

Republic of Ghana

Rural Enterprises Programme (REP)

Supervision report

Main report and appendices

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Abbreviations and acronyms

AfDB; African Development Bank

AWPB Annual Work Programmes and Budgets

RAFiP Rural and Agricultural Finance Programme

REP Rural Enterprises Programme

RIMS Result and Impact Management System

RTFs. Rural Technology Facilities

PCMU Programme Coordination and Management Unit

M&E, monitoring and evaluation

MOF the Ministry of Finance

MOTI Ministry of Trade and Industry

A. Introduction¹

1. In close collaboration with the Ministry of Trade and Industry (MOTI), the Ministry of Finance (MOF), and the Programme Coordination and Management Unit (PCMU), the second Supervision and Implementation Support Mission for the Rural Enterprises Programme (REP) took place from 10 to 21 June, 2013. The main objectives of the mission were to: (i) assess the progress made in the implementation of the Programmes' activities and the recommendations of previous supervision missions; (ii) identify lessons, innovation and good practice that emerged during implementation; (iii) identify current and emerging implementation constraints; (iv) discuss and agree on appropriate recommendations to address the constraints and help enhance performance; (v) review the implementation of the 2013 Annual Work Programmes and Budgets (AWPB) and Procurement Plans, with particular attention to the M&E systems, including the indicators pertaining to IFAD's Result and Impact Management System (RIMS).

2. The team undertook a week of field visits in Kumasi and several towns in the Brong-Ahafo Region. The mission met with the Minister and officials of MOTI, district and municipal officials, partner agencies (National Board for Small-Scale Industries [NBSSI] and GRATIS), Business Advisory Centres (BACs), Rural Technology Facilities (RTFs), rural financial institutions, and clients (see Appendix 7 for list of people met). The draft aide memoire of the Mission was discussed at a wrap-up meeting on June 20, 2013, chaired Mr. Nii Ansah-Adjaye, Chief Director, MOTI, and recommended modifications will be incorporated into a final version. A management letter will be sent by IFAD to the Borrower highlighting the Mission's findings and recommendations for follow-up. The Mission would like to express its sincere appreciation to the officials of the Ministry, PCMU, Government, partners and agencies for their enthusiastic cooperation and assistance.

B. Overall assessment of programme implementation

3. The start-up phase of REP has taken somewhat longer than expected, due to a combination of awaiting the design report and participation of the African Development Bank (AfDB); the need to re-enrol districts that had participated in REP II, as well as to sensitize and enrol new ones; and the time required to recruit staff (one Component Officer has just started, and another has to be re-advertised). Nevertheless, retention of many core staff from REP II has maintained in place the effective administrative, monitoring and evaluation (M&E), and financial management systems that had been developed over the preceding projects. Outreach to the districts has been strong and the response very positive; there is clearly a demand at the local level for the institutions and services supported by the Programme, and there is no longer a significant risk of non-commitment by local authorities. The BACs and RTFs remain functional because they are integrated into and supported by district assemblies, NBSSI and GRATIS, and some BACs have implemented training with support from other partners, demonstrating the sustainability of the model. On the whole, implementation has been moderately satisfactory, although there is some reason for concern in that it will now take some time to get Component 3 fully up and running and implementation of Component 2 remains highly dependent upon obtaining funding from AfDB.

4. **Key risks** to achievement of the expected development objectives for REP include:

- Continued delay in preparations for Component 2 while awaiting expected AfDB funding;
- Undercapitalization of Rural and Community Banks (RCBs) and difficulties of participating financial institutions (PFIs) in leveraging sufficient liquidity to meet demand for finance;

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- Expectations of free training and services that limit the willingness of MSEs to share the costs of BDS and RTF services, thus undermining sustainability.

5. The mission discussed these issues with the PCMU and with the Rural and Agricultural Finance Programme (RAFiP), also supported by IFAD as well as other development partners, and notes and recommends the following actions to address them.

