

## **Republic of Ghana**

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### **Rural Enterprises Programme (REP)**

#### **Supervision report**

#### Main report and appendices

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West and Central Africa Division  
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## Abbreviations and acronyms

### LIST OF ABBREVIATIONS AND ACRONYMS

ACHD	African Centre for Human Development (NGO)
ADF	African Development Fund
ADRA	Adventist Development and Relief Agency
AfDB	African Development Bank
AGI	Association of Ghana Industries
AgSSIP	Agriculture Subsector Support Programme (WB & other donors)
AO	Accounting Officer
APPB	Annual Performance Plan and Budget
ARB	Association of Rural Banks
ARBMU	Association of Rural Banks Monitoring Unit
ASF	Apprentice Graduate Support Fund
ASSI	Association of Small Scale Industries
AWP/B	Annual Work Programme and Budget
BAC	Business Advisory Centre (at regional level: NBBSSI,
BDO	Business Development Officer
BDS	Business Development Service
BECE	Basic Education Certificate Examination
BIRD	Bureau of Integrated Rural Development of KNUST
BizFoP	Business Focal Point (REP-II)
BoG	Bank of Ghana
BOIS	Business opportunity identification surveys (REP-II)
CARE	Catholic Relief NGO
CBO	Community –based Organization
CBT	Community-based Training
CEDEP	Centre for the Development of People (NGO Kumasi)
CIBA	Council of Indigenous Business Associations (Ghana)
CIDA	Canadian International Development Agency
COSOP	Country Strategic Opportunities Paper (IFAD)
COTVET	Council Of Technical, Vocational And Educational Training
CPE	Country Portfolio Evaluation
CPM	Country Portfolio Manager
CPMT	Country Programme Management Team
CRT	Criterion Referred TEST
CSIR	Council for Scientific and Industrial Research
DA	District Assembly
DACF	District Assembly Common Fund
DANIDA	Danish International Development Assistance Agency
DAPIT	Development and Application of International Technology
DBO	District Budget Officer
DCD	District Coordinating Director
DCE	District Chief Executive
DED	German Development Service
DfID	Department for International Development (UK)
DFO	District Financial Officer
DIC	District Implementation Committee (REP)
DOTI	Department Of Trade And Industry
DPO	District Planning Officer
DRHCI	Department of Rural Housing & Cottage Industries
EB	Executive Board
EDN	Enterprise Development Network
EMU	Evaluation and Monitoring Unit
EPA	Environmental Protection Agency

ERP	Economic Recovery Programme
ERR	Economic Rate Of Return
ESSN	Environmental Screening And Scoping Note
FGD	focused group discussions
FAO	Food and Agricultural Organization (UN)
FIT	Farm Implementation and Tools
FRI	Food Research Institute (of CSIR)
GDP	Gross Domestic Product
GEDC	Ghana Enterprises Development Commission (now NBSSI)
GER	Gross Enrolment Ratio
GES	Ghana Education Service (of MoE)
GHABA	Ghana Beauticians Association
GHAMFIN	Ghana Micro-Finance Network
GHC	Ghanaian Cedi
GIS	Geographic Information System
GLSS	Ghana Living Standards Survey
GNAG	Ghana National Association of Garages
GOG FAR	Government of Ghana Financial regulations
GPRS I	Ghana's Poverty Reduction Strategy- phase I
GPRS II	Growth And Poverty Reduction Strategy-phase II
GPRTU	Ghana Private Road Transport Union
GRATIS	Ghana Regional Appropriate Technology Industrial Service
GSGDA	Ghana Shared Growth And Development Agenda
GTZ	Deutsche Gesellschaft fur Technische Zusammenarbeit (Germany)
GTC	German Technical Cooperation
HDI	Human Development Index
HIPC	Highly Indebted Poor Countries
IA	Implementing Agency
ICB	international competitive bidding
ICCES	Integrated Community Centre for Employable Skills (MEMD)
ICT	Information & Communication Technology
IE	Interim Evaluation (IFAD)
IFAD	International Fund for Agricultural Development (Rome)
IGAs	income-generating activities
IIR	Institute of Industrial Research (of CSRI)
IITA	International Institute of Tropical Agriculture (Ibadan, Nigeria)
ILO	International Labour Organization (Geneva)
IS	informal sector
ISO	International Standards Organization
ISODEC	Integrated Social Development Centre
ITTU	Intermediate Technology Transfer Unit (now NBSSI's RTTC)
IU	Implementing Unit
JSS	Junior Secondary School
KAF	Konrad Adenauer Foundation (Germany)
KfW	Kreditanstalt fur Wiederaufbau (Germany)
KNUST	Kwame Nkrumah University of Science and Technology
KSF	Key Success Factor
KPCEED	Kumasi Polytechnic Centre For Entrepreneurship and Enterprise Development
LACOSREP	Upper East Land Conservation and Rehabilitation Programme
LBA	Local Business Association
LCB	Local Competitive Bidding
MCP	Master-craft person
MDA	Ministries, Departments And Agencies
MEMD	Ministry of Employment and Manpower Development
MEST	Ministry of Environment, Science (and Technology)
MESW	Ministry Of Employment And Social Welfare
M&E	Monitoring And evaluation
MFI	Micro –Finance Institute

MGF	Matching Grant Fund
MIS	Management Information System
MLGRD	Ministry of Local Government and Rural Development
MOFA	Ministry of Food and Agriculture
MOFEP	Ministry Of Finance And Economic Planning
MOTI	Ministry of Trade and Industry
MOU	Memorandum of Understanding
MSE	micro-and small enterprise
MSLC	Middle School Leaving Certificate
MTNDP	Medium term National Development Plan
MTR	Mid-Term Review (IFAD)
MWAC	Ministry of Women Affairs and Children
NACVET	Nat. Coordinating Committee for Technical and Vocational Education & Training
NBSSI	National Board for small-scale Industries
NPD	National Programme Director
NDPC	National Development Planning Commission
NGO	Non-governmental organization
NIRP	National Institutional Renewal Programme
NORPREP	Northern Region Poverty Reduction Programme (IFAD/CIDA)
NPRP	National Poverty Reduction Programme (GoG/UNDP)
NRGP	Northern Rural Growth Programme
NSC	National Steering Committee
NVTI	National Vocational Training Institute
OIC	Opportunities Industrialization Centre (NGO)
PA	Programme Accountant
PB	Participating Bank
PC	Programme Coordinator (REP)
PCMU	Programme Coordination and Management Unit (REP)
PDR	Programme Design Report
PDT	Participatory Technology Development
PFI	Participating financial intermediary
PRA/PLA	Participatory Rural Appraisal/Participatory Learning and Action
PSAG	Private Sector Advisory Group
PSC	Programme Steering Committee
PSDS	Private Sector Development Strategy
PY	Programme Year
QA	Quality Assurance
QE	Quality Enhancement
RA	Regional Administration
RAFIP	Rural and Agricultural Finance Programme
RCB	Rural community Bank
RCC	Regional Coordinating Council
REDF	Rural Enterprise Development Fund (REP)
REP	Rural Enterprise Programme (MES/IFAD)
REP I	Rural Enterprise Project Phase I
REP II	Rural Enterprise Project Phase II
RFSP	Rural Financial Services Programme (World Bank/AfDB/IFAD funded)
RIMS	Results and Impact Management System
RMA	Rapid Market Appraisal
RME	rural micro-enterprise
RTF	Rural Technology Facility
RTIMP	Root and Tuber Improvement and Marketing Programme
RTIP	Root and Tuber Improvement Programme
RTSC	Rural Technology Service Centre (REP-)
RTTC	Regional Technology Transfer Centre (GRATIS, before ITTU)
RWGMSE	Regional Working Group On Micro And Small Scale Enterprises Development
SARP	Subvented Agencies Reform Programme (World Bank)
SCIMP	Smallholder Credit, Input Supply and Marketing Programme (IFAD)
SG 2000	Sasakawa – Global 2000

SME	Small and medium enterprise
SNV	Netherlands Development Organization
SOE	Statement of Expenditure
SSS	Senior Secondary School
TAp	Traditional apprentice
TAT	Traditional apprentice training
TC	Technology capacity
TCC	Technology Consultancy Centre
TNO	Training Needs and Opportunities (surveys)
TPD	Technology Promotion and Dissemination
TPF	Technology Promotion Fund (REP)
TTI	Technical Training Institute
TVET	Technical and Vocational Education Training
UN	United Nations
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization (Vienna)
UNOPS	United Nations Office for Programme Services
USAID	United States Agency for International Development
UWADEP	Upper West Agricultural Development Programme (IFAD)
VIP	Village Infrastructure Programme (World Bank/IFAD/KfW – funded)
VOTEC	Vocational and Technical Education Division
VSP	Vocational Skills and Informal Sector Support Programme (WB)
WG-RE	Working Group on Micro-Enterprise Development (MES)
WP	Working Paper



## **A. Introduction<sup>1</sup>**

1. In close collaboration with the Ministry of Trade and Industry (MOTI), the Ministry of Finance (MOF), and the Programme Coordination and Management Unit (PCMU), the third Supervision/Implementation Support Mission for the Rural Enterprises Programme (REP) took place from 11 November to 6 December, 2013, including a Client Exhibition and Trade Show commemorating the official launch of AfDB support for REP. The main objectives of the mission were to: (i) assess the progress made in the implementation of the programmes' Annual Work Programmes and Budgets (AWPB) for 2013 and the recommendations of previous supervision missions; (ii) identify implementation challenges and propose solutions; (iii) review procurement and financial management, including audit report for 2012; (iv) discuss M&E, result and impact management; and (v) review the draft AWPB and Procurement Plan for 2014.
2. The team undertook two weeks of discussions with the other IFAD-supported projects and field visits and in Sunyani and neighbouring districts (Dormaa Central, Tain), including Municipal/District Assemblies, Business Advisory Centres (BACs), a Rural Bank, and several clients (poultry, hairdressing supplies, pastries, cashew processing, and beekeeping) (see Appendix 7 for list of people met). It is expected that future missions will similarly be coordinated across projects. The draft aide memoire of the Mission was discussed at a wrap-up meeting on November 26, 2013, chaired by Mr. Johnson Adasi, Director for Industry, SME and Technology, MOTI, and recommended modifications were incorporated into the final version of the Aide Memoire. A management letter will be sent by IFAD to the Borrower highlighting the Mission's findings and recommendations for follow-up. The Mission would like to express its sincere appreciation to the officials of the Ministry, PCMU, Government, partners and agencies for their enthusiastic cooperation and assistance.

## **B. Overall assessment of REP implementation**

3. The start-up phase of REP has taken somewhat longer than expected, due to a combination of factors including the final closing activities of REP II; awaiting the design report and participation of the African Development Bank (AfDB); delay in the local governance processes leading to the approval of the AfDB mixed Credit; the need to re-enrol districts that had participated in REP II, as well as to sensitize and enrol new ones; and the time required to recruit staff and reinstitute matching grant and credit line support. As a result, implementation of the annual work programme and budget (AWPB) has continued to lag behind expectations. However, these initial activities are nearly completed, most notably with the launch of the AfDB credit/grant the week of December 2, 2013, which eliminates previous uncertainty concerning Component 2, and Components 1 and 3b for the five southern regions of the country. Outreach to the districts all over the country has been strong and the response very positive, with a willingness to take over support for BACs in new districts as well as existing ones. BDS activities with REP support are being initiated in all districts, and agreement on the manuals for the matching grant fund (MGF) and rural enterprise development fund (REDF) was reached during the mission. With respect to rural technology facilities (RTFs), the process of selecting districts can now begin, in preparation for effectiveness of the AfDB credit/grant. On the whole, implementation has been moderately satisfactory, with the elements now in place for

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<sup>1</sup> Mission composition: The Mission team was composed of Mr. Ulaş Demirag, IFAD Country Programme Manager, Mr. William Steel, Rural Finance and Enterprises Expert (Mission Leader), Mr. Richard Pelrine, Agribusiness Finance Specialist, Mr. Godfrey Wanjohi, Financial Management Specialist, Mr. Daniel Pasos, Financial Management Specialist, Mr. Niels Bossen, IFAD Associate Professional Officer, Ms. Sarah Ashu Davis, IFAD Programme Assistant, as well as Mr. Wierish Ramsoekh, Representative of the Kingdom of the Netherlands to IFAD, and Mr. Edward Chonia, MOF, supported by the PCMU. The AfDB team in the country Dec. 2-6 for official launch of the AfDB mixed credit for REP consisted of Mr. Tabi Karikari, Agric. & Natural Resource Mgt Officer, Mr. Lawal Umar, Principal Livestock Specialist, Mr. Jonas Chianu, Principal Agricultural Economist, Mr. Daniel Osei-Boakye, Procurement Officer, Ms. Jemima Tettey-Cofie, Disbursement Assistant, and Mr. Philip Doghle, Financial Management Specialist.

acceleration of activities under Components 1 and 3b, launch of financial support under Component 3a, and preparation for implementation of Component 2. The coming year will therefore be a crucial test of how readily the systems in place can be rapidly rolled out and scaled up.

4. **Key risks** to achievement of the expected development objectives for REP include:
  - Lack of timely completion of the preparatory activities for Component 2 to be ready for effectiveness of the AfDB funding;
  - Difficulties of participating financial institutions (PFIs) in leveraging sufficient liquidity to meet demand for finance; and in particular the risk of overreliance on Rural and Community Banks (RCBs), some of which are undercapitalized and underperforming;
  - Overreliance on publicly-funded and supply-driven approaches.
5. The mission discussed these issues with the PCMU and with the Rural and Agricultural Finance Programme (RAFiP), also supported by IFAD as well as other development partners, and notes and recommends the following actions to address them.

Agreed action	Responsibility	Agreed date
i. Utilize IFAD funds if needed for expenses of initiating scaling up activities in all districts and also contracting process for consultant needed for preliminary site selections for implementation of Component 2, while awaiting availability of AfDB funds (for the contract itself)	PCMU	Dec. 31, 2013
ii. Obtain consent of ARB Apex Bank for RAFiP consultants to begin field work for study on capitalization and share registries of RCBs	PCMU/RAFiP/ ARB Apex Bank	Dec. 15, 2013
iii. Revise matching grant approach to promote 'crowding in' of and more competition among different types of financial institutions	PCMU	Dec. 15, 2013
iv. Sensitize BACs and clients in new districts on need to cost-share, and steadily raise the proportion (from 20% for basic training in new districts to at least 40% for advanced training in older REP districts)	PCMU	Under way
v. Draft TOR for feasibility study to assess options for PPP approach and performance-based incentives for RTFs and BACs	PCMU	April 1, 2014

## C. Outputs and outcomes

6. The objective of REP is to increase the number of rural micro and small enterprises (MSEs) that generate profit, growth and employment opportunities, to support the goal of improving their livelihoods and income. It is to scale up the model of integrated support to MSEs developed under REP I and II in 66 districts, providing business development services, technology support, and access to finance, to a total of 161 rural districts/municipalities (out of a current total of 207) on a demand-driven basis – i.e., they must meet eligibility criteria, including providing facilities and a Business Development Officer (BDO) for a Business Advisory Centre (BAC). The enrolment process is expected to be completed by the end of 2013 (a year earlier than the original phased approach), upon receipt of the 21 memoranda of understanding (MOUs) that are awaiting signatures from the Municipal/District authorities.
7. Key outcomes and outputs related to the components of REP (see LogFrame in Appendix 2) include: (i) making business development services accessible to MSEs in rural districts by establishing and strengthening BACs and strengthening the capacities of rural MSEs and their associations; (ii) transferring technical skills and disseminating technologies by establishing Rural Technology Facilities (RTFs) and developing the capacities of rural master craft persons and apprentices; (iii) ensuring access of MSEs to finance by improving the capacities of participating financial institution (PFIs), supported by matching grants and a line of credit; and (iv) strengthening pro-poor MSE support institutions and policies by building the capacities of institutions at the district and regional levels and supporting policy dialogue. Progress on outputs is reported in Appendix 4. While delivery of client services is generally lagging, the experience of REP II gives confidence that the systems being put in place will yield the

expected results, and in particular that the monitoring and evaluation (M&E) system will be able to track them.

8. **REP focus on agricultural value chains:** The mission discussed the mandate for REP to “focus” on agricultural value chains, as raised during the previous mission. With respect to Components 1 and 3, this is being applied as a matter of prioritization, without excluding BDS and financing for the full range of rural micro and small enterprise (MSE) activities that have been supported in the past and that have been identified in new districts through the Business Opportunity Identification Survey (BOIS). For example, although trading has been excluded in the past, it has been agreed that trading activities directly associated with agricultural value chains (such as input supply and buying crops) could be included under REDF financing. With respect to Component 2, it is likewise expected that the focus on agri-business related activities would not preclude continued support to the activities that RTFs have been supporting effectively, such as vehicle repairs, metalworking, carpentry and electronics (especially as these may have some direct or indirect links to agri-business activities). This mission notes that the PCMU needs to ensure full alignment/harmonization of AfDB and IFAD financed activities in implementation in order to ensure efficient scaling up of Programme support to MSEs.

