

Republic of Ghana

Northern Rural Growth Programme (NRGP)

Supervision report

Main report and appendices

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West and Central Africa Division
Programme Management Department

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Abbreviations and acronyms

ACDEP-	Association of Church-based Development Programme
AESD	Agricultural and Engineering Services Department
AfDB	African Development Bank
AWPB	Annual Work Programme and Budget
CBP	Commodity Business Plans
DNPC	Deputy National Programme Coordinator
DPC	Deputy Programme Coordinator
DVCCs	District Value Chain Committees
ESMPs	Environmental and Social Management Plans
FA	Facilitating Agencies
FBO	Farmers-based Organizations
GAP	Good Agricultural Practice
GhC	Ghana cedi
GASIP	Ghana Agricultural Sector Investment Programme
GIDA	Ghana Irrigation Development Authority
GoG	Government of Ghana
IPB	Inter-professional Bodies
IPR	Inter-Phase Review
MoFA	Ministry of Food and Agriculture
MOU	Memorandum of Understanding
NGOs	Non-governmental Organization
NPCO	National Programme Coordinating Office(r)
NPC	National Programme Coordinator
NRGP	Northern Rural Growth Programme
OVCF	Outgrower Value Chain Fund
PIF	Productivity Improvement Fund
PIM	Programme Implementation Manual
PMU	Programme Management Unit
RCB	Rural and Community Bank
RAFIP	Rural and Agricultural Finance Programme
REP	Rural Enterprises Programme
RTIMP	Root and Tuber Improvement and Marketing Programme
SoE	Statements of Expenditure
SPA	Special Account
SPV	Special Purpose Vehicle
TA	Technical Assistance
TORs	Terms of Reference
VC	Value Chain
VCC	value Chain Committee
WA	Withdrawal application

A. Introduction¹

1. A joint Government of Ghana (GoG) -IFAD Country Programme Supervision and Implementation Support Mission visited the Northern Rural Growth Programme from November 11th until December 6th 2013. The mission was based at Sunyani for the fieldwork proportion of the visit. The methodology for the mission included:

- (a) An initial detailed briefing from the PMU;
- (b) Field visits to inspect prominent FBOs and DVCCs;
- (c) Detailed discussions with staff involved with the management of each component, M&E and overall programme management;
- (d) Joint formulation of findings and proposals; and,
- (e) Discussion of the above in a joint “mini wrap-up” meeting.

2. The Northern Rural Growth Programme (NRGP) is in its fifth year of implementation (programme duration is 8 years from 2009 to 2016). The programme objective is to achieve sustainable increased incomes for agricultural and rural livelihoods, focusing on smallholder farmers in rural northern Ghana. In order to achieve its objectives, the programme promotes the development of inclusive and profitable commodity value chains with improved access to finance, infrastructure, production and marketing.

3. The programme consists of the following components:

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

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

5. The mission agreed with the programme management to continue the more inter-active process commenced during the previous mission, which has enabled management and implementation partners to develop full ownership of the review, assessment and proposals. Accordingly, the following observations are a joint assessment by the PMU/implementers and the mission team.

6. The overall focus of the mission was to develop methods, strategies and plans to move towards mainstreaming and scale up the Value Chain Approach throughout programme area. Specifically, the focus has been to develop objectives, plans and strategy to increase accessibility to successful NRGD modalities for profitable market engagement to much greater numbers of smallholders and other rural poor.

¹ Mission composition: Mr Andrew MacPherson, Value Chain Expert; Mr Theophilus Otchere Larbi, Country Programme Officer; Mr Niels Bossen, Associate Professional Officer; Mr Richard Pelrine, Agribusiness Finance Specialist; Mr Godfrey Wanjohi, Financial Management Specialist and Mr Mark Owusuansah, Management Review Consultant. Mr Ulaç Demirag, IFAD Country Programme Manager Ghana, assisted the mission as required. Representatives from the Ministry of Finance and Economic Planning (Mr Wisdom Akaba) and the Ministry of Food and Agriculture (Mr Richard Donkoh and Mr A.R.Z. Salifu) also participated in the mission.

Overall assessment of programme implementation

7. The programme has continued to make very good progress in operationalizing, adapting and refining a market-driven, commercial approach to enhancing the productivity and competitiveness of poor farm households in Northern Ghana, with considerable success. The programme has now developed some models that are ready to be scaled up, and can be adapted also to other value chains. Highlights observed by the mission include:

- (a) Outstanding progress in productivity and profitability for about 22% of the Farm Based Organisations (FBOs) receiving the full array of programme support in training, access to markets and access to seasonal finance. These FBOs that are engaged mainly in maize production have demonstrated increases in productivity of up to 800% in three years. Similar progress has also been observed in the Special Purpose Vehicle (SPV)/Nucleus & Outgrower Farming models, which have demonstrated rapid productivity gains in both yield and area farmed per participant. There are also substantial improvements in productivity and marketing reported by FBOs engaged in Shea nut collection and processing;
- (b) Continued excellent repayment of seasonal loans to RCBs, with a 98% recovery in 2012. There has also been progress in engagement with larger banks to provide structured trade finance and medium term loans to NRGP clients, and associated developing engagement with larger agribusiness entities to assist with the up-scaling of programme outreach.
- (c) Marked improvement in the operation of programme M&E systems, including the completion of a Participatory Outcome Assessment in 10 Districts.

8. Despite these successes, overall implementation performance of the programme is only moderately satisfactory, in view of the limited outreach of the programmes beneficiaries to its intended clients. In order to achieve its intended outcomes and impact, NRGP has to introduce efficient systems that allow the programme to provide leadership and manage the replication and scaling up of the programme's support to include a much larger number of FBOs. The limited outreach has been compounded by the slow progress in appointment of additional facilitation agents, as agreed in the past mission. Up until the end of September total expenditure was only 16% of amounts planned in the Annual Work Programme and Budget (AWPB) for 2013. Payment of commitments of \$1.50 million by end of year will bring it to 52% of the AWPB projections. Overall disbursement of the IFAD loan is 44%. The recommended reform and strengthening of programme management and timely implementation of the recommended actions will be required to improve the rating towards an overall satisfactory performance.

9. **The Main Risk** facing the programme is that it will be not be able to scale up to its potential, limiting its positive impact to a smaller population than is possible. The multiple causes of this are likely to be (i) the constraints inhibiting engagement with larger agribusiness; (ii) limited amounts of finance for production and investment due to capital constraints of RCBs and hesitation of universal banks to engage with agricultural lending; and, (iii) insufficient management capacity, compounded by added complexity and work load due to the requirement to complete additional infrastructure. The limitations caused by these factors are already severely constraining the ability of the programme to effectively apply value chain methodology to provide access to income growth for poor rural inhabitants of Northern Ghana.

10. To address these risks, the following mitigation strategies were agreed:

- (a) Focussing on engagement with larger agribusiness ventures. The recent engagement of private sector TA to help negotiate/facilitate/operationalize specific partnerships, including MOUs and Monitoring Frameworks, is a major step forward in this respect;
- (b) Making a concerted effort to engage with commercial banks, using tools such as improved provision of client data, agency banking and linkage with larger agribusiness agreements, as well as using RAFIP services and expertise to improve financing from RCBs and commercial banks;

- (c) Immediate appointment of Facilitating Agencies (FAs) for guinea fowl and sesame, and fast-track procedures employed to appoint FAs for Shea and vegetables. In addition, supplementary FA arrangements will be made to strengthen the FA performance for industrial crops, and deepening the overall effort in value chain development;
- (d) Re-organisation of the PMU, with rapid appointment of a Deputy Programme Coordinator (DPC), as well as the replacement of the Value Chain Specialist.

B. Outputs and Outcomes of NRGp implementation

Component A. Commodity Chain Development.

11. A1: Strengthening Producer Organizations. The industrial crops window (Maize, Soya, Sorghum) continues to show good progress. There are now 1,507 FBOs registered receiving support from the programme, including additional 520 in 2013. The mission was shown examples of FBOs with access to market services and seasonal finance that have increased production per household by up to 800% in 3 years. Their yields per ha had increased by 151% for maize, while the area cropped increased by up to 300% per participant. Programme data shows approximately 22% of FBOs (about 330) in this category in 2012.

12. The FBOs with access to markets through District Value Chain Committees (DVCCs), but not to finance (approximately 49% or 740 in 2012) have improved their productivity/ha by 116% for maize, and 23% for soya. However, there is no indication of increases in area. The performance of FBOs that are not members of DVCCs with self-financing (29%- 437 in 2012) is modest, with improved productivity/ha of 23% for maize, but no discernible improvement for soya and no increases in areas cropped.

13. The obvious conclusion from this is that when FBOs are provided with comprehensive support including training, access to markets and access to finance, they are able to demonstrate remarkable improvements in productivity. Moreover, because of their improved productivity, and thus lower costs per unit of productive value, they are able to meet existing markets at available prices and still make substantial profits.

14. There has also been good progress demonstrated in productivity improvements by the SPV/Nucleus & Outgrower Farming models. There are now 37 of these established with a total of 5,889 outgrowers (about 160 outgrowers per SPV) from 458 linked FBOs. Average reported yields have been 2.58 mt/ha for maize, 1.93 mt/ha for soya and 1.8 mt/ha for sorghum in 2012. The total area cropped by outgrowers was 14,657 ha for maize and 9,172 ha for soya in 2013. This represents an average area per outgrower of 2.5 ha for maize and 1.55 ha for soya in 2013, a substantial increase on the previous capacity for participating farmers.

15. **For the “Women’s Crops” window.** After a lengthy period with no substantive reporting, the programme has provided this mission with some preliminary data on progress in supporting participants in the shea industry, most of who are female. The report reveals that some 1,480 Shea FBOs have been formed, of which 126 are processors and the remainder are engaged in collection. These comprise a total of 39,957 individual members made up of 3,434 males and 36,523 females. Some 579 FBO groups have been registered as Cooperatives, showing very good progress in institution building.

16. The institution building progress has reportedly now been matched by impressive productivity and marketing gains. In 2012/2013 marketing year, a total of 25,403.4 mt of sheanuts were collected and sold at a value of US\$5.9m. Shea butter produced in the same period amounted to 2,930.3 mt and was sold for US\$2.93m. Major buyers for both the nuts and butter include AAK, Lodgers, TPC, SFC and Naasackle. Most importantly, access to these markets appears to have led to an increase in the collection rate to 720 kg/person in 2012/13, an increase of 213% per person over the previous year. These figures do need to be carefully checked and verified, to ensure that they are both correct and that the gains are indeed attributable to programme support.

17. The relationship of the Programme with the appointed FA for Shea has been characterised by a long period of poor communication and lack of responsiveness to PMU requests. Given the importance of Shea in the socio-economic transformation of the livelihoods of rural women, the programme has planned to recruit Facilitating Agencies to cover specific zones within the programme

area. TORs for their recruitment is being finalized. The programme agrees to re-visit and resolve the issues related to the appointed FA with the possibility that they become eligible to bid amongst other active institutions in the shea sector. The Programme has agreed to appoint new FAs for Shea by 31st January 2014.

18. Negotiations are at an advanced stage with potential FAs for women's crops (Sesame), Guinea Fowl and Fruit and Vegetables. The Programme is committed to engage all these institutions by end of January 2014. In preparation for the commencement of work in the sesame value chain, the programme has identified 9 FBOs with a potential area of about 80 ha for initial production.

19. Similarly, NRGp has commenced supporting the rice VC, with engagement with AVNASH Industries, a large rice milling venture. The programme has identified some 479 farmers with an area of about 590 ha to commence production. Work is proceeding on contract negotiation and formal engagement between their FBOs and AVNASH to enable production during the 2014 season.

