalized system for matching grants; and (c) liaising with larger financial institutions to promote direct financing of FBOs, offtakers, input suppliers and other value chain actors, as appropriate.
- (c) The need for a strengthened PMU to ensure effective and efficient operation of the programme to avoid implementation delays, low disbursements and ensure that the available funding is used to enhance and scale up results and impact. Key actions to address this challenge include (a) a partial reorganization and expansion of the PMU to strengthen overall coordination, monitoring and administrative capacity, (b) immediate recruitment to fill vacant positions; (c) immediate activation of additional value chains through the completion of the procurement process of facilitating agencies; (d) development of management intelligence systems to ensure close monitoring and implementation of the AWPBs with adequate prioritization of activities.

C. Outputs and outcomes

1) Component A. Commodity Chain Development

15. **Strengthening Producer Organizations: *Registration of Farmers to participate in Chain Activities (Industrial Crops Commodity Window)***. One Thousand, Four Hundred and Sixty (1,460) new FBOs have been identified and registered for participation in commodity chain interventions in the industrial crops window, which now includes rice. These groups are being linked to the DVCCs and eventually to other chain service providers for the 2014 cropping season. They are made up of 23,793 farmers, comprising 14,223 males and 9,569 females. This brings the total number of FBOs under facilitation to 2,967 (26,979M & 26,613 F).

16. It is expected that 36,991.30 Ha will be cultivated by these farmers in 2014, as follows: Maize: 30,808.90 Ha, Soya: 5,183.40 Ha, Sorghum: 351.00 Ha and Rice: 648 Ha. This will bring the total area to be put to cultivation by farmers supported by NRGP to 68,443.25 Ha. These groups are currently undergoing training on crop budget preparation, farm management and record keeping and Good Agricultural Practices (GAP) in these commodities.

New Farm Based Organisations Supported

No	Commodity	No. of Groups	Membership			Hectares
			Male	Female	Total	
	Maize	1,162	11,637	7,367	19,004	30,808.90
	Soya	260	2,190	2003	4,193	5,183.40

	Sorghum	27	181	119	301	351.00
	Rice	11	215	80	295	648
	TOTAL	1,460	14,223	9,569	23,793	36,991.3

Table 1:

17. Registration is currently on-going and these figures will be updated by end of May. An additional 1000 Farmers for the cultivation of Sesame will be brought on board after the formalization of relations with the FA for sesame. Furthermore, it is also expected that when contract arrangements with the Shea facilitating agency have been signed, an additional 250 FBOs made up of 6,250 producers will be facilitated under the Shea commodity window. Under the Livestock window, the Programme will be engaging 1,500 farmers upon signing of the Facilitation agreement with Trias.

18. **Registration of FBOs as Co-operative Societies.** To give legal status and recognition to participating FBOs, a total of 955 FBOs were subjected to an assessment to determine their preparedness for registration and functioning as Co-operative societies. The registration will provide these FBOs with legal status as business entities that can be dealt with in a legally binding business relationship. After the assessment exercise, 185 FBOs were registered as Co-operative Societies, 514 FBOs are currently at various stages of the registration process and 229 of the FBOs were found to requiring further nurturing and realignment before they can be registered. The relevant training and mentoring will be provided to these to enable them qualify for registration and registered during the year. The performance of these registered FBOs should be monitored during the year to assess their performance currently compared to periods prior to registration.

19. **Establishment of additional DVCCs.** It is planned to establish additional DVCCs in the 14 new Districts created in the programme area in 2013. Sensitization and animation of stakeholders their establishment is on-going.

20. **Promotion of Young Farmers in Irrigated Agriculture Programme.** As part of the Programme effort to engage the youth in profitable agricultural ventures, a scheme to enable young farmers to participate in irrigated agriculture using pump irrigation as an entry point has been initiated. To date, a total of 54 Rural youth groups have been engaged in this intervention. They are made up of 724 youth comprising 461 males and 263 females. A total of 344.50 acres have been put to the cultivation of various fruits and vegetables (pepper, okra, onion, and butternut squash).

21. It has been noted that there are substantial deficiencies in agronomic practices in most of these irrigation sites. Efforts should be made to enhance access to improved and best agronomic practices through intensive training on irrigated agriculture. This training should be carried out prior to the commencement of the next irrigated farming season in November, 2014. GIDA should be engaged as a technical assistance to provide the appropriate good irrigation agronomic practices at these sites.

22. **Recruitment of Fruits and Vegetables Facilitation Agency.** The recruitment of an FA for the fruits and vegetable window will complement the initiative of the Programme and help these vegetable farmers have links to firms with assured markets in southern Ghana or abroad. It is therefore recommended that the TOR for the Fruits and Vegetables facilitation agency should be submitted to the ICO by 9th May, 2014. The timeline for this recruitment would be specified in the updated procurement plan to be presented also by 9th of May.

23. **Productivity enhancement through the Promotion of Conservation Agriculture Practices.** To enhance farmers' productivity in the midst of dwindling and declining soil fertility, conservation agriculture practices should be introduced into the programme area especially in locations with degraded soils. To commence this activity, the Programme should:

- (a) Identify the sites, one per region initially. Priority would be given to sites and farmers who participated in the IFDC's Integrated Soil Fertility and management demonstrations in 2012. The identification of hosts and co-operating farmers will be completed by 31st July 2014.

- (b) Procure specialist advice to assist with detailed planning and agronomy for each site by 30th September.
 - (c) Purchase of equipment and training on use of such equipment.
 - (d) Involvement of SARI in the planning and implementation of such an activity
24. The mission agreed that all arrangements for implementation of this should be in place before the commencement of the next major season by April 30th 2015
25. **Industrial Crops Facilitation Agency (FA) Activities.** The mission noted the continued excellent performance of ACDEP, the FA for industrial crops. In 2013, ACDEP expanded its coverage from 35 to 43 districts. It worked with 1,343 FBOs with total membership of 20,525 farmers (41% women), an increment of more than 122% in FBO numbers and 92% in the farmers being engaged. Credit accessed by farmers in 2013 increased by 21%, due mainly to the increasing confidence financial institutions have in the FBOs. Farmers now approach farming as a business to the extent that farming decision are taken based on the analysis of profitability of each enterprise based on cost analysis, potential yields and expected prices. In view of this, the mission has agreed on the following matters pertaining to the on-going arrangement with the FA for industrial crops.
26. Establishment additional VCCs: Where there is sufficient potential volume of business involving a larger number of FBOs and off-takers, the FA should consider establishing additional VCCs in specific localities. This will enhance the overall performance and output of member FBOs. At the same time, the FA should continue the process of supporting the formation of commodity specific IPBs. It was agreed that this will be discussed at the next quarterly meeting with the FA.
27. Marketing Challenges for FBOs. Produce marketing by FBOs has been a challenge in the past year, due to price distortions in the market. In view of this, the mission recommends that the FA re-enforces it's training on appropriate and transparent means of price setting for produce supply agreements between FBOs and off-takers. To complement this effort, the FA should identify active aggregators in each locality in order to ensure that VCCs have access to qualitative and quantitative information on available off-takers.
28. Rice Value Chain. In view of the opportunity offered by the establishment of a major rice processing business in the programme area, it is recommended that the industrial crops FA be requested to consider adding rice to its area of responsibility. This would also be discussed with the rice processor and the FA, to enable a coherent approach to be developed. If these discussions have a positive outcome, then a revised TOR and supplementary agreement would be prepared, and forwarded to IFAD for N.O. by 31st May.
29. In addition, the mission recommends that the FA undertake to train all FBOs on the content of the model contracts developed under component C (see below). This will contribute to enhancing their understanding and skills to conduct business. This activity is to be monitored closely by the M&E system of the programme.
30. **Low Capacity of Staff at the Decentralized Levels.** The capacity of agricultural staff in terms of numbers and quality at the District and Regional levels is low. This is affecting the Programmes implementation. The mission believes that this issue must be recognized for MOFA to liaise with Ministry of Local Government and Rural Development (MLG&RD) for the provision of numbers and training of staff for smooth implementation of projects and interventions.
31. **Electronic communication Platform development for VCCs.** The programme recognises that there is potential to use electronic platforms for effective and cheap communication within VCCs and with other relevant entities. In view of there not being a purpose built platform available in the market, the programme will prepare TORs for the development and application of a suitable system on a pilot basis within several more mature VCCs. This would then be opened for bid by suitably qualified service providers.

32. **Targeting Gender and Youth.** There is a continuous increment in the participation of women and youth in the programme. Over the past years women's participation in the industrial crop window has been gradually increasing towards the 30% target, from 24% at the first year of the programmed to 28% in the last year. The overall participation of women is 62% when the figures for the women's' crop window are included. For this reporting period, out of the 1,771 farmers so far identified for maize production, 558 or 31.5% are females. Of the 3,845 farmers identified so far for soya, 1,931 are females making 50.3% of the total.

33. There is continued collaboration with other stakeholders particularly the House of Chiefs and the District Assemblies towards promoting gender equality. This partnership is creating a lot of gender awareness in the Assemblies and the communities with the aim of eliminating gender discriminatory policies and practices.

34. Young Farmers. In this regard, young farmers FBOs have purchased 54 pumps. This group consists of 724 young farmers (461 males & 263 females). It has been agreed that once the pumps procured by the programme have been exhausted, future support to accessing pumps would be made through the matching grants in view of crowding in financial services and equipment dealers.

35. So far women are not accessing the matching grant for the purchase of processing equipment and other needed equipment, though they have expressed some interest. In view of this, there will be greater efforts made to improve the knowledge of women of this opportunity to enable greater their access to these grants.

Agreed action	Responsibility	Agreed date
TOR for the appointment of Facilitating Agencies for shea, sesame, Guinea Fowl and vegetable window submitted to the ICO	PMU/VCS	9 th May, 2014
Provide justification for rapid appointment of FAs for Shea, Sesame and Guinea Fowl to ICO	PMU	31 st May 2014
The timelines for the recruitments would be specified in the updated procurement plan to be presented to ICO	PMU	9 th May, 2014
Conservation agriculture practices introduced <ul style="list-style-type: none"> Identify sites and host farmers (1 per region) Procure specialist to assist with planning & agronomy Purchase equipment and train relevant persons on its use All arrangements should be in place 	PMU/POS	30 th April, 2015 31 st July, 2014 30 th Sept., 2014 30 th April, 2015
Agronomic unit of GIDA engaged to provide technical backstopping in irrigation agronomy to the young farmers	PMU/NPC/POS	31 st October, 2014
FA to consider establishing additional VCCs in specific localities. It was agreed that this will be discussed at the next quarterly FA meeting.	PMU/FA	15 th July, 2014
The FA re-enforces it's training on appropriate and transparent means of price setting for produce supply agreements between FBOs and off-takers.	PMU/FA	Continuous
The FA should identify active aggregators in	FA	30 th Sept, 2014

each locality in order to ensure that VCCs have access to qualitative and quantitative information on available off-takers. The FA undertake to train all FBOs on the content of the model contracts developed under component C	PMU/FA/ RFSS/MES	30 th Sept., 2014
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2) Component B. Rural Infrastructure Development

36. This component of the Programme seeks to provide the requisite production and post-harvest management infrastructure to sustainably and viable support the identified commodity value chains. The component has two (2) sub-components: (i) Small Scale Irrigation Development; and (ii) Marketing Infrastructure Development.

Small-Scale Irrigation Development Sub-component

37. The activities in this sub-component include the construction/rehabilitation and optimising the utilisation of 41 agricultural water management (AWM) schemes made up of Small Scale Irrigation and Inland Valley Rice Schemes; promotion of surface water abstraction schemes using 150 motorised pumps and accessories; and rehabilitation of identified flood recession schemes in ten (10) locations totalling 1000 hectares.

38. For the AWM schemes the 41 identified schemes have been zoned into five. This is made up of 12 schemes in original project area and an additional 29 schemes in the southern part of the country that were identified at Mid Term. The activities in these schemes are at various level of implementation; the most advanced being at the stage of signing of contracts with the contractors for the construction/rehabilitation of schemes and the least being at negotiation level for selection of consultant for engineering designs and construction supervision. The detailed status of each of the zones is presented in annex 1.

39. Under the surface water abstraction schemes, 142 pumps have been sold to farmers on hire-purchase arrangement. This was informed by the ministry's system of providing similar supports. The remaining 8 pumps are under processing to being sold to farmers under the same type of agreement. Currently 852 hectares are under cultivation with irrigated crops (butternut squash, pepper, maize, water melon, banana, onions etc.) production.