Agreed action	Responsibility	Agreed date
Initiate process and make preliminary site selections for implementation of Component 2	PCMU	Nov. 30, 2013
Cooperate with RAFiP for it to take the lead in developing strategies for capitalization of RCBs; RAFiP to draft TOR and engage consultants	RAFiP	Sept. 30, 2013
Sensitize BACs and clients in new districts on need to cost-share, and steadily raise the proportion (from 20% for basic training in new districts to at least 40% for advanced training in older REP districts)	PCMU	Under way

C. Outputs and outcomes

6. The objective of REP is to increase the number of rural micro and small enterprises (MSEs) that generate profit, growth and employment opportunities, to support the goal of improving their livelihoods and income. It builds on the model of integrated support to MSEs developed under REP I and II, providing business development services, technology support, and access to finance. REP I and II worked in partnership with the National Board for Small-Scale Industries (NBSSI) and GRATIS to establish Programmes in 66 districts, with support from the district or municipal assemblies. REP is designed to scale up this approach to a total of 161 rural districts (out of a current total of 207) on a demand-driven basis – i.e., they must meet eligibility criteria, including providing facilities and a Business Development Officer (BDO) for a Business Advisory Centre (BAC). Besides re-enrolling the districts carried over from REP I and II, the PCMU has successfully enrolled most of the new districts targeted and trained 232 staff of BACs and Rural Technology Facilities (RTFs).

7. Key outcomes and outputs related to the components of REP (see LogFrame in Appendix 6) include: (i) making business development services accessible to MSEs in rural districts by establishing and strengthening BACs and strengthening the capacities of rural MSEs and their associations; (ii) transferring technical skills and disseminating technologies by establishing Rural Technology Facilities (RTFs) and developing the capacities of rural master craft persons and apprentices; (iii) ensuring access of MSEs to finance by improving the capacities of participating financial institution (PFIs), supported by matching grants and a line of credit; and (iv) strengthening pro-poor MSE support institutions and policies by building the capacities of institutions at the district and regional levels and supporting policy dialogue. Implementation of the activities to support these outputs has, however, been delayed by: (a) the need to (re)sensitize previous districts as well as potential new ones on the objectives and modalities of the Programme (as against overoptimistic assumptions in the design report regarding the speed of start-up); and (b) waiting for the African Development Bank (AfDB) to undertake its design process, so as to ensure harmonization, and to negotiate and start up their contribution. While it is therefore premature to report data on the expected beneficiaries, the experience of REP II gives confidence that the systems being put in place will yield the expected results. Nevertheless, it is now imperative to ensure that the training of MSEs takes off rapidly.

8. **REP focus on agricultural value chains:** The mandate for REP to “focus” on agricultural value chains is somewhat ambiguous, in that it can be interpreted either as a priority or as meaning dealing exclusively with agriculture-related sectors and businesses. AfDB wants to focus its support on agri-business related activities. The mission expressed concern that this does not lead to the exclusion of some sectors that REP (especially RTFs) has been supporting effectively, such as vehicle repairs, metalworking, electronics and hairdressing. IFAD funding is more flexible in this regard, and in any case, BACs have broader responsibilities beyond REP funding. **The mission recommends that the PCMU clarify that it remains demand-driven and inclusive,** although the

primary emphasis of proactive efforts would be on businesses in agriculture-related value chains, and discuss the issue with AfDB, for review during the next mission.

Component 1: Business Development Services

9. **REP enrolment of Districts:** Nationwide sensitization on REP was carried out in rural districts (and municipalities), in particular that the district must provide office space and fund a BDO for a BAC and have a MSE Subcommittee. So far, 140 have been enrolled out of 161 targeted, including all of the previous 66 plus 74 new ones (of which, 29 MOUs have been sent but not yet signed). The pipeline consists of 6 new applications plus two that have been referred back for the district to do what is necessary to meet the criteria. There is a high level commitment to focus on the poorest regions and districts, especially in Upper West, which has enrolled 9 of its 11 districts (Table 1). **The mission recommends that the PCMU proactively seek to enrol more districts in the Northern Region,** which has the lowest proportion (56 per cent) except for Accra, yet accounts for a relatively large share of Ghana's rural and poor population.