20. Training for farmers in FBOs continued in the use of business tools, better agronomy and Good Agricultural Practises (GAPs), group management, gender awareness and leadership. A re-designed Farmers' Business Book (FBB) has also been produced, although the mission notes that this remains too complex for most farmers to use effectively. There has also been continued training through some commercial partnerships, such as that with Nestlé on post-harvest training for compliance with aflatoxin standards in maize. As reported above, this training provides some of the pre-conditions for farmer productivity enhancement.

Plans & Strategies to enhance progress.

21. Although the programme has made impressive progress, the scope of productivity improvement has been limited to those FBOs and SPVs who have been able to gain access to comprehensive training, facilitation, marketing and financial services. The programme accepts that it needs to make substantive efforts to up-scale its successful interventions, providing access to the majority of farmers.

22. A key requirement to enable up-scaling of benefits is the provision of enhanced facilitation services. This will be implemented through the following:

- (a) Expanding the role of ACDEP to be the Senior FA providing leadership for facilitation services for industrial crop value chains, with other agencies providing additional supporting services;
- (b) Appointment of more, geographically focused FAs;
- (c) Rapid engagement of FAs for Guinea Fowl and Sesame (end of November 2013);
- (d) Engagement of FAs for Shea and Vegetables by 31 Jan 2014

23. The programme will also seek enhanced action and cooperation with MoFA field staff at FBO and Value Chain Committee levels, and ensure the approach of newly appointed FAs is consistent with NRGp objectives.

24. Other planned measures to enhance progress in up-scaling within Component A include:

- (a) Focus on farmer productivity improvements to lower unit costs of production, and revise the FBB to make it simpler for farmers to record plans and transactions;
- (b) Develop viable linkages with larger off-takers, building on links initiated with
 - Olam for sesame;
 - Avnash for rice;
 - Nestle for maize/millet;
 - Akati Farms, Premium Foods, Ghana Nuts and poultry feed manufacturers for maize and soya.
- (c) Other market development activities such as a pre-season marketing conference.

A2: Establishing Inter-professional Bodies (IPBs).

25. The programme continues to consolidate the formation and development of District Value Chain Committees (DVCCs) for industrial crops. DVCCs are the grass-roots IPBs. There have now been 43 formed, the last 8 established this year, so that now there is a DVCC in all programme districts. The

programme estimates that DVCCs serve about 71% of FBOs operating with NRGp support. There are strong indications that the DVCC process is providing major improvements in access to finance and markets for member FBOs, and strong gains in productivity and incomes. Several of the more mature DVCCs are developing their own forms of revenue raising and some are aiming to provide sustainable business services.

26. However, it is evident that the current provision of one VCC per district is inadequate to enable scaling up of access to their services by all potential FBOs and value chain entities. The programme has agreed that it will take the following steps to broaden and deepen this facility:

- (a) Make sub-district VCCs, at zonal level and at other natural “nodes” (warehouses, commercial aggregators, processors) (note that this is the model proposed for the forthcoming Ghana Agricultural Sector Investment Programme-GASIP);
- (b) Grade VCCs and FBOs to focus support where most needed, as some are now sufficiently mature not to require significant further support. Grading of DVCCs is to be completed by 31st May, 2014;
- (c) Exit strategies for reduction and elimination of support as DVCCs mature will be developed at the same time;
- (d) Programme specialists and FAs will jointly undertake further development of strategies for internal funds generation by VCCs.

27. The programme has not made any progress with commencing the application of electronic communication platforms to assist with effective value chain communications. It is recommended that NRGp liaises with RTIMP on this matter, as the latter has developed some valuable experience in this regard through its relationship with Esoko.

28. Planning for formation of regional and national IPBs for industrial crops commenced, and a detailed proposal to develop such bodies has been presented by ACDEP for discussion with the PMU and other stakeholders.

29. **A3: Preparing and Implementing Commodity Business Plans** (CBPs) has been done for maize, sorghum, soya and shea. There has been no further action reported.

30. **A4: Commodity Chain Development Fund.** This is now termed the “Productivity Improvement Fund” (PIF). There are two components of the PIF, namely the Matching grant fund and the Public investment fund.

31. The matching grant fund rules have been formulated and agreed. The application forms have been produced and circulated and the programme is now ready to commence support for productive investments through this facility. NRGp has already received several qualifying applications. The mission strongly recommends that NRGp adopt a streamlined process of providing offer letters, reviewing evidence of down payments and secured lender financing, and disbursement of grants to build and maintain momentum for this service.

32. Support provided through the Public investment fund enables continued training of MOFA staff in VC development, M&E, gender and leadership and GAPs. It is currently supporting 166 field demonstrations on improved maize and soya technology, 50 field demonstration on soil fertility restoration and soil conservation and dry season activities for protection of river banks through plantation of mango, acacia and shea.

Component B. Rural Infrastructure Development

B.1: Small-Scale Irrigation Development

33. The programme is well advanced on preparing for the completion of 41 small irrigation schemes with a total area of 2,828.6. The final design for two lots of schemes is completed, and construction work will commence in early 2014. Final design contract for another two lots is ongoing, and design should be completed soon. The design contract for Lot 2, which has six schemes in Upper West & Brong Ahafo Regions, with an area of 621 ha, was cancelled and re-tendered. In addition, the programme has supported training of GIDA engineers in irrigation design, and ESMPs have been put in place for all infrastructure.

34. The programme has identified 982 Ha of the 1,000 Ha of water conservation schemes to be constructed, and has signed MOUs with the GIDA Agricultural and Engineering Services Department (AESD) for surveying, design and supervision of construction for these sites.

35. It has been agreed that these irrigation investments will be subjected to a financial assessment of viability as well as having their costs of operations and maintenance disclosed to participating farmers so that they are fully aware of the financing needs to ensure sustainability

B.2: Market Infrastructure Development. Warehousing:

36. The programme has collaborated with District Assemblies to identify sites for 10 Warehouses and four packhouses. A consultant has been recruited for preliminary design studies for these.

37. It has been agreed that prior to commencement of the investment, the following business-related support studies will be provided:

- (a) Detailed determination of management arrangements for warehouses;
- (b) Financial assessment of viability and operations;
- (c) An operational plan, describing the operator and linkages to programme target groups.

38. The programme will develop TORs for the two studies for the warehouses and packhouses respectively by 16th Dec 2013, consultants will be recruited by 28th Feb 2014, and the studies completed by 31st May 2014.

39. **B.3: Feeder Roads** are being constructed to link crop production sites to markets or communities. Phase I was to construct 154 km of feeder roads and Phase II 492 km of feeder roads. Construction is 47.3% completed on 53 lots of the Phase II 492 km feeder roads, whilst the 5 terminated lots of the 1st phase of feeder roads has been re-awarded. The process of identifying a consultant for the design of 200 km of farm tracks is in progress.

Component C. Access to Rural Finance

40. The programme has so far engaged 24 PFIs (22 RCBs, plus two universal banks) to provide financial services to farmers within supported value chains. Additionally, two Savings and Loan institutions have been engaged to participate in value chain financing.

41. During 2012, some GhC 2.4 m was extended to participating groups through the cashless credit system, and a further GhC 1.61 m was extended to 34 SPVs. For 2013, GhC 1.33 m has been provided for seasonal finance for FBOs. This is a sharp reduction on that provided in 2012. Reasons advanced for this are:

- Late rains, increasing risks perceived by farmers; and,
- Late applications and approvals, increasing banks risks.

42. Credit provided to SPVs in 2013 is GhC 1.696 m, a slight increase on 2012.

43. The 2012 credit recovery achievement was an overall 98% repayment rate. However, significant amounts were repaid later than agreed, partially due to liquidity constraints encountered by a commercial off-taker. As at 31st March 2013, there was 15.4% unpaid, and still 10% delinquency at 31st May. Repayments were largely complete only by October 2013. It was noted that some of the participating RCBs were capable of recovering 100% on time based on the strength of their off-takers. Other RCBs were not as successful, where the off-taker was less liquid, selling to a less liquid terminal buyer, and/or taking a more speculative view on their grain market.

44. Programme support has enabled 34 staff of Financial NGOs and Credit Union Associations to be trained on Value Chain financing. DVCC executives and SPV proprietors have also been trained on financial and contract management. RAFIP has provided support for training of rural micro-finance institutions on credit risks and delinquency.

45. As noted above, increased access to seasonal and medium-term finance is crucial to allow further productivity gains by farmers who have been trained and supported by the programme. The plans to enable this include:

- (a) Securing financing arrangements with larger banks. There is an opportunity to engage larger financial institutions, linked to the initiative to engage with larger agribusiness. The mission recommends that NRGF relationships with Fidelity Bank, Guarantee Trust Bank and Ghana Commercial Bank (and possibly others) be in place by March 2014, in time for financing of the forthcoming major season activities. The tools to be used to promote this would be:
- (i) Agency lending with RCBs;
 - (ii) Direct lending through larger off-taker agreements with agribusiness;
 - (iii) Asset based financing of programme clients;
 - (iv) Greater promotion of the successful RCB model already in use; and,
 - (v) Use of the Outgrower Value Chain Fund (OVCF) and other existing credit lines for medium term finance to complement the programme Matching Grant facility. This would use either agency lending or through on-lending from RCBs as appropriate.
- (b) Leveraging using Matching Grants. It is noted that REP and RTIMP also offer Matching Grants, and the combined values of these funds are approximately USD 3.6M. This is capable of leveraging USD 1.2M of down payment and, significantly, USD 7.2M of financial institution loans and/or leases representing a significant opportunity that can be used to attract larger lenders. All programmes share the difficulty of finding finance among RCBs and all are seeking to attract universal banks. At the same time, universal banks view rural finance as a difficult proposition due to low levels of collateral. Combining the matching grant facilities may offer a large enough market opportunity, with the dual benefits of granted collateral and self-collateralizing assets, to attract one or more universal banks to IFAD's programmes. Several banks in Accra offer agricultural leasing in other markets (Stanbic, Barclays, EcoBank). The mission recommends that the NRGF collaborates with other IFAD supported programmes to explore if and how the combination of these funds can be used to attract one or more lenders into providing asset based finance to relevant programme clients.
- (c) Enhanced access to those RCBs that have sufficient additional resources for increased lending would be enabled by:
- (i) Encouraging FBOs to make repayments on time under all circumstances;
 - (ii) Encouraging and enabling FBOs to submit timely applications for seasonal finance;
 - (iii) Where RCB balance sheets permit, encouraging on-lending through them from larger banks; and,
 - (iv) Documenting the success of several leading RCBs to date. This would help improve the performance of weaker PFIs, as well as attracting larger financiers and enabling the successful PFIs to leverage more finance from refinance facilities and larger lenders. It is recommended that NRGF engage a business journalist to document the success of two of these lenders, BESSFA Rural Bank and Sissala Rural Bank, and subsequently to provide wide dissemination of the results.

46. The programme would also take steps to encourage self-financing from FBOs. A key tool in this process would be to demonstrate the financial benefits from not being required to service loans with high interest rates.

C. NRGF implementation progress

47. **Planning, M&E.** Since June 2013, the M&E unit has made impressive improvements, and the M&E performance is now satisfactory. The most significant improvement is the establishment of a web-based client database with background data on each client including farm size and yields at baseline. It is also noted that the first draft stage of the AWPB 2014 was prepared by the 7th of November, with the document to be finalized by mid-December.

48. There are however some persistent challenges. The main shortcomings are that the baseline study is not yet finalized, and that while the participatory outcome assessment has been carried out, its report has been delayed. It is further noted that the database needs to be finalized.