40. For the flood recession schemes, the Mission was informed that Ghana Irrigation Development Authority (GIDA) and Agricultural and Engineering Services Directorate (AESD) of MoFA have been selected to provide surveys, designs and construction supervision of the sites. The Mission was informed that a total of 413 Ha located in Wiensi and Gbedembilisi (in Upper East Regions) has been surveyed and designs are on-going. It is expected that survey and design of the remaining sites will be completed by August 2014. In view of the remaining time for the project, it is recommended that the PMU ensures that the agreed milestones for this activity are strictly adhered to.

Market Infrastructure Development Subcomponent:

41. The market infrastructure identified for promotion of the various value chains in the project includes access roads (600km of Feeder Roads and 200km of Farm Tracks) and bulking facilities (10 warehouses and 4 pack-houses).

42. The construction of the Feeder Roads was divided into two batches. The first batch was made up of 16 roads (measuring 154.25 km). Eleven out of the 16 roads have been completed and handed over to the Department of Feeder Roads (DFR) for their routine maintenance. Contract for construction/rehabilitation of the remaining five (5) roads were terminated due to poor performance of the contractors. The construction/rehabilitation of these five roads have repackaged and rewarded of which two have been completed. The remaining three are at various stages of completion.

43. The second batch of 53 feeder roads (measuring 492 km) are at various levels of execution: 27 roads (measuring 255 km) have been completed and handed-over or are under defect liability monitoring. Out of the remaining 26 roads, 24 are expected to be physically completed by June 2014. Contractors for the two (2) outstanding roads have failed to meet their contractual agreement. It is recommended that the PMU takes decisive measures to get the rehabilitation/construction works on the roads completed or initiate the process of terminating the contracts. The detail statuses of the individual roads are in annex 2.

44. The communities where these roads were constructed/ rehabilitated informed the mission of the benefits the roads have brought to them. These include improved access to market, efficient delivery of inputs to the production areas, easy access to health services, provision of rural banking and financing services and has attracted other development interventions into the area.

45. Farm Access-Tracks: The 200km of Farm Access Tracks is expected to further open access to production areas including irrigation sites and farms. The PMU has indicated that the selection of consultants for the design and construction of the farm-tracks will be completed by end of June, 2014. It is expected that the construction of the tracks will be completed by April, 2015.

46. Market Facilities: Detailed design reports for nine (9) out of the 10 warehouses and four (4) pack-houses had being reviewed by the PMU at the time of the Mission. The design of the remaining warehouse (at Bimbilla) could not be undertaken by the consultants due to land acquisition challenges. The PMU is proposing to discontinue the establishment of the warehouse due to time limitations. It is expected that this activity will be completed by March 2015. A mechanism of ensuing sustainable and viable operation and maintenance of the warehouse and pack-houses will be done by September, 2014. This will inform handing over pack houses and warehouses to the appropriate operators by March 2015.

Environmental and Social Management Plan (ESMP)

47. A number of environmental and social safeguards were identified based on the Environmental and Social Management Plans (ESMP) in collaboration with the Environmental Protection Agency, Ghana Health Service and Environmental Desks of the District Departments of Agriculture.

48. With respect to the feeder roads, borrow pits for all the completed roads have been reinstated or converted into animal watering points upon request by the communities and under the guidance of the relevant decentralised institutions. Continuous monitoring of the reinstatement of remaining borrow pits should be ensured by EPA.

49. Environmental assessments were carried out for nine (9) warehouses and four (4) packhouses by the programme and final reports of the assessments will be submitted to Environmental Protection Agency (EPA) by May 15, 2014 for permits.

50. As part of the environmental safeguards implementation in the use of water pumps, the programme has procured and distributed tree seedlings 7,300 (of a total of 12,000) tree seedlings to the beneficiary farmers for planting. This is to protect and enrich the buffer zones (revering vegetation) of the perennial water bodies being used for the irrigation. The remaining 4,700 seedlings will be used for expansion to other buffer zones by May 31, 2014.

51. In addition, the Programme activities also include mitigating other health impacts associated with implementation of the irrigation activities through the Ghana Health Service. These include surveys and awareness campaigns for malaria, HIV/AIDS, bilharzia and guinea worm. To achieve this, the Programme is providing 100,000 Insecticide Treated Nets (ITN); 100,000 male latex condoms; and various laboratory consumables and equipment for the Ghana Health Service.

3) Component C: Access to Rural Finance

The Issues:

52. **PFI Performance**—the previous Supervision Mission noted overall that PFI performance seemed very good (particularly with respect to cashless credit) but also noted that there were discrepancies between various sources of data and thus recommended that IFAD fund an M&E consultancy to resolve these discrepancies.

53. **Reporting, M&E, Peer Review**—the previous Supervision Mission recommended that NRGP and other IFAD funded initiatives with PFIs facilitate regular reporting on portfolio performance for targeted borrowers for better use of technical assistance to the PFIs, peer review to enable learning from each other and more accurate reporting of M&E data.

54. **Linking Universal Banks to NRGP Value Chains**—the previous Supervision Mission noted that NRGP PFIs were largely RCBs and were close to the limits of their capacity to fund NRGP partners. It was recommended that NRGP pursue universal banks and other larger financial institutions to: 1) finance through agency through RCBs; 2) refinance RCBs; and 3) lend directly to nucleus farmers and FBOs with asset based finance and/or structured trade financing.

55. **Matching Grants to Leverage Finance**—the previous Supervision Mission noted that MGs were not being disbursed. The Mission recommended a new policy and procedure (shared by other IFAD funded initiatives) to use matching grants as offers for down payments for assets if the grantee could make his own down payment of at least 10% and find a willing lender to offer financing for up to 60% of the value of the asset.

56. **Training/Capacity Building**—the previous Mission recommended that NRGP collaborate with RAFiP to offer training in value chain financing to PFIs.

57. **Financial Products**—the previous Mission recommended pursuing the development of asset based financing with universal banks and the promotion of savings strategies to supported FBOs.

58. **Collaboration with other IFAD Initiatives**—the previous mission strongly recommended a division of labour with respect to rural finance activities between NRGP and RAFiP where RAFiP would play a greater role in championing opportunities for value chain finance and refinance with Accra based institutions in consultation with NRGP. The Mission also recommended that Rural Financial Services Specialists across IFAD funded programmes collaborate for PFI peer review, assist one another with MG analysis and procedures, etc.

Current Situation:

59. **PFI Performance.** The Mission requested up to date performance figures of NRGP's ten most significant PFIs in terms of loans to agriculture (Bonzale, East Mamprusi, Toende, Bessfa, Sissala, Nandom, Kintampo, Yakra, Amantin Kasei, and Bangmarigu). Six of these were able to report at the time of writing this Aide Memoire. Performance could be better but the RCBs surveyed were optimistic that full recovery will be realized. One critical issue raised has been late payment by commodity buyers and inability on the part of off takers to honour contracts. The details are below:

Table 2: PFI Performance

	Amount Disbursed (including interest)	Amount Repaid	Recovery Rate	Note
Bonzale	92,273	52,008	56.40%	Loans in arrears
Bessfa	600,058	433,142	72.18%	Loans in arrears
Nandom	70,803	55,610	78.50%	Loans in arrears
Yakra	24,895	1,925	7.70%	Repayment not yet due
Kintampo	65,257	0	NM	Repayment not yet

				due
Bangmarigu	85,272	83,210	97.60%	Repayment healthy

60. **Reporting, M&E, Peer Review.** An M&E consultant has identified and recommended solutions to discrepancies in indicators and reporting of indicators for PFI performance. Each PFI has received a copy of the NRGP Peer Review format on a one-on-one basis as an initial effort to introduce the tool. To date one PFI has reported.

61. **Linking Universal Banks to NRGP Value Chains.** NRGP has secured offers from two universal banks to refinance RCBs up to a value of GHS 8.0M. Several other universal banks are in the process of preparing offers to support NRGP PFIs. NRGP has pursued lower cost loanable funds with the Outgrower Value Chain Fund (OVCF) and with the Export Development and Agricultural Investment Fund (EDAIF). In collaboration with RAFiP, NRGP has introduced Fidelity Bank to RCBs and input suppliers in an effort to support: (i) the rollout of card based banking services for greater financial inclusion and (ii) the eventual provision of credit to producers in the catchment area.

62. **Matching Grants to Leverage Finance.** The table reflects the current situation with NRGP funded MGs. 36 applications have been received; 18 offers for grants have been issued; in four cases NRGP has prudently asked the applicant to provide greater detail given the size of the grant (several of which are tractors) or given the particular assets being requested vis-à-vis the asset's relevance to value chain development. The total value of applications GHS 0.8M (USD 0.3M) and the total value of offers is GHS 0.19M (USD 0.07M).

Table 3: Matching Grants to Leverage Finance

	Received	Pending	Negotiating	Offered
Number	36	14	4	18
Down Payment Value	82,317.40	39,287.40	24,050.00	18,980.00
Grant Value	246,952.20	117,862.20	72,150.00	56,940.00
Loan Value	493,904.40	235,724.40	144,300.00	113,880.00
Total Value	823,174.00	392,874.00	240,500.00	189,800.00

63. **Training/Capacity Building.** NRGP selected 20 participants to attend a value chain financing course co-financed by NRGP and RAFiP, offered by the University of New Hampshire, in Accra for (17) RCBs, (1) universal bank, (1) S&L company and (1) FNGO.

64. **Financial Products—**NRGP has collaborated with ACDEP to begin sensitization of FBOs on the importance of savings for self-finance. NRGP is in discussions with RAFiP to collaborate in the development of financial products for PFIs including: (i) asset based financing; (ii) refinance of RCBs; and (iii) invoice discounting.

65. **Collaboration with other IFAD Initiatives—**NRGP has collaborated with RAFiP regarding training of PFIs, product development, rolling out Fidelity Bank's card based financial services in the North, and to a degree in addressing universal banks for value chain financing. RAFiP's MTR recommended defining collaboration with NRGP in an MOU, which has not yet taken place. NRGP has collaborated with REP to better understand the process of offering MGs.

Observations, Opportunities, Risks and Recommendations:

Observations

66. The Supervision Mission was impressed with the level of effort invested in attracting universal banks toward financing NRGP supported value chains. The emphasis has been largely on refinancing RCBs and meaningful commitments to refinance RCBs have been secured. Less success has been realized with agency banking and with introduction of direct financing by universal banks to value chain businesses, but serious effort has been made to realize these.

67. Capacity building of PFIs has proceeded according to plan.

68. The MG facility has begun generating offers to potential grantees and this system is now poised for greater growth and expansion. The system seems to function well and now more effort needs to be devoted to generating applications.

69. Strong performance in cashless credit has been realized when credible offtakers honour their contracts. Weak performance, on the other hand is frequently attributable to the offtaker's failure to honour their obligations to buy and to pay.

Key Risk

70. **Requirement for Technical Support to the Access to Rural Finance Component.** Although the Rural Financial Services Specialist has strong technical knowledge in management of RCBs and cashless credit, there are emerging matters in rural financial services development that will need specialist technical competencies to enable the Programme to quickly achieve its potential. The risk is that if these are not provided in the near future, the momentum in financial services development may stall, constraining the overall ability of the programme to up-scale its outreach. As such, **the Mission recommends that NRGP recruit and place under the Specialist's supervision, capable, short term technical assistance to efficiently address: (i) strengthening contracts between value chain actors; (ii) developing and promoting a more formalized system for matching grants; and (iii) liaising, as appropriate with larger financial institutions to promote direct financing of FBOs, offtakers, input suppliers and other value chain actors, as appropriate.**

Broad Recommendations

71. **Cooperation with RAFiP for Certain Issues.** RAFiP is a rural and agricultural finance programme with a mandate to support value chain programmes, build capacity of universal banks and address policy issues under the control of MOF, BOG and other competent authorities. Certain issues encountered by NRGP rest to greater degree in RAFiP's mandate rather than with NRGP. Among these are: (i) EDAIF's policy restrictions on: (a) lending for on-lending to beneficiaries, (b) lending to RCBs and (c) setting interest rates in step with operational costs; (ii) improving the capitalization and capital structure of RCBs; and (iii) developing specific agricultural finance products for larger financial institutions addressing: (a) refinance of RCBs, (b) asset based financing of agribusinesses, (c) invoice discounting for value chain businesses. The Mission recommends NRGP seeks RAFiP's collaboration through an MOU for resolving these issues to RAFiP with regular and consistent dialogue between the Coordinators and technical staff to share information and to chart progress.