Table 1: Enrolment of Districts in REP as of June 2013
(Ranked by percentage of districts enrolled)

No.	Region	Rural population (million, 2000)*	No. of Rural Districts	No. of Enrolled Districts	% coverage
1.	Western	1.5	21	20	95%
2.	Ashanti	2.2	29	24	83%
3.	Upper West	0.6	11	9	82%
4.	Upper East	0.9	13	10	77%
5.	Volta	1.5	24	16	67%
6.	Brong Ahafo	1.4	26	16	62%
7.	Eastern	1.7	25	15	60%
8.	Central	1.3	19	11	58%
9.	Northern	1.8	25	14	56%
10	Greater Accra	0.5	14	5	36%
	Total	13.4	207	140	68%

10. **BACs:** The 2013 AWPB is heavily oriented toward building up the capacity of and equipping BACs. Procurement of vehicles and equipment is underway. In addition to the orientation that has been provided to **BACs**, further training (including in gender mainstreaming) is planned for the second half of the year.

11. **Training of MSEs:** Due to the focus on enrolment of Districts and capacity-building of BACs, implementation of training of MSEs has only reached the stage of accepting applications (98 districts have applied) and providing funds (44 have received funds totalling GHS 0.2 million). Nevertheless, 11 BACs have undertaken training of some 493 MSE clients and local business associations (LBAs) with support from various other partners, including Agri-Business in Sustainable Natural African Plant Products (ASNAPP), BUSAC, RTIMP, World Vision, United Civil Society Organisations of Nzema Districts (UNCSOND), Cocoa Life, and KNUST. The fact that other programs see BACs as an effective channel for training bodes well for sustained impact of the approach of strengthening BACs as facilitating agencies for such purposes.

12. **Contracting management of training providers:** The AfDB design report highlighted the magnitude of the task of overseeing the provision of training services through the BACs. At present, the engagement of local training providers is done by the recommendation of the BACs to the PCMU based on a database of validated service providers. While the BACs clearly have responsibility for assessing needs and organizing training accordingly, it will be difficult for the PCMU to assure the quality of training provided nationwide in a completely decentralized way. The Rural Financial Services Project (RFSP) and Rural and Agricultural Finance Programme (RAFIP) have dealt with this

issue by procuring the services of a private firm to manage the capacity building Programme, including certification of training providers as meeting eligibility requirements, monitoring and quarterly reporting, and quality assurance (including evaluations and replacing training providers who are not performing up to standard). The BACs would still identify and recommend local trainers, but they would have to be vetted and evaluated by the management firm; likewise, the training provider or BAC may administer evaluations by participants of the training, but the manager would process them. **The mission recommends that the PCMU consider engaging a technical partner or consultant to manage the supply side and quality assurance** of the training, consistent with the AfDB design approach.

13. **Cost-sharing:** Under REP II, MSEs shared 20 per cent of the cost of the training (usually in cash), which will be continued for new districts for two years, for basic training. For the districts continuing from REP I and II, cost-sharing has been raised to 30 per cent (even 40 per cent, for more advanced enterprise and training; or more, for training demanded by clients outside of the regular training program).

14. **Delays in Common Fund releases:** A common problem across BACs is the persistent delays in release of common fund to districts by the central government, which delays payment of salaries to those staff paid by the district assembly (DA) (whereas staff paid by NBSSI are on the Government payroll and get paid directly). The ultimate solution is to bring BAC staff onto the DA payroll, which already occurs in some cases and which will be facilitated by the establishment of Departments of Trade and Industry (DOTIs) at the district level as part of the on-going decentralisation process (see component 4).