49. To further improve and refine programme M&E performance, the following actions will be undertaken:

- (a) Development of a lighter template for the quarterly reports that is less heavy in text and more focused on numbers and tables. This will be provided in the next quarterly report, due by 31st January, 2014;
- (b) Bringing income indicators into the client data base, thereby assuring that the database allows the tracking of the year by year development of each client, done by 1st March 2014; and,
- (c) Future reporting emphasis on economic and financial indicators from annual report 2013 and onwards.

Programme Management.

50. **Inter-Phase Review (IPR) and Programme Implementation Manual (PIM).** The Inter-Phase Review and revised PIM have been finalized in draft form. It was agreed that these documents be submitted to IFAD for review as soon as possible.

51. **Management Review.** The programme underwent a management review as part of the mission. The main findings of the review are:

- (a) That the overall management performance is fairly satisfactory, and that the PMU staff members have high professional competence. The team spirit of technical staff is very high and provides a basis for enhanced future performance. The majority of staff ratings were acceptable.
- (b) However, managerial capacity in planning, replicating and scaling up of performing models needs to be strengthened.
- (c) The existing organizational structure has all professionals reporting to the National Programme Coordinator (NPC). This leads to excessive demands on this individual, negatively impacting on the overall performance of the PMU. This situation is exacerbated by the substantial external demands on the NPC. This situation has at times led to some major actions being delayed.
- (d) Performance related incentives to motivate staff to excel are not in place, and staff development through short courses training, attachments, exposure visits, etc. are only provided on an ad hoc basis.

52. It is therefore concluded that there is an urgent need to re-engineer the existing staff structure and roles. The main recommendations of the review are:

- (a) Engaging a highly competent Deputy National Programme Coordinator (DNPC), to oversee the business development and value chain work and to deputize for the NPC. The NPC will prepare the TORs for this position by December 15th 2013;
- (b) Setting of top priorities and timelines for action on such priorities;
- (c) Realigning the TORs of the Rural Engineer and Irrigation Engineer to avoid duplication;
- (d) Adoption of an evaluation grid for annual staff evaluation, with graduated staff performance incentives factored in the system; and,
- (e) The training and development needs of staff to be identified, and budgeted for in the AWPB.

D. Fiduciary Aspects

Financial Management

53. The mission review finds that overall financial management of the programme is satisfactory, and the capacity of financial management team is adequate. The withdrawal application (WA) claims for Special Account replenishment are up-to date as at 31 October 2013, as are the automated books of account. The management financial statements have been prepared accurately. Financial management actions agreed during the last mission have been largely implemented.

54. The mission reviewed the covenants of the financing agreement and confirms that no contravention has been noted, apart from delayed implementation. The audit for the 2012 financial year was carried out on time and delivered to IFAD and GoG by 30 June 2013. The financial statements have been rated with an unqualified opinion.

55. The mission recommends that the financial management manual (FMM) be revised to include financial statements templates for the audit and progress reports. The best practices for preparation of quarterly financial statements should be adopted as opposed to the current practice of preparing financial statements only at statutory year-end or as and when financial statements are needed. There are also improvements required in terms of timely follow-up of accountabilities for imprests given to staff and implementers as prescribed in the FMM.

56. It is also agreed that the programme adopts the regular preparation of financial statements at the end of each quarter. These reports should be reviewed by the full PMU and an action list be generated for follow-up. These statements should include:

- (a) The reconciliation of the Special Programme Account;
- (b) Quarterly resources and expenditure statements; and,
- (c) Quarterly report on actual expenditure by activities and compared with the respective budgets.

57. **Statements of Expenditure (SoEs) Review:** The Mission reviewed a random selection of the SoEs supporting the draft withdrawal applications (WAs) 21 and 21, totalling USD 1.50 million, that were submitted for replenishment of the SPA since the last mission. The random selection included 52 items totalling USD 622,641 representing 42 % of the total WAs value. The mission reviewed these supporting SOEs with the aim of confirming the expenditures' eligibility for claim and replenishment from IFAD. The bulk of the expenses in the sample were validated with supporting documents and were found to be in accordance with the laid down procurement procedures and the Financing Agreement, and therefore eligible for claim. However, the form templates for accounting for the imprests require improvements in terms of space that facilitates disclosures of the number of days, distances and other details on which DSAs and fuel costs are calculated. At the moment the costs are accounted for in lumpsums.

58. **Review of the SPA and other Programme Accounts:** The mission reviewed the operation of the Special Account and other Programme Accounts. The Special Account allocation of USD 1.5 million is fairly accounted for as at 30 September 2013. The Special Account has a cash balance of USD 498,839 while the Programme Operation and Zones accounts had a combined balance of USD 302,740. The key reconciling item is WA 23 for USD 513,922, which is undergoing approval processes by the MoF, and which will be submitted to IFAD in due course. There is also a credit amount in the SPA of USD 45,812, which was borrowed from GoG account and has since, been paid back in November 2013.

Summary of SPA reconciliation as at 30 September 2013

Item	Description	Value (USD)	
1	Authorised Allocation		1,500,000
2	Balance in the Special Account	498,839	
3	Balance in the Programme Account	302,391	
4	Balance in the local accounts in the Zones	349	
6	Proceeds of WA 23 undergoing approval process with MoF	744,233	
7	Proceeds of GoG contribution towards ineligible expenses	(45,812)	
	Total		1,500,000

59. **Disbursement.** The main fiduciary issue is that the rate of procurement and disbursement planned for in the 2013 AWPB and the overall design have been well below targets. As at the end of September the overall and execution rate is 16%. The IFAD planned expenditure has achieved 20%, while GoG and AfDB achieved 13% and 14% respectively. This level of implementation is expected to improve before the end of the 2013 financial year with the disbursement of USD 1.5 million to ACDEP. The disbursement, which is under approval process, will raise the execution rate to 52% for the IFAD share of the budget, and to 20% on the overall budget.

60. Procurement progress is also lagging behind both 2013 AWPB and design plan levels. Only a few consultancies have been procured and the bulk of the items in the Plan are being rolled over into the 2014 financial year. In the past the oversight by the management was not deep enough to assure timely implementation. It was agreed that the 2014 plan will be a subject of monthly review by PMU and an updated report submitted to IFAD and GoG for their progress review.

61. The Cumulative disbursement to date of the IFAD loan is USD 9.5 million, 44% of the Loan. However, the loan utilization, excluding the SPA allocation is 36%. When expenditure for the pending WA is added, the projected utilization is 40% of the loan. The projected Loan balance as at 31 October 2013 is SDR 8.56 million, or USD 12.84.

62. **Proposed Re-allocation for the Category Expenditures:** The PMU has proposed a re-allocation that accommodates the remaining implementation period. The projections have been reviewed and are found to be reasonable and consistent with the recommendations of the last IPR. The PMU will submit the formal request for re-allocations to IFAD through MOFA and MoF. The PMU will ensure that the submitted proposal tables are consistent with IFAD requirements to ensure rapid processing.

63. **Government Contribution.** The Government of Ghana (GoG) has contributed USD 1.74 million against the USD 2.68 million budgeted since programme inception. This represents 65% of the approved budget. Nothing so far has been contributed for 2013 financial year against the AWPB provision of USD 400,000. At 1.1.2013, the GoG counterpart fund bank account had a balance of USD 518,686 equivalents. This is the amount the project has been using during 2013 while waiting for the receipt of the budget provision for the year. There is no ineligible expenditure as a result of the delay. It is requested that GoG provide the funds consistent with the AWPB and loan agreement provisions.

64. The PMU and NPC believe that the main factors contributing to the low procurement and disbursement performance have now been addressed. These include the timely formulation of the 2014 AWPB and the imminent recruitment of Deputy NPCs. The reported procurement human resources capacity has now been addressed. The NPCO now confirms that the PMU will now prioritise time resources to ensure that the procurement plan is implemented in a timely manner.

65. It will be important that fiduciary performance in the future is closely monitored, and rapid remedial actions taken when significant departures from planned expenditures and activities are encountered.

E. Sustainability

66. The programme has developed procedures and implemented actions that can lead to sustainable improvements in farmer productivity and incomes. In particular, the initiatives of

developing the DVCCs, linking FBOs to markets, service providers and rural finance have been shown to provide impressive productivity gains by farmers in a short period. However, these gains have only been provided to a small fraction of the intended target population, and they are by no means available to the majority of the poor farmers in the programme area.

67. The challenge now with the programme is to use the remaining three years of its duration to successfully up-scale and mainstream the successes that have been pioneered during the past five years. This must be done in ways that ensure that the quality of the support is not diminished, and that the majority of farmers may enjoy the benefits of improved productivity, market access and incomes that are demonstrably possible.

F. Conclusion

68. The success of NRGp requires urgent acceleration of implementation in the three years remaining. The continuing low disbursements and mis-match between ambitious plans and low levels of expenditure and implementation are cause for concern. If this situation is allowed to continue, there will be significant lost opportunities.

69. There are however some hopeful indicators that the situation can be remedied within the forthcoming year. Plans detailed for staff recruitment, the fact that the 2014 AWPB is almost ready, the imminent appointment of greater FA capacity and the advanced plans for engagement with larger banks and agribusiness firms are encouraging signs. If these plans are fully realised, then it is likely that the work of the NRGp will lead to sustained poverty reduction in rural areas of in Northern Ghana.

Appendix 1: Summary of project status and ratings

Basic Facts

Country	Ghana			Project ID	1390	Loan/DSF Grant No.	734
Project	Northern Rural Growth Programme					Top-up Loan/DSF Grant	
Date of Update	16-Dec-2013						
Supervising Inst.	IFAD/IFAD						
No. of Supervisions	8	No. of Implementation Support/Follow-up missions	1				
Last Supervision	21-Jun-2013	Last Implementation Support/Follow-up mission	11-Mar-2011				

USD million Disb. rate %						
Approval	13-Dec-2007			Total financing	103.55	
Agreement	12-Sep-2008	Effectiveness lag	10.5	IFAD Total	22.72	
Entry into force	24-Oct-2008	PAR value	-----	IFAD loan	22.32	44
First disbursement	09-Apr-2009			DSF grant		
MTR	19-Oct-2012	Last amendment		IFAD grant	0.40	25
Original completion	31-Dec-2016	Last audit	18-Jun-2012	Domestic Total	19.61	
Current completion	31-Dec-2016			Beneficiaries	3.70	0
Original closing	30-Jun-2017			Government (National)	10.37	16
Current closing	30-Jun-2017			Domes. Fin. Inst.	4.61	0
No. of extensions	0			Private Sector Local	0.94	0
				External Cofinancing Total	61.22	
				African Dev. Bank	61.22	14

Project Performance Ratings

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

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Inclusive organizational and financial mechanisms	4	4	1. Institution building (organizations, etc.)	4	4
2. Irrigation and transportation infrastructure	4	4	2. Empowerment	5	5
3. Access to financial services is improved	5	5	3. Quality of beneficiary participation	5	5

4. Responsiveness of service providers	4	4
5. Exit strategy (readiness and quality)	4	4
6. Potential for scaling up and replication	5	5

B.5 Justification of ratings

All ratings have been maintained at the same level since last supervision. The implementation speed (and outreach) of the programme is picking up, but further improvements are expected in 2014. Since latest supervision, the programme has made progress on M&E and planning. The draft AWPB for 2014 was delivered on time and the M&E system has been enhanced with a web-based database. However, we still need to see the fruits of the database and increased data reliability.