72. **Shift in Emphasis from RCBs to Larger Banks.** NRGP has done well to develop FBOs and nucleus farmers and to support RCBs to provide finance to those businesses. Further, mobilizing universal bank refinancing of RCBs is certainly a success. The Mission notes, as had been noted in earlier Missions, that RCBs have reached the limits of their capacity to borrow and on-lend based on their limited capitalization and high reserve requirements. The Mission believes that continued capacity building, collection of data on performance and targeted support to RCBs remain important activities for NRGP. As noted above, this lending season has some challenges and NRGP must monitor and assist PFIs as required. Beyond this, the Mission recommends that in order to secure greater financing, consistent with the real needs of the target value chains, requires that the Programme place greater sustained effort into linking larger financial institutions (universal banks, S&Ls, RMFIs, others) directly to nucleus farmers, FBOs, offtakers, input suppliers, etc.

Specific Recommendations

73. **Strengthening Contracts between Value Chain Buyers and Sellers to Enable Financing.**

Weak performance of PFIs using the cashless credit strategy is frequently correlated to weak performance of buyers of the producers' commodities. The Mission recommends that, with appropriately skilled, legal technical assistance, the Programme develop contract templates between buyers and sellers that (i) enhance legal and extra-legal enforceability, (ii) establish a price setting mechanism at time of sale, and (iii) enable assignment of contracts to financiers. Such contract revision should be based on the contract parties' capacities to understand and abide by terms and should be developed in consultation with buyers, sellers and financiers. Following revision, NRGP should hold appropriate workshops to disseminate the model contracts among their users.

74. **Savings Product Development for FBOs.** It has been noted that NRGP should promote self-financing of FBOs, explicitly meaning promotion of *savings* among FBOs. Interest rates on credit facilities in Ghana are effectively over 30% per annum and credit in rural areas is difficult to access. The Mission recommends that the NRGP commission or prepare internally a presentation addressing the value of savings, the benefits of savings, the value of self-investment and benefits of establishing a formal relationship with a bank for presentation to NRGP supported FBOs through NRGP's facilitating agencies. Further, the progress in savings promotion, savings mobilization and savings use should be regularly tracked and reported on.

75. **Strengthening M&E of PFIs.** M&E reports covering clients, amounts disbursed and recovery of finance for NRGP's value chains have contained discrepancies based on the timing of the data collected and inconsistencies in choices made by those responsible for data collection in terms of what to include. This issue was addressed by a separate consultancy that should result in improvements to the M&E function. Nonetheless, the Rural Financial Services Specialist would definitely benefit from a short, regular report from the PFIs to enable the Programme to react rapidly to immediate problems and to track trends so that capacity building can be better targeted. As such, the Mission recommends that on a monthly basis, the Specialist collect the following data from PFIs financing agriculture following a one day sensitization workshop to educate the PFIs' Project Officers to complete the template.

Total Loans to Agriculture	
PAR/Portfolio (Agricultural Loans)	
PAR 30/Portfolio (Agricultural Loans)	
PAR 90/Portfolio (Agricultural Loans)	
PAR 180/Portfolio (Agricultural Loans)	
PAR >180/Portfolio (Agricultural Loans)	

76. **Strengthening Peer Review.** The previous Supervision Mission recommended to all IFAD funded programmes with PFIs to initiate a peer review system so that high performers could be identified and weaker PFIs can approach high performers for assistance with technical matters and to put in place a sense of friendly competition and self-assessment among PFIs. NRGP explained the template to each of its PFIs. At this point it would be prudent to hold a brief workshop among PFIs' managers and Board chairs to promote the template and explain its benefits. Further, it would be useful to provide incentives to PFIs' Project Officers to complete the template on a monthly basis and provide it to the Rural Financial Services Specialist. The Mission recommends that a one day workshop be organized for PFIs to explain the peer review template and that a small incentive be provided to facilitate consistent monthly reporting until the system becomes normal.

77. **Further Effort on Agency Banking with PFIs.** NRGP has sensitized two RCBs to the possibility of agency banking, an idea that they received with some scepticism. The Mission and NRGP believe that this opportunity for PFIs to provide agency for Fidelity Bank should be pursued further and may reach fruition with further frank discussion and, following that, a one day workshop with Fidelity Bank and NRGP's PFIs. The Mission recommends that NRGP discuss with RAFiP and

Fidelity Bank the importance of this initiative and come to a decision of whether or not to pursue it further.

Strengthening Matching Grant Performance. The Mission was pleased at the initial progress in instituting the new MG policy and procedure and with the efficiency that offer letters had been provided to potential grantees. The Mission noted that certain assets are easier for the Programme to offer grants for as their purpose is clear (e.g. irrigation pumps, threshers, planters, Moto Kings, storage containers, and/or other relevant equipment). In principle, every well-established FBO can and should have access to certain productivity enhancing equipment. Further, on the strength of a 30% grant and 10% down payment, larger banks should be easily convinced to use the MG to leverage leasing for these assets. The Mission recommends that NRGP facilitate the development and promotion of a more formalized system for matching grants for an asset based finance approach including: (i) recruiting large vendors able to deliver, service and buy back (if necessary) leased assets, (ii) recruiting specific financial institutions ready, willing and able to finance the specific assets while leveraging the 30% grant and 10% down payment, and (iii) promoting the grant, financing and vendors to FBOs and others.

Agreed action	Responsibility	Agreed date
Submit TOR for NO to ICO for Consultant liaising with larger financial institutions to promote direct financing value chain actors.	PMU	31 May
Recruit and hire larger FI liaison consultant	PMU	30 Jun
Submit TOR for NO to ICO for Consultant improving legal agreements among value chain actors.	PMU	9 May
Recruit and hire larger contract improvement consultant	PMU	30 Jun
Revise and begin disseminating improved contracts	PMU/Consultant	30 Aug
Submit TOR for NO to ICO for Consultant improving matching grant strategy to leverage asset based finance.	PMU	9 May
Recruit and hire matching grant strategy consultant	PMU	30 Jun
Begin rollout of improved matching grant strategy	PMU/Consultant	30 Sep
Savings promotion materials development of savings strategies for FBOs	RFSS	30 Aug
Start savings promotion materials dissemination of savings strategies for FBOs	RFSS/FAs	30 Sep
Promote and initiate direct reporting of performance by PFIs through a workshop	RFSS	15 Jun
Strengthen uptake and use of peer review among PFIs through a workshop	RFSS	15 Jun

D. Programme implementation progress

78. **Planning, M&E.** The **M&E performance** of NRGD has steadily and significantly increased since the supervision missions in June 2013 and December 2013, and it is now fair to rate the M&E performance **moderately satisfactory** (up from moderately unsatisfactory). Further progress to higher levels can be expected if the M&E unit continues the positive development and implements the recommendations of the current mission.

79. The management takes interest in data and programme progress and uses it in strategic planning. The M&E unit is staffed with a well-qualified M&E specialist and MIS officer, and recently they have also had support from interns, where one is still working with the unit. Since June 2013, a web-based database with information at client level has been developed and is now being finalised. The database contains background information on each programme client on age, acreage, yields, etc. and will enable the M&E unit to follow the development of a panel of clients. Soon the direct data insertion will be piloted in 10 districts, which will enormously help data collection once spread out to all districts. Other positive developments is improved RIMS reporting, which is now the best for the country portfolio; a good reporting to the Country M&E Framework (CMEF); and increased reporting of income related outcome indicators. A Participatory Outcome Assessment study has been carried out for 2013, which is very positive although methodological issues and reporting could be improved upon in coming years. Detailed comments were given during the mission to the 2013 report; the final report is expected 1st May 2014.

80. A very thorough M&E system review was carried out by an IFAD consultant from 5 March to 29 March 2014 as a preparatory to the supervision in April (the report will be annexed to the supervision report). The review involved a mapping of NRGD data sources followed up with visits to sources and comparison of data between sources and NRGD database. The review shows that there remain significant challenges regarding data collection and data consistency for NRGD. Reports are missing from some districts, different implementing agents report different numbers, it appears there have been difficulties getting data on financial indicators directly from PFIs, and there are differences in understanding of the definition of some programme indicators. Inconsistencies were found in particular in data on FBO registration and access to finance. Repayment rates were inconsistently reported and there was no distinction between repayments made on time and those that were not which is of course a crucial indicator for the health of a financial system.

81. To allow further progress on the M&E performance of NRGD, It is important to increase data validity and reliability and therefore the M&E review provided a long list of detailed recommendations that should all be applied by the programme. In the AM for reasons of simplicity will only be presented the key agreed actions as presented in the table in Appendix 3:

Programme Management.

82. From its beginning, the programme has benefited from strong and inspired leadership, resulting in a very cohesive team spirit and collaboration among the PCU staff and with partners, as well as an ability to develop innovative and effective technical solutions that address the key challenges of VC development, and to achieve impressive development outcomes for an ever growing number of programme clients. At the same time, programme implementation has somewhat suffered from poor administrative performance, with the risk that the opportunities to enhance outreach and impact are scaled up slower than possible. The imminent need to strengthen the PMU's capacity to enhance planning, administrative control, and actual implementation of the work programme has already been recognized by the previous mission in November/December 2013, and it had been agreed that a deputy coordinator be identified to this effect. However, programme management expressed concerns about the potential difficulty to integrate such a position in the existing management structure. The lead time and possible delays for the recruitment process to be completed and placement of the recruit in the PCU; and the required time for the incumbent to become fully operational were the main concerns. Accordingly, the mission reconsidered this recommendation. It was agreed that the envisaged duties of a Deputy Programme Coordinator should be assigned to the current M&E Officer,

whose title would become M&E Manager. This is a regular approach taken with other IFAD supported projects in the region, and is in line with the GASIP organogram. He would then assist the PC in the day-to-day management and coordination of the programme. In this capacity, his field of operation would be expanded as follows: to facilitate detailed planning and monitoring to ensure implementation of the programme's AWPB; monitoring and ensuring effective and timely follow-up on administrative issues (procurement, contracts, administration, payments); leading coordination during absences of the PC, ensuring compliance of administrative processes and procedures with the loan covenants, implementation manuals and relevant guidelines; and support detailed planning of activities by the component managers. While the M&E manager would retain his overall responsibility for the programme's M&E system, it has further been agreed, that the PC undertake to identify qualified internal (MOFA) candidates for the position of an M&E Officer, who would be charged with the day-to-day management of the M&E aspects.

83. Due to the high level of activity and various demands on the PCO in the first quarter of 2014, not much progress has been made with regard to the recruitment of a new Value Chain Officer. This delay risks an erosion of the quality of core activities of the programme, which depends on continued technical leadership. Partly this gap has been filled by the technical assistance currently in place. However, the latter should not become a substitute, but rather ensure effective mentoring, coaching and technical backstopping for a substantial Value Chain Officer. It has thus been agreed that the PC accord top priority to filling the vacant position of a Value Chain Officer. The draft TOR have been reviewed and finalized during the mission, and it has been agreed that the position be advertised by Friday, 9 May 2014.

84. Further urgent priority should be given to the Value Chain Facilitators for Fruit and Vegetables, Shea and Sesame, as well as Guinea Fowl, as already highlighted above.

E. Fiduciary aspects

85. Financial Management: Specific Observations Concerning the AfDB Loan

86. **Disbursement and Financial Management.** The Mission observed an amount of UA 21,530,951.22 (54% of the loan) is uncommitted. A total of UA 11,289,696.18 (28% of loan) has been disbursed. In addition, the Bank had granted no objection for an additional GHS 25,522,804.68 (about UA 6,500,000.00) for rehabilitation/construction of agricultural water management schemes in two out of the five zones (namely Brong Ahafo, Ashanti and Western Regions). The Mission estimates that the all the funds will be committed by the end of the year. The Mission observed that the lag between the physical performance and the financial performance of the feeder roads contracts had reduced, indicating a more rapid processing of withdrawal request. Of the UA 14,000,000.00 amount projected to be disbursed in 2014, UA1, 229,092.21 (8.8% of projected) had been disbursed. Additionally, the total amount in process at the time of the Mission was GHS1, 012,156.23 (about UA260, 000.00) and USD99, 017.70 (about UA64, 000.00).