#### Component 1: Business Development Services

9. **REP enrolment of Districts:** The enrolment process has been nearly completed for the remaining 21 districts (out of the total of 161 targeted); MOUs have been sent out and are expected to be signed before the end of the year. As previously recommended, special efforts were made to register districts in the Northern Region, accounting for 7 of the 21 and raising its percentage coverage to 85% of districts, while 100% coverage was reached in the priority low-income Upper East and Upper West Regions (Table 1).

**Table 1: Final Enrollment of Districts in REP (as of November 2013)**  
(rankd by percentage of districts enrolled)

No.	Region	Rural population (million, 2000)*	No. of Rural Districts	No. of Enrolled Districts**	% coverage
1.	Upper East	0.9	13	13	100%
2.	Upper West	0.6	11	11	100%
3.	Western	1.5	21	20	95%
4.	Ashanti	2.2	29	27	93%
5.	Northern	1.8	25	21	84%
6.	Central	1.3	19	15	79%
7.	Volta	1.5	24	17	71%
8.	Brong Ahafo	1.4	26	17	65%
9.	Eastern	1.7	25	15	60%
10.	Greater Accra	0.5	14	5	36%
	<b>Total</b>	<b>13.4</b>	<b>207</b>	<b>161</b>	<b>78%</b>

\*\* Assuming that the 21 outstanding MOUs are signed.

10. **BOIS:** A Business Opportunity Identification Survey has been completed in 46 of the 95 new districts, with the objective of giving new BACs information they need to help “potential and existing entrepreneurs...to take informed investment decisions for new business establishment and growth.” The mission noted that the BOIS summary report appears rather general and focused more on the distribution and problems of existing activities than on where the best new opportunities lie. Furthermore, it cites “lack of a ready market” as one of the top four constraints in most regions (with the exception of some specific activities such as shea and guinea fowl), which may imply that opportunities for further investment may be weak in activities that are already heavily saturated in these regions and that the number one constraint of inadequate financial support/capital may represent a cash flow problem rather than a lending opportunity. It was noted, however, that the individual district reports are more detailed and give more

specifics that could guide implementation at the local level, especially if they could add more detail on profitability and availability of markets for specific activities in each district. **It was agreed that the TOR for the second survey in the remaining 49 new districts be amended to ensure more emphasis on profitable opportunities** (for external financing as well as for investment by clients), including identifying and providing more in-depth information on the 2-3 most profitable or growing activities in each district (including at least one agricultural value chain). (See also para. 31 on subsector analysis.) This would have to be done within the framework of the existing contract, and negotiated with the consultant.

11. **BACs:** The focus for 2013 has been on orienting and building the capacity of the BACs. Vehicles and equipment have been procured and distributed to 31 of the new districts in Ashanti and the northern part of the country, and another 35 districts have been allocated office equipment; vehicles for the remaining 64 new districts are awaiting effectiveness of AfDB funding. All 140 districts enrolled as of June 2013 have undergone orientation; 392 BAC and RTF staff have been trained in Programme implementation procedures and processes, M&E tools, and financial guidelines and reporting. Gender mainstreaming training for the BACs is to be undertaken next year. It was noted that the scaling-up of BACs requires a significant increase in human resources, which may put a strain on NBSSI resources to provide and oversee staff, and it was suggested to include an institutional specialist on the next mission specifically to assess issues concerning the key institutional partners (NBSSI and GRATIS).
12. **Training of MSEs:** Funds for training of MSEs were released to the 98 districts that had originally applied, resulting in 4,300 participants in community-based skills training, 1,752 in business development skills, and business counselling to 3,092 clients (as of Sept. 30, 2013). In addition, training has been given to 639 participants from local business associations (LBAs). Additional funds have since been provided to 70 districts. Furthermore, leveraging of funds from some 15 other partners has increased (since the last Aide-Memoire) to 38 districts (from 11) and 3,135 MSE clients (two-thirds female; from 493 clients), lending further credence to the sustainability of BACs as facilitating agencies for such purposes.
13. **Contracting management of training providers:** Following the recommendation of the previous mission triggered by the AfDB design report highlighting the need for professional assistance in the task of overseeing the scaling up, quality and standardization of training services provided through the BACs, the REP team prepared a draft TOR that was discussed during the mission as a basis for contracting a firm to assist in management of training. The firm would manage and update the database of validated service providers, including validation of those proposed by BACs, and prepare an operational manual for the process of identifying, validating and monitoring BDS providers. The BACs would retain responsibility for assessing needs, identifying potential local BDS providers, and organizing training. The consultant would also design a quality assurance system, including simple participant evaluations, process the results, and provide feedback to the providers and BACs (as well as the PCMU). In addition, the consultant would set standards for and improve the curricula and training manuals for business management and local business association training, and also utilize selected technical skills providers to develop standard good practice manuals for at least 20 specific skill areas. It remains to be seen whether the proposed approach can also accommodate training under the AfDB component, particularly with respect to the procedures for procuring local service providers. **The mission recommends that the PCMU discuss the revised TOR with the AfDB for feedback and possible incorporation of additional training or procedures, and resubmit a final revised TOR for IFAD No Objection.** In the meantime, in order not to create a gap in the Programme implementation process due to the above procurement process, PCMU is advised to continue with the previous procedure in engaging BDS Providers as in REP I and REP II.

Agreed action	Responsibility	Agreed date
Revise TOR for the second phase of BOIS and renegotiate with consultant to ensure more specifics on the most profitable activities	PCMU	Dec. 31, 2013
Discuss revised TOR for a training program Manager with AfDB and resubmit TOR for No Objection	PCMU	Dec. 15, 2013

## Component 2: Agricultural Commodity Processing Infrastructure Development (Technology Promotion and Dissemination)

14. **Co-financing.** Funding from AfDB has been secured, and the REP was re-launched by the Vice-President of the Republic of Ghana, H. E. Kwesi Amissah-Arthur, on 3 Dec in Savelugu, Northern Ghana, along with a client Exhibition and Trade Show
15. Re-recruitment of a manager for this component is now at the stage of reviewing applications. The General Procurement Notice has been issued.
16. **Rural Technology Facilities (RTFs).** A consultant is needed for the initial stage of sensitization of districts with respect to RTFs, identifying and assessing the types of RTFs and equipment desired, as a basis for selecting 30 districts. **The mission recommends that the PCMU proceed immediately to draft the TOR** for this consultant, and that the TOR include assessment for the potential for establishing a light industrial estate where an RTF could be situated (see component 4 for further specifics). In addition, the consultant may be asked to assess the demand of districts for variations from the standard design of RTFs, e.g. to include the option of more rooms for vocational training and addition of other lines, such as woodworking or electronics, which might need to be located separately from the metalworking and machining equipment. The consultant should also take into consideration the KPMG report on the three institutional options for the establishment of RTFs, looking in particular at potential for piloting public-private partnership (PPP) arrangements, to enhance their sustainability. Given AfDB's focus on agricultural equipment, in order for RTFs to become increasingly self-sufficient by serving activities that are particularly demanded in their area, and in order to ensure that women can benefit proportionately from start-up kits in activities in which they are most active, utilization of IFAD funds for some aspects of RTFs may have to be considered. While the consultant will be paid under AfDB funds, it was agreed that the PCMU could utilize IFAD funds for the initial costs of recruiting a consultant if the AfDB funding is not effective by the time the TOR has been approved.
17. **Vocational training.** Also to be considered in the process of identifying demand from the districts for RTFs is the desire to establish a vocational training programme. As noted in the previous aide-memoire, this would require adapting the standard RTF design to make more training space available and even a hostel (already considered as an option in REP design for AfDB funding). The design of such programmes should include measures to be more proactive in recruiting women to undertake such training and to develop complementary programmes that can target women youth more effectively, given the dominance of men in technical vocational training. This may mean including certain service trades in which women are active (such as catering). The mission notes that the PCMU will need to coordinate with the Council for Technical and Vocational Education and Training (COTVET) with respect to implementation of this and similar programmes.
18. **Buyback guarantee.** No action has been taken on the previous recommendation to investigate establishing a buyback scheme for equipment sold by RTFs to REP clients, on the grounds that the MGF and REDF operational manuals had not been revised. However, this scheme would be intended to support lending by financial institutions to anyone buying RTF equipment, regardless of whether MGF or REDF funds are involved (indeed, even regardless of whether they are a REP client). By guaranteeing to buy back the equipment (at some discount off the purchase price) if the loan goes into default within a certain period of time, the RTF can

substantially reduce the risk of lending to purchasers of its equipment, thereby increasing sales at minimal risk to the RTF, since few of those who borrow to purchase equipment appear to be actually defaulting, and since the used equipment can still be re-sold. **The mission recommends that the PCMU meet with GRATIS to set up a process for developing a proposal for a buyback guarantee for RTF equipment,** and also discuss with RAFiP and other programmes the possibility of setting aside funds (including from REDF) to reimburse each RTF for the first such buyback for loans made to its clients (which constitute a major market for cassava processing equipment manufactured by the RTFs). While the Component 2 manager would eventually be responsible for pursuing implementation of such a scheme, these initial contacts and discussions can be held before recruitment is completed.

Agreed action	Responsibility	Agreed date
Complete (re)recruitment of Component 2 Officer	PCMU	March 1, 2014
Preparations for selection of RTF districts:		
(i) Draft TOR for consultant for sensitization, identification and assessment of districts for selection for RTFs;	PCMU	Dec. 15, 2013
(ii) Seek feedback, finalize and submit for no objection;	PCMU	Jan. 31, 2014
(iii) Initiate recruitment process (using IFAD funds if need be while awaiting AfDB effectiveness)	PCMU	Feb. 28, 2014
Meet with GRATIS to discuss process to prepare a draft proposal for buyback scheme for RTF equipment in order to facilitate loans.	PCMU, GRATIS	Dec. 31, 2013

### Component 3a: Access to Rural Finance

19. Sensitization training was held for 28 PFIs (all RCBs, except for Merchant Bank) from REP II, as well as 38 BACs. Nine new PFI applications are being processed by Bank of Ghana (BoG). So far, 4 PFIs have submitted applications for 7 matching grants and 1013 REDF loans; it was agreed that no objection be given to the first round of applications on the basis of the prevailing operating manuals and procedures, while the revised manuals are being finalized and submitted for no objection for future applications. In addition, the PCMU will need to clarify with BoG how it should be reimbursed for REDF management costs, and finalize revisions to the MOU (made during the mission) with ARB Apex Bank regarding its management of the MGF, including reporting obligations and inclusion of additional financial institutions licensed by BoG (microfinance companies as well as universal banks and savings & loan companies). Signing the MOU with Apex Bank and beginning implementation is urgent because applications have already been received. It was agreed to request BoG to provide a final report on the utilisation of REDF funds under REP II (including those recycled).
20. The PCMU had prepared revised manuals for the matching grant fund (MGF) and rural enterprises development fund (REDF), which were discussed during the mission and further revisions suggested, in particular to harmonize the approach with the Northern Rural Growth Programme (NRGP) and RTIMP. In particular, the MGF procedures were amended so that the process normally starts with a recommendation by the BAC of the client as eligible for a matching grant under REP, for confirmation by the PCMU/Rural Finance Officer and issuance of a grant letter which the client can then take to any licensed financial institution. Even if the institution is not using REDF funds to refinance part of the loan, it can decide to lend 60% of the eligible investment cost from its own funds, with the client contributing at least 10% and REP providing up to a 30% matching grant. This is intended to "crowd in" additional financing, especially in districts where RCBs are constrained by limited capital or liquidity. (This does not preclude the current approach, which is centered on the PFIs to initiate the process.)
21. The field visits confirmed that some RCBs are constrained by low capitalization, and are under additional pressure now the BoG has doubled the minimum capital requirement to GHS 300,000. Furthermore, they may lack data on the number of shares owned, since this was not an issue until BoG changed the ownership/voting regulations about five years ago, and since

few have paid dividends. While ARB Apex Bank has decided not to take the lead by setting up a Share Registry Department, RAFiP is cooperating with Apex Bank to undertake a survey that will provide data on the extent of the capitalization and share registry problems and suggest options for addressing issues.

22. Given the variability of capabilities and performance of RCBs and their relative importance for financing rural MSEs and agricultural value chains, the need was identified for a peer review mechanism to facilitate information gathering and dissemination for mutual benchmarking and capacity-building. This is a common issue across all projects that are utilising RCBs as PFIs, and finding that some are constrained by capitalization, capacity and other constraints. It is not clear to what extent the data gathered by the ARB Apex Bank Efficiency Monitoring Unit could be used more effectively in this regard. It was agreed to ask RAFiP to pursue this issue in consultation with Apex Bank on behalf of the IFAD-funded programs, and propose a strategy for gathering and utilizing such data so as to facilitate targeted capacity building of participating RCBs.

Agreed action	Responsibility	Agreed date
Finalize manuals and MOUs for MGF & REDF taking into account revisions discussed during the mission, and submit for no objection	PCMU	Dec. 15, 2013
Sign MOUs with ARB Apex Bank and BoG	PCMU	Dec. 31, 2013

### Component 3b: Institutional Development

23. Component 3b is being overseen by the Manager for Component 1, since the activities directly complement the development of MSEs and training for **local business associations** (LBAs) comes under Component 1, since it is provided through the BACs. BACs have provided training to 639 participants from local business associations (LBAs) during the period under review. The PCMU is developing a system for classifying LBAs in terms of strength and needs, as a basis for designing additional methods of supporting them (especially with respect to advocacy and marketing).
24. The **District/Municipal Assemblies** visited during the field trips confirmed that they view BACs as a relevant and permanent part of their structures. The **MSE Sub-committees** generally function well in the REP II districts and have also been established in the new districts as part of the conditions for enrolment, usually including representatives of key LBAs. They also stated that they consult annually with LBAs before changing fees levied upon them (the views of LBAs need to be sought in future missions). Districts are supportive of BACs because they are perceived as helping to expand the local economic base of MSEs, and fees levied on MSEs and market traders contribute importantly to assemblies' internally generated funds. However, local authorities note that the income-based taxes on MSEs are collected by the national authorities, and so they may contribute more to national than local revenues (some of the national revenues come back through the Common Fund, but usually with delayed disbursement).
25. **RECOMEP**. The Regional Committees on Micro Enterprise Promotion (RECOMEP) are a recent innovation for regular consultation and policy-making at the regional level. Training was organised for 61 members of RECOMEPs from all 10 Regions, during which members agreed on general guidelines to make RECOMEPs more functional. Each Committee is now expected to develop its own more specific guidelines, based on the general ones.
26. **Light industrial estates**. Experience of REP II shows that a light industrial estate provides a useful location for RTFs (and BACs) because it facilitates clustering, learning and marketing. The mission recommends that the sensitization and assessment process for selecting districts for RTFs (see Component 2) include assessment of the potential demand and support for a light industrial estate. This includes, in particular, the willingness of the district assembly to support obtaining the land and the infrastructure required (with or without the assistance of

projects that may be active in the area), the strength of LBAs in the key trades for light industrial estates (especially garages, metalworking and carpentry), and the quality of the relationship between the district assembly and the LBAs (e.g., through the MSE Sub-committee). The mission recommends that these aspects be incorporated in the TOR for the consultant to assist with identifying and assessing districts for RTFs (see Component 2).

27. As noted in the previous aide-memoire, issues such as rights of occupants to the land allocated to them and to sell buildings they have constructed need to be better clarified going forward. The proposal to hold a workshop on light industrial estates has not been followed up, as it appears that the GIZ program may be ending. **The mission recommends that the PCMU discuss potential future support for light industrial estates with GIZ** and any other development partners that have been (or might be) active in Local Economic Development programme..