Overall Assessment and Risk Profile

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

Rationale for implementation progress rating

The programme has continued to make very good progress in operationalizing, adapting and refining a market-driven, commercial approach to enhancing the productivity and competitiveness of poor farm households in Northern Ghana, with considerable success. The programme has now developed some models that are ready to be scaled up, and can be adapted also to other value chains. Despite these successes, overall implementation performance of the programme is only moderately satisfactory, in view of the limited outreach of the programmes beneficiaries to its intended clients. In order to achieve its intended outcomes and impact, NRGD has to introduce efficient systems that allow the programme to provide leadership and manage the replication and scaling up of the programme's support to include a much larger number of FBOs. The limited outreach has been compounded by the slow progress in appointment of additional facilitation agents, as agreed in the past mission.

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

The programme continues to make good progress in developing implementation models and innovative ways to connect smallholder farmers in the Northern part of Ghana to major off-takers, and has shown the ability to: (1) create trust between different value chain actors (farmers, banks, off-takers, input suppliers etc.), by facilitating their consultation/negotiation allowing them to reach transparent arrangements, (2) mobilize private equity for agriculture from formal financial institutions.

C.6 Risks Short description of major risks for each section and their impact on achievement of development objectives and sustainability	
Fiduciary aspects	Procurement management has been improved. However, it will be important that fiduciary performance in the future is closely monitored, and rapid remedial actions taken when significant departures from planned expenditures and activities are encountered.
Project implementation progress	Although performance with regard to implementation has been moderately satisfactory overall and the project management has proven to be innovative in further developing the initial design to models that respond to the realities in the field, the levels of activity in the programme have been well below the targets foreseen in the programme design and the AWPB for 2013. The key risk for implementation progress is PMU capacity gaps for planning, timely implementation of activities, and administrative and technical follow-up leading to a continued mismatch between AWPB and implementation.
Outputs and outcomes	There is a risk of under-achievement on outputs and outcomes due to 1) lack of implementation progress (see above); 2) the current limited outreach capacity of the DVCCs; 3) limited capacity of the PFIs to provide funding for agriculture; 4) Inadequate facilitation of additional value chains including but not limited to livestock, guinea fowl, sesame and rice.
Sustainability	The programme has developed procedures and implemented actions that can lead to sustainable improvements in farmer productivity and incomes. In particular, the initiatives of developing the DVCCs, linking FBOs to markets, service providers and rural finance have been shown to provide impressive productivity gains by farmers in a short period. However, these gains have only been provided to a small fraction of the intended target population, and they are by no means available to the majority of the poor farmers in the programme area. The challenge now is to use the remaining three years of its duration to successfully up-scale and mainstream the successes that have been pioneered during the past five years.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
M&E	Finalize web-based database and include economic and financial indicators in the M&E system. Develop clear and simple reporting format for quarterly reports to ensure timely submission of a quality product	31 March 2014	
Programme Management	Employ a highly qualified Deputy National Programme Coordinator (DNPC) to add value to technical staff outputs and deputize for the NPC	30 June 2014	

Programme Management	Assess and identify training & development needs of staff to be integrated into AWPB 2014. Adopt an evaluation grid for annual staff evaluation	31 January 2014	
Value chain development	Recruit FAs for Shea, Sesame, vegetable and animal windows based on geographical locations and clearly define roles and deliverables and develop viable linkages with larger off-takers (Olam for sesame, Avnash for rice, Nestle for Maize/millet, Akati Farms, Premier Foods, Ghana nuts, Poultry feed manufacturers for maize and soya)	31 March 2014	
Infrastructure development	Assess the financial viability of irrigation schemes with emphasis on cost of operations and maintenance to ensure sustainability and develop a business plan (financial, management arrangement and operations) of warehouses and packhouses	30 June 2014	
Access to finance	Secure financing arrangement with larger banks and secure an arrangement with Outgrower Value Chain Fund (OVCF) for medium term finance to complement MG facility (agency lending or through on-lending from RCBs as appropriate)	31 March 2014	

Additional observations

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

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

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

[illegible]

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

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
1.4 CDF established	<ul style="list-style-type: none"> the DVCCs <ul style="list-style-type: none"> ▪ Number of CBPs prepared ▪ No of value chain businesses established ▪ % of CBPs budgets implemented ▪ % of CBPs Projects being financed ▪ No of value chain actors trained on enterprenueral and business management skills ▪ No of value chain actors at each level of the chain linked to each <ul style="list-style-type: none"> ▪ value (%) disbursed by public windows ▪ value (%) disbursed by private goods window ▪ Number of businesses (clients) accessing the CDF (by commodity window) ▪ Commercial Ventures established and functioning as a result of interventions of the Programme ▪ Number of Public Private Partnerships established for managing facilities 	<ul style="list-style-type: none"> ▪ 4 CBPs (shea, maize, soya and sorghum) have been prepared. ▪ To date the Programme has established 37 SPVs which are value chain businesses that have been established to support with the development of the various value chains ▪ 	<ul style="list-style-type: none"> • NRGP Reports • 	Stakeholders will demand the matching grants

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
Outcome 2: Clients access to infrastructure enhanced	<ul style="list-style-type: none"> All infrastructure constructed are being fully utilized 	<ul style="list-style-type: none"> 20 feeder roads have been constructed by the Programme are being used by beneficiaries. 49 more feeder roads are yet to be completed. 	<ul style="list-style-type: none"> NRGP Reports 	
Outputs: 2.1 Small scale irrigation developed 2.2 Market Infrastructure developed	<ul style="list-style-type: none"> Land (Area) under irrigation schemes rehabilitated (ha) (RIMs) % of developed area of irrigation schemes used Area of flood recession schemes constructed (ha) Number of WUAs established and functional % contribution of WUAs towards the maintenance of irrigation facilities No of clients sensitized on small scale irrigation schemes no of clients participation in farmer field schools (FFS) • • Total km of roads rehabilitated/constructed (RIMs) Km of farm access tracks rehabilitated/constructed Km of Feeder roads 	<ul style="list-style-type: none"> 414 ha of land are being used under pump irrigation whilst the designs of 41 irrigation schemes have been developed for construction 200 ha of flood recession schemes developed 69 Water User Associations formed and trained • • • • • • • • • 646.25 Km of feeder roads under construction. 268.4km so far completed. The remaining length of roads are at various levels of completion 	<ul style="list-style-type: none"> NRGP Reports WUAs Records • • • • • • • • • • NRGP Reports District Assemblies Records • 	Enforcement of strict design and construction criteria for small dams, roads and storage facilities is effective and allows for economic viability and cost effectiveness

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
	rehabilitated/constructed ▪ Number of storage facilities (Warehouses & pack houses) constructed (RIMS) ▪ % of beneficiary District Assemblies that have allocated adequate funds for the maintenance of new infrastructure	• Designs of 10 warehouses and 4 pack houses completed for construction •		
Outcome 3: Clients access to financial services enhanced	▪ Number of clients accessing financial services	▪ 29,799 (12,755males and 17,044 females) are accessing financial services from PFIs	▪ NRGP Reports	
Outputs: 3.1 Capacities of PFIs built	▪ Savings and credit groups formed and/or strengthened (RIMS) ▪ People in savings and credit groups formed and/or strengthened (RIMS) ▪ Number of PFIs participating in the Programme (RIMS) ▪ Staff of PFIs trained (RIMS) ▪ Active borrowers (RIMS) ▪ Number of voluntary savers (RIMS) ▪ Value of voluntary savings (RIMS) ▪ Outreach of partner financial institutions	▪ All the 1,507 groups formed with a membership of 29,799 (12,755males and 17,044 females) are all saving and borrowing from PFIs ▪ All the 22 Rural and Community Banks (RCBs) and 2 National Banks are working with the Programme to provide financial services to clients ▪ 85 PFIs staff have been	▪ NRGP Reports ▪ PFIs Reports ▪	PFIs have loanable funds FBOs are repaying credit

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
	<ul style="list-style-type: none"> expanded <ul style="list-style-type: none"> % increase in agric portfolio of RCB Value of loans borrowed increased (GHC) Number of additional branches established % of the overall loan amount repaid % of loans defaulted (by Gender) % of Agric portfolio at risk at 30 days (RIMS) 	<ul style="list-style-type: none"> trained in various modules to enhance their operations Loan/credit recovery on the average stands at 98% 		
Outcome 4: Effective implementation of the programme ensured	<ul style="list-style-type: none"> Programme successfully implemented 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> NRGP Reports 	
Outputs: 4.1 Effective implementation of the programme ensured 4.2 Effective M & E System in place	<ul style="list-style-type: none"> PMU Established with full complement of staff No of NPSC meetings held All logistics provided to staff Number of Withdrawal Applications made annually AWP&B prepared and approved by NPSC by 1st November of the year AWP&B prepared and submitted to Financing Agencies for approved by 	<ul style="list-style-type: none"> The PMU has been established with the full complement of staff 5 AWP&B prepared and implemented for the past 5 years All PMU reports prepared and submitted on time The Programme receives 	<ul style="list-style-type: none"> NRGP Reports Minutes of NPSC Meetings Monitoring Reports Mission Aide Memoires NRGP Audit Reports 	

Narrative Summary	Key Performance Indicators	Progress	Means of Verification	Assumptions (A) / Risks (R)
	1st December of the year ▪ % of AWP&B disbursed ▪ Number of monitoring visits to project sites conducted ▪ Number of Quarterly, Annual and Audit reports submitted on time ▪ Programme receive satisfactory rating from Missions	satisfactory rating from missions • • • • •		

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

Agreed Actions

#	Agreed Action	Responsibility	Deadline
	Component A		
1	Recruit FAs for Shea, Sesame, vegetable and animal windows based on geographical locations and clearly define roles and deliverables	PMU/VCS	31 st January, 2014
2	Grade DVCCs and FBOs to focus support where most needed	PMU/POS/FA	31 st May, 2014
3	Develop exit strategies for DVCCs (including strategy for funds generation)	PMU	31 st March, 2014
4	Develop viable linkages with larger off-takers (Olam for sesame, Avnash for rice, Nestle for Maize/millet, Akati Farms, Premier Foods, Ghana nuts, Poultry feed manufacturers for maize and soya)	PMU/VCS	28 th February, 2014
	Component B		
6	Assessment of financial viability of irrigation schemes with emphasis on cost of operations and maintenance to ensure sustainability	PMU/IE	30 th June, 2014
7	Develop a business plan (financial, management arrangement and operations) of warehouses and packhouses <ul style="list-style-type: none"> TORs developed for the 2 studies by 16th Dec, 2013 Consultants to be recruited by 28th Feb, 2014 Studies completed by 31st May, 2014 	PMU/VCS	16 th Dec, 2013 28 th Feb, 2014 31 st May, 2014
	Component C		
8	Secure financing arrangement with larger banks by March, 2014: <ul style="list-style-type: none"> Agency lending with RCBs Direct lending through larger off-taker agreements with agribusiness Greater promotion of successful model with RCBs 	PMU/RFSS/Agri-Finance Consultant/	31 st March, 2014
9	Secure financing arrangement with use Outgrower Value Chain Fund (OVCF) for medium term finance to complement MG facility (agency lending or through on-lending from RCBs as appropriate)	PMU/RFSS	31 st March, 2014
10	Develop increased access to rural finance through: <ul style="list-style-type: none"> Enhanced access to RCBs: Encourage FBOs to make repayments on time Encourage FBOs to submit timely applications for seasonal finance by 15th April, 2014 Where RCB balance sheets permit, encourage on-lending through them from larger banks 	PMU/RFSS/FA	31 st May, 2014
	Component D		
	M & E		
11	Develop a lighter template for the quarterly reports that is less heavy in text and more focused on numbers and tables	PMU/M&ES	April, 2014
12	Bring (net) income indicators into client data base, and assure that the database allows to follow the year-year development of each client	PMU/M&ES	31 st March, 2014
	Management		
13	Engaging a highly competent Deputy National Programme Coordinator (DNPC) to add value to technical staff outputs and deputize for the NPC.	PMU/NPC/Chief Director, MOFA	30 th June, 2014
14	Realign the TORs of the Rural Engineer and Irrigation Engineer to avoid duplication	PMU/NPC	16 th Dec, 2013
15	Adoption of an evaluation grid for annual staff evaluation	PMU/NPC	31 st January, 2014
16	Assess and identify training & development needs of staff	PMU/NPC	31 st Dec, 2013
17	Training and competency development budgeted in AWPB	PMU/NPC	Immediate