87. The Mission observed that the performance guarantees of two terminated contracts have not yet been recovered from National Investment Bank. The amount involved is GHS57, 791.85 and GHS17, 788.94. In addition, the Mission also observed that an outstanding balance of GHS32, 164.30 of the advance mobilization paid to another terminated contract in amount of GHS32, 164.30 has not fully been recovered. ***The Mission recommends that the PMU should ensure that these funds are recovered immediately.***

88. The Mission reviewed justification of an amount of USD421, 590.20 submitted to the Bank being part of the amount replenished into the Programme Special Accounts. Generally all the documentation could be traced and reviewed. It was observed that there existed some general weaknesses in the timeliness and details in retiring of advances received by project staff and approval processes for some expenditure such as vehicle repairs. An additional justification of USD371, 949.37 was being processed to the Bank at the time of the mission, this will bring the total amount of justification to 55% of the outstanding justification.

89. The Mission observed that fixed assets register was not being updated. In particular, one cross country vehicle was neither captured in the fixed assets register nor with the PMU. The mission recommends that the fixed assets register is updated immediately and the vehicle is brought back to the project and be used for project activities by 7 May, 2014

90. The other challenges observed with respect to financial management and disbursement were (i) delay in the release of counterpart fund for 2014; (ii) delay in the recruitment of external auditors; and (iii) repayment and management of pumps that were sold on hire-purchases to farmers.

91. **Procurement.** The mission assessed the processing timelines of the procurement processes for the various civil works including five (5) lots of Irrigation schemes works, one (1) lot of warehouses, farm access tracks and flood recession schemes expected to culminate in the signing of over 50 contracts. In view of the remaining time, the Mission recommends that a strict adherence to the milestones set as any delay in the procurement process and execution of the contracts will likely affect the completion of the civil works before project closure.

92. The mission observed general weakness in procurement and contract management and recommends that the project set-up a contract management team chaired by the Senior Rural Infrastructure Engineer. Other members of the team are the Rural Engineer, Irrigation Engineer, Senior Procurement and Contract Management Specialist, Procurement Specialist and Financial Controller. The team will be tasked to effectively coordinate and monitor procurement and contract management issues *vis-a-vis* the milestones set (ref. annex 3), apprise the NPC and the Task Team Leader at the Bank on monthly basis ensure prompt payment for contractors and resolve contract execution challenges.

Matrix of Agreed Actions

Issues	Requested Action	Timelines	Action by
Pumps Sales	Review of status pump sales and auditing of accounts	Immediate	MOFA
Advance Mobilisation and Performance Guarantees for terminated contracts	Recovery of Advance Mobilisation paid to M/s Adams Mahama Honouring of two performance guarantees on behalf of M/s Aflenag Co. Ltd by NIB	Immediate Immediate	
Procurement Issues	AWM Schemes Zone 3 & 4 • Signing of remaining 12 Contracts.		
	AWM Schemes Zone 5 • Submission of BER for Bank no objection • Bank no objection for recommendation of BER • Signing of Contracts		
	AWM Schemes Zone 1 • Submission of Bidding Document (BD) for Bank No Objection • Bank no objection for BD • Submission of BER for Bank no objection • Bank no objection for BER • Signing of contracts		
	Warehouses and Pack houses • Submission of Bidding Document (BD) for Bank No Objection • Bank no objection for BD • Submission of BER for Bank no objection • Bank no objection for BER Signing of contracts		
	• AWM Schemes Zone 2 • Signing of Contract for Engineering Design and Construction Supervision for Irrigation Zone 2		

93. Financial Management: Observations from the IFAD Team. Overview:

94. The overall the financial management is satisfactory. The books of Account, which are fully automated using Sun systems accounting software, are up-to-date, and the management financial statements particularly the Receipt and payments as at 31 March 2014 have been prepared. However, on the negative side, WA's are submitted in sums that are way above the 30% of the initial deposit threshold. Also, the Procurement at AWPB and design overall level has lagged behind.

95. **Review of the Actions agreed during the last Mission:** All actions as agreed during the last mission have been largely implemented.

Agreed action	Responsibility	Agreed date	Implemented
Prepare and review Quarterly Financial statements	PC/FC	31 12 13	Received.
Re-design templates for accounting for DSAs and fuel	PC/FC	31 12 13	Done
Submit Category expenditure re-allocations with justifications to IFAD	PC/FC	31 12 13	Submitted but declined by IFAD
Intensify the implementation of the Procurement Plan	PC/PO	Continuous	On going
Review and correct the cumulative results in the financial statements	FC	31 12 13	To be improved with the FS of 2013.

96. **Financial Management Systems, Internal Controls and their performance:** The financial management systems, internal controls and procedures as incorporated in the Financial Management Manual (FMM) include financial planning through AWPBs, financial data capturing and accounting system, financial cash flow management, monitoring and reporting, and procurement and auditing. The Programme financial transactions are captured and accounted for using the Sun Systems Accounting System, which is a top of the range accounting and reporting system. The internal controls also have been put in place, particularly those related to the authorization and approval of the payment for expenditures. However, a number of areas require improvement. **The cash flow management require improvements by ensuring that accountabilities for imprests are provided in a timely manner, and the submission of WAs for replenishment to IFAD is carried out within the prescribed thresholds of 30% of the SPA equivalent to USD 450,000 or at least one WA within 90 days regardless of the amount.**

97. **Financial Management Capacity and Reporting:** The mission notes that the **capacity of** financial management team is adequate. The equipment is also adequate, and the provided Sun System Accounting software has all the required capacity for accommodating all the programme financial data and parameters for the required reporting requirements. The team in personnel terms is adequate, and the mission notes that it is dedicated to their tasks. The books of account are updated on a weekly basis. However, improvements are required in terms of speedy follow-up of accountabilities for imprests given to staff and implementers as prescribed in FMM. WA's should be submitted as soon as the prescribed threshold of 30% threshold of the Initial deposit is achieved. Currently the submitted amounts are way above the threshold. The mission also recommends that the programme adopt regular preparation of the financial statements at the end of each quarter, which is not the case now. These will be used for both semi-annual Progress reports and year-end audit and should be submitted to the National Coordinator for oversight review. The Financial statements should include:-

98. The reconciliation of the Special Programme Account for use as a management tool for tracking the levels of the expenditure that is pending Withdrawal Application preparation and submission. The WA should be submitted as soon as the prescribed threshold of 30% threshold of the Initial deposit is achieved.

99. Quarterly resources and expenditure statements. The expenditures should be presented by components as well as by expenditure categories. The resulting surplus or deficit must be reconciled with the cash and Bank Balances.

100. Quarterly report on actual expenditure by activities and compared with the respective budgets. Significant variances should be suitably explained.

101. The reports as above should be reviewed by the full PCU and action list be generated for follow-up.

102. **2014 AWPB Performance against actual:** The mission reviewed the budget performance to date for financial year. As at the end of March the overall execution rate is 3%. The IFAD planned expenditure has achieved 3%, while AfDB and GoG achieved 4% and 2% respectively. This level of implementation is low.

Table 4: 2014 AWPB performances for 3 months period to 31 March 2014.

Categories	IFAD Loan			IFAD Grant			AFDB			GOG			PFIs			Private Investors			Beneficiaries			Total		
	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age
Category I: Civil Works	497	-	0%	-	-	0%	24,941	1,041	4%	1,098	-	0%	-	-	0%	-	-	0%	-	-	0%	26,536	1,041	4%
Category II (a): Private Goods	215	-	0%	-	-	0%	-	-	0%	54	-	0%	-	-	0%	-	-	0%	-	-	0%	269	-	0%
Category II (b): Public Goods	70	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	70	-	0%
Category III: Vehicles, Goods and Equipment	519	26	5%	-	-	0%	1,044	-	0%	316	-	0%	-	-	0%	-	-	0%	-	-	0%	1,879	26	1%
Category IV: Technical Assistance and Support	4,183	-	0%	-	-	0%	3,321	-	0%	490	-	0%	-	-	0%	-	-	0%	-	-	0%	7,995	-	0%
Category V: Training and Studies	1,834	58	3%	-	-	0%	780	37	5%	134	47	35%	-	-	0%	-	-	0%	-	-	0%	2,748	142	5%
Category VI: Regional Exchange Programmes	-	-	0%	36	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	36	-	0%
Category VII: Salaries and Allowances	645	90	14%	-	-	0%	121	30	25%	47	1	2%	-	-	0%	-	-	0%	-	-	0%	813	121	15%
Category VIII: Operating Costs	75	33	43%	-	-	0%	52	5	10%	25	6	23%	-	-	0%	-	-	0%	-	-	0%	152	43	29%
Total	8,039	206	3%	36	-	0%	30,259	1,114	4%	2,164	54	2%	-	-	0%	-	-	0%	-	-	0%	40,498	1,374	3%

103. **Statements of Expenditure (SoEs) Review:** -The Mission reviewed at random the SoEs supporting the withdrawal application (WA) 23, totalling USD 744,233 that was submitted for replenishment of the SPA since the last mission. The random selection included 27 items totalling USD 302,714 representing 41% of the total WA value. The mission reviewed the supporting SOEs of the sample with the aim of confirming the expenditures' eligibility for claim and replenishment from IFAD. The bulk of the expenses in the sample were validated with supporting documents and were found to be in accordance with the laid down procurement procedures and the Financing Agreement, and therefore eligible for claim. Within these reviews DSAs payment process was reviewed. The mission confirms that the rates paid are consistent with the approved DSA rates schedule that was approved by IFAD.

104. As fuel management, Finance unit is managing the distribution of the fuel coupons on a weekly basis. The mission notes that the individual log records of the motor vehicles are not inspected for records of these coupons. To ensure efficiency, the mission recommends that the distribution of the fuel Coupons and the inspection of the logbooks be transferred to the Administrative officer.

105. **ACDEP Expenditure:** The mission also reviewed the advance paid to the Association of Church-Based Development NGOs in Northern Ghana (ACDEP), as a refund of expenses on Elaboration and implementation of the Industrial Commodity Window under Northern Rural Growth Programme for the 12 months Period from January to December 2013. The ACDEP has provided analysis of expenditures for USD 1.5 million equivalents. IFAD approved up to a ceiling of USD 1,247,660 subject to the provision of an annual technical and financial report.

106. The mission sighted the technical report submitted and accepted by the Programme. The mission reviewed an unaudited financial statement for 2013 and found no major issue. The limited time at the disposal of the mission did not permit a detailed review of the books of ACDEP. However the mission recommends payment of the USD1, 247,660 relating to 2013 activities and further recommends that the audit of NRGP for 2013 should include a visitation of the auditors to validate the expenditures of NRGP financing of ACDEP for 2013.

107. **Assets Register and utilisation of assets therein:** The mission reviewed the Asset register and confirms that on the overall it is not fully updated. However, a summary should be prepared so as to present the assets and their costs under their detailed classes of Motor vehicles, Computers and Equipment, Furniture and fittings. The summary statement will be part of disclosures in the Physical and financial progress reports as well as in the financial statements for audit.

108. **Project Staff files:** The mission reviewed the staff files with a view of ensuring that available key documents are maintained. On a positive note valid contracts are maintained. However, there is

no personal information of the individual members of the staff in the files that would serve for historical information reference point or for contact information in the event of emergencies.

109. **Staff appraisals:** There is no record in the staff files of any performance appraisals carried out on the project staff. It was agreed that PCO will undertake staff appraisals and retained signed records in the staff files by 31 May 2014.

110. **Staff insurance:** The mission notes that the project staffs are not insured consistently with the requirements of the Loan Financing agreement. It was agreed that suitable insurance cover would be procured by 31 May 2014.

111. **Review of the SPA and other Programme Accounts:** The mission reviewed the operation of the Special Account and other Programme Account and confirms that the Special Account allocation of USD 1.5 million is fairly accounted for as at 31 December 2013. The Special Account had a cash balance of USD 80,248 while the Programme Operation accounts had a combined balance of USD 40,170. The key-reconciling item is proceeds of WA 23 for USD 744,233, have been submitted to IFAD and since paid. The other item is the proceeds of WA 24 for USD 5, 875 undergoing approval processes with the MoF.

Table 5: Reconciliation of the SPA as at 31 December 2013.