Agreed action	Responsibility	Agreed date
Discuss possible future support for light industrial estates with GIZ (and others)	PCMU (with GIZ)	Jan. 31, 2014

## D. REP implementation progress

28. The start-up process continues to take longer than expected, in part because of the time taken to re-enrol existing districts as well as enrol new ones -- although the latter process is now nearly complete, a year ahead of schedule. Delays in AfDB preparing its design report and finalizing funding, as well as delays in local governance processes leading to the approval and signing of the AfDB Mixed Credit, have also affected the pace of activities, especially for Component 2; but with the launch of AfDB support and recruitment of a Component Manager entering the selection phase, these activities are expected to begin in earnest by the beginning of the second quarter of 2014. With the completion of the signing of AfDB Agreements, the PCMU is urged to follow up with MOFEP to ensure early effectiveness of the AfDB facility. The mission recommends that PCMU, IFAD and AfDB ensure that future supervision missions are undertaken jointly, with participation of key implementing agencies (especially NBSSI and GRATIS).
29. **Human Resource Management.** The Programme recruited seven key staff to manage its operations in the first year of the Programme, i.e. 2013. As of November 20, 2013 the Programme has recruited a total of twenty-three staff comprising the Programme Director, the Financial Controller, three managers, nine officers, and eight auxiliary staff. Performance evaluations were carried out for staffs who were appointed in 2012. The staff records (including appointment letters, job descriptions, contracts, performance evaluations) are filed appropriately for easy retrieval.
30. **Monitoring and evaluation (M&E).** REP has a well performing M&E system. The M&E unit is working from a good starting point with REP II. The M&E is innovative, including a database that will track clients year-by-year, providing panel data for analysis. Analysis of drop-out rates of REP II clients has been undertaken, and needs to be discussed as a basis for future tracking. The planning and reporting is timely and of a high quality. Data is being tracked so that reporting can be done by age and gender.
31. One concern is the quality of client data collection at the BAC/district level, particularly in the new districts. It is **recommended that the PCMU trains BACs not only on the database but in value addition to the data** they report, including basic analysis of the clients' operations. This should be done in the first half of 2014. The targeting mechanisms at the BAC level also need to be enhanced to clearly address how individual clients are linked to the BACs for REP support and the targeting of specific groups particularly women and youth. Some guidelines suggested in the AfDB design report will form the basis for directives for the implementation of activities relating to the youth and other socially disadvantaged groups. **The mission**



- recommends that the concrete targeting approach be elaborated** as soon as possible in the Programme Implementation Manual and correspondingly in the M&E Manual. The revised manuals should be submitted for No Objection to the financing agencies by<sup>†</sup> April 1, 2014.
32. **Subsector analysis.** As a first step toward undertaking financial analysis/feasibility studies as a basis for prioritising subsectors (as discussed in the previous aide-memoire), the mission recommends incorporating such analysis for clusters of districts with similar business environments as part of the second round of BOIS studies (see Component 1).
33. Further details on follow-up of M&E issues can be found in Table 2.

**Table 2: Follow-up on Specific M&E Issues**

Issue	Status	Agreements
Progress of development of web-based client database application for improved quality data collection in BACs	The trial version of the database application is scheduled to come out by December 2013 and the Consultant is expected to carry out testing in January 2014. A key feature of the application is a baseline sheet for each client and a section that tracks the client year-to-year, including income levels, number of employees etc. Consultants will train all districts in the use of database	The PCMU will ensure that the final version of the web-based database application allows for a rigorous analysis of data especially at the individual client level.  The PCMU will ensure that the web-based database application also allows for the tracking of the total outreach of REP and not to narrowly focus on only clients.
M&E framework update	A technical validation workshop was organized in September 2013 on the upgraded REP M&E framework during which all the selected M&E system indicators were defined to ensure a common understanding among the various stakeholders.	The upgraded REP M&E framework will be submitted to IFAD for comments and no objection by 15th December 2013
Targeting	The M&E Unit provided brief targeting guidelines to the BAC/RTF staff during their orientation training for the preparation of the 2014 AWPB. These brief guidelines will be further elaborated to include the criteria for becoming a client and how the targeting is carried out in the districts which will eventually become part of the M&E manual which will be prepared in 2014.  Year of birth of clients is registered so data on different age groups can be produced easily. The programme is implementing a start-up for young people under 35 years will further be outlined in the targeting approach to come in April.	The PCMU will ensure that the BACs are well trained and provided with sufficiently comprehensive documentary reference material on the targeting approach. In particular the targeting guidelines should be explicit on the different age groups to ensure adequate focus on the youth.  Concrete guidelines for targeting approach to be implemented by BACs will be developed by 1 <sup>st</sup> April 2014 In future reporting data on young people will be separated into the two age categories: 15-24 and 25-35, which allows tracking of both the UN defined youth (15-24) and the definition of youth in Ghana (15-35).
RIMS	For REP II, RIMS has been finalized. For REP, RIMS has not yet been set-up. First reporting will be in April 2014.	It is agreed the REP M&E manager will develop the first RIMS reporting in close collaboration with the IFAD Ghana Country Office to make sure it follows the latest edition of RIMS requirements.
Ex-post impact evaluation, REP II	As a part of the IFAD9 replenishment period, the board set a target of reaching 90 million poor rural people and bringing 80 million out of poverty.	The Ghana IFAD Country Office will keep PCMU informed on the upcoming study as information is received from HQ.

	To report back by 2015, IFAD is planning to carry out 24 rigorous ex-post impact evaluations. For Ghana, REP II has been chosen and the study will probably be carried out in the second half of 2014.	
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Agreed action	Responsibility	Agreed date
Share updated M&E framework for REP shared with partners for comments	PCMU	Dec. 15, 2013
Follow up with consultants on web-based GIS database application to ensure timely finalization	PCMU	April 1, 2014
Train BACs on database use and value addition to the data, including basic analysis of the clients' operations	M PCMU	June 30, 2014
Elaboration of a concrete targeting approach to be implemented by BACs	PCMU	April 1, 2014

## E. Fiduciary aspects

### Financial management

34. *Programme Accounting Manual:* The mission noted that the recommended update to the Programme Accounting Manual has not been effected. The PCMU explained that the manual is currently under review by AfDB. Consequently, it was agreed that the PCMU should update the Programme Accounting Manual on receiving the comments from AfDB to include the recommendations made by the IFAD mission in June 2013. It should be noted that any sitting allowances are not eligible for financing under the IFAD loan.
35. *Financial Reporting.* The Finance Unit has adopted the practice of producing quarterly financial statements and reports for use by Programme Management, Steering Committee and other stakeholders. Essentially, the reports are designed to help monitor the effective and efficient utilization of funds. The Financial reports were released for the period ending 30 June 2013 and 30 September 2013 two months after the end of quarter. It was agreed that the Programme will keep up the pace of capturing financial data into the iScala Accounting software and release the 2013 year-end financials by March 31, 2014, for auditing by June 30, 2014.
36. *Bank Statements and Cash Book Reconciliation.* The Finance Unit has reconciled the iScala accounting system Cash Book to the Bank Statement on a monthly basis throughout year 2013. It was prepared by the Senior Accounts Officer and checked by the Financial Controller. Bank Statements and Reconciliations are appropriately filed.
37. *Insurance of Fixed Assets.* The mission noted that the Programme has insured all assets (including vehicles, air conditioners and telephone/fax machines).
38. *Financing of Operating Costs.* Under REP I and REP II, the ratio of financing operating costs was 45% for IFAD (net of taxes) and 55% for GoG. However, under the current Financing Agreement for the Rural Enterprise Programme, the percentage of financing operating costs is 100% net of taxes for IFAD. The Programme has inadvertently carried the previous financing ratio of 45% and 55% respectively in their claims for eligible expenditures since January 2012 to date (September 2013). It was agreed that – for expenditures incurred after September 2013 - the Programme shall claim 100% net of taxes for eligible expenditures under Category VI (Salaries and Operating Costs) in accordance to Schedule 2 of the REP's Financing Agreement between IFAD and GoG. The previous ratios are in the AfDB project design. Hence once the AfDB financing is effective, the ratios will have to be discussed and either harmonized between IFAD and AfDB or a decision made on how to go forward.

39. *Designated Account (SPA)*. The mission noted that the Finance Unit has adopted a monthly reconciliation of the Designated Account as recommended by the June 2013 Mission. The current reconciliation of the account is shown in Table 3.

**Table 3: Reconciliation of Designated Account as at 31 October, 2013**

Item	Description	Value (USD)	
1	<b>Authorised Allocation</b>		<b>1,500,000</b>
2	Balance in the Special Account	261,852.94	
3	Balance in the Programme Account	299,145.34	
4	Proceeds of WA11 pending settlement by IFAD	833,883.62	
5	Unclaimed Disbursement at PCO	88,885.89	
6	Ineligible Expenditures to be refunded by GoG to Programme Account (WA11)	15,337.42	
7	Exchange Rate Difference	894.79	
	<b>Total</b>		<b>1,500,000</b>

40. *AWPB*. The PCMU revised the 2013 AWPB as recommended during the previous mission, in view of above-mentioned delays in AfDB funding, and resubmitted it for no objection. As at September 30, 2013, overall expenditures were at 29.7% of the (revised) AWPB estimates for the year. The mission reviewed the draft 2014 AWPB and provided comments to be incorporated before submission for no objection.
41. *Review of Statements of expenditure (SOEs)*. The mission reviewed the SOEs supporting the withdrawal applications 8 amounting to totalling USD0.834 million. More than 50% of the SOEs were reviewed with a view to validating the supporting documentation, payment authorisation processes, and procurement procedures. The main issues noted were (i) filing of documents relating to specific payments in different arc files; and (ii) un-acknowledgement of receipt of payments by some DAs and BACs.
42. It was agreed with the PCMU that documents relating to payment vouchers will be filed together (including returns to accountable imprest); and a rigorous enforcement of the Programmes policy on cheques released for BAC activities.
43. *Compliance with loan covenants*. The mission has not noted any contravention of the Loan covenants.

#### **Disbursement.**

44. IFAD loan disbursement to date is SDR 2.87 million (equivalent to USD 4.39 million) representing 14.5% of the total loan of SDR 19.7 million. The loan utilisation will increase to SDR3.41 million (representing 17.3% of the loan) if WA 11 amounting to SDR545,000 pending at IFAD Headquarters is factored in the disbursement. It may be noted that, since REP became effective before REP II closed, during the first year of REP disbursement was primarily from REP II funds.

Actual disbursement (excluding the authorised allocation of USD1.5 million) stands at USD3.72 million, representing 11.8%. The Programme has disbursed 86.4% of the allocation for Category 2 (Vehicles, Materials and Equipment), while 1.9% of the allocation for Category 7 (BACRTF Operating costs) has been disbursed. It is expected that disbursement for Cat 7 will improve substantially in the coming months, with training of the newly-enrolled districts. Nothing has been spent for Category 5 (Credit Funds and Matching Grants). The Programme has received applications from some PFIs (para. 19). Within the individual balances in expenditure

**Table 4: IFAD Loan Disbursement and Utilisation as at September 30, 2013**

Cat.	Category Description	IFAD Loan Allocation	Disbursement up to WA10	Disbursement	Pending WA at IFAD	Proj. Loan Utilisation	Projected Utilisation	Projected Loan Bal.
		SDR'000	SDR'000	%age	SDR'000	SDR'000	%age	SDR'000
1	Civil Works	260	-	0.0%	-	-	0.0%	260
2	Vehicles, Materials and Equipment	1,120	945	84.4%	22	967	86.4%	153
3	Technical Assistance	660	171	25.9%	174	345	52.3%	315
4	Training and Workshops	8,020	454	5.7%	225	679	8.5%	7,341
5	Credit Funds and Matching Grants	3,320	-	0.0%	-	-	0.0%	3,320
6	Salaries and Operating Costs	2,630	317	12.0%	91	407	15.5%	2,223
7	BACRTF operating Costs Fund	1,720	-	0.0%	32	32	1.9%	1,688
99	Unallocated	1,970	-	0.0%	-	-	0.0%	1,970
	<b>Sub-Total</b>	<b>19,700</b>	<b>1,887</b>	<b>9.6%</b>	<b>545</b>	<b>2,431</b>	<b>12.3%</b>	<b>17,269</b>
99Z	Authorised Allocation		979	5.0%	-	-		
	<b>TOTAL (SDR'000)</b>	<b>19,700</b>	<b>2,866</b>	<b>14.5%</b>	<b>545</b>	<b>2,431</b>	<b>12.3%</b>	<b>87.7%</b>
	<b>Total (USD'000)</b>	<b>31,500</b>	<b>4,388</b>		<b>834</b>	<b>3,723</b>	<b>11.8%</b>	<b>88.2%</b>

categories, the mission is satisfied with the adequacy of funds and foresees no re-allocations in the next six months. Details of the loan disbursement and utilisations are presented in Table 4.

45. *Government contribution.* The Government has provided GHS500,000 (USD280,000) as direct support to the REP's 2012 Budget; the Programme is yet to receive a request of USD500,000 to support its 2013 AWPB. It was agreed that the PCMU will make the necessary follow-up with the Ministry of Finance for the GoG's budgetary contribution to the Programme in line the provisions of the financing agreement and the approved AWPBs.
46. The Government's support to the key participating government institutions (the District Assemblies, NBSSI, and GRATIS) is made directly to them as part of their budgetary allocations. Payroll and related support is, however, paid through the Controller and Accountant General's Department. The PCMU does not receive nor account for such payments made in support of these institutions.
47. The government has so far granted tax exemptions in the sum of GHS 911,578 to the Programme. This consists of import waivers (GHS 780,000) and VAT exemptions (GHS 131,578).
48. *Contributions from beneficiaries:* At programme appraisal, the training beneficiaries were planned to contribute USD7.53 million. BACs are now capturing the cost-sharing contributions of beneficiaries and reporting them to the PCMU. The appraisal report also indicates contributions from the financial institutions of USD 2.34 million, representing their own funds. The mission notes that the PCMU (and BoG and ARB Apex Bank as implementers) will need to keep track of PFIs' own funds lent to REP clients, especially in combination with MGF or REDF funds (and, in principle, for any BAC clients facilitated by REP to access finance).
49. *Procurement.* The Programme followed the required procurement process and contracted a consulting firm for the Business Opportunity Identification Survey during the period under review. Other ongoing consultancies include: upgrading of accounting software, design of M&E/Geographic Information Systems software.

#### **Audits**

50. *External audit.* Messrs PriceWaterhouseCoopers completed and submitted the audited 2012 Financial Statement before the IFAD deadline of 30 June 2013. The external auditor issued an unqualified opinion on the financial statements, special account, statements of expenditure and project's procurement activities. The Auditor did not identify any suspected or actual fraud.

However, a few internal control issues and operating inefficiencies were noted, particularly, the use of VAT exemptions, financing operational costs, payment vouchers, assets insurance, and excessive cash on hand.

51. The mission agreed with the PCMU that the next set of financial statements requires augmentations to include: (i) comparison with budgeted amounts; (ii) cumulative status of funds by category; (iii) statement of fixed assets; and (iv) disclosure of foreign currency transactions.
52. *Internal audit:* The mission notes that the internal audit systems have not been mainstreamed as part of the internal and oversight controls of the Programme financial management. In line with IFAD's commitment to increase the use of country systems and in consonance with the practice in other IFAD-funded Programmes in Ghana, it was agreed to institutionalize the post-payment internal audit function. Since this issue is also mentioned in the AfDB design, a joint approach to internal audit will be agreed with IFAD and AfDB once the latter funding becomes effective.

<b>.Agreed action</b>	<b>Responsibility</b>	<b>Agreed date</b>
Update PAM to include internal control statements and FM templates	PCMU	Mar. 30, 2014
Enforce policy on receipt of releases to DAs/BACs	PCMU	Continuous
Augment financial statements with additional information.	PCMU	Mar 30, 2014
Mainstream internal audit services into the Programme financial management	PCMU	June 30, 2014

## **F. Sustainability**

53. Prospects appear strong for sustainability of the REP model of institutionalized support for MSEs because it is rooted in existing and sustainable structures, including district and municipal assemblies, MOTI together with NBSSI and GRATIS, which support the BACs and RTFs as implementing institutions and are increasingly including local business associations in consultations and even in MSE subcommittees. A growing local economic base of MSEs benefits the entrepreneurs, youth seeking employment or apprenticeships, and revenues for local authorities, creating a win-win situation, which REP is facilitating. Nevertheless, the first-phase BOIS study indicated some problems with lack of a ready market in many districts, as well as the perennial problem of access to finance. The panel data now being maintained on BAC clients will help to analyse the impact of REP interventions on the sustainability and growth of the MSEs themselves.
54. Going forward, it is important for NBSSI and district assemblies to steadily take over leadership roles, as well as their current role in BAC enrolment and oversight. In addition, for sustainability, it will be important to investigate the feasibility of PPP arrangements and performance incentives for some BACs and particularly RTFs.