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

Component/ Sub-component or Output	Indicator	Unit	Period: January to November 2013			Cumulative Actual	Appraisal/MT R Target	
			AWP&B	Actual	%			%
Component 1: Commodity Chain Development								
Sub-component: Strengthening Farmer Based Organizations	Households receiving project services	No	8,000	6,416	80.2	23,882	45,000	53.10
	Groups receiving project services	No	500	520	104	1,507	2,000	75.35
	People receiving project services	Male	6,000	4,478	74.63	12,755	30,000	42.52
	Community groups formed/strengthened ³	Female	4,000	3,542	88.55	17,044	20,000	85.22
		No	500	520	104	1,507	2,000	75.35
	People in community groups formed/strengthened	Male	6,000	4,478	74.63	12,755	30,000	42.52
		Female	4,000	3,542	88.55	17,044	20,000	85.22
	Community groups with women in leadership position	No	200	96	48	548	900	60.88
	Increase productivity ⁴ and production of smallholders by 7% by 2011 and 20% by 2017							
	• Maize (0.8mt/ha)	Mt/Ha	3.0	2.52 ⁵	-	2.52	5.5	45.81
• Soya (0.5mt/ha)	Mt/Ha	2.0	1.5	-	1.5	4	37.5	
• Sorghum (0.5mt/ha)	Mt/Ha	1.5	1.3	-	1.3	3	43.3	
Increase incomes ⁶ of rural households by 6% in 2011 and 15% by 2017								
	%	20	134	-	134	15	-	

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

⁴ Productivity for maize has increased by over 212.50% over the base year, soya by over 200% over the base year and 160% for sorghum over the base year.

⁵ The yield figures reported are figure for 2012 as the harvest for 2013 has not taken place yet

⁶ A participatory Outcome Assessment (POA) showed that, average incomes of farmers had increased from GHC302.7 to GHC709.60 representing an increase of 134%. A new POA has been conducted, but the results are yet to be finalized

Component/ Sub-component or Output	Indicator	Unit	Period: January to November 2013			Cumulative Actual	Appraisal/MT R Target	
			AWP&B	Actual	%		Target	%
	No. of radio Broadcast to disseminate technologies	No	100	53	53	98	400	24.50
	Number of Agric Staff trained	No	600	256	42.66	937	-	-
	Vol. of produce ⁷ produced	Mt	20,000	-	-	31,918	311,552	10.24
Sub-component: Commodity IPB established	Apex organisations formed/strengthened	No	2	0	0	3	6	50
	DVCCs established	No	8	8	100	43	-	-
Sub-component: Prepare and implement Commodity Business Plans	Number of CBPs prepared and implemented	No	2	2	100	4 ⁸	4	50
Sub-component CDF established and disbursed	% of CDF disbursed	%	2	1.8	90	1.8	80	2.25
	11 Commercial ventures are established	No	10	3	30	37	100	37
Component 2: Rural Infrastructure Development								
Sub-component: Irrigation Infrastructure Development	Land under irrigation schemes constructed/rehabilitated	Ha	900	182	20	414	2,828.60	14.64
	41 small scale irrigation schemes ⁹ constructed	No	41	0	0	0	41	0
	Flood Recession Schemes constructed and Soil and water conservation techniques	Ha	200	0	0	200	1,000	20

⁷ The produce are yet to harvested for 2013.

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

⁹ The Irrigation schemes are still being designed for construction

Component/ Sub-component or Output	Indicator	Unit	Period: January to November 2013			Cumulative Actual	Appraisal/MT R Target	%
			AWP&B	Actual	%			
	promoted							
	Number of WUAs established and functional	No	20	21	105	69	325	34.50
<i>Sub-component: Marketing¹⁰ Infrastructure Development</i>	Roads constructed	Km	200	0	0	108	600	18
	Farm access tracks reh/constructed	Km	0	0	0	0	200	0
	Storage facilities constructed/rehabilitated	No	0	0	0	0	10	0
	Pack houses constructed	No	0	0	0	0	4	0
	Groups managing infrastructure formed/strengthened*	No	0	0	0	0	0	0
	People in groups managing infrastructure formed/strengthened	No	0	0	0	0	0	0
	Groups managing infrastructure with women in leadership position	No	0	0	0	0	0	0
Component 3: Access to Rural Finance	Financial institutions participating in the project	No	8	0	0	24	30	80
	Saving and credit groups formed/strengthened	No	500	520	104	1,507	2,000	75.35
	People in saving and credit groups formed/strengthened	Male	6,000	4,478	74.63	12,755	30,000	42.52
		Female	4,000	3,542	88.55	17,044	20,000	85.22
	Saving and credit groups with women in leadership position	No	200	96	48	548	900	60.88

¹⁰ Under the Marketing Infrastructure Development Component, apart from feeder roads which has commenced, the farm access tracks, the warehouses/pack houses are still being designed for construction.

Component/ Sub-component or Output	Indicator	Unit	Period: January to November 2013			Cumulative Actual	Appraisal/MT R Target	%
			AWP&B	Actual	%			
	Staff of financial institutions trained	No	60	75	125	85	100	85
	Enterprises accessing financial services facilitated by the project	No	34	37	108.8	37	100	37
	Value of gross loan portfolio	USD	1,842,100	1,513,183.22	82.14	3,788,690.22	3,000,000	126.29
	Value of voluntary savings	USD	184,210	281,133.57	152.62	508,683.67	300,000	169.56
	Active borrowers (disaggregated by gender)	Male	6,000	4,478	74.63	12,755	30,000	42.52
		Female	4,000	3,542	88.55	17,044	20,000	85.22
	Active savers (disaggregated by gender)	Male	6,000	4,478	74.63	12,755	30,000	42.52
		Female	4,000	3,542	88.55	17044	20,000	85.22
Component 4: Programme Mgt, Coordination & M & E	No of NPSC meetings held	No	2	2	100	8	16	50
	AWP&B prepared and approved by NPSC by 1st November of the year	No	1	0	-	4	8	50
	AWP&B prepared and submitted to Financing Agencies for approved by 1st December of the year	No	1	0	100	4	8	50
	Number of Quarterly, Annual and Audit reports submitted on time	No	4	2	50	16	32	50

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

Appendix 5A: Financial Performance by Financier

	Allocation at Appraisal	Disbursements	disbursed
Financier	(USD '000)	(USD '000)	%age
IFAD Loan	22 325.0	9 461.1	42.4%
IFAD Grant	400.0	100.0	
AfDB	61 215.0	-	0.0%
PFI	4 608.0	2 943.1	63.9%
Private Investors	936.0	602.2	64.3%
GoG	10 370.0	2 302.5	22.2%
Beneficiary Contribution	3 699.0	1 268.8	34.3%
Total	103 553.0	16 677.5	16.1%

Appendix 5B: Financial Performance by Component as at 31 May 2013

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Appendix 5C: IFAD loan disbursement by Category (SDR'000) and Projected Loan Utilisation as at 31 October 2013.											
Category Description		Financing	Loan Amount Allocation	Grant Allocation	Total Disbursement to Date to WA 22	%age Disbursed	WA 23 pending submission		Projected Loan Utilisation as at 31.10.13 SDR	Projected Loan Balance as at 31.10.13 SDR	%age Disbursed
			SDR'000	SDR'000	SDR'000				SDR'000	SDR'000	
I	Civil works (excluding Component B)	100	510.0	-	-	-		0.0	-	510.0	0%
II	Commodity Chain Development			-	-				-		
	(a) Private Goods	100	870.0	-	19.2	2%		0.0	19.2	850.8	2%
	(b) Public Goods	100	140.0	-	-	0%		0.0	-	140.0	0%
III	Vehicles, Goods and Equipment (excluding Component B)	100	720.0	-	417.6	58%	7.4	5.0	422.5	297.5	59%
IV	Technical Assistance, and Support (excluding Component B)	100	4 400.0	-	987.3	22%		0.0	987.3	3 412.7	22%
V	Training and Studies (excluding Component B)	100	4 160.0	-	2 163.6	52%	582.7	388.5	2 552.0	1 608.0	61%
VI	Regional Exchange Programmes	100		0.3	-			0.0	-	-	0%
VII	Salaries and Allowances	100	1 560.0	-	870.7	56%	110.0	73.3	944.0	616.0	61%
VIII	Operating Costs	100	770.0	-	735.8	96%	44.1	29.4	765.2	4.8	99%
VIII	Unallocated		1 120.0	-	-	0%		0.0	-	1 120.0	0%
	Subtotal		14 250.0		5 194.1	36%	744.2	496.2	5 690.3	8 559.7	40%
	Authorized Amount - Special Account		-		1 004.8						
	TOTAL		14 250.0	-	6 199.0	44%			USD	12 840	

Appendix 5d: 2013 AWPB performances for 9 months period to 30 September 2013.

Categories	IFAD Loan			IFAD Grant			AFDB			GOG			PFIs			Private Investors			Beneficiaries			Total		
	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age
Category I: Civil Works	28	-	0%	-	-	0%	25,100	3,315	13%	1,119	-	0%	-	-	0%	-	-	0%	-	-	0%	26,247	3,315	13%
Category II (a): Private Goods	150	-	0%	-	-	0%	-	-	0%	-	-	0%	2,000	668	33%	400	216	54%	700	245	35%	3,250	1,129	35%
Category II (b): Public Goods	810	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	810	-	0%
Category III: Vehicles, Goods and Equipment	281	24	9%	-	-	0%	1,720	96	6%	178	4	2%	-	-	0%	-	-	0%	-	-	0%	2,179	124	6%
Category IV: Technical Assistance and Support	2,048	0	0%	-	-	0%	1,933	-	0%	192	-	0%	-	-	0%	-	-	0%	-	-	0%	4,173	0	0%
Category V: Training and Studies	971	679	70%	-	-	0%	580	472	81%	97	154	159%	-	-	0%	-	-	0%	-	-	0%	1,649	1,305	79%
Category VI: Regional Exchange Programmes	20	-	0%	20	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	40	-	0%
Category VII: Salaries and Allowances	569	248	43%	-	-	0%	158	81	52%	127	4	3%	-	-	0%	-	-	0%	-	-	0%	854	333	39%
Category VIII: Operating Costs	101	142	141%	-	-	0%	52	18	35%	30	89	300%	-	-	0%	-	-	0%	-	-	0%	183	249	136%
Total	4,978	1,093	22%	20	-	0%	29,544	3,983	13%	1,742	250	14%	2,000	668	33%	400	216	54%	700	245	35%	39,384	6,454	16%

Appendix 5e: Analysis of SoEs Expenditure Random Tests for WA's 20 and 21.