Item	Description	Value (USD)	
1	Authorised Allocation		1,500,000
2	Balance in the Special Account	80,248	
3	Balance in the Programme Account	40,170	
4	Balance in the local accounts in the Zones	-	
5	Proceeds of WA 24 undergoing approval process with MoF	645,875	
6	Proceeds of WA 23 Since settled by IFAD	744,233	
7	Proceeds of GoG contribution in the Programme account	(10,527)	
	Total		1,500,000

112. The key issue with the SPA the insistent manner the replenishment is carried out. The cash balances in the above reconciliation indicate that there are periods when project has very low cash flow, which does not demonstrate is not efficiency in the project financial management. As recommended in paragraph 5 above WA claims should be submitted within the prescribed thresholds.

113. **Disbursement.** The IFAD Loan Cumulative disbursement to 31 March 2014 is SDR 6.68 million or USD 10.21 million representing 47% of the Loan, including the Initial Deposit of USD 1.5 million. This status has been reconciled to the IFAD statements. However, the loan utilization, excluding the that excludes the Initial Deposit is SDR 5.68 million, or USD 8.71 million, and represents utilization level of 40%. The mission has gone further to factor in expenditure for the pending WAs 24 and 25, and other expenditures pending WA preparation all totalling to USD 2.1 million or SDR 1.36 million equivalents, at the current exchange rates. Consequently, the projected utilization is estimated at SDR 7.04 million or 49% of the loan. Consequently, the projected Loan balance as at 31 March 2014 is SDR 7.21 million, or USD 11.14 million at the current exchange rates.

Table 6: IFAD loan disbursement and Utilisation projection as at 31 March 2014.

Category Description	Financing	Loan Amount Allocation	Grant Allocation	Total Disbursement To-date to	%age Disbursed	WA 24,25 pending settlement by IFAD and other expenditures pending submission		Projected Loan Utilisation as at 31.12.13	Projected Loan Balance as at 31.12.13	%age Disbursed
		SDR'000	SDR'000	WA 23 SDR'000		SDR'000	SDR'000	SDR'000	SDR'000	
I Civil works (excluding Component B)	100	510.0	-	-	-	0.0	0.0	-	510.0	0%
II Commodity Chain Development			-	-	-			-		
(a) Private Goods	100	870.0	-	19.2	2%	0.0	0.0	19.2	850.8	2%
(b) Public Goods	100	140.0	-	-	0%	0.0	0.0	-	140.0	0%
III Vehicles, Goods and Equipment (excluding Component B)	100	720.0	-	422.4	59%	26.1	16.9	439.3	280.7	61%
IV Technical Assistance, and Support (excluding Component B)	100	4,400.0	-	987.3	22%	1,247.7	808.1	1,795.4	2,604.6	41%
V Training and Studies (excluding Component B)	100	4,160.0	-	2,541.0	61%	573.6	371.5	2,912.5	1,247.5	70%
VI Regional Exchange Programmes	100		0.3	-			0.0	-	-	0%
VII Salaries and Allowances	100	1,560.0	-	941.9	60%	161.8	104.8	1,046.7	513.3	67%
VIII Operating Costs	100	770.0	-	764.4	99%	90.7	58.8	823.2	(53.2)	107%
VIII Unallocated		1,120.0	-	-	0%		0.0	-	1,120.0	0%
Subtotal		14,250.0		5,676.2	40%	2099.9	1360.2	7,036.4	7,213.6	49%
Authorized Amount - Special Account		-		1,004.8						
TOTAL		14,250.0	-	6,681.0	47%	USD @ 1.54385			11,137	

114. **Expenditure Re-allocations:** The expenditure to-date does not indicate any requirement for re-allocation expenditures. Although the operating costs expenditure category has overrun the allocation by 7%, there is still a balance of 23% remaining out of the authorised 30% over expenditure. The 23% balance remaining represents SDR 177,100 or approximately USD 275,000 at the current levels of exchange rates. At the current annual budgetary level of USD 75,000 for 2014, the balance of the overrun remaining will cover several budgetary years. **However, it was agreed that the position should be reviewed on an annual basis at the AWPB formulation.**

115. **Counterpart funds:** The mission notes that to-date the GoG has contributed approximately USD 1.83 million equivalents, for cash support and tax exemptions. This contribution is against the USD 10.37 million budgeted at appraisal and represents 17.6%. The mission notes that the project has managed to finance GoG activities with the contribution received. However, more contribution will be required when the procurement plan is fully implemented. The mission recommends that the GoG provide the counterpart funds consistently with the budget.

116. **Compliance with loan covenants.** The mission reviewed the covenants of the financing agreement and confirms that no contravention has been noted, apart from delayed implementation

117. **Procurement.** The mission reviewed procurement progress and notes that the function that is the main driver for effective implementation has not been significantly executed consistently with the procurement plans. The procurement for 2013 was planned at USD 1.02 million, for acquisition of key assets and materials for activities implementation, which included construction of Office building, purchasing of, Mobile seed processing equipment, motor vehicles seed testing equipment and recruitment of consultancies. Only a few consultancies have been procured and the bulk of the items in the Plan have been rolled over into the 2014 financial year.

118. The mission reviewed the 2014 procurement plan and notes that estimated cost for procurement of goods and services carried over from 2013 have been presented at the same or lower values of 2013 estimates. **It was agreed that the procurement will be reviewed to ensure the costs represent updated costs and inflation.**

119. **Strategy for implementation:** The project is planned for completion on 31 December 2016, which leaves less than a 3 year period of implementation. The Procurement planning execution and follow-up lacks efficiency and effectiveness. The level of delays indicates the danger of procurement of the bulk of the goods and services in the last year of implementation. The project should formulate a rolling 18 months procurement Plan which should incorporate all the remaining Goods and services. **In order to speed its implementation in a timely manner, the mission recommends creation of a Procurement and Contract Management team that incorporates and co-opts the procurement Officers, Engineers and Financial Controller. The team will be meeting once every two weeks to review progress of implementation of the procurement plan, agree on the any teething issues and the actions for follow-up. The team should be overseen by the National Programme Coordinator as chairman of its meetings.**

120. **Review of procurement carried out during the year 2014:** The renovation of the National Co-coordinator's office was carried out at a cost of GHC10, 850 or USD 4,340 equivalent. In addition, the project procured office furniture at a cost of GHC 65,255 or USD 26,000 equivalent. The mission confirmed the procurement process to the laid down procedures and are satisfied that these procedures were followed. However, the contract for USD 65,255 is yet to be signed by the winning vendor. **It was agreed that in future contracts should be signed soon after the award so as to remove uncertainty.**

121. **Audit. Statutory Audit:** The audit for the programme is up-to date and the 2012 audit satisfactory results were reviewed and reported on during the last mission.

122. The audit process preparation for the 2013 financial statements is underway and it is expected that it will be finalised within the 30 June prescribed deadline. However, the auditor is yet to be appointed. The procurement process is completed and the award and IFAD no objection finalisation is expected by 15 May 2014.

123. The mission reviewed the financial statements and found them satisfactory. However, they require improvements in respect of cumulative comparative figures which appear inaccurate. The note for non-current assets requires re-classification to reflect suitable asset classes which should include as Motor vehicles, Computers and Equipment, and Furniture and fittings. **It was agreed that these improvements will be incorporated in the audited financial statements.**

Agreed action: Fiduciary

Agreed action	Responsibility	Agreed date
Appoint the external auditor	PC/FC/PO	15 05 2014
Revise and refine an 18 month procurement Plan	PC/PO	30 06 14
Set up a Procurement and Contract management Team that includes POs, Engineers, FC & M&E	NPC	30 06 14
Prepare Quarterly financial statements for inclusion into the Physical and Financial Progress Reports and audit	FC	30 06 14
Prepare and submit WAs consistently with the laid down procedures	FC	Immediate
File annual staff performance appraisals in the personal files	Administration Manager	Immediate
Procure insurance cover for project staff	PC/FC	30 06 14

F. Sustainability

124. The programme has continued to make progress of importance for development of farmer productivity and incomes. Although numbers of participants has continued to increase, they still only represent a small proportion of the poor rural population of the programme area. The main constraint to further up-scaling is limited current availability of finance for production and investment from commercial sources.

125. The key challenge now is to identify appropriate financiers, financial products and modalities of financial services provision to commence to satisfy these burgeoning demands for productive rural investment. As good progress has been made in the recent past in this respect to a limited extent. It

remains essential that facilities are in place by programme completion to enable continued growth in rural productivity through private financing and investment.

G. Conclusion

126. The success of NRGp requires urgent acceleration of implementation in the period remaining. Although disbursements have improved somewhat in the period under review, there is a continuing mis-match between ambitious plans and low levels of expenditure and implementation. The mission has agreed significant measures which are intended to alleviate these factors. The mission is convinced that programme staff and implementation partners remain committed to the full implementation of the programme design, and the financiers remain amenable to assisting in this in any practical way.

127. The African Development Bank, IFAD and the Government of Ghana endorse the findings of the supervision mission.

No	Agreed action: Monitoring and Evaluation	Responsibility	Agreed date
1	Review TORs for District and Regional Schedule Officer positions and discuss with District and Regional Directors about strategy for assigning competent MOFA staff and managing workload and performance of the same	National Programme Coordinator/Producer Organization Specialist	31 May 2014
2	Develop a strategy for harmonizing data collection and documentation with MOFA and ACDEP to	M&E specialist	31 May 2014
3	Refine NRGp indicators and definitions and circulate to PMU staff and implementing partners	M&E specialist	30 June 2014
4	Share complete list of Component C output indicators with PFIs and request them to submit data on quarterly, semi-annual basis as appropriate	M&E specialist / Rural Finance Services Specialist	30 June 2014
5	Establish and implement system for identifying and tracking model FBOs and model farmers to serve as example of NRGp success and as motivation to other FBOs/farmers	M&E specialist / Producer Organisation Specialist	31 July 2014
6	Procurement of external drives, flash drives and internet routers for schedule officers, Field Business Facilitators for backing up NRGp data and to ease communication and transmission of reports	Procurement specialist / M&E specialist	31 May 2014
7	Procurement of field note books for AEAs as part of a strategy for motivating AEAs to collect data and document progress in the field	Procurement specialist / M&E specialist / Producer Organisation Specialist	30 Sept 2014
8	Carry out refresher training for Schedule Officers, Program Managers and Field Business Facilitators on Data Quality, Data Collection, Data Aggregation, Data Analysis, Performance indicator tracking and Progress Reporting	M&E specialist	30 July 2014
9	Roll out of NRGp Monitoring and Evaluation System Implementation Manual	M&E specialist	30 June 2014
10	Update NRGp data collection forms and web based database to reflect revisions to indicators and requirements of CMEF and RIMS indicators	M&E specialist / MIS officer	31 July 2014
11	Establish system for automated calculation of CMEF and RIMS indicators based on NRGp primary data	M&E specialist	31 Dec 2014
12	Expand web based client database to regional and district offices of implementing partners	Monitoring and Evaluation Specialist/ Management	30/03/2015

Information Systems
Officer

Appendix 1: Summary of project status and ratings

Project 1390 [734] Northern Rural Growth Programme - Draft

Basic Facts

Project Performance Ratings

Basic Facts

Country	Ghana			Project ID	1390	Loan/DSF Grant No.	734
Project	Northern Rural Growth Programme					Top-up Loan/DSF Grant	
Date of Update	28-May-2014						
Supervising Inst.	IFAD/IFAD						
No. of Supervisions	9	No. of Implementation Support/Follow-up missions	2				
Last Supervision	06-Dec-2013	Last Implementation Support/Follow-up mission	02-Apr-2014				

				USD million Disb. rate %	
Approval	13-Dec-2007			Total financing	103.55
Agreement	12-Sep-2008	Effectiveness lag	10.5	IFAD Total	22.72
Entry into force	24-Oct-2008	PAR value	-----	IFAD loan	22.32
First disbursement	09-Apr-2009			DSF grant	
MTR	19-Oct-2012	Last amendment		IFAD grant	0.40
Original completion	31-Dec-2016	Last audit	18-Jun-2012	Domestic Total	19.61
Current completion	31-Dec-2016			Beneficiaries	3.70
Original closing	30-Jun-2017			Government (National)	10.37
Current closing	30-Jun-2017			Domes. Fin. Inst.	4.61
No. of extensions	0			Private Sector Local	0.94
				External Cofinancing Total	61.22
				African Dev. Bank	61.22
					28

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	4	1. Quality of project management	4	4
2. Acceptable disbursement rate	3	3	2. Performance of M&E	3	4
3. Counterpart funds	4	4	3. Coherence between AWPB & implementation	3	3
4. Compliance with financing covenants	4	4	4. Gender focus	5	5
5. Compliance with procurement	4	3	5. Poverty focus	4	4
6. Quality and timeliness of audits	5	5	6. Effectiveness of targeting approach	4	4
			7. Innovation and learning	5	5

8. Climate and environment focus	5	5
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B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Inclusive organizational and financial mechanisms	4	4	1. Institution building (organizations, etc.)	4	4
2. Irrigation and transportation infrastructure	4	3	2. Empowerment	5	5
3. Access to financial services is improved	5	4	3. Quality of beneficiary participation	5	5
			4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	4	4
			6. Potential for scaling up and replication	5	5

B.5 Justification of ratings

The implementation speed and notably the outreach of the programme in terms of number of beneficiaries has picked up during the latest year (from supporting around 1000 to expecting to reach around 3000 farmers groups by the end of the year) and overall programme implementation is rated moderately satisfactory. The compliance with procurement processes has been lowered to moderately unsatisfactory as procurement has not been executed consistently with the procurement plan and due to remarkable delays in recruiting additional facilitating agents. Since the latest supervision, the programme has made progress on its M&E performance, which is now moderately satisfactory. Among other things a web-based client database has been established and reporting is more timely. A detailed M&E review has provided a range of recommendations in order to further strengthen data collection, analysis and reporting. The draft AWPB for 2014 was delivered on time, but its finalization took too long and was only ready around the time of this supervision. The outputs and outcome of the access to financial services component are being limited by the financial capacity of PFIs, it is essential to spur additional financing mechanisms and to link up with larger banks, a process which has started.