## **G. Conclusion**

55. The start-up phase is now nearly complete for Components 1 and 3, and ready to begin for Component 2. Given past success with the integrative model of support to rural enterprises and the highly positive reception of new districts, prospects remain good for scaling up at an accelerated pace. IFAD and the Government of Ghana endorse the findings of the supervision mission. Progress was made during the mission in terms of coordination and linkages with other programmes (RAFiP, NRGp, RTIMP). However there is scope to further sharpen the approach and enhance the efficiency of the programme to meet its objectives, so continuous learning and innovation will remain key for the programme to remain a leader in facilitating MSME development in Ghana

## Appendix 1: Summary of project status and ratings

### Project 1592 [841] Rural Enterprises Programme - Draft

#### Basic Facts

	Ghana		Project ID	1592	Loan/DSF Grant No.	841
Country						
Project	Rural Enterprises Programme				Top-up Loan/DSF Grant	
Date of Update	16-Dec-2013					
Supervising Inst.	IFAD/IFAD					
No. of Supervisions	2	No. of Implementation Support/Follow-up missions	0			
Last Supervision	21-Jun-2013	Last Implementation Support/Follow-up mission				

					USD million	Disb. rate %
	15-Sep-2011			Total financing	185.13	
Approval						
Agreement	03-Nov-2011	Effectiveness lag	4.0	IFAD Total	31.50	
Entry into force	12-Jan-2012	PAR value	-----	IFAD loan	31.50	17
First disbursement	14-Mar-2012			DSF grant		
MTR		Last amendment		IFAD grant		
Original completion	31-Mar-2020	Last audit		Domestic Total	83.63	

Current completion	31-Mar-2020		Beneficiaries	13.85	0
Original closing	30-Sep-2020		Government (Local)	38.45	6
Current closing	30-Sep-2020		Government (National)	25.11	6
No. of extensions	0		Domes. Fin. Inst.	6.22	0
			External Co-financing Total	70.01	
			African Dev. Bank	70.01	0

### Project Performance Ratings

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

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Business Development Services	4	4	1. Institution building (organizations, etc.)	5	5
2. Technology promotion	3	3	2. Empowerment	4	4
3. Access to Finance and Policy	3	3	3. Quality of beneficiary participation	4	4
			4. Responsiveness of service providers	4	4
			5. Exit strategy (readiness and quality)	4	4
			6. Potential for scaling up and replication	4	4

#### B.5 Justification of ratings

No changes were made in ratings since latest supervision. Districts that participated in REP I and II have been re-enrolled and continue to operate their BACs and RTFs successfully, as well as their MSE subcommittees. Outreach to new districts has been strong and the response very positive. However, the start-up phase of REP has taken somewhat longer than expected, due to a combination of factors including: the final closing activities of REP II; awaiting the design report and participation of the African Development Bank (AfDB); delays in the local governance processes leading to the approval of the AfDB mixed Credit; the need to re-enrol districts that had participated in REP II, as well as to sensitize and enrol new ones. As a result, implementation of the annual work programme and budget (AWPB) has continued to lag behind expectations.

### Overall Assessment and Risk Profile

		Last t	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 <b>implementation progress</b> (Sections B1 and B2)	4	4

#### Rationale for implementation progress rating

Implementation continues to be moderately satisfactory overall, with the elements now in place for acceleration of activities under Components 1 and 3b, launch of financial support under Component 3a, and preparation for implementation of Component 2. Outreach to the districts all over the country has been strong and the response very positive, with a willingness to take over support for BACs in new districts as well as existing ones. BDS activities with REP support are being initiated in all districts, and agreement on the manuals for the matching grant fund (MGF) and rural enterprise development fund (REDF) was



reached during the mission. With respect to rural technology facilities (RTFs), the process of selecting districts can now begin, in preparation for effectiveness of the AfDB credit/grant. The coming year will therefore be a crucial test of how readily the systems in place can be rapidly rolled out and scaled up.

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

The integrated model of support to MSEs, using existing institutions and district structures, has proven to be robust and sustainable, and buy-in is strong from the new districts. Hence it is likely that the programme will achieve its development objectives, assuming a substantial acceleration in implementation during 2014. Strategies for facilitating light industrial zones need to be developed in order to enhance the impact on local economic development in rural districts.

C.6	<b>Risks</b> Short description of major risks for each section and their impact on achievement of development objectives and sustainability		
Fiduciary aspects	Financial systems are generally strong and functioning well. The Programme Accounting Manual helps to mitigate risks of problems in financial management. Internal audit systems are to be strengthened to ensure effective financial monitoring. REP should in the future make sure to consistently track beneficiary contribution to the programme.		
Project implementation progress	While the uncertainty about Component 2 has been resolved with the launch of AfDB funding, the risk remains that the process of assessment and selection of districts for Rural Technology Facilities, preparing design specifications, and procuring civil works will take unduly long and compromise timely achievement of objectives. Scaling up training through BACs could pose heavy burdens on the PCMU, and it has been recommended that it contract support to deal with certain aspects, including quality assurance. While the Matching Grant and Rural Enterprise Development Facility are now ready to be re-started and demand is expected to be strong, there is a risk that the availability of funds will be restricted by low capitalization and liquidity of many of the partner Rural and Community Banks. REP is working with RAFIP to seek ways of addressing this issue.		
Outputs and outcomes	The risk of inadequate focus on results is mitigated by an effective M&E system with good indicators (or proxies for) outcomes (results) as well as outputs and inputs. In addition to a panel database of BAC clients, the PCMU should undertake some tracer or impact studies to further document results.		
Sustainability	The long-run sustainability of the BACs is rooted in strong support from their local District and Municipal Assemblies, and the utilization of private training providers on an as-needed basis. DAs seem generally prepared to take on increasing costs of BACs over time. Nevertheless, scaling up may put increasing strains on NBSSI, the other key partner in financing and supervising the BACs. Avenues for greater cost-sharing and revenue generation by BACs should be explored, at least for more advanced training. While awaiting the resumption of REP funding for training, some BACs have been able to mobilize support from other donors, Ministries and agencies. It is unlikely that most RTFs can generate sufficient revenues to be self-sustaining, given their role in technology transfer and training. REP will need to explore options to gain greater leverage from the funding that government puts in, including through public-private partnerships.		

#### Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Programme management	Complete recruitment of the Manager for Component 2.	31 March 2014	
M&E	Finalize and implement updated M&E framework and web-based GIS database application. Train BACs on database use and value addition to the data, including basic	30 June 2014	

	analysis of client operations.	
Fiduciary management	Update PAM to include internal control statements and FM templates and augment financial statements with additional information.	31 March 2014
Targeting	Provide concrete guidelines on gender and youth targeting to be employed by BACs	31 March 2014

**Additional observations**

Programme management will have to be very proactive and entrepreneurial during 2014 to achieve rapid acceleration in implementation of Components 1 and 3a and prepare for Component 2 to get off the ground.

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

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
<b>Goal:</b>			
To improve the livelihoods and income of rural poor micro and small entrepreneurs	<ul style="list-style-type: none"> <li>• Reduced % of rural poverty prevalence</li> <li>• Reduced unemployment rates (by gender)</li> <li>• Reduced prevalence of child malnutrition</li> </ul>	<ul style="list-style-type: none"> <li>• National household expenditures surveys</li> <li>• National statistics on MDGs</li> </ul>	
<b>Project Development Objective:</b>			

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
To increase the number of rural micro and small enterprises that generate profit, growth and employment opportunities	<ul style="list-style-type: none"> <li>• 100,000 employment opportunities created (by gender&amp; age)*</li> <li>• 35,000 businesses created (by gender&amp; age)*</li> <li>• 70,000 existing businesses strengthened (by gender&amp; age)</li> <li>• 20,000 enterprises graduating from survival to normal and rapid growth categories (growth measure) (by gender &amp; age)</li> <li>• 38,000 enterprises in operation after 3 years (sustainability measure)* (by gender &amp; age)</li> <li>• 30% increase in household income</li> </ul>	<ul style="list-style-type: none"> <li>• REP database</li> <li>• Reference surveys, studies</li> <li>• Tracer study</li> <li>• Client profile and poverty analysis</li> </ul>	
<b>Outcome 1:</b> Business development services accessible to MSEs in rural districts	<ul style="list-style-type: none"> <li>• At least 150 operational REP model BACs. <b>(140 BACs currently operational)</b></li> <li>• Turnover of BACs (target: 25,000 USD)</li> <li>• Level of institutional performance of BACs (average efficiency of 0.80 by year 8)</li> <li>• Level of effectiveness (60%) of BDS training</li> </ul>	<ul style="list-style-type: none"> <li>• REP &amp; NBSSI records</li> <li>• Institutional performance surveys</li> <li>• Tracer study</li> </ul>	Decentralization policy remains supportive for integration of BAC in DA.
<b>Outputs:</b> 1.1 BACs are established and strengthened	<ul style="list-style-type: none"> <li>• At least 84 new BACs established – <b>(74 new BACs so far established)</b></li> <li>• 600 staff of BACs (re)trained -</li> </ul>	<ul style="list-style-type: none"> <li>• NBSSI records</li> </ul>	Successful restructuring of NBSSI.

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
1.2 Capacity of rural MSEs and their associations strengthened	<p><b>(392 BAC staff so far re(trained))</b></p> <ul style="list-style-type: none"> <li>74,000 rural MSEs counselled (by gender &amp; age) <b>[3,902 clients – 2,184M/4,507F so far counselled).</b></li> <li>400,000 people trained by type of training (total outreach) (by gender&amp; age)* <b>(10,597 people - 3,855M/6,742F so far trained)</b></li> <li>2,000 LBAs supported (training by gender)</li> </ul>	<ul style="list-style-type: none"> <li>REP database &amp; reports</li> </ul>	
<b>Outcome 2:</b> Technical skills transferred and technologies disseminated	<ul style="list-style-type: none"> <li>At least 51 operational RTFs – <b>(21 RTFs operational)</b></li> <li>Turnover of RTFs (target: 20,000 USD)</li> <li>23,000 NVTI certifications</li> <li>Training aligned with COTVET</li> <li>Level of effectiveness (60%) of training&amp; start-up kits (by gender)</li> </ul>	<ul style="list-style-type: none"> <li>GRATIS records</li> <li>REP database &amp; reports</li> <li>Tracer-study</li> </ul>	Decentralization policy remains supportive for sustainability of RTFs.
<b>Outputs:</b> 2.1 RTFs are functional  2.2 Capacity of rural master craft persons and apprentices developed	<ul style="list-style-type: none"> <li>30 new RTFs established</li> <li>153 staff of RTFs (re)trained</li> <li>51 RTF management boards operational</li> <li>90% of RTFs use accounting software</li> <li>30,000 master craft persons trained by type of training and gender <b>(87 master crafts persons – 75M/12F trained)</b></li> <li>30,000 traditional apprentices trained by type of training and gender <b>(2 traditional</b></li> </ul>	<ul style="list-style-type: none"> <li>RTF reports</li> <li>MSE Sub-committee reports</li> <li>GRATIS reports</li> <li>REP database &amp; reports</li> <li>Periodic reports from partners</li> </ul>	Co-financing available in time  GRATIS Foundation continues support to RTFs.

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
	<p><b>apprentices – both male so far trained)</b></p> <ul style="list-style-type: none"> <li>1750 technical apprentices trained by type of training and gender (<b>7 technical apprentices – all M so far trained)</b></li> <li>19,000 graduate apprentices provided with start-up kits (by gender) - (<b>30 graduate apprentices - 1M/29 F provided with start-up kits)</b></li> </ul>		
<p><b>Outcome 3:</b> Access of MSEs to finance is ensured</p>	<ul style="list-style-type: none"> <li>27,000 active borrowers of which at least 50% women (by gender and age)*</li> <li>% reduction of portfolio at risk</li> </ul>	<ul style="list-style-type: none"> <li>BAC quarterly reports</li> <li>PFI quarterly reports</li> <li>REP reports</li> </ul>	Effective linkages with other IFAD projects (mainly RAFiP)
<p><b>Outputs:</b> 3.1 PFIs capacity improved  3.2 MGF operational  3.3 REDF operational</p>	<ul style="list-style-type: none"> <li>Number of staff of PFIs (re)trained (by gender) (<b>53 staff of PFIs so far (re)trained)</b></li> <li>Partnership with at least 80 PFIs</li> <li>7,000 MSEs accessing MGF</li> <li>MGF amount disbursed (by gender and age) (target 1.9 million USD)</li> <li>22,000 MSEs accessing REDF</li> <li>% REDF disbursed (by gender age)*</li> </ul>	<ul style="list-style-type: none"> <li>ARB Apex Bank reports</li> <li>REP reports</li> <li>BoG reports</li> <li>ARB Apex Bank reports</li> </ul>	PFIs' capacities remain sufficient to handle a portfolio of small loans
<p><b>Outcome 4:</b> Pro-poor MSE support institutions and policies in place</p>	<ul style="list-style-type: none"> <li>Disbursement rate of DAs at least at 80%</li> <li>NBSSI is operational knowledge centre for BACs</li> <li>GRATIS is operational knowledge centre for BACs</li> </ul>	<ul style="list-style-type: none"> <li>MSE sub-committee reports</li> <li>Supervision reports</li> </ul>	NBSSI and GRATIS are restructured and have capacity to fulfil their role

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
<p><b>Outputs:</b></p> <p>4.1 Institutions strengthened at district and regional level</p> <p>4.2 Support to policy dialogue</p>	<ul style="list-style-type: none"> <li>• 150 MSE Sub-Committees functional</li> <li>• 150 DOTI, MSE Sub-Committees, DA trained</li> <li>• 8 RWGMSE operational at RCCs</li> <li>• 100 functional ASSI branches at district level</li> <li>• Establishment of 20 Light industrial estates supported</li> <li>• Number and quality of policy initiatives emanating from REP and DAs</li> </ul>	<ul style="list-style-type: none"> <li>• REP reports</li> <li>• NBSSI reports</li> <li>• Supervision reports</li> </ul>	





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

Action Area	Action Agreed	Date	Whom
<b>Project Implementation</b>	Utilize IFAD funds if needed for expenses of initiating scaling up activities in all districts and also contracting process for consultant needed for preliminary site selections for implementation of Component 2, while awaiting availability of AfDB funds (for the contract itself)	PCMU	Dec. 31, 2013
	Obtain consent of ARB Apex Bank for RAFiP consultants to begin field work for study on capitalization and share registries of RCBs	PCMU/RAFiP/ ARB Apex Bank	Dec. 15, 2013
	Revise matching grant approach to promote 'crowding in' of and more competition among different types of financial institutions	PCMU	Dec. 15, 2013
	Sensitize BACs and clients in new districts on need to cost-share, and steadily raise the proportion (from 20% for basic training in new districts to at least 40% for advanced training in older REP districts)	PCMU	Under way
<b>Outputs</b>			
<b>Business Development Services</b>	Revise TOR for the second phase of BOIS and renegotiate with consultant to ensure more specifics on the most profitable activities	PCMU	Dec. 31, 2013
	Discuss revised TOR for a training program Manager with AfDB and resubmit TOR for No Objection	PCMU	Dec. 15, 2013
<b>Technology Promotion &amp; Dissemination/ACPID</b>	Complete (re)recruitment of Component 2 Officer	PCMU	March 1, 2014
	Preparations for selection of RTF districts:		
	(i) Draft TOR for consultant for sensitization, identification and assessment of districts for selection for RTFs;	PCMU	Dec. 15, 2013
	(ii) Seek feedback, finalize and submit for no objection;	PCMU	Jan. 31, 2014
	(iii) Initiate recruitment process (using IFAD funds if need be while awaiting AfDB effectiveness)	PCMU	Feb. 28, 2014
	Possible buyback scheme for RTF equipment purchased with loans: Meet with GRATIS to discuss process to prepare a draft proposal for buyback scheme for RTF equipment in order to facilitate loans;	PCMU, GRATIS	Dec. 31, 2013
	(i) Recruit TPD/ACPID Manager to lead activities for this component		

<b>Access to Rural Finance</b>	Finalize manuals and MOUs for MGF & REDF taking into account revisions discussed during the mission, and submit for no objection	PCMU	Dec. 15, 2013
	Sign MOUs with ARB Apex Bank and BoG	PCMU	Dec. 31, 2013
<b>Institutional Development</b>	Discuss possible future support for light industrial estates with GIZ (and others)	PCMU (with GIZ)	Jan. 31, 2014
<b>Monitoring &amp; Evaluation</b>	Share updated M&E framework for REP shared with partners for comments	PCMU	Dec. 15, 2013
	Follow up with consultants on web-based GIS database application to ensure timely finalization	PCMU	April 1, 2014
	Train BACs on database use and value addition to the data, including basic analysis of the clients' operations	M PCMU	June 30, 2014
	Elaboration of a concrete targeting approach to be implemented by BACs	PCMU	April 1, 2014
<b>Fiduciary Aspects</b>	Update PAM to include internal control statements and FM templates	PCMU	Mar. 30, 2014
	Enforce policy on receipt of releases to DAs/BACs	PCMU	Continuous
	Augment financial statements with additional information.	PCMU	Mar 30, 2014
	Mainstream internal audit services into the Programme financial management	PCMU	June 30, 2014
Other			

## Appendix 3b: Status of Recommendations of June 2013 Supervision Mission

Action Area	Action Agreed	Date	Whom	Status
Project Implementation				
	Initiate process and make preliminary site selections for implementation of Component 2	Nov. 30, 2013	PCMU	Initiated the process of recruiting ACPID Manager due to delay in the effectiveness of AfDB funds
	Cooperate with RAFiP for it to take the lead in developing strategies for capitalization of RCBs; RAFiP to draft TOR and engage consultants	Sept. 30, 2013	RAFiP	Held initial discussions with RAFiP and Apex Bank on developing shares registers for RCBs
	Sensitize BACs and clients in new districts on need to cost-share, and steadily raise the proportion (from 20% for basic training in new districts to at least 40% for advanced training in older REP districts)		PCMU	Under way
Outputs				
<b>Business Development Services</b>	Proactively seek to enrol additional districts in Northern Region	Aug. 31, 2013	PCMU	Seven (7) additional districts in the Northern Region have been assisted to go through the enrolment process and are at the final stage of the process.
	Draft TOR to contract a technical partner or consultant to manage training delivery	Aug. 31, 2013	PCMU	Draft TOR prepared and shared with IFAD.
<b>Technology Promotion &amp; Dissemination/ACPID</b>	Complete (re)recruitment of Component 2 Officer	Nov. 30, 2013	PCMU	Recruitment exercise is currently in progress.
	Sensitize districts on RTFs and invite applications	Sept. 30, 2013	PCMU	Awaiting effectiveness of AfDB funding to pave the way.
	Prepare draft proposal for buyback scheme for RTF equipment in order to facilitate loans	Nov. 30, 2013	PCMU, GRATIS	Awaiting take-off of new MGF guidelines to incorporate learning into the draft proposal.
<b>Access to Rural Finance</b>	Initiate sensitization of PFIs, including S&Ls and universal banks	July 31, 2013	PCMU, in collaboration with Apex Bank and	28 PFIs sensitised on REP credit schemes