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Appendix 5: Actual Financial Performance by Financier as of 31 October 2013 in USD

Item	WA	WA Amount USD	Item no.	Category	Transaction description	GHC	USD Amount	Consistent with Loan Agreement	Comments
1	21	596,446.43	Sheet 1 item 1	III	Procurement of Office Equipment	89,162.25	47,487.35	✓	Agreed to the supporting documents and the appropriate procurement process.
2			Sheet 1 item 1	V	consultancy services for MTR	38,302.00	19,151.00	✓	Agreed to the supporting documents and contract.
3			sheet 1 item 2	V	Abdalah Husein-Susistence allowance -OA-pv0003617	15,807.94	8,430.00	✓	Agreed to the payment documents, DSA rate approved UN document and the number of days per itinerary.
4			sheet 2 item 7	V	Atanga Osbert-MTR Expenses-0004239	13,005.06	6,892.29	✓	Agreed to the supporting documents approved by the NPC. Retirement documents seen.
5			Sheet 3 item 11	V	FNNdarimani-Mini wrap up for MTRcosts PV 0004243	25,286.46	13,401.06	✓	Agreed to the supporting documents attendance list and signed DSA and facilitation cost sheet.
6			sheet 6 item 22	V	Paul Siameh PMU costs for AWPB-pv 0004287	23,802.02	12,731.76	✓	Agreed to the supporting documents attendance list and signed DSA and facilitation cost sheet.
7			sheet 7 item 26	V	Paul Siameh costs for AWPB Upper Eastern Region-pv 0004289	26,569.70	14,212.20	✓	Agreed to the supporting documents attendance list and signed DSA and facilitation cost sheet.
8			sheet8 item 28	V	Paul Siameh costs for AWPB Tamale-pv 0004289	30,621.76	16,379.65	✓	Agreed to the supporting documents attendance list and signed DSA and facilitation cost sheet.
9			sheet 10 item38	V	findarimaani-cost of trip to damongo-pv0004326	21,175.61	11,326.88	✓	Agreed to the supporting documents attendance list and signed DSA and facilitation cost sheet.
10			sheet 11 item 39	V	dda-Talens/Nabdam PV 0004328-cost fo 3rd and fourth quarter-pv 0004328	9,725.00	5,209.19	✓	Agreed to the supporting documents attendance list and signed DSA and facilitation cost sheet.
11			sheet 13 item 48	V	Emmanuel Asante -Kroba-staff allowance to MOFA for MTR-pv004351	17,837.28	9,521.20	✓	Agreed to the supporting documents approved by the NPC. Retirement documents seen. However the sitting allowance paid GHC10500, did not have a supporting circular.
12			sheet 14 item 51	V	DDA -GaruTempanecost for 3rd and 4 quarter Garu-pv 0004356	8,883.00	4,751.51	✓	Agreed to the payment documents and retirement.
13			Sheet 16 item 60	V	DDA -bongo-cost for 3rd and 4 quarter Garu-pv 0004366	10,116.50	5,411.34	✓	Agreed to the supporting documents approved by the NPC. Retirement documents seen.
14			sheet 16 item 63	V	DDAEAST MAPRUSI-cost for 3rd and 4 quarter Garu-pv 0004370	8,273.00	4,425.25	✓	Agreed to the payment documents, retirement and workshop attendance list.
15			Sheet18 item 70	V	Central Gonja-cost for 3rd and 4 quarter Garu-pv 0004378	10,050.50	5,376.04	✓	Agreed to the payment documents and retirement signed documents
16			sheet 19 item 72	V	RDA Brong-cost for 3rd and 4 quarter Garu-pv 0004380	9,835.50	5,261.03	✓	Agreed to the payment documents and signed retirement documents
17			sheet 1 item 1	VII	Salaries Oct 2012-PV 0004259	19,361.73	10,261.13	✓	Agreed to the Contract of employment and payroll
18			Sheet 3 item 11	VII	Salaries arrears October 2012-pv4268	14,166.47	7,507.80	✓	Agreed to the Contract of employment and payroll
19			Sheet 4 item 14	VII	IRS PAYE October 2012-pv 0004275	15,110.18	8,007.94	✓	Agreed to the Contract of employment and payroll
20			Sheet 7 item 28	VII	Salaries Nov 2012-pv 0004332	19,806.07	10,594.31	✓	Agreed to the Contract of employment and payroll

21			Sheet 1 item 1	VIII	Tyres pv 0005022	34,960.00	17,229.31	✓	Agreed to the supporting documents and procurement process, and the stock card.
22			Sheet 1 item 11	VIII	Indarimani- cost NPSC-pv 4198	19,907.20	10,533.47	✓	Agreed to the payment documents retirement signed receipt documents
23			Sheet 6 item 24	VIII	Next door Enterprise-pv 4238	8,487.30	4,498.01	✓	Agreed to the supporting documents, and procurement procedures./
24			Sheet 9 item 35	VIII	Total supplies and service-pv4279	20,718.55	11,082.40	✓	Agreed to the supporting documents invoices receipts and GRNs.
29	22	898,682.57	sheet 1 item	III	NIBRAZGHANA LTD-pv 004549	30,091.25	15,733.16	✓	Agreed to the supporting documents and appropriate procurement process
30			sheet 1 item 1	V	inspired International LLC-Training		22,595.00	✓	Agreed to the contract and the IFAD NO objection
31			sheet 1 item 3	V	SRC Consulting -Baseline survey-pv		90,356.25	✓	Agreed to the contract and the IFAD NO objection
32			Sheet 3 item 1	IV	VICADA consult-M&E system		13,167.00	✓	Agreed to the contract and the IFAD NO objection
33			sheet 1 item4	V	IFDC Togo-Farmers training Videos-pv0003628	30,641.60	16,000.00	✓	Agreed to Correspondence between IFAD etc
34			Sheet 4 item 15	V	Paul Siameh Visit t Burkina Faso-pv 4403	9,470.00	5,042.54	✓	Agreed to the payment documents and and the UN rate
35			Sheet 5 item21	V	Review of performance indicators-pv	20,665.89	11,003.03	✓	Agreed to the supporting document and return receipts. Except the M&E officer received both DSA and Sitting allowance.

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36			Sheet 6 item 25	V	RDA Northern Region-3rd and 4th qtr extension -pv0004453	18,956.00	10,092.91	✓	Agreed to the payment documents, retirement and workshop attendance list.
37			sheet 7 item 29	V	findarimaanifield trips for IFAD design team-pv004457	17,056.14	9,081.11	✓	Agreed to the supporting documents and retirement receipts.
38			sheet 7 item 30	V	findarimaanifield trips for IFAD design team-pv004458	14,342.10	7,636.09	✓	Agreed to the retirement documents and signed attendance list
39			sheet 9 item 35	V	eantwi-DSAs for field trips-pv0004477	7,584.82	4,038.35	✓	Agreed to the supporting documents and retirement
40			sheet 10 item 40	V	DDA Sawla--3rd and 4th qtr extension -pv0004488	7,383.00	3,891.93	✓	Agreed to the payments documents and retirement documents.
41			sheet 9 item 46	V	eantwi-DSAs for training Workshop-pv0004501	7,547.30	4,565.27	✓	Agreed to the retirement documents and signed attendance list
42			sheet 9 item 8	V	eantwi-DSAs for training Workshop-pv0004503	8,720.00	5,274.62	✓	Agreed to the payments documents and retirement documents.
43			Sheet 14 item56	V	findarimaanifield trips for IFAD enhancement team-pv004513	19,818.75	10,447.42	✓	Agreed to the retirement documents and retirement documents.
44			sheet 15 item 60	V	PBDere50% for Consultancy TNA-pv4531	32,404.50	17,081.97	✓	Agreed to the contract, IFAD letter of NO objection and other payment documents
45			Sheet 16 item 64	V	MAAhmed expansion for the expansion of soil and conservation-004541	37,000.00	19,504.48	✓	Agreed with the supporting retirement documents.
46			sheet 17 item 70	V	findarimaanifield trips for M&E training-pv004450	23,343.57	12,205.15	✓	Agreed to the supporting documents and returns.
47			Sheet 18 item 72	V	Dela Sipitey-Pv 0004561 planning w/shop 2013 season	29,916.45	15,770.40	✓	Agreed to the payment documents, retirement and workshop attendance list.
48			sheet 22 item87	v	findarimaanifield trips for mini wrap up IFAD Mission-pv004495	35,762.84	18,434.45	✓	Agreed to the supporting documents retirement receipts. However the honorarium is debatable.
49			Sheet 1 item 1	VII	Staff salaries Jan 2013-pv 4405	19,862.77	10,575.43	✓	Agreed to the Contract of employment and payroll
50			Sheet 1 item 1	VII	Staff salaries april 2013-pv 4514	20,055.01	10,571.96	✓	Agreed to the Contract of employment and payroll
51			sheet 2 item 6	VIII	findarimaani cost NPSC-pv004422	17,851.96	9,504.82	✓	Agreed to the supporting documents and return receipts. However the hotel receipts are not supported with invoices.
52			Sheet 9 item 35	VIII	Vanguard Assurance -PV4550	21,552.09	11,268.48	✓	AGREED TO THE PAYMENT DOCUMENTS AND REGISTER OF ASSETS
Total			1,495,129.00				623,523.94	42%	

Appendix 6: Loan Covenants

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 2.03	Opening of 2 Special Accounts in USD	Signature of agreement	Done	
	Deposit of Authorized Allocation of USD 1,500,000 for the Loan Special Account.	Start of project	Done	
	Deposit US\$100,000 in the Grant Special Account		Done	
Section 3.02	Submission of AWPB each year to IFAD for approval	Annual	On-going	Delay in submitting AWPB to IFAD. Negative impact on project activities
Section 3.03	Opening of Project Account, Accounts in cedis	Start of project and	Done	
Section 3.05	Transfer of annual GoG counterpart funds in accordance with AWPB	Quarterly transfers	On-going	The Government did not provide enough money for 2012 only 23% of the requested amount.
Section 3	Programme Development and Implementation Partnership	Done		
Section 4.02	Submission of semi-annual and annual progress reports to IFAD	Twice a year	On-going	
Section 4.03	Mid-Term Review (MTR) carried out jointly by Borrower, IFAD and	Carried out	Done	
Section 4.04	Submission of completion report	2017	2017	Not due
Section 5.01	Submission of consolidated annual financial statements to IFAD	3 months after year end	On-going	2012 Financial Statements were submitted on time.
Section 5.02	Appointment of auditors by Borrower for each fiscal year	Not specified	Done	Auditor selected for 2011 and 2012 FY.
	Submission of audit report to IFAD each year	30 th June	2012	
Schedule 2	Signature of subsidiary agreement between Borrower and BoG	Not Specified	First quarter Of 2010.	
Schedule 3	Establishment of Project Steering Committee	Project effectiveness	Done	

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
	Establishment of PCMU and recruitment of key staff	Not specified	Done	
	Submission of Project Implementation Manual to IFAD's approval	Project effectiveness	Done	PIM is under review. The project is waiting for the final document.
Schedule 4	Procurement of goods, works and services in accordance with the procedures laid down in Schedule 4	On-going		

Appendix 7: Knowledge management: Learning and Innovation

Learning

Establishment of District Value Chain Committees

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

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

Farmer Business Book (FBB)

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

Innovation: Describe any interesting innovation noted during supervision

Participatory Outcome Assessment (POA)

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

Special Purpose Vehicles (SPVs)

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

Annex 1: Financial management report

Detailed Work Done, agreed Actions and recommended Way forward.