Agreed action	Responsibility	Agreed date
Proactively seek to enrol additional districts in Northern Region	PCMU	Aug. 31, 2013
Draft TOR to contract a BDS Fund Manager	PCMU	Aug. 31, 2013

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

15. **African Development Bank (AfDB).** Initiation of this component depends on finalization and effectiveness of funding from AfDB. Nevertheless, the General Procurement Notice has been issued, to facilitate a quick start-up. Initial recruitment of a manager for this component was not successful, and is being re-advertised.

16. **Rural Technology Facilities (RTFs).** Partnership with GRATIS with respect to RTFs is working well. Selection of new districts for RTFs will be demand-driven. Following sensitization, districts will be invited to apply and to demonstrate their readiness to fully support RTFs. The mission recommends that the PCMU accelerate this process toward selection of districts, without waiting for effectiveness of AfDB funding. The PCMU will consider regional distribution in allocating the Programme resources. The mission recommends that priority be given to districts (or groups of districts) that intend to set up a light industrial estate (see component 4). The standard design of RTFs should be revisited to include the option of more rooms for vocational training (see below). In addition, some RTFs may wish to add other lines, such as woodworking, which might need to be located separately from the metalworking and machining equipment.

17. **Focus.** AfDB's focus would be only on agricultural equipment, which is consistent with the overall emphasis being given to supporting agricultural value chains. Nevertheless, RTFs are also expected to become increasingly self-sufficient, and will need to be responsive to market demand in their range of activities and products. Indeed, some RTFs may go into electronics. Utilization of IFAD funds for some aspects of RTFs will have to be considered in light of any restrictions AfDB may put on utilization of its funds. With respect to **start-up kits**, it will be important to ensure that activities in which women are active be included, to offset the tendency of men to dominate the types of activities supported through RTFs and the provision of start-up kits.

18. **Vocational training.** In addition to providing supplementary training to upgrade the skills of graduate apprentices, RTFs take on their own technical apprentices and train them for 3 years, with the expectation that they would become certified under the National Vocational Training Institute. Some have gone farther to establish a vocational training Programme, but the space is inadequate for this purpose, and it is difficult to include trainees from outside the district without a hostel. Hostels are already considered as an option in REP design, and would be considered as part of AfDB funding. However, the vocational training appears to be highly dominated by males. The design of such Programmes would need to be more proactive in recruiting women to undertake such training, and to develop complementary Programmes that can target women youth more effectively. **The mission recommends that the PCMU coordinate with the Council for Technical and Vocational Education and Training (COTVET) with respect to implementation of this and similar Programmes.**

19. **Buyback guarantee.** One obstacle to RTF clients being able to obtain financing to be able to purchase equipment is their difficulty in providing adequate acceptable collateral. RTFs could help address this problem by guaranteeing to buy back the equipment (at some discount, e.g. 80 per cent of the purchase price) if the loan goes into default within a certain period of time (along the lines of a leasing model). This can substantially increase sales of equipment at minimal risk to the RTF: since few of those who borrow to purchase equipment appear to be actually defaulting (though they may be in arrears), the proportion of sales that have to be repurchased is likely to be very small; and the used equipment can still be re-sold. **The mission recommends that the PCMU together with GRATIS investigate establishing a buyback guarantee for RTF equipment.** As an incentive, Programme funds could be set aside to reimburse each RTF for the first such buyback; indeed, the RTIMP Initiative Fund could probably be used for that purpose, for its clients (which constitute a major market for cassava processing equipment manufactured by the RTFs).