			BOG	
	Update and finalize manuals and MOUs for matching grants & REDF, clearly stating reporting requirement	Aug. 31, 2013	PCMU, in consultation with IFAD, NRGF & RTIMP	Updated REDF and MGF manuals and prepared MOU with ARB Apex Bank submitted to IFAD for no objection
	Sign MOUs with ARB Apex Bank and BoG	Sept. 30, 2013	PCMU	MOU with ARB Apex Bank submitted to IFAD for no objection
<b>Institutional Development</b>				Held discussions on establishment of light industrial estates with 16 districts during PCMU Technical Officers' field visits
	Hold a workshop on light industrial estates	Dec 31, 2013	PCMU (with GIZ)	
	Facilitate Local Government Service to make progress toward establishing DOTIs		PCMU/MOTI	REP participated in a forum organised by LGS for all Ministries, Departments and Agencies involved in the decentralisation process to discuss the operationalization of decentralised departments at the district level including DOTI.
<b>Monitoring &amp; Evaluation</b>	Document drop-out rates from REP II clients relative to those found to be currently active	Aug. 31, 2013	PCMU	Initial drop-out rates have been computed which will be further discussed and agreed on.
	Develop guidelines for targeting training and start-up kits to youth and certain socially disadvantaged groups	Sept. 30, 2013	PCMU	On-going. Some guidelines have been suggested by the AfDB PDR and will form the basis for directives for the implementation of activities relating to the youth and other socially disadvantaged groups.
<b>Sustainability</b>				

<b>Fiduciary Aspects</b>				Done
	Revise AWPB in light of current realities and resubmit	July 31, 2013	PCMU	
	Update PAM to include financial monitoring oversight processes, and templates for financial management and internal controls statements, and WAs	Sept. 30, 2013	PCMU	PAM to be amended with AfDB inputs as Loan becomes effective soon.
	Submit quarterly financial reports for oversight review	June 30, 2013	PCMU	Done. 2 <sup>nd</sup> & 3 <sup>rd</sup> Qtr Submitted to Rome & Accra
	Formulate a mechanism for capture of beneficiaries' contributions.	Sept. 30, 2013	PCMU	Discussions have been held with AfDB to possibly employ an Internal Auditor at PCMU.
	Mainstream internal audit services into the Programme financial management	Sept. 30, 2013	PCMU	PAM to be amended with AfDB inputs as Loan becomes effective soon.
Other				



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

Component/ Sub-component or Output			Period: 1 <sup>st</sup> Jan. 2013 to 30 <sup>th</sup> Sept. 2013			Cumulative Actual	Appraisal Target	%	
	Indicator	Unit	AWP&B	Actual	%				
Component 1: <i>Business Development Services</i>									
		No. of operational REP model BACs	No.	161	140	87%	140	161	87%
		Amount of turnover of BACs in USD (average)	No.	4,000				25,000	
		Level of institutional performance of BACs (average efficiency by year 8)	No.	50%				80%	
		Level of effectiveness of BDS training	No.	40%				60%	
	Output:BACs established/strengthened	No. of BACs	No.	50	29	58%	140	161	87%
	Activity 1.1.1: Undertake civil works for new BACs	No. of BACs	No.					95	
	Activity 1.1.2: Procure 4WD pick-ups for new BACs	No. of 4WD pick-ups	No.				31	95	33%
	Activity 1.1.3: Procure motor bikes for new BACs	No. of motor bikes	No.				65	190	34%
	Activity 1.1.4: Procure office furniture and basic equipment for new BACs	No. of new BACs	No.					95	
	Activity 1.1.5: Procure desktop computer, software & UPS for BACs	No. of BACs	No.		60		60	161	37%
	Activity 1.1.8: Procure laser printers for BACs	No. of BACs	No.		60		60	161	37%
	Activity 1.1.9: Procure photocopier for new BACs	No. of BACs	No.		18		18	95	19%
	Activity 1.1.10: Procure fax/fixed telephone for BACs	No. of BACs	No.	11				95	
	Activity 1.1.11: Procure air conditioners for BACs	No. of BACs	No.	11	20	182%	20	95	21%
	Activity 1.1.12: Facilitate NBSSI supervision of new BACs	No. of BACs	No.	95	74	78%	74	95	78%
	Activity 1.1.13: Facilitate	No. of BACs	No.	66	66	100%	66	66	100%

NBSSI supervision of existing BACs								
<b>Activity 1.1.14:</b> Conduct orientation for staff of new BACs	No. of BACs	No.	95	46	48%	46	95	48%
<b>Activity 1.1.15:</b> Conduct orientation for staff of existing BACs	No. of BACs	No.	66	66	100%	66	66	100%
<b>Activity 1.1.16:</b> Organise exchange visits for staff of new BACs	No. of BACs	No.					18	
<b>Activity 1.1.17:</b> Organise exchange visits for staff of existing BACs	No. of BACs	No.	-				18	
<b>Activity 1.1.18:</b> Organise gender mainstreaming training for staff of BACs & RTFs	No. of BAC & RTF staff	No.	-					
<b>Output: Capacity of rural MSEs and their associations strengthened</b>	No. of rural MSEs							
<b>Activity 1.2.1:</b> Organise annual stakeholder fora for new districts	No. of annual district Clients' fora organised	No.	106	83	78%	83	664	78%
<b>Activity 1.2.2:</b> Organise annual stakeholder fora for existing districts	No. of annual district Clients' fora organised	No.	198	66	33%	66	528	13%
<b>Activity 1.2.3:</b> Provide training for clients	No. of clients trained (by gender & age)	No.	10,905	6,691	61.4%	6,691	347,546	2%
<b>Activity 1.2.4:</b> Organise annual Clients' Exhibition & Trade shows	No. of clients participating	No.	30	4	13%	4	1,126	0.4%
<b>Activity 1.2.5:</b> Provide business counselling for clients	No. of clients counselled	No.	10,646	3,902	37%	3,902	-	-
<b>Activity 1.2.6:</b> Organise study tours for clients	No. of clients taken on tour	No.	-					
<b>Activity 1.2.7:</b> Business Opportunity Identification Surveys for new districts	No. of districts participating	No.	95	46	48%	46	95	48%
<i>Sub-component</i>								



Component 2: Agricultural Commodity Processing Infrastructure Development (Technology Promotion and Dissemination)									
	Objective (Outcomes) :- To transfer technical skills and disseminate technologies	No. of RTFs operational		21	21	100%	21	51	41%
		Amount of turnover of RTFs in USD		-				20,000	
		No. receiving NVTI certifications		288				23,000	
		Training aligned with COTVET							
		Level of effectiveness of training & start-up kits support (by gender)						60%	
	Output: Functional RTFs established	No. of RTFs							
	Activity 2.1.1. Construct new RTF workshop buildings	No. of new RTF workshop buildings constructed	No.	-				30	
	Activity 2.1.2. Recruit design and supervision Consultant for new RTFs	No. of contracts for design and construction of new RTFs signed	No.	1				30	
	Activity 2.1.3 Procure motor bikes for new RTFs	No. of motorbikes procured for new RTFs	No.	-				60	
	Activity 2.1.4 Procure 4WD twin-cab pickups for new RTFs	No. of 4 WD twin-cab pickups procured for new RTFs	No.	-				30	
	Activity 2.1.5 Procure workshop equipment for new RTFs	No. of workshop equipment procured for new RTFs	No.	-				30	
	Activity 2.1.6 Procure generators for new RTFs	No. of new generators procured for new RTFs	No.	-				30	
	Activity 2.1.7 Recruit engineering Consultants for new RTFs	No. of engineering consultants recruited for new RTFs	No.	-				3	
	Activity 2.1.8 Install workshop equipment for new RTFs	No. of workshop equipment installation for new RTFs completed	No.	-				30	
	Activity 2.1.9 Procure office furniture and basic equipment for new RTFs	No. of office furniture and basic equipment procured for new RTFs	No.	-				30	
	Activity 2.1.10 Procure desktop computers, software and UPS for new RTFs	No. of desktop computers, software and UPS procured for new RTFs	No.	-				30	
	Activity 2.1.11 Procure laser printers for new RTFs	No. of laser printers procured for new RTFs	No.	-				30	
	Activity 2.1.12. Procure	No. of motor bikes procured for existing	No.	-				21	

motor bikes for existing RTFs	RTFs							
<b>Activity 2.1.13</b> Procure 4 WD twin-cab pick-ups for existing RTFs	No. of 4WD twin-cab pick-ups procured for existing RTFs	No.	-				3	
<b>Activity 2.1.14.</b> Procure workshop equipment for existing RTFs	No. of workshop equipment procured for existing RTFs	No.	-				21	
<b>Activity 2.1.15.</b> Procure office furniture and basic equipment for existing RTFs	No. of office furniture and basic equipment procured for existing RTFs	No.	-				21	
<b>Activity 2.1.16.</b> Procure desktop computers, software and UPS for existing RTFs	No. of desktop computers, software and UPS procured for existing RTFs	No.	-				21	
<b>Activity 2.1.17.</b> Procure laser printers for existing RTFs	No. of laser printers procured for existing RTFs	No.	-				21	
<b>Activity 2.1.18:</b> Train or retrain staff of RTFs	No. of staff of RTFs (re)trained	No.	105				1,200	
<b>Activity 2.1.19:</b> Provide support to RTF management boards	No. of RTF management boards operational	No.	21				561	
<b>Activity 2.1.20:</b> Provide accounting software for RTFs	Level of RTFs' use accounting software	%					90%	
<b>Activity 2.1.21:</b> Coordinate GRATIS supervision of RTFs	No. of RTF supervisions carried out by GRATIS	No.	21				408	
<b>Output: Capacity of rural master craft persons and apprentices developed</b>	No. of master craft persons/apprentices	No.						
<b>Activity 2.2.1:</b> Provide training to master crafts persons	No. of master craft persons trained by type of training and gender	No.	807	20	2%	20	30,000	0.1%
<b>Activity 2.2.2:</b> Provide training to traditional apprentices	No. of traditional apprentices trained by type of training and gender	No.	314	2	1%	2	30,000	-
<b>Activity 2.2.3:</b> Provide training to technical apprentices	No. of technical apprentices trained by type of training and gender	No.	100	7	7%	7	1,750	0.4%
<b>Activity 2.2.4:</b> Provide training to tertiary students on attachment	No. of tertiary students on attachment trained by type of training and gender	No.	62					

<b>Activity 2.2.5:</b> Provide training in occupational safety, health & environmental mgt.	No. of clients trained by type of training and gender	No.	146	67	46%	67	-	-
<b>Activity 2.2.6:</b> Provide start-up kits to graduate apprentices	No. of graduate apprentices provided with start-up kits (by gender)	No.	-	30		30	19,000	0.2%
<b>Activity 2.2.7:</b> Carry out field demonstration of new/improved technologies	No. of demonstrations of new/improved technologies carried out	No.	94				1,092	
<b>Activity 2.2.8:</b> Facilitate NVTI certification of graduate apprentices	No. of graduate apprentices certified by NVTI	No.	575	462	80%	462	21,780	2.1%
<b>Activity 2.2.9:</b> Carry out testing/replication of agro-processing equipment	No. of agro-processing equipment tested/replicated	No.	8	10	125%	10	48	21%
<b>Activity 2.2.10:</b> Provide support to DAs to develop light industrial estates	No. of DAs supported to develop light industrial estates	No.	-				73	
<b>Activity 2.2.11:</b> Establish innovative production centres in district light industrial estates	No. of innovative production centres established	No.	-				104	
<b>Component 3: Enabling MSE Environment</b>								
<i>Sub-component: Access to Rural Finance</i>								
<b>Objective (Outcomes) :- To improve access of MSEs to finance</b>	No. of active borrowers of which at least 50% women (by gender and age)	No.	1,874				27,000	
	% reduction of portfolio at risk	No.	-					
<b>Output: Capacity of PFIs &amp; ARB Apex Bank improved</b>	No. of PFIs with improved capacity	No.						
<b>Activity 3.1.1:</b> Provide training/retraining for staff of PFIs	Number of staff of PFIs (re)trained (by gender)	No.	100	53	53%	53		-
<b>Activity 3.1.2:</b> Provide training for staff of ARB Apex Bank	Number of staff of ARB Apex trained	No.					53	
<b>Activity 3.1.3:</b> Establish partnership with new PFIs	No. of new PFIs partnered with	No.					80	
<b>Activity 3.1.4:</b> Procure motor cycles/bicycles for PFIs	No. of PFIs supported with motor cycles/bicycles	No.	-				50	
<b>Activity 3.1.5:</b> Procure	No. of vehicles procured for ARB	No.	-				1	

vehicles and equipment for ARB Apex Bank								
<b>Activity 3.1.6:</b> Procure desktop computers, software and UPS for BOG	No. of desktop computers, software and UPS procured for BOG	No.	-				2	
<b>Activity 3.1.7:</b> Procure laser printers for BOG	No. of laser printers procured for BOG	No.	-				1	
<b>Activity 3.1.8:</b> Provide technical assistance to ARB to develop operational manual and data processing formats	No. of operational manual & data processing formats developed	No.						
<b>Activity 3.1.9:</b> Carry out studies in credit line synopsis and micro leasing	No. of studies carried out	No.	-				2	
<b>Activity 3.1.9:</b> Undertake local, regional and training of trainers exposure visits	No. of exposure visits undertaken	No.	-				15	
<b>Output: MGF operational</b>	No. of PFIs participating in MGF	No.						
<b>Activity 3.2.1:</b> Facilitate MSEs' access to MGF	No. of MSEs accessing MGF	No.	100				7,000	
<b>Activity 3.2.2:</b> Monitor PFIs' activities on MGF	MGF GHc amount disbursed (by gender and age)	GHc	1,666,667				3,560,000	
<b>Output: REDF operational</b>	No. of PFIs participating in REDF	No.						
<b>Activity 3.3.1:</b> Facilitate MSEs' access to REDF	No. of MSEs accessing REDF	No.	1,774				22,000	
<b>Activity 3.3.2:</b> Monitor ' disbursement of REDF	Amount of REDF disbursed (by gender age)	GHc	1,500,000				4,730,000	
<i>Sub-component: Institutional Development</i>								
<b>Objective (Outcomes):- Pro-poor MSE support institutions and policies in place</b>	Level of disbursement of DAs for MSE development	%					80%	
	Level of NBSSI as operational knowledge centre for BACs	%						
	Level of GRATIS as operational knowledge centre for RTFs	%						
<b>Output: Institutions strengthened at district and regional level</b>	No. of institutions strengthened	No.						
<b>Activity 3.4.1:</b> Facilitate organisation of district MSE Sub-committees meetings	No. of district MSE Sub-Committee meetings held	No.	140	10	7%	10	1,034	1.3%

<b>Activity 3.4.2:</b> Provide support for consultative meetings between RECOMEP, ASSI and NGOs	No. of consultative meetings held by RECOMEP, ASSI & NGOs	No.					32	
<b>Activity 3.4.3:</b> Provide support for consultative meetings for collaborating institutions	No. of consultative meetings held by collaborating institutions	No.	4				16	
<b>Activity 3.4.4:</b> Provide support for consultative meetings between ASSI and AGI	No. of consultative meetings held between ASSI and AGI	No.	-				66	
<b>Activity 3.4.5:</b> Provide training for DAs, ASSI and RCCS	No of training workshops organised for DAs, ASSI and RCCS	No.	15	2	13%	2	1,828	0.1%
<b>Activity 3.4.6:</b> Provide support to selected District Assemblies to establish light industrial estates	No of Districts supported to establish light industrial estates supported	No.	-				20	
<b>Activity 3.4.7:</b> Procure vehicles for NBSSI, GRATIS, etc.	No of vehicles procured for NBSSI and GRATIS	No.	-				12	
<b>Activity 3.4.8:</b> Procure desktop computers, software and UPS for I.Es	No of desktop computers procured for I.Es.	No.	-				11	
<b>Activity 3.4.9:</b> Procure laser printers for I.Es	No of laser printers procured for I.Es.	No.	-				10	
<b>Activity 3.4.10:</b> Procure photocopiers for I.Es	No of photocopiers procured for I.Es.	No.	-				10	
<b>Activity 3.4.11:</b> Procure laptop computers for I.Es	No of laptop computers photocopiers procured for I.Es.	No.	-				11	
<b>Output: Policy dialogue supported</b>		No.						
<b>Activity 3.5.1:</b> Provide support expertise in local MSE policy development	Number of experts in local MSE policy development engaged	No.	-				24	
<b>Programme Coordination and Management</b>								
<b>Output: Civil Works, Vehicles, Equipment and Materials procured</b>								