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	4	4
C.2 Food security	4	4
C.3 Quality of natural asset improvement and climate resilience	4	4
C.4 Overall implementation progress (Sections B1 and B2)	4	4

Rationale for implementation progress rating

While overall implementation performance of NRGP can continue to be considered moderately satisfactory in view of the good outreach and success in many technical areas, NRGP will be considered a potential problem project if adequate measures to improve achievement of the planned programme of work are not implemented without further delay. Key priorities include the activation of additional value chains through the procurement of facilitating agencies, and establishing a system to monitor and ensure adequate and timely implementation of the AWPB.

C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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Rationale for development objectives rating

The increased outreach of the programme is key to achieving its development objectives. Key mechanisms that have shown positive experiences; the Value Chain Committees, the PPP agreements, the linkages to PFIs are currently being sustained and scaled up. In addition, the number of value chains supported under the programme is being increased, latest with rice and sesame and earlier with Soybean and Butternut Squash, it is however important to continue this activation of additional value chains to enable the programme to reach its objectives.

C. Risks Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects	The quality and timeliness of the procurement processes and the submission of requests for No Objection to IFAD has been problematic during the latest year. Internal processes in the PMU must be enhanced to fulfill the normal procurement standards.
Project implementation progress	A key constraint until now has been the capacity of the PMU to ensure effective and efficient operation of the programme and to avoid implementation delays, low disbursements and ensure that the available funding is used to enhance and scale up results and impact. Key actions to address this challenge include (a) a partial reorganization and expansion of the PMU to strengthen overall coordination, monitoring and administrative capacity, (b) immediate recruitment to fill vacant positions; (c) immediate activation of additional value chains through the completion of the procurement process of facilitating agencies; (d) development of management intelligence systems to ensure close monitoring and implementation of the AWPBs with adequate prioritization of activities.
Outputs and outcomes	A major risk is distortions in the produce markets caused by external factors interfering with the price setting practices between farmers and markets. These have led to a relative loss of negotiation power of the target group with an erosion of the trust and sustainability of the relationships between the value chain actors. Required actions to rectify this issue include a sensitization campaign directed at value chain actors to re-emphasize the need to set prices through transparent and effective mechanisms between the parties involved, thus developing trust and collaboration between the actors. Another risk is the limitations of the capacity of conventional participating financial institutions (PFIs) and limited

	access to financial services that respond to the needs of the various value chain actors for growth and scaling up. To overcome the imminent gaps, the team will need to mobilize capable, short term technical assistance to efficiently address: (a) strengthening contracts between value chain actors; (b) developing and promoting a more formalized system for matching grants; and (c) liaising with larger financial institutions to promote direct financing of FBOs, off-takers, input suppliers and other value chain actors, as appropriate.
Sustainability	The sustainability of NRGF is mainly depending on institution building including capacity building of FBOs and Value Chain Committees. Furthermore, the creation of lasting linkages to value chain actors and the financial sector is crucial. The key challenge now is to identify appropriate financiers, financial products and modalities of financial services provision to start satisfying the burgeoning demand for productive rural investment. It remains essential that instruments are in place by programme completion to enable continued growth in rural productivity through private financing and investment.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
M&E	Implement the range of 12 specific recommendations coming out of the detailed M&E review from March 2014	31 October 2014	
Programme Management	Recruitment of candidates for vacant positions in the PMU	Immediately	
Fiduciary	Set up a procurement and contract management team within the PMU and revise and refine the 18 months procurement plan	30 June 2014	
Value chain development	Recruit FAs for Shea, Sesame, vegetable and animal windows. IFAD should be involved along the recruitment process.	31 May 2014	
Value chain development	Facilitating agents to reinforce training on appropriate and transparent means of price setting in agreements between farmers associations and off-takers. FAs to improve the access to market information of the farmers.	30 September 2014	
Access to finance	Recruit a specialized consultant to create linkages to larger financial institutions to promote increased availability of financing for value chain actors. Recruit a consultant to improve the matching grant strategy to leverage asset based finance.	30 June 2014	

Additional observations

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
	Goal:			
NRGP will contribute to an equitable and sustainable poverty reduction and food security among rural households in northern Ghana	<ul style="list-style-type: none"> Incidence of poverty in Northern Ghana reduced (indicate from To What?) 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Ghana Statistical Service (GSS)/Ghana Living Standard Survey Report (GLSS)/ Multiple Indicator cluster Survey (MICS) 	Government remains committed to the implementation of the FASDEP II and Food Security Action Plan
	Project Development Objective:			
Increase northern Ghana area rural households' income on a sustainable basis	<ul style="list-style-type: none"> Increased incomes for households in Programme area higher than national average Decrease of malnutrition rate in Northern Ghana Household assets increased Agric GDP growth increased (%) 	<ul style="list-style-type: none"> GLSS yet to be conducted A Participatory Outcome Assessment (POA) conducted by the Programme in 2012 showed increases in average incomes from GHC302.7 to GHC 709.7 representing an increase of 134% 	<ul style="list-style-type: none"> GSS/GLSS Report/ MICS/Survey Report NRGP Reports GSS Economic Performance report 	Government remains committed to the implementation of the FASDEP II and Food Security Action Plan

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
Outcome 1: Profitable and sustainable Commodity Value Chains are established in the Programme area and are supported by enhanced infrastructure and access to financial services	<ul style="list-style-type: none"> ▪ % increase in productivity ▪ Volumes of commodities produced by commodity ▪ % increase in incomes by actors along the value chain ▪ % change in business profits of clients ▪ % of clients consolidating their businesses by category: <ul style="list-style-type: none"> a. Bankrupt (out of business)- (0%) b. Start Up level (15%) c. Survival/Consolidation (50%) d. Growth (30%) e. Strong Growth (5%) ▪ Number of jobs created (gross) as a result of enterprise development (Youth & gender disaggregated) (RIMS) 	<ul style="list-style-type: none"> ▪ Productivity of major commodities have increased. Productivity for maize has increased by 212.5% (from 0.8mt/ha to 2.5mt/ha), soya by over 200% (from 0.5mt/ha to 1.5mt/ha) and sorghum by 160%. ▪ Since Programme inception, 31,918 mt of various commodities have been produced and marketed by rural small holder farmers ▪ 2013 Participatory Outcome Assessment will measure the remaining indicators. 	<ul style="list-style-type: none"> ▪ NRGP Reports ▪ Farmers Records ▪ Surveys Reports 	Farmers adopt improved technologies
Outputs: 1.1 Capacities of POs Strengthened	<ul style="list-style-type: none"> ▪ Number of Farmers trained by MoFA & Other Training Service Providers ▪ Number of Farmer Groups formed, Registered & trained in group dynamics, cohesion & leadership skills (RIMS) ▪ Nb of members in PO/FBOs (sex 	<ul style="list-style-type: none"> ▪ 1,507 FBOs (membership of 29,799 with 57% being female) have been formed and operating with the Prog. ▪ Within the year, 11,286 farmers have been trained in various modules bringing the total number 	<ul style="list-style-type: none"> ▪ NRGP Reports ▪ NRGP Database 	Facilitating Agencies are available in numbers & quality for field-based strengthening activities

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
1.2 Commodity Inter-Professional Bodies established	disaggregated) (RIMS) <ul style="list-style-type: none"> % of Women holding leadership positions in POS/FBOs No. of Households benefitting from Programme interventions (RIMS) Number of farmers (males & females) benefitting from the Programme using improved planting materials (RIMS) 	of farmers trained by the programme to 33,065. <ul style="list-style-type: none"> 48% of females hold leadership positions in the various FBOs So far 2 main Apex bodies have been formed. These include the Shea Network and the District Apex bodies called the DVCCs 	<ul style="list-style-type: none"> NRGP Reports DVCCs Records 	Strengthening of FBOs and structuring them into DVCCs will proceed with a sustained pace to enable them form commodity based IPBs
1.3 CBPs prepared and implemented	<ul style="list-style-type: none"> Number of IPBs/Apex bodies established (RIMS) Number of Meetings held by each IPB No. of District Value Chain Committees (DVCC) formed No of DVCCs Functional² (rate DVCCs from a scale of 1-7 e.g legal framework etc) NB-Please develop a criteria for evaluation % women represented on the DVCCs Number of CBPs prepared No of value chain 	<ul style="list-style-type: none"> 43 DVCCs have been formed in all the Programme Districts and each value chain organizes a minimum of 4 meetings in a year The functionality of the DVCCs are yet to be assessed 4 CBPs (shea, maize, soya and sorghum) have been prepared. 	<ul style="list-style-type: none"> NRGP Reports NRGP Financial Reports 	Policy framework continues to encourage private sector involvement in the rural areas

2 1-No of meetings (@least 4 times per year), 2-availability of minutes, 3-constitution/governance structure, 4-office with employees, 5-operational Bank Account, 6-successful linkages with other actors (tractor services, extension, financial and marketing), 7-Repayment of leverage credit by members by due date (100%)

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
1.4 CDF established	<ul style="list-style-type: none"> businesses established ▪ % of CBPs budgets implemented ▪ % of CBPs Projects being financed ▪ No of value chain actors trained on enterprenueral and business management skills ▪ No of value chain actors at each level of the chain linked to each ▪ value (%) disbursed by public windows ▪ value (%) disbursed by private goods window ▪ Number of businesses (clients) accessing the CDF (by commodity window) ▪ Commercial Ventures established and functioning as a result of interventions of the Programme ▪ Number of Public Private Partnerships established for managing facilities 	<ul style="list-style-type: none"> ▪ To date the Programme has established 37 SPVs which are value chain businesses that have been established to support with the development of the various value chains ▪ 	NRGP Reports	Stakeholders will demand the matching grants
Outcome 2: Clients access to infrastructure enhanced	<ul style="list-style-type: none"> ▪ All infrastructure constructed are being fully utilized 	<ul style="list-style-type: none"> ▪ 20 feeder roads have been constructed by the Programme are being used by beneficiaries. 49 more 	<ul style="list-style-type: none"> ▪ NRGPs Reports 	