Agreed action	Responsibility	Agreed date
Complete (re)recruitment of Component 2 Officer	PCMU	Nov. 30, 2013
Sensitize districts on RTFs and invite applications	PCMU	Sept. 30, 2013
Prepare draft proposal for buyback scheme for RTF equipment in order to facilitate loans	PCMU, GRATIS	Nov. 30, 2013

Component 3: Access to Rural Finance

20. Difficulty accessing finance is persistently cited as a principal constraint on the ability of rural MSEs to **invest**, raise productivity and grow. Hence REP includes support to build the capacities of participating financial institutions (PFIs) to lend to MSEs and of clients of BACs to establish savings accounts and meet creditworthiness criteria. Matching grants are available to leverage MSEs' own funds in order to access finance by reducing the amount that has to be borrowed, in particular to address the problems of inadequate collateral and of high interest rates, which often make borrowing unaffordable even when purchase of assets may have positive economic returns. Availability of a line of credit through the Rural Enterprise Development Fund is intended to address the problems of term lending (given that most banks' liabilities are short-term) and liquidity (PFIs can refinance up to 80 per cent of approved loans, limiting the amount of own funds required).

21. The mission notes that low capitalization (equity) of many Rural and Community Banks (RCBs) may limit their ability to satisfy demand for financing by MSEs, since banks' ability to leverage funds and lend money is limited **by** their net worth. The mission recommends that REP PCMU work closely with RAFiP and ARB Apex Bank to seek ways of addressing issues surrounding capitalization of RCBs, including paying dividends (to attract more shareholders), maintaining complete and up-to-date share registries, and developing new sources of capital (e.g., venture capital funds).

22. Start-up of REP rural finance activities has been delayed while a component officer was being recruited (now on board). A sensitization workshop is planned for July with ARB Apex Bank and PFIs that are **currently** enrolled (they will continue to be eligible for REP, without re-certification). In the meantime, the Bank of Ghana (BoG) has used recovered funds from the REP II line of credit to fund

the backlog of approved applications at the end of REP II. In 2012, the total funds disbursed by the PFIs were GH¢1.8 million, comprising GH¢1.0 million REDF, GH¢ 0.6 million MG Fund and GH¢ 0.2 million of PFIs' own funds.

23. The mission discussed with the Rural Finance Officer revisions to the manual for matching grants (MGs) to **harmonize** the approach with the Northern Rural Growth Programme (NRGP) and the Root and Tuber Improvement and Marketing Programme (RTIMP). A set of standard principles and procedures is being developed, and each Programme can append its particular objectives, criteria and procedures. The manual for the Rural Enterprise Development Fund will also need to be updated. In particular, both of them should specify clearly the reporting requirements, to include all sources of funding for investments (client, matching grant, PFI, loan), gender breakdown, and recovery rates of the PFIs as well as for the fund manager. These requirements should also be incorporated in updated memoranda of understanding (MoUs) to be signed with ARB Apex Bank (to manage the MGs) and BoG to continue managing REDF. At REP design, the possibility was raised of combining management of REDF as well as MG funds under ARB Apex Bank. However, due to concerns about the timeliness of Apex Bank handling of funds and its inability to report data (e.g. recovery) at the PFI level, it was decided to wait until Apex Bank has demonstrated its capability to manage wholesale funds, including a harmonized operational manual with performance-based eligibility criteria that can be applied consistently across projects and ability to report data at the PFI as well as aggregate level. Hence REDF will be continued for the present with BoG.

24. Sensitization of existing and potential PFIs is to begin in July. The mission notes that generating a pipeline of approved applications for MGs and REDF can take some months, so needs to be initiated soon as a basis for initial disbursement requests before the end of 2013. This can begin with the PFIs **that** are already enrolled from REP II. At the same time, new PFIs should be sensitized and facilitated to enrol. The mission notes that there has been some participation or interest by commercial financial institutions other than RCBs, including Sinapi Aba Trust (now Savings & Loan), Opportunity International S&L, and Merchant Bank, and recommends that more effort be undertaken to enrol commercial banks and S&Ls, which are less likely to have capitalization and liquidity problems. For PFIs other than rural and commercial banks, their respective apex organizations are to be involved in the certification process. Given the time periods involved, it does not appear that substantial disbursements can be made during 2013, and the AWPB should be revised accordingly.