<b>Activity 4.1.1:</b> Carry out office refurbishment	No. of refurbishments carried out in PCMU offices	No.	-					
<b>Activity 4.1.2:</b> Procure vehicles (station wagons) for PCMU	No. of vehicles procured for PCMU	No.	-	4		4	8	50%
<b>Activity 4.1.3:</b> Procure office furniture and basic equipment	No. of office furniture and basic equipment procured for PCMU	No.	-			9	9	100%
<b>Activity 4.1.4:</b> Procure laptop computers	No. of laptop computers procured for PCMU	No.	-	8		8	18	44%
<b>Activity 4.1.5:</b> Procure desktop computers, software and UPS	No. of desktop computers, software and UPS procured for PCMU	No.	-	5		5	5	100%
<b>Activity 4.1.6:</b> Procure laser printers	No. of laser printers procured for PCMU	No.	-	5		5	6	83%
<b>Activity 4.1.7:</b> Procure LCD projector	No. of LCD projector procured for PCMU	No.	-				2	
<b>Activity 4.1.8:</b> Procure video camera	No. of video cameras procured for PCMU	No.	-				1	
<b>Activity 4.1.9:</b> Procure mobile phone	No. of mobile phone procured for PCMU	No.	-				5	
<b>Activity 4.1.10:</b> Procure photocopy machines	No. of photocopy machines procured for PCMU	No.	2	2	100%	2	6	33%
<b>Activity 4.1.11:</b> Procure server	No. of servers procured for PCMU	No.	-	1		1		
<b>Activity 4.1.12:</b> Procure professional publications and documentaries	No. of professional publications and documentaries procured for PCMU	No.	3				8	
<b>Output: Capacity of Programme staff built through training</b>	No. of Programme staff capacity built	No.						
<b>Activity 4.2.1:</b> Provide Programme staff with capacity building training	No. of training workshops attended by Programme staff	No.	8	1	13%	2	80	3%
<b>Activity 4.2.1:</b> Organise GALS Learning Events for BAC/RTF staff	No. of BAC/RTF staff trained in GALS	No.	132					
<b>Output: Programme Implementation Workshops organised</b>								

<b>Activity 4.3.1:</b> Organise Programme Implementation Workshops	No. of Programme implementation workshops organised by PCMU	No.	1	1		3	8	38%
<b>Output: Specialist services for unspecified Programme Implementation support provided</b>	No. of specialist services for Programme implementation support provided	No.						
<b>Activity 4.4.1:</b> Provide specialist services for Programme implementation support	No. of specialist services for Programme implementation support provided	No.	1			1	6	17%
<b>Output: Annual Audit of Programme Accounts conducted</b>	No. of annual audits of Programme accounts conducted	No.						
<b>Activity 4.5.1:</b> Conduct annual audit of Programme accounts	No. of annual audits of Programme accounts conducted	No.	1	2	200%	3	8	38%
<b>Programme Monitoring and Evaluation</b>								
<b>Output: Civil Works, Vehicles, Equipment and Materials procured</b>								
<b>Activity 4.6.1:</b> Procure vehicles for M&E Unit	No. of vehicles procured for M&E Unit	No.	-				1	
<b>Activity 4.6.2:</b> Procure office furniture and basic equipment	No. of office furniture and basic equipment procured for M&E Unit	No.	-	1		1	1	100%
<b>Activity 4.6.3:</b> Procure laptop computer and software	No. of office equipment and materials procured for M&E Unit	No.	-	4		4	4	100%
<b>Activity 4.6.4:</b> Procure desktop computer and software	No. of office desktop computers procured for M&E Unit	No.	-	2		2	2	100%
<b>Activity 4.6.5:</b> Procure air-condition	No. of air conditioners procured for M&E Unit	No.	-	1		1	1	100%
<b>Output: Capacity of M&amp;E staff built through training</b>	No. of M&E staff capacity built	No.						
<b>Activity 4.7.1:</b> Provide M&E staff with capacity building training	No. of training workshops attended by M&E staff	No.	3	2	67%	3	8	38%
<b>Activity 4.7.2:</b> Organise GALS training for champion	No. of people trained in GALS	No.	30					

	group of rural people								
	<b>Output: Programme Implementation Workshops organised</b>	No. of workshops organised	No.						
	<b>Activity 4.8.1:</b> Organise National and Regional Workshops	No. of workshops organised	No.	4	4	100%	8	17	47%
	<b>Output: Specialist services for M&amp;E and Programme Mid-Term Review</b>	No. of specialist services for Programme M&E and MTR	No.						
	<b>Activity 4.9.1:</b> Provide specialist services for Programme M&E (GIS Consultant and software)	No. of specialist services for Programme M&E	No.	1	1	100%	1	6	17%
	<b>Activity 4.9.2:</b> Conduct Programme Mid-Term Review	No. of Programme MTR conducted	No.	-				1	
	<b>Output: Baseline and exit surveys, other unspecified studies and contracted supervision undertaken</b>	No. of surveys, studies and contract supervision undertaken	No.						
	<b>Activity 4.10.1:</b> Conduct baseline and exit surveys	No. of baseline and exit surveys conducted	No.	-			1	7	14%
	<b>Activity 4.10.2:</b> Conduct unspecified studies	No. of unspecified, studies undertaken	No.					8	



## Appendix 5: Financial Performance by Financiers, and Disbursements by Component and Categories

**Table 5A: Financial Performance by Financiers as at October 2013.**

		<b>Appraisal</b>	<b>Disbursements</b>
	<b>Financier</b>	<b>(USD '000)</b>	<b>(USD '000)</b>
	IFAD loan	31,500.0	4,368.4
	AfDB	70,008.0	0.0
	GoG - District Assemblies	38,447.5	375.1
	- NBSSI	11,981.1	242.3
	- GRATIS	7,272.5	61.1
	- Budget	2,119.0	277.8
	- Taxes	3,736.7	0.0
	Beneficiaries		
	- PFIs	6,221.9	0.0
	- Clients	13,847.8	0.0
	<b>Total</b>	<b>185,134.5</b>	<b>5,324.8</b>

**Table 5B: Financial Performance by Financier by Component (USD'000) as at 31 October 2013**

COMPONENT		IFAD			AfDB			Gog Budget, Taxes and Institutions			Beneficiaries			TOTAL		
		Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age
A	Business Development Services	17,826	1,600.7	9.0%	23,484	0.0	0.0%	47,752	720.6	1.5%	85,500	1,530.2	1.8%	89,062	2,321.3	2.6%
B	Technology Promotion		15.9		41,350	0.0	0.0%	23,900	76.8	0.3%	58,072	92.8	0.2%	65,250	92.8	0.1%
C1	Rural Financial Services	6,705	0.0	0.0%	0.0	0.0	0.0%	10,030	0.0	0.0%	16,567	0.0	0.0%	16,734	0.0	0.0%
C2	Support To Rural MSE Organs.	472	47.2	10.0%	2,148	0.0	0.0%	350	0.0	0.0%	2,495	397.1	15.9%	2,970	47.2	1.6%
D	PCMU	6,497	2,704.6	41.6%	3,026	0.0	0.0%	1,595	158.9	10.0%	11,007	1,159.5	10.5%	11,119	2,863.5	25.8%
	<b>TOTAL</b>	<b>31,500</b>	<b>4,368.4</b>	<b>13.9%</b>	<b>70,008</b>	<b>0.0</b>	<b>0.0%</b>	<b>83,627</b>	<b>956.4</b>	<b>1.1%</b>	<b>173,641</b>	<b>3,179.6</b>	<b>1.8%</b>	<b>185,135</b>	<b>5,324.8</b>	<b>2.9%</b>

**Table 5C: IFAD Loan Disbursements and Utilisation (SDR'000) as at 31 October 2013**

<b>Cat.</b>	<b>Category Description</b>	<b>IFAD Loan Allocation</b>	<b>Disbursement up to WA10</b>	<b>Disbursement</b>	<b>Pending WA at IFAD</b>	<b>Proj. Loan Utilisation</b>	<b>Projected Utilisation</b>	<b>Projected Loan Bal.</b>
		<b>SDR'000</b>	<b>SDR'000</b>	<b>%age</b>	<b>SDR'000</b>	<b>SDR'000</b>	<b>%age</b>	<b>SDR'000</b>
<b>1</b>	Civil Works	260	-	0.0%	-	-	0.0%	260
<b>2</b>	Vehicles, Materials and Equipment	1,120	945	84.4%	22	967	86.4%	153
<b>3</b>	Technical Assistance	660	171	25.9%	174	345	52.3%	315
<b>4</b>	Training and Workshops	8,020	454	5.7%	225	679	8.5%	7,341
<b>5</b>	Credit Funds and Matching Grants	3,320	-	0.0%	-	-	0.0%	3,320
<b>6</b>	Salaries and Operating Costs	2,630	317	12.0%	91	407	15.5%	2,223
<b>7</b>	BACRTF operating Costs Fund	1,720	-	0.0%	32	32	1.9%	1,688
<b>99</b>	Unallocated	1,970	-	0.0%	-	-	0.0%	1,970
	<b>Sub-Total</b>	<b>19,700</b>	<b>1,887</b>	<b>9.6%</b>	<b>545</b>	<b>2,431</b>	<b>12.3%</b>	<b>17,269</b>
<b>99Z</b>	Authorised Allocation		979	5.0%	-	-		
	<b>TOTAL (SDR'000)</b>	<b>19,700</b>	<b>2,866</b>	<b>14.5%</b>	<b>545</b>	<b>2,431</b>	<b>12.3%</b>	<b>87.7%</b>

## Appendix 6: Compliance with legal covenants: Status for REP

Section	Loan Covenant	Target/Action Due Date	Compliance Status/Date
<b>Section B.06</b>	Opening of a Designated Account in BoG in USD	20 Dec. 2011	Done
	Deposit of Authorized Allocation of USD	14 March 2012	Done
<b>Section 7.01</b>	Submission of AWPB each year to IFAD for approval	Annual	Done
<b>Section E.02</b>	National Director has been duly appointed	1st December, 2012	Done
<b>Section 7.01</b>	Opening of Programme Account	20 Dec. 2011	Done
<b>Section 8.08</b>	Transfer of annual GoG counterpart funds in accordance with AWPB	Initial Deposit made on 8/10/12	Done
	Transfer of annual counterpart funds from other national and district-level financiers in accordance with AWPB	Annual transfers	Ongoing
<b>Section 8.02</b>	Submission of semi-annual and annual progress reports to IFAD	Twice a year	Done
<b>Section 8.03</b>	Mid-Term Review (MTR) carried out jointly by Borrower, IFAD and UNOPS	4 <sup>th</sup> Programme year	Not Due
<b>Section 9.03</b>	Audit of Programme financial Statements in accordance with Programme guidelines by an independent Auditor	Once a Year	Done
<b>Schedule 1 Par 9.2 &amp; 9.13</b>	Enter into an MOU with NBSSI subject to prior no objection by IFAD	31 Mar 2014	In Progress
<b>Schedule 1 Par 10.2 &amp; 13</b>	Enter into an MOU with GRATIS subject to prior no objection by IFAD	31 Mar 2014	In Progress
<b>Schedule 1 Par 11.2 &amp; 13</b>	Enter into an MOU with Bank of Ghana subject to prior no objection by IFAD	31 Mar 2014	Not Done

## **Appendix 7: Knowledge Management: Learning and Innovation**

### **Learning**

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The PCMU has been providing technical backstopping and guidance to the Tano South District Assembly through the RTF and BAC to develop a case study on the Bechem Light Industrial Estate. The study is aimed at documenting the processes and experience of the Tano South District Assembly in their efforts to provide a congenial working environment for the MSEs (particularly the artisans) in and around Bechem which will in the long term inure to the benefit of the District Assembly by way of improved sanitation within the residential areas and increased and easy collection of revenue. The case study is intended to be fed into a World Bank study. The Programme is considering organising forum for participating District Assemblies to share the experience of the Tano District Assembly and other Districts that are at various stages of promoting or developing similar infrastructure in their districts.

The PCMU is also compiling case studies on the lessons learnt and the impact of REP II interventions from all the 66 districts. Guidelines prepared by the PCMU were sent out to all the REP I & II districts to submit at least 2 cases each from which the PCMU will select a number for further development and sharing.

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### **Innovation:**

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The concept of the Regional Committees on MSE Promotion (RECOMEP) is an innovation under the Programme phase which is yet to take form. The Mission met with the Brong-Ahafo RECOMEP in Sunyani and noted that there is potential for them to play an active role in the quest for institutional mainstreaming of the Programme. The RECOMEPs would however require adequate support from the PCMU in their formative stages to fully appreciate their role and functions within the Programme implementation arrangements.

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## Annex 1: Financial Management Report

1. **Programme Accounting Manual:** The mission noted that the recommended update to the Programme Accounting Manual has not been effected. The PCMU explained that the manual is currently under review by AfDB. Consequently, it was agreed that the PCMU should update the Programme Accounting Manual on receiving the comments from AfDB to include the recommendations made by the IFAD mission in June 2013. It should be noted that any sitting allowances are not eligible for financing under the IFAD loan.
2. **Financial Reporting.** The Finance Unit has adopted the practice of producing quarterly financial statements and reports for use by Programme Management, Steering Committee and other stakeholders. Essentially, the reports are designed to help monitor the effective and efficient utilization of funds. The Financial reports were released for the period ending 30 June 2013 and 30 September 2013 two months after the end of quarter. It was agreed that the Programme will keep up the pace of capturing financial data into the iScala Accounting software and release the 2013 year-end financials by March 31, 2014, for auditing by June 30, 2014.
3. **Bank Statements and Cash Book Reconciliation.** The Finance Unit has reconciled the iScala accounting system Cash Book to the Bank Statement on a monthly basis throughout year. It was prepared by the Senior Accounts Officer and checked by the Financial Controller. Bank Statements and Reconciliations are appropriately filed.
4. **Insurance of Fixed Assets.** The mission noted that the Programme has insured all assets (including vehicles, air conditioners and telephone/fax machines).
5. **Financing of Operating Costs.** Under REP I and REP II, the ratio of financing operating costs was 45% for IFAD (net of taxes) and 55% for GoG. However, under the current Financing Agreement for the Rural Enterprise Programme, the percentage of financing operating costs is 100% net of taxes for IFAD. The Programme has inadvertently carried the previous financing ratio of 45% and 55% respectively in their claims for eligible expenditures since January 2012 to date (September 2013). It was agreed that – for expenditures incurred after September 2013 - the Programme shall claim 100% net of taxes for eligible expenditures under Category VI (Salaries and Operating Costs) in accordance to Schedule 2 of the REP's Financing Agreement between IFAD and GoG. The previous ratios are in the AfDB project design. Hence once the AfDB financing is effective, the ratios will have to be discussed and either harmonized between IFAD and AfDB or a decision made on how to go forward.
6. **Designated Account (SPA).** The mission noted that the Finance Unit has adopted a monthly reconciliation of the Designated Account as recommended by the June 2013 Mission. The current reconciliation of the account is shown in Table 3.

**Table 3: Reconciliation of Designated Account as at 31 October, 2013**

Item	Description	Value (USD)	
1	<b>Authorised Allocation</b>		<b>1,500,000</b>
2	Balance in the Special Account	261,852.94	
3	Balance in the Programme Account	299,145.34	
4	Proceeds of WA11 pending settlement by IFAD	833,883.62	
5	Unclaimed Disbursement at PCO	88,885.89	
6	Ineligible Expenditures to be refunded by GoG to Programme Account (WA11)	15,337.42	
7	Exchange Rate Difference	894.79	
	<b>Total</b>		<b>1,500,000</b>

7. **AWPB.** The PCMU revised the 2013 AWPB as recommended during the previous mission, in view of above-mentioned delays in AfDB funding, and resubmitted it for no objection. As at

October 31, 2013 overall expenditures were at 32% of the (revised) AWPB estimates for the year. (See detail in appendix 5 - Table 5D) The mission reviewed the draft 2014 AWPB and provided comments to be incorporated before submission for no objection.

8. **Review of Statements of expenditure (SOEs).** The mission reviewed the SOEs supporting the withdrawal applications 8 amounting to totalling USD0.834million. More than 50% of the SOEs were reviewed with a view to validating the supporting documentation, payment authorisation processes, and procurement procedures. The main issues noted were (i) filing of documents relating to specific payments in different arc files; and (ii) un-acknowledgement of receipt of payments by some DAs and BACs.
9. It was agreed with the PCMU that documents relating to payment vouchers will be filed together (including returns to accountable imprest); and a rigorous enforcement of the Programmes policy on cheques released for BAC activities.
10. **Compliance with loan covenants.** The mission has not noted any contravention of the Loan covenants.