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
		feeder roads are yet to be completed.		
Outputs: 2.1 Small scale irrigation developed 2.2 Market Infrastructure developed	<ul style="list-style-type: none"> ▪ Land (Area) under irrigation schemes rehabilitated (ha) (RIMs) ▪ % of developed area of irrigation schemes used ▪ Area of flood recession schemes constructed (ha) ▪ Number of WUAs established and functional ▪ % contribution of WUAs towards the maintenance of irrigation facilities ▪ No of clients sensitized on small scale irrigation schemes ▪ no of clients participation in farmer field schools (FFS) <ul style="list-style-type: none"> ▪ Total km of roads rehabilitated/constructed (RIMs) ▪ Km of farm access tracks rehabilitated/constructed ▪ Km of Feeder roads rehabilitated/constructed ▪ Number of storage facilities (Warehouses & pack houses) constructed (RIMS) ▪ % of beneficiary District 	<ul style="list-style-type: none"> ▪ 414 ha of land are being used under pump irrigation whilst the designs of 41 irrigation schemes have been developed for construction ▪ 200 ha of flood recession schemes developed ▪ 69 Water User Associations formed and trained <ul style="list-style-type: none"> • 646.25 Km of feeder roads under construction. 268.4km so far completed. The remaining length of roads are at various levels of completion • Designs of 10 warehouses and 4 pack houses completed for construction 	<ul style="list-style-type: none"> ▪ NRGP Reports ▪ WUAs Records <ul style="list-style-type: none"> ▪ NRGP Reports ▪ District Assemblies Records 	Enforcement of strict design and construction criteria for small dams, roads and storage facilities is effective and allows for economic viability and cost effectiveness

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
	Assemblies that have allocated adequate funds for the maintenance of new infrastructure			
Outcome 3: Clients access to financial services enhanced	<ul style="list-style-type: none"> Number of clients accessing financial services 	<ul style="list-style-type: none"> 29,799 (12,755males and 17,044 females) are accessing financial services from PFIs 	<ul style="list-style-type: none"> NRGP Reports 	
Outputs: 3.1 Capacities of PFIs built	<ul style="list-style-type: none"> Savings and credit groups formed and/or strengthened (RIMs) People in savings and credit groups formed and/or strengthened (RIMS) Number of PFIs participating in the Programme (RIMS) Staff of PFIs trained (RIMS) Active borrowers (RIMS) Number of voluntary savers (RIMS) Value of voluntary savings (RIMS) Outreach of partner financial institutions expanded <ul style="list-style-type: none"> % increase in agric portfolio of RCB Value of loans borrowed increased (GHC) 	<ul style="list-style-type: none"> All the 1,507 groups formed with a membership of 29,799 (12,755males and 17,044 females) are all saving and borrowing from PFIs All the 22 Rural and Community Banks (RCBs) and 2 National Banks are working with the Programme to provide financial services to clients 85 PFIs staff have been trained in various modules to enhance their operations Loan/credit recovery on the average stands at 98% 	<ul style="list-style-type: none"> NRGP Reports PFIs Reports 	<p>PFIs have loanable funds</p> <p>FBOs are repaying credit</p>

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
	<ul style="list-style-type: none"> ▪ Number of additional branches established ▪ % of the overall loan amount repaid ▪ % of loans defaulted (by Gender) ▪ % of Agric portfolio at risk at 30 days (RIMS) 			
Outcome 4: Effective implementation of the programme ensured	<ul style="list-style-type: none"> ▪ Programme successfully implemented 	<ul style="list-style-type: none"> ▪ 	<ul style="list-style-type: none"> ▪ NRGP Reports 	

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
<p>Outputs:</p> <p>4.1 Effective implementation of the programme ensured</p> <p>4.2 Effective M & E System in place</p>	<ul style="list-style-type: none"> ▪ PMU Established with full complement of staff ▪ No of NPSC meetings held ▪ All logistics provided to staff ▪ Number of Withdrawal Applications made annually ▪ AWP&B prepared and approved by NPSC by 1st November of the year ▪ AWP&B prepared and submitted to Financing Agencies for approved by 1st December of the year ▪ % of AWP&B disbursed ▪ Number of monitoring visits to project sites conducted ▪ Number of Quarterly, Annual and Audit reports submitted on time ▪ Programme receive satisfactory rating from Missions 	<ul style="list-style-type: none"> ▪ The PMU has been established with the full complement of staff • 6 AWP&B prepared and implemented for the past 6 years • All PMU reports prepared and submitted on time • The Programme receives satisfactory rating from missions 	<ul style="list-style-type: none"> ▪ NRGP Reports ▪ Minutes of NPSC Meetings ▪ Monitoring Reports ▪ Mission Aide Memoires ▪ NRGP Audit Reports 	

Appendix 3: Summary of key actions to be taken within agreed timeframes

Agreed Actions – Component A

#	Agreed Action	Responsibility	Deadline
	Component A		
1	TOR for the appointment of Facilitating Agencies for shea, sesame, Guinea Fowl and vegetable window submitted to the ICO	PMU/VCS	9 th May, 2014
2	Provide justification for rapid appointment of FAs for Shea, Sesame and Guinea Fowl to ICO	PMU	31 st May 2014
3	The timelines for the recruitments would be specified in the updated procurement plan to be presented to ICO	PMU	9 th May, 2014
4	Conservation agriculture practices introduced <ul style="list-style-type: none"> Identify sites and host farmers (1 per region) Procure specialist to assist with planning & agronomy Purchase equipment and train relevant persons on its use All arrangements should be in place 	PMU/POS	30 th April, 2015 31 st July, 2014 30 th Sept., 2014 30 th April, 2015
5	Agronomic unit of GIDA engaged to provide technical backstopping in irrigation agronomy to the young farmers	PMU/NPC/POS	31 st October, 2014
6	FA to consider establishing additional VCCs in specific localities. It was agreed that this will be discussed at the next quarterly FA meeting.	PMU/FA	15 th July, 2014
7	The FA re-enforces it's training on appropriate and transparent means of price setting for produce supply agreements between FBOs and off-takers. The FA should identify active aggregators in each locality in order to ensure that VCCs have access to qualitative and quantitative information on available off-takers. The FA undertake to train all FBOs on the content of the model contracts developed under component C	PMU/FA FA PMU/FA/ RFSS/MES	Continuous 30 th Sept, 2014 30 th Sept., 2014
8	The industrial crops FA be requested add rice to its area of responsibility. Revised TORS and supplementary agreement would be prepared, and forwarded to IFAD.	PMU/FA	31 st May, 2014
9	The development and application of a suitable electronic system for VCCS on a pilot basis.	PMU/VCS/GS/FA	30 th June, 2014

Table of Agreed Actions: Component C

Number	Agreed Action	Responsibility	Deadline
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1	Submit TOR for NO to ICO for Consultant liaising with larger financial institutions to promote direct financing value chain actors.	PMU	31 May
2	Recruit and hire larger FI liaison consultant	PMU	30 Jun
3	Submit TOR for NO to ICO for Consultant improving legal agreements among value chain actors.	PMU	9 May
4	Recruit and hire larger contract improvement consultant	PMU	30 Jun
5	Revise and begin disseminating improved contracts	PMU/Consultant	30 Aug
6	Submit TOR for NO to ICO for Consultant improving matching grant strategy to leverage asset based finance.	PMU	9 May
7	Recruit and hire matching grant strategy consultant	PMU	30 Jun
8	Begin rollout of improved matching grant strategy	PMU/Consultant	30 Sep
9	Savings promotion materials development of savings strategies for FBOs	RFSS	30 Aug
10	Start savings promotion materials dissemination of savings strategies for FBOs	RFSS/FAs	30 Sep
11	Promote and initiate direct reporting of performance by PFIs through a workshop	RFSS	15 Jun
12	Strengthen uptake and use of peer review among PFIs through a workshop	RFSS	15 Jun

No	Agreed action: Monitoring and Evaluation	Responsibility	Agreed date
1	Review TORs for District and Regional Schedule Officer positions and discuss with District and Regional Directors about strategy for assigning competent MOFA staff and managing workload and performance of the same	National Programme Coordinator/Producer Organization Specialist	31 May 2014
2	Develop a strategy for harmonizing data collection and documentation with MOFA and ACDEP to	M&E specialist	31 May 2014
3	Refine NRGP indicators and definitions and circulate to PMU staff and implementing partners	M&E specialist	30 June 2014
4	Share complete list of Component C output indicators with PFIs and request them to submit data on quarterly, semi-annual basis as appropriate	M&E specialist / Rural Finance Services Specialist	30 June 2014
5	Establish and implement system for identifying and tracking model FBOs and model farmers to serve as example of NRGP success and as motivation to other FBOs/farmers	M&E specialist / Producer Organisation Specialist	31 July 2014
6	Procurement of external drives, flash drives and internet routers for schedule officers, Field Business Facilitators for backing up NRGP data and to ease communication and transmission of reports	Procurement specialist / M&E specialist	31 May 2014
7	Procurement of field note books for AEAs as part of a strategy for motivating AEAs to collect data and document progress in the field	Procurement specialist / M&E specialist / Producer Organisation Specialist	30 Sept 2014
8	Carry out refresher training for Schedule Officers, Program Managers and Field Business Facilitators on Data Quality, Data Collection, Data Aggregation, Data Analysis, Performance indicator tracking and Progress Reporting	M&E specialist	30 July 2014
9	Roll out of NRGP Monitoring and Evaluation System Implementation Manual	M&E specialist	30 June 2014
10	Update NRGP data collection forms and web based database to reflect revisions to indicators and requirements of CMEF and RIMS indicators	M&E specialist / MIS officer	31 July 2014
11	Establish system for automated calculation of CMEF and RIMS indicators based on NRGP primary data	M&E specialist	31 Dec 2014
12	Expand web based client database to regional and district offices of implementing partners	Monitoring and Evaluation Specialist/ Management Information Systems Officer	30/03/2015

No	Agreed action: Fiduciary	Responsibility	Agreed date
1	Appoint the external auditor	PC/FC/PO	15 05 2014
2	Revise and refine an 18 month procurement Plan	PC/PO	30 06 14
3	Set up a Procurement and Contract management Team that includes POs, Engineers, FC & M&E	NPC	30 06 14
4	Prepare Quarterly financial statements for inclusion into the Physical and Financial Progress Reports and audit	FC	30 06 14

5	Prepare and submit WAs consistently with the laid down procedures	FC	Immediate
6	File annual staff performance appraisals in the personal files	Administration Manager	Immediate
7	Procure insurance cover for project staff	PC/FC	30 06 14

Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

			Period: January to December 2013			Cumulative Actual	Appraisal/MT R Target	
Component/ Sub-component or Output	Indicator	Unit	AWP&B	Actual	%			
Component 1: Commodity Chain Development								
Sub-component: Strengthening Farmer Based Organizations	Households receiving project services	No	8,000	6,416	80.2	23,882	45,000	53.10
	Groups receiving project services	No	500	520	104	1,507	2,000	75.35
	People receiving project services	Male	6,000	4,478	74.63	12,755	30,000	42.52
	Community groups formed/strengthened ³	Female	4,000	3,542	88.55	17,044	20,000	85.22
		No	500	520	104	1,507	2,000	75.35
	People in community groups formed/strengthened	Male	6,000	4,478	74.63	12,755	30,000	42.52
		Female	4,000	3,542	88.55	17,044	20,000	85.22
	Community groups with women in leadership position	No	200	96	48	548	900	60.88
	Increase productivity ⁴ and production of smallholders by 7% by 2011 and 20% by 2017							
	• Maize (0.8mt/ha)	Mt/Ha	3.0	2.86	95.3	2.86	5.5	52.0
• Soya (0.5mt/ha)	Mt/Ha	2.0	1.63	81.5	1.63	4	40.8	
• Sorghum (0.5mt/ha)	Mt/Ha	1.5	1.41	94.0	1.41	3	47.0	
• Rice	Mt/Ha	2.5	2.1	84.0	2.1		52.5	
Increase incomes ⁵ of rural households by		%	20	134	-	134	15	-

³ This does not include Shea groups for 2013 as the figures are yet to be validated

⁴ Productivity for maize has increased by over 258% over the base year, soya by over 226% over the base year and 182% for sorghum over the base year.