A. Financial Management

1. **Overall Overview:** - On the overall the financial management is satisfactory. On the positive side the WA application Claims for replenishment of the Special Account is up-to date as at 31 October 2013. The books of Account, which are fully automated using Sun systems accounting software, are up-to-date, and the management financial statements particularly the Receipt and payments as at 30 September have been prepared accurately. However, on the negative side, WA's are submitted in sums that are way above the 30% of the initial deposit threshold. Also, the Procurement at AWPB and design overall level has lagged behind. The programme has addressed the bottlenecks contributing to this status. The reported procurement human resources capacity has now been addressed. In the recent past the NPCO is reported to have been diverted from the core NRGPs responsibilities, as a result of being engaged in various key IFAD and AfDB missions that were designing and/or enhancing the future GASIP/ NRGPs programmes. NPCO now confirms that they will now deploy and prioritise their time resources and ensure procurement plan is implemented in a timely manner.

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

3. **Financial Management Systems, Internal Controls and their performance:** The financial management systems, internal controls and procedures exist and have largely been incorporated in the Financial Management Manual (FMM). These include financial planning through AWPBs, financial data capturing and accounting system, financial cash flow management, monitoring and reporting, and procurement and auditing. The Programme financial transactions are captured and accounted for using the Sun Systems Accounting System, which is a top of the range accounting and reporting system. The internal controls also exist particularly those related to the authorization and approval of the payment for expenditures. However, a number of areas require improvement in terms of enhancement with best practices, enforcement of their performance, and inclusion in the financial management manual (FMM). Although (FMM) is well designed and includes all the key systems and procedures, it should be revised to include financial statements templates for the audit and progress reports. **The best practices for preparation of quarterly financial statements should be adopted as opposed to the current practice of preparing financial statements only at statutory year-end or as and when financial statements are needed.**

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

- a) The reconciliation of the Special Programme Account for use as a management tool for tracking the levels of the expenditure that is pending Withdrawal Application preparation and submission. The WA should be submitted as soon as the prescribed threshold of 30% threshold of the Initial deposit is achieved.
- b) Quarterly resources and expenditure statements. The expenditures should be presented by components as well as by expenditure categories. The resulting surplus or deficit must be reconciled with the cash and Bank Balances.
- c) Quarterly report on actual expenditure by activities and compared with the respective budgets. Significant variances should be suitably explained.
- d) The reports as above should be reviewed by the full PCU and action list be generated for follow-up.

5. **2013 AWPB Performance against actual:** The mission reviewed the budget performance to date for financial year. As at the end of September the overall and execution rate is 16%. The IFAD planned expenditure has achieved 20%, while GoG and AfDB achieved 13% and 14% respectively. This level of implementation is low.

Table 1: **2013 AWPB performances for 9 months period to 30 September 2013.**

Categories	IFAD Loan			IFAD Grant			AFDB			GOG			PFIs			Private Investors			Beneficiaries			Total		
	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age	Budget USD'000	Actual USD'000	%age
Category I: Civil Works	28	-	0%	-	-	0%	25,100	3,315	13%	1,119	-	0%	-	-	0%	-	-	0%	-	-	0%	26,247	3,315	13%
Category II (a): Private Goods	150	-	0%	-	-	0%	-	-	0%	-	-	0%	2,000	668	33%	400	216	54%	700	245	35%	3,250	1,129	35%
Category II (b): Public Goods	810	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	810	-	0%
Category III: Vehicles, Goods and Equipment	281	24	9%	-	-	0%	1,720	96	6%	178	4	2%	-	-	0%	-	-	0%	-	-	0%	2,179	124	6%
Category IV: Technical Assistance and Support	2,048	0	0%	-	-	0%	1,933	-	0%	192	-	0%	-	-	0%	-	-	0%	-	-	0%	4,173	0	0%
Category V: Training and Studies	971	679	70%	-	-	0%	580	472	81%	97	154	159%	-	-	0%	-	-	0%	-	-	0%	1,649	1,305	79%
Category VI: Regional Exchange Programmes	20	-	0%	20	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	-	-	0%	40	-	0%
Category VII: Salaries and Allowances	569	248	43%	-	-	0%	158	81	52%	127	4	3%	-	-	0%	-	-	0%	-	-	0%	854	333	39%
Category VIII: Operating Costs	101	142	141%	-	-	0%	52	18	35%	30	89	300%	-	-	0%	-	-	0%	-	-	0%	183	249	136%
Total	4,978	1,093	22%	20	-	0%	29,544	3,983	13%	1,742	250	14%	2,000	668	33%	400	216	54%	700	245	35%	39,384	6,454	16%

6. **Assets Register and utilisation of assets therein:** The mission reviewed the Asset register and confirms that on the overall it is appropriately maintained.

7. **Review of the SPA and other Programme Accounts:** The mission reviewed the operation of the Special Account and other Programme Account and confirms that the Special Account allocation of USD 1.5 million is fairly accounted for as at 30 September 2013. The Special Account has a cash balance of USD 498,839 while the Programme Operation and Zones accounts had a combined balance of USD 302,740. The key-reconciling item is WA 23 for USD 513,922, which is undergoing approval processes by the MoF, and which will be submitted to IFAD in due course. There is also a credit amount in the SPA of USD 45,812, which was borrowed from GoG account, and has since, been paid back in November 2013.

Table 3: **Reconciliation of the SPA as at 30 September 2013.**

Item	Description	Value (USD)	
1	Authorised Allocation		1,500,000
2	Balance in the Special Account	498,839	
3	Balance in the Programme Account	302,391	
4	Balance in the local accounts in the Zones	349	
5	Proceeds of WA 23 undergoing approval process with MoF	744,233	
6	Proceeds of borrowing from GoG (paid back in November 2013)	(45,812)	
	Total		1,500,000

8. **Statements of Expenditure (SoEs) Review:** - The Mission reviewed at random the SoEs supporting the draft withdrawal applications (WAs) 20 and 21, totalling USD 1.50 million, that were submitted for replenishment of the SPA since the last mission. The random

selection included 52 items totalling USD 622,641 representing 42 % of the total WAs value. The mission reviewed the supporting SOEs of the sample with the aim of confirming the expenditures' eligibility for claim and replenishment from IFAD. The bulk of the expenses in the sample were validated with supporting documents and were found to be in accordance with the laid down procurement procedures and the Financing Agreement, and therefore eligible for claim. **However, the form templates for accounting for the imprests require improvements in terms of details that facilitate disclosures of the number of days, distances and other details on which DSAs and fuel costs are calculated.** At the moment the costs are accounted for in lump sums.

Table 4: Analysis of SoEs Expenditure Random Tests for WA's 20 and 21.

Item	WA	WA Amount USD	Item no.	Category	Transaction description	GHC	USD Amount	Consistent with Loan Agreement	Comments
1	21	596,446.43	Sheet 1 Item 1	III	Procurement of Office Equipment	89,162.25	47,487.35	✓	Agreed to the supporting documents and the appropriate procurement process.
2			Sheet 1 Item 1	V	consultancy services for MTR	38,302.00	19,151.00	✓	Agreed to the supporting documents and contract.
3			sheet 1 Item 2	V	Abdulah Husein-Sustenance allowance -OA-pv0003617	15,807.94	8,430.00	✓	Agreed to the payment documents, DSA rate approved UN document and the number of days per itinerary.
4			sheet 2 Item 7	V	Atanga Osbert-MTR Expenses-0004239	13,005.06	6,892.29	✓	Agreed to the supporting documents approved by the NPC. Retirement documents seen.
5			Sheet 3 Item 11	V	FNNdarimani-Mini wrap up for MTRcosts PV 0004243	25,286.46	13,401.06	✓	Agreed to the supporting documents attendance list and signed DSA and facilitation cost sheet.
6			sheet 6 Item 22	V	Paul Siameh PMU costs for AWPB-pv 0004287	23,802.02	12,731.76	✓	Agreed to the supporting documents attendance list and signed DSA and facilitation cost sheet.
7			sheet 7 Item 26	V	Paul Siameh costs for AWPB Upper Eastern Region-pv 0004289	26,569.70	14,212.20	✓	Agreed to the supporting documents attendance list and signed DSA and facilitation cost sheet.
8			sheet8 Item 28	V	Paul Siameh costs for AWPB Tamale-pv 0004289	30,621.76	16,379.65	✓	Agreed to the supporting documents attendance list and signed DSA and facilitation cost sheet.
9			sheet 10 Item38	V	Isdarimaani-cost of trip to damongo-pv0004326	21,175.61	11,326.88	✓	Agreed to the supporting documents attendance list and signed DSA and facilitation cost sheet.
10			sheet 11 Item 39	V	dda-Talenu/Nabdam PV 0004328-cost for 3rd and fourth quarter-pv 0004328	9,725.00	5,209.19	✓	Agreed to the supporting documents attendance list and signed DSA and facilitation cost sheet.
11			sheet 13 Item 48	V	Emmanuel Asante-Kirobea-staff allowance to MOFA for MTR-pv004351	17,837.28	9,521.20	✓	Agreed to the supporting documents approved by the NPC. Retirement documents seen. However the sitting allowance paid GHCI0500, did not have a supporting circular.
12			sheet 14 Item 51	V	ODA -GaruTempanecost for 3rd and 4 quarter Garu-pv 0004356	8,883.00	4,751.51	✓	Agreed to the payment documents and retirement.
13			Sheet 16 Item 60	V	ODA -bongo-cost for 3rd and 4 quarter Garu-pv 0004366	10,116.50	5,411.34	✓	Agreed to the supporting documents approved by the NPC. Retirement documents seen.
14			sheet 16 Item 63	V	ODAEAST MAPRI/USI-cost for 3rd and 4 quarter Garu-pv 0004370	8,273.00	4,425.25	✓	Agreed to the payment documents, retirement and workshop attendance list.
15			Sheet18 Item 70	V	Central Gonja-cost for 3rd and 4 quarter Garu-pv 0004378	10,050.50	5,376.04	✓	Agreed to the payment documents and retirement signed documents
16			sheet 19 Item 72	V	RDA Brong-cost for 3rd and 4 quarter Garu-pv 0004380	9,835.50	5,261.03	✓	Agreed to the payment documents and signed retirement documents
17			sheet 1 Item 1	VII	Salaries Oct 2012-PV 0004259	19,361.73	10,261.13	✓	Agreed to the Contract of employment and payroll
18			Sheet 3 Item 11	VII	Salaries arrears October 2012-pv4268	14,166.47	7,507.80	✓	Agreed to the Contract of employment and payroll
19			Sheet 4 Item 14	VII	IRS PAYE October 2012-pv 0004275	15,110.18	8,007.94	✓	Agreed to the Contract of employment and payroll
20			Sheet 7 Item 28	VII	Salaries Nov 2012-pv 0004332	19,806.07	10,594.31	✓	Agreed to the Contract of employment and payroll

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21			Sheet 1 item 1	VIII	Tyres pv 0005022	34,960.00	17,229.31	✓	Agreed to the supporting documents and procurement process, and the stock card.
22			Sheet 1 item 11	VIII	Indarimani- cost NPSC-pv 4198	19,907.20	10,533.47	✓	Agreed to the payment documents retirement signed receipt documents
23			Sheet 6 item 24	VIII	Next door Enterprise-pv 4238	8,487.30	4,498.01	✓	Agreed to the supporting documents, and procurement procedures./
24			Sheet 9 item 35	VIII	Total supplies and service-pv4279	20,718.55	11,082.40	✓	Agreed to the supporting documents invoices receipts and GRNs.
29	22	898,682.57	sheet 1 item	III	NIBRAZGHANA LTD-pv 004549	30,091.25	15,733.16	✓	Agreed to the supporting documents and appropriate procurement process
30			sheet 1 item 1	V	inspired International LLC-Training		22,595.00	✓	Agreed to the contract and the IFAD NO objection
31			sheet 1 item 3	V	SRC Consulting -baseline survey-pv		90,356.25	✓	Agreed to the contract and the IFAD NO objection
32			Sheet 3 item 1	IV	VICADA consult-M&E system		13,167.00	✓	Agreed to the contract and the IFAD NO objection
33			sheet 1 item4	V	IFDC Togo-Farmers training Videos-pv003628	30,641.60	16,000.00	✓	Agreed to Correspondence between IFAD etc
34			Sheet 4 item 15	V	Paul Siameh Visit t Burkina Faso-pv 4403	9,470.00	5,042.54	✓	Agreed to the payment documents and the UN rate
35			Sheet 5 item21	V	Review of performance indicators-pv	20,665.89	11,003.03	✓	Agreed to the supporting document and return receipts. Except the M&E officer received both DSA and Sitting allowance.