Agreed action	Responsibility	Agreed date
Initiate sensitization of PFIs, including S&Ls and universal banks	PCMU, in collaboration with Apex Bank and BOG	July 31, 2013
Update and finalize manuals and MOUs for matching grants & REDF, clearly stating reporting requirement	PCMU, in consultation with IFAD, NRGF & RTIMP	Aug. 31, 2013
Sign MOUs with ARB Apex Bank and BoG	PCMU	Sept. 30, 2013

Component 4: Institutional Development

25. Component 4 is being overseen by the Manager for Component 1, since the activities directly complement the development of MSEs. However, although support for **local business associations (LBAs)** is part of institutional development, training for them comes under Component 1 Business Development Services, since it is provided through the BACs. Additional methods of supporting LBAs, especially with respect to marketing and advocacy, need to be developed under Component 4.

26. **Partners.** REP is designed to mainstream support through existing institutions, in particular NBSSI and GRATIS, and orientation **meetings** have been held with both, with MOUs signed in April 2013.

27. The **MSE Subcommittees** of the District **Assemblies** are generally functioning well, at least in the REP II districts. The BAC Head acts as secretary to the subcommittee. In some cases, LBAs are actually represented on the sub-committee; more generally, the BAC Head is taken to represent their

interests. As a matter of practice, LBAs may be co-opted by the sub-committee for issues involving them, and the DAs state that they always consult with LBAs before changing fees levied upon them (the views of LBAs need to be sought in future missions).

28. **RECOMEP.** The Regional Committees on Micro Enterprise Promotion (RECOMEP) are a recent innovation, as a basis for regular consultation and policy-making at the regional level. All 10 Regional Coordinating **Councils** have formed RECOMEPs, with the NBSSI Regional Managers serving as secretaries. The exact role for RECOMEP does not yet appear to be fully defined, and it would be useful for REP to prepare a terms of reference (TOR) spelling out the functions, and indicating how specific responsibilities could be shared out to members for reporting at the quarterly meetings.

29. **DOTI.** Although establishment of a Department of Trade and Industry (DOTI) at the district level has been mandated by Local Government Service, implementation has been slow. While the role of the DOTI is spelt out in LI 1961, it would be helpful to clarify the relationships and respective roles of the RECOMEP, DOTI and MSE Subcommittee. Establishing the DOTIs would help solve the problem of delayed release of the Common Fund by making the BDOs regular staff of the DOTIs, and hence on the government payroll.

30. **Light industrial estates.** Inclusion of support to districts in establishing light industrial estates is an innovation in REP, based on observations of successful such estates in some districts, often incorporating RTFs and/or BACs. Bechem represents a good practice example, in that it was established through a process of consultation between the local authorities and the associations involved. Nevertheless, it is not without teething problems, from which other districts can learn. The mission recommends that REP start playing a facilitating role by holding a workshop on light industrial estates so that districts that are interested can learn from those that have gone through the process, and by writing up a full case study of Bechem that set outs the challenges and how they have addressed them (or plan to). This would be done in collaboration with GIZ, which has facilitated the infrastructure aspects of light industrial estates through its Local Economic Development Programme. The mission notes that issues such as rights of occupants to the land allocated to them and to sell building they have constructed are yet to be clarified.

Agreed action	Responsibility	Agreed date
Hold a workshop on light industrial estates	PCMU (with GIZ)	Dec 31, 2013
Facilitate Local Government Service to make progress toward establishing DOTIs	PCMU/MOTI	On-going

D. Programme implementation progress

31. The start-up process has taken longer than expected, especially due to the need to re-enrol districts that had participated in REP II, as well as to sensitize and enrol new ones. Delays in AfDB preparing its design report have also affected the pace of activities, especially for Component 2. Retention of many core staff from REP II has maintained in place the effective administrative, M&E, and financial management systems that had been developed over the preceding projects. However, it has taken considerable time to recruit officers to manage Components 2 (to be re-advertised) and 3 (now on board).