**Disbursement.**

11. IFAD loan disbursement to date is SDR 2.87 million (equivalent to USD 4.39 million) representing 14.5% of the total loan of SDR 19.7 million. The loan utilisation will increase to SDR3.41 million (representing 17.3% of the loan) if WA 11 amounting to SDR545,000 pending at IFAD Headquarters is factored in the disbursement. It may be noted that, since REP became effective before REP II closed, during the first year of REP disbursement was primarily from REP II funds.
12. Actual disbursement (excluding the authorised allocation of USD1.5 million) stands at USD3.72 million, representing 11.8%. The Programme has disbursed 86.4% of the allocation for Category 2 (Vehicles, Materials and Equipment), while 1.9% of the allocation for Category 7 (BACRTF Operating costs) has been disbursed. It is expected that disbursement for Cat 7 will improve substantially in the coming months, with training of the newly-enrolled districts. Nothing has been spent for Category 5 (Credit Funds and Matching Grants). The Programme has received applications from some PFIs (para. 19).

**Table 4: IFAD Loan Disbursement and Utilisation as at September 30, 2013**

Cat.	Category Description	IFAD Loan Allocation	Disbursement up to WA10	Disbursement	Pending WA at IFAD	Proj. Loan Utilisation	Projected Utilisation	Projected Loan Bal.
		SDR'000	SDR'000	%age	SDR'000	SDR'000	%age	SDR'000
1	Civil Works	260	-	0.0%	-	-	0.0%	260
2	Vehicles, Materials and Equipment	1,120	945	84.4%	22	967	86.4%	153
3	Technical Assistance	660	171	25.9%	174	345	52.3%	315
4	Training and Workshops	8,020	454	5.7%	225	679	8.5%	7,341
5	Credit Funds and Matching Grants	3,320	-	0.0%	-	-	0.0%	3,320
6	Salaries and Operating Costs	2,630	317	12.0%	91	407	15.5%	2,223
7	BACRTF operating Costs Fund	1,720	-	0.0%	32	32	1.9%	1,688
99	Unallocated	1,970	-	0.0%	-	-	0.0%	1,970
	<b>Sub-Total</b>	<b>19,700</b>	<b>1,887</b>	<b>9.6%</b>	<b>545</b>	<b>2,431</b>	<b>12.3%</b>	<b>17,269</b>
99Z	Authorised Allocation		979	5.0%	-	-		
	<b>TOTAL (SDR'000)</b>	<b>19,700</b>	<b>2,866</b>	<b>14.5%</b>	<b>545</b>	<b>2,431</b>	<b>12.3%</b>	<b>87.7%</b>
	<b>Total (USD'000)</b>	<b>31,500</b>	<b>4,388</b>		<b>834</b>	<b>3,723</b>	<b>11.8%</b>	<b>88.2%</b>

The mission is satisfied with the adequacy of funds within the individual category expenditure balances and foresees no re-allocations in the next six months. Details of the loan disbursement and utilisations are presented in Table 4.

13. **Government contribution.** The Government has provided GHS500,000 (USD280,000) as direct support to the REP's 2012 Budget; the Programme is yet to receive a request of USD500,000 to support its 2013 AWPB. It was agreed that the PCMU will make the necessary follow-up with the Ministry of Finance for the GoG's budgetary contribution to the Programme in line the provisions of the financing agreement and the approved AWPBs.
14. The Government's support to the key participating government institutions (the District Assemblies, NBSSI, and GRATIS) is made directly to them as part of their budgetary allocations. Payroll and related support is, however, paid through the Controller and Accountant General's Department. The PCMU does not receive nor account for such payments made in support of these institutions.
15. The government has so far granted tax exemptions in the sum of GHS 911,578 to the Programme. This consists of import waivers (GHS 780,000) and VAT exemptions (GHS 131,578).
16. **Contributions from beneficiaries:** At programme appraisal, the training beneficiaries were planned to contribute USD7.53 million. BACs are now capturing the cost-sharing contributions of beneficiaries and reporting them to the PCMU. The appraisal report also indicates contributions from the financial institutions of USD 2.34 million, representing their own funds. The mission notes that the PCMU (and BoG and ARB Apex Bank as implementers) will need to keep track of PFIs' own funds lent to REP clients, especially in combination with MGF or REDF funds (and, in principle, for any BAC clients facilitated by REP to access finance).
17. **Procurement.** The Programme followed the required procurement process and contracted a consulting firm for the Business Opportunity Identification Survey during the period under review. Other ongoing consultancies include: upgrading of accounting software, design of M&E/Geographic Information Systems software.
18. **Human Resource Management.** The Programme recruited seven key staff to manage its operations in the first year of the Programme, i.e. 2013. As of November 20, 2013 the Programme has recruited a total of twenty-three staff comprising the Programme Director, the



Financial Controller, three managers, nine officers, and eight auxiliary staff. Performance evaluations were carried out for staffs who were appointed in 2012. The staff records (including appointment letters, job descriptions, contracts, performance evaluations) are filed appropriately for easy retrieval.

### Audits

19. **External audit.** Messrs PriceWaterhouseCoopers completed and submitted the audited 2012 Financial Statement before the IFAD deadline of 30 June 2013. The external auditor issued an unqualified opinion on the financial statements, special account, statements of expenditure and project's procurement activities. The Auditor did not identify any suspected or actual fraud. However, a few internal control issues and operating inefficiencies were noted, particularly, the use of VAT exemptions, financing operational costs, payment vouchers, assets insurance, and excessive cash on hand.
20. The mission agreed with the PCMU that the next set of financial statements requires augmentations to include: (i) comparison with budgeted amounts; (ii) cumulative status of funds by category; (iii) statement of fixed assets; and (iv) disclosure of foreign currency transactions.
21. **Internal audit:** The mission notes that the internal audit systems have not been mainstreamed as part of the internal and oversight controls of the Programme financial management. In line with IFAD's commitment to increase the use of country systems and in consonance with the practice in other IFAD-funded Programmes in Ghana, it was agreed to institutionalize the post-payment internal audit function. Since this issue is also mentioned in the AfDB design, a joint approach to internal audit will be agreed with IFAD and AfDB once the latter funding becomes effective.

Agreed action	Responsibility	Agreed date
Update PAM to include internal control statements and FM templates	PCMU	Mar. 30, 2014
Enforce policy on receipt of releases to DAs/BACs	PCMU	Continuous
Augment financial statements with additional information.	PCMU	Mar 30, 2014
Mainstream internal audit services into the Programme financial management	PCMU	June 30, 2014

**Table 5A: Financial Performance by Financiers as at October 2013.**

	<b>Appraisal</b>	<b>Disbursements</b>
<b>Financier</b>	<b>(USD '000)</b>	<b>(USD '000)</b>
IFAD loan	31,500.0	4,368.4
AfDB	70,008.0	0.0
GoG - District Assemblies	38,447.5	375.1
- NBSSI	11,981.1	242.3
- GRATIS	7,272.5	61.1
- Budget	2,119.0	277.8
- Taxes	3,736.7	0.0
Beneficiaries		
- PFIs	6,221.9	0.0
- Clients	13,847.8	0.0
<b>Total</b>	<b>185,134.5</b>	<b>5,324.8</b>

**Table 5B: Financial Performance by Financier by Component (USD'000) as at 31 October 2013**

COMPONENT		IFAD			AfDB			Gog Budget, Taxes and Institutions			Beneficiaries			TOTAL		
		Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age
A	Business Development Services	17,826	1,600.7	9.0%	23,484	0.0	0.0%	47,752	720.6	1.5%	85,500	1,530.2	1.8%	89,062	2,321.3	2.6%
B	Technology Promotion		15.9		41,350	0.0	0.0%	23,900	76.8	0.3%	58,072	92.8	0.2%	65,250	92.8	0.1%
C1	Rural Financial Services	6,705	0.0	0.0%	0.0	0.0	0.0%	10,030	0.0	0.0%	16,567	0.0	0.0%	16,734	0.0	0.0%
C2	Support To Rural MSE Organs.	472	47.2	10.0%	2,148	0.0	0.0%	350	0.0	0.0%	2,495	397.1	15.9%	2,970	47.2	1.6%
D	PCMU	6,497	2,704.6	41.6%	3,026	0.0	0.0%	1,595	158.9	10.0%	11,007	1,159.5	10.5%	11,119	2,863.5	25.8%
	<b>TOTAL</b>	<b>31,500</b>	<b>4,368.4</b>	<b>13.9%</b>	<b>70,008</b>	<b>0.0</b>	<b>0.0%</b>	<b>83,627</b>	<b>956.4</b>	<b>1.1%</b>	<b>173,641</b>	<b>3,179.6</b>	<b>1.8%</b>	<b>185,135</b>	<b>5,324.8</b>	<b>2.9%</b>

**Table 5C: IFAD Loan Disbursements and Utilisation (SDR'000) as at 31 October 2013**

Cat.	Category Description	IFAD Loan Allocation	Disbursement up to WA10	Disbursement	Pending WA at IFAD	Proj. Loan Utilisation	Projected Utilisation	Projected Loan Bal.
		SDR'000	SDR'000	%age	SDR'000	SDR'000	%age	SDR'000
<b>1</b>	Civil Works	260	-	0.0%	-	-	0.0%	260
<b>2</b>	Vehicles, Materials and Equipment	1,120	945	84.4%	22	967	86.4%	153
<b>3</b>	Technical Assistance	660	171	25.9%	174	345	52.3%	315
<b>4</b>	Training and Workshops	8,020	454	5.7%	225	679	8.5%	7,341
<b>5</b>	Credit Funds and Matching Grants	3,320	-	0.0%	-	-	0.0%	3,320
<b>6</b>	Salaries and Operating Costs	2,630	317	12.0%	91	407	15.5%	2,223
<b>7</b>	BACRTF operating Costs Fund	1,720	-	0.0%	32	32	1.9%	1,688
<b>99</b>	Unallocated	1,970	-	0.0%	-	-	0.0%	1,970
	<b>Sub-Total</b>	<b>19,700</b>	<b>1,887</b>	<b>9.6%</b>	<b>545</b>	<b>2,431</b>	<b>12.3%</b>	<b>17,269</b>
<b>99Z</b>	Authorised Allocation		979	5.0%	-	-		
	<b>TOTAL (SDR'000)</b>	<b>19,700</b>	<b>2,866</b>	<b>14.5%</b>	<b>545</b>	<b>2,431</b>	<b>12.3%</b>	<b>87.7%</b>

**Table 5D: 2013 Revised AWPB versus Actual Performance by Components in USD'000 as at October 2013**

Component		IFAD Loan			AfDB loan			Government and others			Beneficiaries & PFIs			Total		
		Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%
A	Business Development Services	2,738.8	1,339.3	48.9%	43.3		0.0%	2,178.9	353.6	16.2%	147.2	10.9	7.4%	5,108.2	1,703.8	33.4%
B	Technology Promotion	-	-		560.5		0.0%	457.0	120.1	26.3%	14.6	-	0.0%	1,032.1	120.1	11.6%
C	Enabling Mse Environment		-						-			-				
1	Rural Financial Services	1,782.5	20.2	1.1%				-	-	0.0%	1,466.7	-	0.0%	3,249.1	20.2	0.6%
2	Support To Rural Mse Organs.	352.6	52.6	14.9%	0.0			29.4	0.4	0.0%	-	-	0.0%	382.0	52.9	13.9%
	<b>Sub-total</b>	2,135.1	72.8	3.4%	0.0			29.4	0.4		1,466.7	-		3,631.1	73.2	2.0%
D	<b>PCMU</b>	1,366.1	1,710.2	125.2%	0.0		0.0%	613.7	158.7	25.9%	-	-	0.0%	1,979.8	1,868.9	94.4%
	<b>TOTAL</b>	<b>6,239.9</b>	<b>3,122.3</b>	<b>50.0%</b>	<b>603.8</b>	<b>-</b>	<b>0.0%</b>	<b>3,279.0</b>	<b>632.9</b>	<b>19.3%</b>	<b>1,628.5</b>	<b>10.9</b>	<b>0.7%</b>	<b>11,751.3</b>	<b>3,766.0</b>	<b>32.0%</b>

**Table 5E: 2013 Revised AWPB versus Actual Performance by Categories in USD'000 as at October 2013**

Category Description		IFAD Loan			AfDB			GoG and Others			Beneficiaries & PFIs			Totals		
		Budget	Actual	%age	Budget	Actual	%age	Budget	Actual	%age	Budget	Actual	%age	Budget	Actual	%age
I	Civil Works	-	-		-	-			-			-		-	-	
II	Vehicles, Materials and Equipment	71.5	1,232.0	1723%	-	-			-			-		71.5	1,232.0	1723.0%
III	Technical Assistance	920.0	887.0	96%	50.0	-		-	-			-		970.0	887.0	91.4%
IV	Training and Workshops	2,236.6	584.8	26%	158.3	-		29.4	33.8		161.8	10.9		2,586.0	629.5	24.3%
V	Credit Funds and Matching Grants	1,700.0	-	0%	-	-			-		1,466.7	-		3,166.7	-	0.0%
VI	Salaries and Operating Costs	1,311.9	367.1	28%	395.6	-		3,249.6	546.3	16.8%		-		4,957.1	913.4	18.4%
VII	BACRTF operating Costs Fund	-	51.5		-	-			52.8			-		-	104.2	
	<b>Total</b>	<b>6,239.9</b>	<b>3,122.3</b>	<b>50.0%</b>	<b>603.8</b>	<b>-</b>		<b>3,279.0</b>	<b>632.9</b>	<b>19.3%</b>	<b>1,628.5</b>	<b>10.9</b>		<b>11,751.3</b>	<b>3,766.1</b>	<b>32.0%</b>

**Table 5F: REP Spot Checks of Statement of Expenditures**

Item	Category	Payment Date	PVNO	Cheque Number	Description	Amount (GHC)	Amount (Eq.USD)	Comments
1	II - Eqp&Mat	22-Jul-2013	40417	812967	Payment for Local Charges on 35 New Vehicles	63,000.00	32,374.10	Ok
13	III - TAS	17-Jul-2013	40542	REP/BOG/62	70% Final Payment for 2012 Audit- REP	28,227.63	14,191.87	Ok
12	III - TAS	01-Aug-2013	40470	812997	Annual Software Maintenance charge for January 2013 to December 2013	5,605.92	2,880.00	Ok
14	III - TAS	16-Aug-2013	40709	REP/BOG/64	Payment for Consultancy Services on REP M & E System	86,231.82	43,271.69	Ok
15	III - TAS	28-Aug-2013	40710	REP/BOG/57	60% Payment for Consultancy Services for BOIS	379,882.25	190,417.17	Ok
3	IV - TrgWks	02-Jul-2013	40327	812894	Workshop for 2013 AWPB and Action Planning	10,000.00	5,227.94	Ok
56	IV - TrgWks	06-Jul-2013	40382	812895	Conference Package on Workshop for Review of 2013 AWPB and Action Planning	7,660.00	4,004.60	Ok
7	IV - TrgWks	08-Jul-2013	40331	812904	Techn. Improve. in Soap Making. Basic CBT. in Cassava Processing and Bus. Couns.	5,054.00	2,642.20	Ok
27	IV - TrgWks	08-Jul-2013	40351	812924	Basic C..B.T. in Soap Making, Grasscutter Rearing and Buss. Counse.	5,378.00	2,769.17	Ok
29	IV - TrgWks	08-Jul-2013	40353	812926	Basic C. B.T. in Palm Kernel Oil Production, Soap Making and Bus. Counse.	5,220.00	2,687.81	Ok
38	IV - TrgWks	08-Jul-2013	40362	812935	Basic C.B. T. in Soya Beans processing, Poultry Farming and Buss. Counse.	5,244.00	2,700.17	Ok
47	IV - TrgWks	08-Jul-2013	40371	812944	Basic C.B.T. in Cassava processing, production of agric tools and Bus. Counse.	5,000.00	2,574.53	Ok
50	IV - TrgWks	08-Jul-2013	40374	812947	Basic C.B.T. in Fish processing, Soap prodn. and Bus. Counse.	5,050.00	2,600.28	Ok
51	IV - TrgWks	08-Jul-2013	40375	812948	Basic C. B .T. in Ginger processing, Cassava processing and Bus. Counse.	5,044.00	2,597.19	Ok
52	IV - TrgWks	08-Jul-2013	40376	812949	Basic C.B.T. in soap making, palm kernel processing and Bus. Counse.	5,050.00	2,600.28	Ok
58	IV - TrgWks	15-Jul-2013	40416	812964	Programme Steering Committee (PSC) Meeting in Accra	15,000.00	7,708.12	Ok
66	IV - TrgWks	29-Jul-2013	40465	812994	Training for NBSSI Regional Managers in Kumasi	8,800.00	4,520.94	Ok