⁵ A participatory Outcome Assessment (POA) showed that, average incomes of farmers had increased from GHC302.7 to GHC709.60 representing an increase of 134%. A new POA has been conducted, but the results are yet to be finalized

		Period: January to December 2013				Cumulative Actual	Appraisal/MT R Target	
Component/ Sub-component or Output	Indicator	Unit	AWP&B	Actual	%			%
	6% in 2011 and 15% by 2017							
	No. of radio Broadcast to disseminate technologies	No	100	53	53	98	400	24.50
	Number of Agric Staff trained	No	600	256	42.66	937	-	-
	Vol. of produce produced ⁶	Mt	20,000	80,867.56	404.3	122,785.56	311,552	36.20
<i>Sub-component: Commodity IPB established</i>	Apex organisations formed/strengthened	No	2	0	0	3	6	50
	DVCCs established	No	8	8	100	43	-	-
<i>Sub-component: Prepare and implement Commodity Business Plans</i>	Number of CBPs prepared and implemented	No	2	2	100	4 ⁷	4	50
<i>Sub-component CDF established and disbursed</i>								
	% of CDF disbursed	%	2	1.8	90	1.8	80	2.25
	11 Commercial ventures are established	No	10	3	30	37	100	37
Component 2: Rural Infrastructure Development								
<i>Sub-component: Irrigation Infrastructure Development</i>	Land under irrigation schemes constructed/rehabilitated	Ha	900	182	20	414	2,828.60	14.64
	41 small scale irrigation schemes ⁸	No	41	0	0	0	41	0

⁶ This is due to increases in acreages cultivated and yields

⁷ 4 CBPs have been drafted but only 2 have been fine-tuned and elaborated

⁸ The Irrigation schemes are still being designed for construction

Component/ Sub-component or Output	Indicator	Unit	Period: January to December 2013			Cumulative Actual	Appraisal/MT R Target	
			AWP&B	Actual	%			%
	constructed							
	Flood Recession Schemes constructed and Soil and water conservation techniques promoted	Ha	200	0	0	200	1,000	20
	Number of WUAs established and functional	No	20	21	105	69	325	34.50
<i>Sub-component: Marketing⁹ Infrastructure Development</i>	Roads constructed	Km	200	0	0	108	600	18
	Farm access tracks reh/constructed	Km	0	0	0	0	200	0
	Storage facilities constructed/rehabilitated	No	0	0	0	0	10	0
	Pack houses constructed	No	0	0	0	0	4	0
	Groups managing infrastructure formed/strengthened*	No	0	0	0	0	0	0
	People in groups managing infrastructure formed/strengthened	No	0	0	0	0	0	0
	Groups managing infrastructure with women in leadership position	No	0	0	0	0	0	0
Component 3: Access to Rural Finance	Financial institutions participating in the project	No	8	0	0	24	30	80
	Saving and credit groups formed/strengthened	No	500	520	104	1,507	2,000	75.35
	People in saving and credit groups	Male	6,000	4,478	74.63	12,755	30,000	42.52

9 Under the Marketing Infrastructure Development Component, apart from feeder roads which has commenced, the farm access tracks, the warehouses/pack houses are still being designed for construction.

Component/ Sub-component or Output	Indicator	Unit	Period: January to December 2013			Cumulative Actual	Appraisal/MT R Target	
			AWP&B	Actual	%			%
	formed/strengthened							
		Female	4,000	3,542	88.55	17,044	20,000	85.22
	Saving and credit groups with women in leadership position	No	200	96	48	548	900	60.88
	Staff of financial institutions trained	No	60	75	125	85	100	85
	Enterprises accessing financial services facilitated by the project	No	34	37	108.8	37	100	37
	Value of gross loan portfolio	USD	1,842,100	1,513,183.22	82.14	3,788,690.22	3,000,000	126.29
	Value of voluntary savings	USD	184,210	281,133.57	152.62	508,683.67	300,000	169.56
	Active borrowers (disaggregated by gender)	Male	6,000	4,478	74.63	12,755	30,000	42.52
		Female	4,000	3,542	88.55	17,044	20,000	85.22
	Active savers (disaggregated by gender)	Male	6,000	4,478	74.63	12,755	30,000	42.52
		Female	4,000	3,542	88.55	17044	20,000	85.22
Component 4: Programme Mgt, Coordination & M & E	No of NPSC meetings held	No	2	2	100	9	16	56.3
	AWP&B prepared and approved by NPSC by 1st November of the year	No	1	1	100	6	8	75
	AWP&B prepared and submitted to Financing Agencies for approved by 1st December of the year	No	1	1	100	6	8	75
	Number of Quarterly, Annual and Audit reports submitted on time	No	4	4	100	24	32	75

Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

Table 5A: Financial performance by financier

	Allocation at Appraisal	Disbursements	Disbursed
Financier	(USD '000)	(USD '000)	%age
IFAD Loan	22,325.0	10,205.3	45.7%
IFAD Grant	400.0	100.0	25.0%
AfDB	61,215.0	16,167.1	26.4%
PFI	4,608.0	2,943.1	63.9%
Private Investors	936.0	602.2	64.3%
GoG	10,370.0	1,830.1	17.6%
Beneficiary Contribution	3,699.0	1,268.8	34.3%
Total	103,553.0	33,116.5	32.0%

Table 5B: Financial performance by financier by component (USD '000)

Components	IFAD Loan			IFAD Grant			AFDB			GOG			PFIs			Private Investors			Beneficiaries			Total		
	Appraisal	Actual	%ge	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age
A Component A: Commodity Chain Development	16,789.0	4,154.6	25%	400.0	-	0%	-	-		2,131.0	374.5	18%	4,240.0	2,943.1	69%	936.0	602.2	64%	2,078.0	1,268.8	61%	26,574.7	10,279.1	39%
B Component B: Rural Infrastructure Development	-	-	0%	-	-		61,215.0	16,167.1	26%	7,786.0	541.5	7%	368.0	-	0%	-			1,621.0	-	0%	70,990.0	16,708.6	24%
C Component C: Access to Rural Finance	1,038.0	418.2	40%	-	-		-	-	0%	88.0	42.5	48%	-	-		-			-	-	0%	1,126.0	460.7	41%
D Component D: Prog. Coordination, Mgt and M&E	4,498.0	4,976.2	111%	-	-		-	-	0%	365.0	1,443.2	395%	-	-		-			-	-	0%	4,863.0	6,419.4	132%
Total	22,325.0	9,549.0	43%	400.0	-	0%	61,215.0	16,167.1	26%	10,370.0	2,401.7	23%	4,608.0	2,943.1	64%	936.0	602.2	64%	3,699.0	1,268.8	34%	103,553.7	33,867.7	33%

Table 5C: IFAD loan disbursements (SDR, as at 31 March 2014)

Category Description		Financing	Loan Amount Allocation	Grant Allocation	Total Disb. (up to WA 23)	%age Disb.	Pending WAs (WA24 & WA25)	Projected Loan Utilisation as at 31.3.14	Projected Loan Balance as at 31.3.14	%age Disb.
			SDR'000	SDR'000	SDR'000		SDR'000	SDR'000	SDR'000	
I	Civil works (excluding Component B)	100	510.0	-	-	-	0.0	-	510.0	0.0%
II	Commodity Chain Development			-	-			-		
	(a) Private Goods	100	870.0	-	19.2	2.21%	0.0	19.2	850.8	2.21%
	(b) Public Goods	100	140.0	-	-	0.00%	0.0	-	140.0	0.00%
III	Vehicles, Goods and Equipment (excluding Component B)	100	720.0	-	422.4	58.66%	16.9	439.3	280.7	61.02%
IV	Technical Assistance, and Support (excluding Component B)	100	4,400.0	-	987.3	22.44%	808.1	1,795.4	2,604.6	40.81%
V	Training and Studies (excluding Component B)	100	4,160.0	-	2,541.0	61.08%	371.5	2,912.5	1,247.5	70.01%
VI	Regional Exchange Programmes	100		0.26	-		0.0	-	-	0.00%
VII	Salaries and Allowances	100	1,560.0	-	941.9	60.38%	104.8	1,046.7	513.3	67.10%
VIII	Operating Costs	100	770.0	-	764.4	99.27%	58.8	823.2	(53.2)	106.90%
VIII	Unallocated		1,120.0	-	-	0%	0.0	-	1,120.0	0.00%
	Subtotal		14,250.0	0.26	5,676.2	39.83%	1,360.2	7,036.4	7,213.6	49.38%
	Authorized Amount - Special Account		-		1,004.8					
	TOTAL		14,250.0	0.26	6,681.0	46.88%	USD @ 1.54385		11,137	

Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 2.03	Opening of 2 Special Accounts in USD	Signature of agreement	Done	
	Deposit of Authorized Allocation of USD 1,500,000 for the Loan Special Account.	Start of project	Done	
	Deposit US\$100,000 in the Grant Special Account		Done	
Section 3.02	Submission of AWPB each year to IFAD for approval	Annual	On-going	Delay in submitting AWPB to IFAD 60 days before the previous year end. Negative impact on project activities
Section 3.03	Opening of Project Account, Accounts in cedis	Start of project and	Done	
Section 3.05	Transfer of annual GoG counterpart funds in accordance with AWPB	Quarterly transfers	On-going	The Government does not provide the funds consistently with the AWPB provisions.
Section 3	Programme Development and Implementation Partnership	Done		
Section 4.02	Submission of semi-annual and annual progress reports to IFAD	Twice a year	On-going	
Section 4.03	Mid-Term Review (MTR) carried out jointly by Borrower, IFAD and	Carried out	Done	
Section 4.04	Submission of completion report	2017	2017	Not due
Section 5.01	Submission of consolidated annual financial statements to IFAD	3 months after year end	Done	2013 Financial Statements were submitted on time.
Section 5.02	Appointment of auditors by Borrower for each fiscal year Submission of audit report to IFAD each year	Not specified 30 th June	On-going	Auditor Not selected for FY2013.

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Schedule 2	Signature of subsidiary agreement between Borrower and BoG	Not Specified	First quarter Of 2010.	Done
Schedule 3	Establishment of Project Steering Committee	Project effectiveness	Done	PIM is under review. The project is waiting for the final document.
	Establishment of PCMU and recruitment of key staff	Not specified	Done	
	Submission of Project Implementation Manual to IFAD's approval	Project effectiveness	Done	
Schedule 4	Procurement of goods, works and services in accordance with the procedures laid down in Schedule 4	On-going		

Appendix 7: Knowledge management: Learning and Innovation

Learning

Establishment of District Value Chain Committees

NRGP started the formation of Inter-Professional Bodies (IPBs) with the National Soya bean Alliance (NSA). The NSA comprise of various actors along the soya bean value chain including; Researchers, Producers, Processors, Transporters, Marketers and Consumers. Each member was to be a representative of their business interest. It was realised that decisions of the Alliance did not trickle down to their constituent membership on the ground because they did not have the democratic mandate from the entire membership of each entity to represent them. For instance, the farmer representatives could not reach their entire membership to collect views and return decisions to them, so was the representative of processors and transporters.

This top down approach was not the best way of establishing IPBs and therefore the Programme decided on the bottom-up approach with the formation of the District Value Chain Committees (DVCCs). The DVCCs will be federated to regional and national bodies as they gain competence and confidence in their operations at the district level. At this higher level, they will be involved in policy dialogue and advocacy with government and bigger commercial entities to upgrade each value chain.

Farmer Business Book (FBB)

Record keeping by farmers is something that is limited if not non-existent among rural farmers. Rural farmers only recall their operations from memory which is often inaccurate. NRG has therefore developed Farmer Business Book (FBB) to enable farmers keep some basic data on their own to be able to analysis and take their own business decisions. The illiteracy rate of the farmers therefore limits the use of the book. The programme has therefore developed a strategy of training the farmer as well as other wards of the farmer to assist in the filling of the book.

Innovation: Describe any interesting innovation noted during supervision

Participatory Outcome Assessment (POA)

The Participatory Outcome Assessment (POA) was noted to be a good innovative survey to capture project outcomes. The POA study enables better understanding of the linkages between project activities and outcomes and provides qualitative and quantitative data into the M&E system. This POA was commended by the mission and that other programmes could learn and adopt the practice.

Special Purpose Vehicles (SPVs)

The concept of "Special Purpose Vehicles (SPVs)", a type of nucleus-out grower scheme has yielded positive results in reaching resource poor small farmers in rural areas with financial services. With just about 34 SPVs, 4,254 small holder farmers have been reached with credit amounting to US\$891,944.44. These people would never have had this credit due to their level of poverty where even the amount required to open a bank account is even above their capability.

Youth in Irrigated Agriculture

This is an irrigation programme involving 300 young people and this is to enable them engage in the production of high valued commodities for high profits. The Programme sold water-pumping machines to the Youth for irrigation along perennial water bodies. They are able to crop 3 times in a year thereby increasing their incomes. This programme will be up-scaled to increase the number of youth in this programme as it is a better programme for engaging the youth.