32. The mission notes that Programme management has instituted a staff evaluation system, as recommended in the previous Aide-Memoire. Staffs have been evaluated according to their terms of reference and other performance standards, and the findings discussed with them. Management should ensure that discussions are held at the beginning of each year to make revisions in activities as warranted and communicate expectations.

33. **Monitoring and evaluation (M&E).** The M&E performance of REP is the best in the IFAD Ghana Country Portfolio. They have a skilled team building on a good starting point from REP II. The M&E Unit is innovative, introducing a database that will track clients year by year (panel data). The planning and reporting are timely and of a high quality. REP II had an M&E staff of 4 people; one M&E manager with one assistant and one M&E officer each in Tamale and in Koforidua. The team is experienced and well organized. The new REP has a centralized M&E system, with one M&E manager and two M&E officers in the PCMU in Kumasi. A Knowledge Management and Communications Officer, who would be linked to M&E, is yet to be recruited.

34. The PCMU is currently working on developing guidelines into a manual for the REP M&E system going forward. Among other things, the idea is to set up a panel of clients as well as non-clients based on the baseline survey. Another issue is whether a more qualitative study such as a Participatory Outcome Assessment should be included or not in the regular framework. The PCU is planning to send a draft proposed framework to its partners for discussion by 1st August 2013.

35. **RIMS.** Feedback given to the M&E Unit on this year's reporting noted that only additional clients, loan amounts, etc. should be reported each year, even though the Programme is still working with earlier clients. Such data will represent the outreach of REP, consisting of: (i) new *people trained* and communities reached; and (ii) new *clients*, defined as coming back for regular services from the BAC. However, the results indicators would be tracked for all clients, including those from REP II. Another issue is that household size should be tracked in the future. It was agreed that for REP II, the reporting is maintained as it is. Regarding REP, which has its first reporting in April 2014, IFAD country office and REP M&E unit would work together on the first reporting template.

36. The mission noted that BACs have identified those previous clients that are currently active to be included in the panel data going forward. By comparing these baseline numbers with the total number of MSEs served by REP II at the end, an estimate can be made of the dropout rate – i.e., how many of those trained under REP II currently have an active business. The mission recommends that REP M&E calculate this ratio. Going forward, it will maintain an annual record of dropouts and net migration between the four categories of MSEs (start-up, survival, normal growth, and rapid growth).

37. **Subsector analysis.** As a basis for prioritising subsectors for promotion and training and advising clients, as well as to help identify profitable financing opportunities, REP plans to undertake financial analysis/feasibility studies, especially for new sector in agricultural value chains.

Targeting

38. **Gender.** The REP gender focal point is the M&E specialist, who has been trained in the issue and is competent. Women accounted for 62 per cent of REP II clients, reflecting proactive targeting, and the same trend is expected for REP. Women have been the dominant client group in all major subsectors except metal works, garages, carpentry and bee-keeping. Nevertheless, since agribusiness generally is considered more attractive to men than women, the mission recommends that the PCMU pay special attention both to proactively including women and to complementing priorities to agribusiness with attention to other activities that may be more attractive to women.

39. **Youth.** Youth has no specific focal person, but cuts across all the Programme components. The target of REP is that at least 35% of clients should be 18-35 years old. The focus by now is more on the more settled group of 25-35 year olds (young adults) than on young at risk (18-24), the reason being that the outcome of support and training is more reliable with the more settled group. The Programme would make available special start-up kits for qualified youth, including equipment, raw material and intensive counselling and skills training. According to the AfDB Project Design Report, these kits would be targeted to: (a) trainees who have established their agro-processing businesses; (b) communities (especially women groups) that have met certain criteria, such as providing a building for equipment adapted to the main agricultural production in the community, and/or obtaining loans; (c.) enterprises established by youth and women in small animal rearing, fabrication, etc.; (d) new master craftsmen (youth) and other rural entrepreneurs in metal and woodwork, including technical apprentices trained in the RTFs. Since the Programme is still new, the BACs have only just started

doing awareness-raising on the possibilities for youth. **The mission recommends that the PCMU codify and communicate these guidelines and eligibility criteria**, that it keep track of both the youngest (18-24) and the young adult (25-35) brackets, and that it propose modalities for including those in the youngest bracket in training and services offered by the Programme.