Item	WA	WA Amount USD	Item no.	Category	Transaction description	GHC	USD Amount	Consistent with Loan Agreement	Comments
36			Sheet 6 item 25	V	RDA Northern Region-3rd and 4th qtr extension -pv0004453	18,956.00	10,092.91	✓	Agreed to the payment documents, retirement and workshop attendance list.
37			sheet 7 item 29	V	Indarimafield trips for IFAD design team-pv004457	17,056.14	9,081.11	✓	Agreed to the supporting documents and retirement receipts.
38			sheet 7 item 30	V	Indarimafield trips for IFAD design team-pv004458	14,342.10	7,636.09	✓	Agreed to the retirement documents and signed attendance list
39			sheet 9 item 35	V	earntel-DSAs for field trips-pv0004477	7,584.82	4,038.35	✓	Agreed to the supporting documents and retirement
40			sheet 10 item 40	V	ODA Savela-3rd and 4th qtr extension -pv0004488	7,383.00	3,891.93	✓	Agreed to the payments documents and retirement documents.
41			sheet 9 item 46	V	earntel-DSAs for training Workshop-pv0004501	7,547.30	4,565.27	✓	Agreed to the retirement documents and signed attendance list
42			sheet 9 item 8	V	earntel-DSAs for training Workshop-pv0004503	8,720.00	5,274.62	✓	Agreed to the payments documents and retirement documents.
43			Sheet 14 item56	V	Indarimafield trips for IFAD enhancement team-pv004513	19,818.75	10,447.42	✓	Agreed to the retirement documents and retirement documents.
44			sheet 15 item 60	V	PBOnere50% for Consultancyon TNA-pv4531	32,404.50	17,081.97	✓	Agreed to the contract, IFAD letter of NO objection and other payment documents
45			Sheet 16 item 64	V	MAAhmed expansion for the expansion of soil and conservation-004541	37,000.00	19,504.48	✓	Agreed with the supporting retirement documents.
46			sheet 17 item 70	V	Indarimafield trips for M&E training-pv004450	23,343.57	12,205.15	✓	Agreed to the supporting documents and returns.
47			Sheet 18 item 72	V	Dela Spitey-Pv 0004561 planning w/shop 2013 season	29,916.45	15,770.40	✓	Agreed to the payment documents, retirement and workshop attendance list.
48			sheet 22 item87	v	Indarimafield trips for mini wrap up IFAD Mission-pv004495	35,762.84	18,434.45	✓	Agreed to the supporting documents retirement receipts. However the honorarium is debatable.
49			Sheet 1 item 1	VII	Staff salaries Jan 2013-pv 4405	19,862.77	10,575.43	✓	Agreed to the Contract of employment and payroll
50			Sheet 1 item 1	VII	Staff salaries april 2013-pv 4514	20,055.01	10,571.96	✓	Agreed to the Contract of employment and payroll
51			sheet 2 item 6	VIII	Indarimaani cost NPSC-pv004422	17,851.96	9,504.82	✓	Agreed to the supporting documents and return receipts. However the hotel receipts are not supported with invoices.
52			Sheet 9 item 35	VIII	Vanguard Assurance -PV4550	21,552.09	11,268.48	✓	AGREED TO THE PAYMENT DOCUMENTS AND REGISTER OF ASSETS
Total		1,495,129.00					623,523.94	42%	

B. Disbursement.

9. The Cumulative disbursement to date of the IFAD loan is SDR 6.20 million or USD 9.5 million representing 44% of the Loan, including the Special Programme Account (SPA) allocation of USD 1.5 million. This status has been reconciled to the IFAD statements. However, the loan utilization, excluding the SPA allocation is SDR 5.20 million, or USD 7.96 million, and represents utilization level of 36%. The mission has gone further to factor in expenditure for the pending WA 23 totalling to USD 744,233, or SDR 496,156 equivalents at the current exchange rates. Consequently, the projected utilization is estimated at SDR 5.69 million or 40% of the loan. Taking all these factors into account, the projected Loan balance

as at 31 October 2013, is SDR 8.56 million, or USD 12.84 million at the current exchange rates.

10. **Proposed Re-allocation for the Category Expenditures:** The mission reviewed the level status of the allocations of the expenditure categories. The operating costs- category VIII is exhausted and the provision of 30 % overdraw under IFAD subvention can only cater for part of 2014 budget. The mission commends NPCO for the initiative of assessing the future requirements with a view of seeking a re-allocation that accommodates the remaining implementation period. The mission has reviewed the projections and confirms that they are rational and reasonable. **The mission presents the basic draft proposals as contained in Table 6 and recommends that the NPCO submit to IFAD through MOFA and MoF the formal request for re-allocations.**

Table 5: IFAD loan disbursement as at 30 September 2013 and projections of Loan Utilisation.

Category Description	Financing	Loan Amount Allocation	Grant Allocation	Total Disbursement Totale	%age Disbursed	WA 23 pending submission		Projected Loan Utilisation as at 31.10.13 SDR	Projected Loan Balance as at 31.10.13 SDR	%age Disbursed
		SDR'000	SDR'000	SDR'000		SDR'000	SDR'000	SDR'000	SDR'000	
I Civil works (excluding Component B)	100	510.0	-	-	-	-	0.0	-	510.0	0%
II Commodity Chain Development										
(a) Private Goods	100	870.0	-	19.2	2%	-	0.0	19.2	850.8	2%
(b) Public Goods	100	140.0	-	-	0%	-	0.0	-	140.0	0%
III Vehicles, Goods and Equipment (excluding Component B)	100	720.0	-	417.6	58%	7.4	5.0	422.5	297.5	59%
IV Technical Assistance, and Support (excluding Component B)	100	4,400.0	-	987.3	22%	-	0.0	987.3	3,412.7	22%
V Training and Studies (excluding Component B)	100	4,160.0	-	2,163.6	52%	582.7	388.5	2,552.0	1,608.0	61%
VI Regional Exchange Programmes	100	-	0.3	-	-	-	0.0	-	-	0%
VII Salaries and Allowances	100	1,560.0	-	870.7	56%	110.0	73.3	944.0	616.0	61%
VIII Operating Costs	100	770.0	-	735.8	96%	44.1	29.4	765.2	4.8	99%
VIII Unallocated		1,120.0	-	-	0%	-	0.0	-	1,120.0	0%
Subtotal		14,250.0		5,194.1	36%	744.2	496.2	5,690.3	8,559.7	40%
Authorized Amount - Special Account		-		1,004.8						
TOTAL		14,250.0	-	6,199.0	44%					

Table 6: Proposed Re-allocations.

Category Description	Financing	Loan Amount Allocation	Total Disbursement Totale up to WA 22	%age Disbursed	Estimated Expenditure to 31.12.17	Projected Loan Utilisation as at 31.10.13	Deficit/ Surplus	Proposed Re-allocation
		SDR'000	SDR'000		SDR'000	SDR'000		
I Civil works (excluding Component B)	100	510.0	-	-	260.0	260.0	250.0	270.0
II Commodity Chain Development			-			-		
(a) Private Goods	100	870.0	19.2	2%	104.0	123.2	746.8	125.0
(b) Public Goods	100	140.0	-	0%	420.0	420.0	(280.0)	420.0
III Vehicles, Goods and Equipment (excluding Component B)	100	720.0	417.6	58%	380.0	797.6	(77.6)	800.0
IV Technical Assistance, and Support (excluding Component B)	100	4,400.0	987.3	22%	3,356.0	4,343.3	56.7	4,205.0
V Training and Studies (excluding Component B)	100	4,160.0	2,163.6	52%	2,385.9	4,549.5	(389.5)	4,410.0
VII Salaries and Allowances	100	1,560.0	870.7	56%	1,910.0	2,780.7	(1,220.7)	2,790.0
VIII Operating Costs	100	770.0	735.8	96%	240.0	975.8	(205.8)	980.0
VIII Unallocated		1,120.0	-	0%	-	-	1,120.0	250.0
Subtotal		14,250.0	5,194.1	36%	8,984.0	14,250.0	(0.0)	14,250.0
Authorized Amount - Special Account		-	1,004.8					
TOTAL		14,250.0	6,199.0	44%				

C. Counterpart funds:

11. The mission notes that to-date the GoG has contributed USD 1.74 million against the USD 2.68 million budgeted since project inception. This represents 65% of the approved budget and although this is significant, GoG should prioritise meeting the budgetary obligation. The mission observes that nothing so far has been contributed for 2013 financial year against the AWPB provision of USD 400,000. For the 2013 expenditure the project has been spending out of the balance brought forward from financial year 2012. **The mission recommends that GoG provide the funds consistent with the AWPB provisions.**

D. Compliance with loan covenants.

12. The mission reviewed the covenants of the financing agreement and confirms that no contravention has been noted, apart from delayed implementation.

E. Procurement.

13. The mission reviewed procurement progress and notes that the overall function is lagging behind both at AWPB and design plan levels. The procurement for 2013 was planned at USD 1.02 million, for acquisition of key assets and materials for activities implementation, which included construction of Office building, purchasing of, Mobile seed processing equipment, motor vehicles seed testing equipment and recruitment of consultancies. Only a few consultancies have been procured and the bulk of the items in the Plan are being rolled over into the 2014 financial year.

14. **Strategy for the future:** The mission has been informed that the bottlenecks contributing to this status have been addressed. The reported procurement human resources capacity gap has now been filled up. It is also further reported that during 2013, the NPCO has been diverted from their core NRGp responsibilities, as a result of being engaged in various key IFAD and AfDB missions that were designing and/or enhancing the future GASIP/ NRGp programmes. NPCO now confirms these demands are not likely to be there in 2014. Therefore the team will now deploy and prioritize their time resources to procurement and ensure that the 2014 plan is implemented in a timely manner.

15. **Review of procurement carried out during the year:** Tyres and a few consultancies were procured during the year. The mission confirms that the process was carried out in accordance with the laid down procedures and goods procured validated and the services of the consultancy ascertained through the reports.

F. Audit.

16. **Statutory Audit:** The mission reviewed the status of the external audit to date. The audit for the 2012 financial year was audited on time and delivered to IFAD and GoG by 30 June 2013. The financial statements have been rated with unqualified opinion. The mission also rates the financial statements satisfactory except the cumulative comparison in the statement of sources and expenditure statement. The results only include the 2011 and 2012 and exclude those of the other years since 2009. For 2013 financial year the Programme should prepare an accurate comparative statement that includes results since inception. In addition the programme should address the issue raised in the management letter relative to the improvement in the retirement of imprests.

17. Agreed Actions.

Agreed action	Responsibility	Agreed date
Prepare and review Quarterly Financial statements	PC/FC	31 12 13
Re-design templates for accounting for DSAs and fuel	PC/FC	31 12 13
Submit Category expenditure re-allocations with justifications to IFAD	PC/FC	31 12 13
Intensify the implementation of the Procurement Plan	PC/PO	Continuous
Review and correct the cumulative results in the financial statements	FC	31 12 13