Item	Category	Payment Date	PVNO	Cheque Number	Description	Amount (GHC)	Amount (Eq.USD)	Comments
69	IV - TrgWks	19-Aug-2013	40544	813063	Orientation Training for PFIs and BACs in Sunyani	8,000.00	4,109.94	Filing to be re-organised
70	IV - TrgWks	19-Aug-2013	40545	813064	Orientation Training for PFIs and BACs in Sunyani	7,000.00	3,596.20	Filing to be re-organised
71	IV - TrgWks	20-Aug-2013	40546	813065	Orientation Training for PFIs and BACs in Sunyani	10,000.00	5,129.26	Filing to be re-organised
72	IV - TrgWks	21-Aug-2013	40548	813069	BAC Orientation Training on AWPB for REP Existing Districts in Sunyani	8,000.00	4,103.41	Filing to be re-organised
73	IV - TrgWks	21-Aug-2013	40549	813070	BAC Orientation Training on AWPB for REP Existing Districts in Sunyani	8,000.00	4,103.41	Filing to be re-organised
74	IV - TrgWks	21-Aug-2013	40550	813071	BAC Orientation Training on AWPB for REP Existing Districts in Sunyani	8,000.00	4,103.41	Filing to be re-organised
75	IV - TrgWks	21-Aug-2013	40551	813072	BAC Orientation Training on AWPB for REP Existing Districts in Sunyani	7,000.00	3,590.48	Filing to be re-organised
76	IV - TrgWks	23-Aug-2013	40552	813073	Orientation for New Districts and Preparation of 2014 AWPB in Sunyani	7,000.00	3,590.48	Filing to be re-organised
77	IV - TrgWks	23-Aug-2013	40553	813074	Orientation Training for New REP Districts and Preparation of 2014 AWPB in Sunyani	5,500.00	2,821.09	Filing to be re-organised
78	IV - TrgWks	27-Aug-2013	40554	813075	Orientation Training on AWPB for 2014 for New REP Districts in Sunyani	6,000.00	3,077.55	Filing to be re-organised
79	IV - TrgWks	27-Aug-2013	40555	813076	Orientation Training on AWPB for 2014 for New REP Districts in Sunyani	6,000.00	3,077.55	Filing to be re-organised
80	IV - TrgWks	28-Aug-2013	40556	813077	Orientation Training on AWPB for 2014 for New REP Districts in Sunyani	6,800.00	3,487.89	Filing to be re-organised
81	IV - TrgWks	28-Aug-2013	40557	813078	Orientation Training on Preparation of AWPB for 2014 for REP I and New Districts in Sunyani	8,500.00	4,359.87	Filing to be re-organised
82	IV - TrgWks	28-Aug-2013	40558	813079	Orientation Training for Preparation of AWPB for 2014 for REP I and New Districts	7,500.00	3,846.94	Filing to be re-organised
83	IV - TrgWks	28-Aug-2013	40559	813080	Payment for Conference Package for Orientation Training on AWPB for 2014 for REP I and New Districts	15,832.00	8,120.64	Ok

Item	Category	Payment Date	PVNO	Cheque Number	Description	Amount (GHC)	Amount (Eq.USD)	Comments
191	IV - TrgWks	28-Aug-2013	40671	813192	Conference Package for Orientation Training for REP I and	13,589.00	6,970.15	Ok
192	IV - TrgWks	28-Aug-2013	40672	813193	Conference Package for Orientation Training for PFIs and E	12,394.00	6,357.20	Ok
193	IV - TrgWks	29-Aug-2013	40673	813194	Orientation Training for Preparation of AWPB for 2014 for	8,923.00	4,576.84	Ok
195	IV - TrgWks	06-Sep-2013	40711	813206	Stakeholders Meeting in Accra	20,000.00	10,224.95	Ok
204	IV - TrgWks	17-Sep-2013	40736	813232	Orientation and Training Programme for RECOMEP	32,450.00	16,589.98	Ok
205	IV - TrgWks	19-Sep-2013	40737	813233	Conference Package for RECOMEP	22,000.00	11,247.44	Ok
206	IV - TrgWks	19-Sep-2013	40738	813234	M & E Review Workshop in Sunyani	22,000.00	11,247.44	Ok
208	IV - TrgWks	20-Sep-2013	40740	813241	Conference Package for M & E Review Workshop	8,652.00	4,423.31	Ok
55	VI - Sal&Ops	17-Sep-2013	40735	813231	<i>Facilitation Expenses for Parliamentary Approval of Tax Exemption on IFAD Loan</i>	<b>30,000.00</b>	<b>15,337.42</b>	<b>GoG to refund to IFAD</b>
24	VI - Sal&Ops	22-Jul-2013	40433	812984	45% Payment for Insurance Premium for 35 New Vehicles	12,808.17	6,581.79	Ok
36	VI - Sal&Ops	21-Aug-2013	40547	813068	45% Payment of Expenses on Handing Over of Programme	6,750.00	3,462.25	Filing to be re-organised
155	IV - TrgWks	19-Aug-2013	40635	813156	Organisation of Stakeholder Fora by BAC Swedru	1,200.00	615.51	Received by DA & BAC
161	IV - TrgWks	19-Aug-2013	40641	813162	Organisation of Stakeholder Fora by BAC Awutu Breku	1,200.00	615.51	Received by DA & BAC
163	IV - TrgWks	19-Aug-2013	40643	813164	Organisation of Stakeholder Fora by BAC Nkawkaw	1,200.00	615.51	Received
167	IV - TrgWks	19-Aug-2013	40647	813168	Organisation of Stakeholder Fora by BAC Suhum	1,200.00	615.51	Received by DA & BAC
154	IV - TrgWks	19-Aug-2013	40634	813155	Organisation of Stakeholder Fora by BAC Assin Fosu	1,200.00	615.51	Received but not stamped.
118	IV - TrgWks	19-Aug-2013	40595	813116	Organisation of Stakeholder Fora by BAC Kwame Danso	1,200.00	615.51	No Receipt
121	IV - TrgWks	19-Aug-2013	40598	813119	Organisation of Stakeholder Fora by BAC Bibiani	1,200.00	615.51	No Receipt
122	IV - TrgWks	19-Aug-2013	40599	813120	Organisation of Stakeholder Fora by BAC Half Assini	1,200.00	615.51	No Receipt
145	IV - TrgWks	19-Aug-2013	40625	813146	Oraginsation of Stakeholder Fora by BAC Paga	1,200.00	615.51	Received but not stamped.
118	IV - TrgWks	19-Aug-2013	40595	813116	Organisation of Stakeholder Fora by BAC Kwame Danso	1,200.00	615.51	No Receipt from DA/BAC



Item	Category	Payment Date	PVNO	Cheque Number	Description	Amount (GHC)	Amount (Eq.USD)	Comments
120	IV - TrgWks	19-Aug-2013	40597	813118	Organisation of Stakeholder Fora by BAC Sefwi Wiawso	1,200.00	615.51	No Receipt from DA/BAC
172	IV - TrgWks	19-Aug-2013	40652	813173	Organisation of Staheholder Fora by BAC New Abirem	1,200.00	615.51	Receipted by BAC
84	IV - TrgWks	19-Aug-2013	40560	813081	Organisation of Stakeholder Fora by BAC Obuasi	1,200.00	615.51	Receipted by BAC
173	IV - TrgWks	19-Aug-2013	40653	813174	Organisation of Stakeholder Fora by BAC Donkorkorm	1,200.00	615.51	Receipted by BAC
176	IV - TrgWks	19-Aug-2013	40656	813177	Orgainsation of Stakeholder Fora by BAC Weiija	1,200.00	615.51	Receipted by DA & BAC
177	IV - TrgWks	19-Aug-2013	40657	813178	Organisation of Stakeholder Fora by BAC Dodowa	1,200.00	615.51	Receipted by DA
179	IV - TrgWks	19-Aug-2013	40659	813180	Organisation of Stakeholder Fora by BAC Keta	1,200.00	615.51	Receipted by DA
180	IV - TrgWks	19-Aug-2013	40660	813181	Organisation of Stakeholder Fora by BAC Kpando	1,200.00	615.51	Receipted by DA & BAC
181	IV - TrgWks	19-Aug-2013	40661	813182	Organisation of Stakeholder Fora by BAC Hohoe	1,200.00	615.51	Receipted by DA & BAC
					TOTAL AMOUNT CHECKED	<b>976,945.79</b>	<b>495,599.66</b>	
					TOTAL AMOUNT OF WA	<b>1,664,969.94</b>	<b>849,221.04</b>	
					<b>Percentage of WA11 checked</b>	<b>58.7%</b>	<b>58.4%</b>	

**Table 5G: REP Contracts Register as at 31 October 2013**

Item	Contract Serial No.	% of Financing	Type of Procurement	Date of Contract	Name and Address of Contractor	Description of Works, Goods, Services or Training Programmes	Country of Origin	Performance / Delivery Period	Contract Amount (in the currency of contract)	Quantity (if applicable)	Delivery Status	Payment Status
1	MOTI/REP/ICB/2012/03	100% BY IFAD	International Competitive Bidding	18/09/2012	Auto Parts Ghana Ltd, P.O. Box Gp 629	31 4x4 Double Cabin Navara Pick ups	GHANA	4 MONTHS	\$720,000	31	Supplied	Fully
2	MOTI/REP/ICB/2012/03	100% BY IFAD	International Competitive Bidding	18/09/2012	Auto Parts Ghana Ltd, P.O. Box Gp 629	4 Nissan Station Wagons	GHANA	4 MONTHS	Y20,120,804	4	Supplied	Fully
3	MOTI/REP/ICB/2012/03	100% BY IFAD	International Competitive Bidding	25/09/2012	Japan Motors Trading Company Ltd. P. O. Box 5216, Accra	Motor Cycles and Helmets	GHANA	4 MONTHS	\$242,045	65 /130	Supplied	30% F
4	MOTI/REP/ICB/2012/02	100% BY IFAD	International Competitive Bidding	18/09/2012	Intercom Programming And Manufacturing Company Ltd, P. O. Box 7617, Accra	Computers and Accessories and Laptops	GHANA	4 MONTHS	\$377,763.16	67/ 8	Supplied	Fully
5	MOTI/REP/LS/2012/01	100% BY IFAD	Local Shopping	27/11/2012	Fairgreen Ltd., 77 Faanofa Road, Kokomlemle, P. O. Box Gp 579, Accra	Desktop Photocopiers	GHANA	1 MONTH	US\$46,173.96	18	Supplied	Fully
6	MOTI/REP/NCB/2012/01	100% BY IFAD	National Competitive Bidding	27/09/2012	Oman Fofor, Graphic Road, South Industrial Area, P. O. Box 7101, Accra - North	TEL/FAX MACHINES	GHANA	3 MONTHS	GHC16,534.40	20	Supplied	Fully
7	MOTI/REP/NCB/2012/01	100% BY IFAD	National Competitive Bidding	20/09/2012	Madson Japan Engineering (Gh) Ltd. P. O. Box 16990, Accra-North	SPLIT AIR CONDITIONERS	GHANA	3 MONTHS	GHC33,000.00	20	Supplied	Fully
8	MOTI/REP/SS/2012/01	100% BY IFAD	Sole Sourcing	12/03/2012	Kanputech Systems, P. O. Box 3434, Kaneshie, Accra	Upgrade of Accounting Software	GHANA	3 YEARS	\$31,950	-	Work in Progress	30% F
9	MOTI/REP/SS/2013/01	100% BY IFAD	Sole Sourcing	03/04/2013	Science And Technology Research Institute (Stepri)	Business Opportunity Identification Survey (BOIS) Phase 1	GHANA	4 MONTHS	US\$317,361.95	-	Final reports received	90% F
10	MOTI/REP/SS/2013/02	100% BY IFAD	Sole Sourcing		Science And Technology Research Institute (Stepri)	Business Opportunity Identification Survey (BOIS) Phase 2	GHANA	4 MONTHS	US\$331993.27	-	Pending Completion of Phase 1	
11	MOTI/REP/SS/2012/02	100% BY IFAD	Sole Sourcing	04/02/2013	Leiner &Wolff Gmbg	Installation of a Monitoring and Evaluation Software / Geographic Information System (GIS)	GERMANY	2 YEARS	€ 122,000.00	-	Work in Progress	56.5%

**Table 5H: SOE Review Checklist**

	<b>SOE Review</b>	<b>Performed by, Date</b>	<b>Comments</b>
3.1	Obtain the SOE-based withdrawal applications from Project or CPM, or Loan Officer, identify and select a sample of SOE withdrawal applications and transactions for field review. A random sample of SOEs shall be selected from the list of SOE disbursement applications available within the IFAD. The LG system is another way to obtain information about withdrawal applications.	Daniel Pasos 6 Dec 2013	Selected items form WA11 with face value of GH¢5,000 or above; and a few from a batch payment of GH¢1,200 paid to various DAs.
3.2	Review the control procedures related to SOE disbursement. The reviewer should consider the effectiveness of the following controls and document any exceptions:	Daniel Pasos 6 Dec 2013	No exception noticed.
3.2.1	Appropriate levels of review and approval are in place and are followed for each stage of the expenditure process	Daniel Pasos 6 Dec 2013	Yes
3.2.2	Procedures and responsibilities are clearly defined and are adequately documented	Daniel Pasos 6 Dec 2013	Yes
3.2.3	Adequate segregation of duties exists between the initiation, authorization, disbursement, and recording functions	Daniel Pasos 6 Dec 2013	Yes.
3.2.4	Authorization and approval is obtained prior to incurring of the expenditure	Daniel Pasos 6 Dec 2013	Yes.
3.2.5	Documentation is maintained for an adequate period of time for purposes of fulfilling audit requirements as well as review by IFAD staff	Daniel Pasos 6 Dec 2013	Yes
3.2.6	Commitments are made after applicable procedures have been followed	Daniel Pasos 6 Dec 2013	Yes
3.2.7	The expenditures are properly accounted for into the books and financial reports of the project, and in cross-references in the SOE to relevant documentation (e.g. vouchers), presentation of information in the SOEs allows for ready access to the files for review and audit purposes	Daniel Pasos 6 Dec 2013	Yes
3.3	Review supporting documentation. For each loan, the documentation of a sample of withdrawal applications is reviewed. The documents that normally support payments are (a) evidence of receipt, invoice or performance, (b) evidence of payment, and (c) proper procurement documents. Such documents might include: <ul style="list-style-type: none"> <li>• procurement documents (bid documents, invitation, evaluation, award)</li> <li>• purchase contract</li> <li>• purchase order</li> <li>• letter of credit</li> <li>• supplier's invoice and certificate of origin</li> <li>• shipping or import documents and inspection certificates</li> <li>• contractor's or consultant's invoices or certificates</li> <li>• force account records</li> <li>• recurrent cost records</li> <li>• authorization for payment</li> <li>• evidence of payment/bank statements accounting records of approvals, disbursements, and balances available</li> </ul>	Daniel Pasos 6 Dec 2013	

	<ul style="list-style-type: none"> <li>Payments clearly reconciled to the Contract amount in the Contract Monitoring Form (CMF)</li> </ul> <p>Question to address in review are:</p>		
3.3.1	Is the documentation readily available?	Daniel Pasos 6 Dec 2013	Yes
3.3.2	Does it indicate that the expenditure was approved by an authorized official?	Daniel Pasos 6 Dec 2013	Yes
3.3.3	Is it in original form?	Daniel Pasos 6 Dec 2013	Yes
3.3.4	Does it relate to the project concerned?	Daniel Pasos 6 Dec 2013	Yes
3.3.5	Are the computations correct and are there any errors or alterations?	Daniel Pasos 6 Dec 2013	Computations are correct
3.3.6	Are the category and disbursement percentage used correctly?	Daniel Pasos 6 Dec 2013	Yes
7.4	<p>Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements. Ineligible expenditures would include:</p> <ul style="list-style-type: none"> <li>duplicate invoices</li> <li>payments made in advance of receipt of good or delivery of services, unless these payments are consistent with contract provisions and are established commercial practice;</li> <li>payments that should have been made under normal disbursement procedures with full documentation (e.g. payments against contracts subject to the IFAD's prior review, or payments against contracts with values exceeding defined SOE limits); and</li> <li>payments for items that are not procured in accordance with the legal agreements, such as: <ul style="list-style-type: none"> <li>payments for items from countries that are not eligible under the IFAD's Procurement Guidelines;</li> <li>payments for items not specified in the procurement and withdrawal schedules set forth in the Loan Agreement;</li> <li>payments made prior to credit signing or before the eligible date specified for retroactive financing;</li> <li>payments made for the expenditures incurred after closing date;</li> <li>payments for items on the negative list or not on the positive list (for adjustment operation lending).</li> <li>Payments and allowances made outside the contracts</li> <li>DSAs and other allowances over and above those in Government Circulars and not having received No Objection from IFAD</li> <li>Expenses claimed included taxes</li> </ul> </li> </ul>	Daniel Pasos 6 Dec 2013	<p>None found None Found</p> <p>None found</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p>