40. **Social targeting.** The Programme by its nature focuses on the 'entrepreneurial poor,' who are best able to translate training, technology and financial services into increased productivity and incomes. Hence, reaching out to the extremely poor and vulnerable is a challenge. Despite this challenge, REP II supported some groups of differently-abled persons with equipment and also a group of HIV/AIDS infected people living with HIV/AIDS. For these groups, the mission recommends that a start-up kit similar to that for the youth be made available. The mission recommends that the PCMU develop clear guidelines and criteria for supporting socially disadvantaged groups such as these, as well as for youth, and communicate them to the BACs.

Agreed action	Responsibility	Agreed date
Document drop-out rates from REP II clients relative to those found to be currently active	PCMU	Aug. 31, 2013
Develop guidelines for targeting training and start-up kits to youth and certain socially disadvantaged groups	PCMU	Sept. 30, 2013

E. Fiduciary aspects

41. **Financial management systems and internal controls.** The mission reviewed the draft Programme Accounting Manual (PAM), which includes financial planning (through the Annual Work Planning and Budgeting [AWPB] process, financial data capturing and accounting system, financial cash flow management, monitoring and reporting, and procurement and auditing). The PAM has captured the procedures for the financial systems and internal controls with adequate depth. The financial transactions data capturing and accounting is carried out using the I-SCALA Accounting Software. However, the PAM should be updated with a number of key aspects, which would improve the Financial Management monitoring and reporting. The revision should include the templates for financial statements and reports for the year end audit, quarterly and half yearly financial and physical progress reports, as well as the templates for Withdrawal Applications and oversight review processes for financial monitoring and reporting.

42. **Staffing and reporting.** The financial management capacity for the Programme is adequate in terms of numbers of qualified accountants. Currently, the Financial Controller is assisted by three other accounting personnel. The financial reporting requires improvement in terms of production of quarterly financial statements and reports, which should include income and expenditure statements, reconciliation of the Special Programme Account (SPA), and budgetary report on activities implemented during the quarter. These reports should be reviewed by the PCMU management team, steering committee and the Director as part of the oversight role to ensure accurate and timely financial reporting as well as effective and efficient utilization of funds.

43. **District Assembly visit.** The mission visited the Asunafo North Municipal Assembly, one of the enrolled district assemblies. The funds for the Programme activities are under the control of the BAC Head, and the mission noted the maintenance of clear controls and accounting records as well as a dedicated bank account for the Programme funds. However, the records are manual, and the mission recommends electronic automation of the records using an Excel spreadsheet. The funds are disbursed quarterly by the PCMU on the basis of the approved AWPB provisions, and the SoEs are submitted as soon as the expenditure is incurred. The mission is satisfied that systems in the Asunafo North Municipal Assembly are adequate for the Programme funds.

44. **Special Programme Account (SPA).** The mission reviewed the authorized allocation in the SPA and other Programme account and confirms that the initial deposit is properly and fully accounted for

as at 28 February 2013 (Table 1). The SPA has a cash balance of USD 911,411, including the balance of USD 41,074 in the Programme account. The reconciliation includes the

Table 1: Review of SPA and other Programme Accounts.

Item	Description	Value (USD)	
1	Authorised Allocation		1,500,000
2	Balance in the Special Account	870,345	
3	Balance in the Programme Account	41,074	
4	Proceeds of WA 7 pending settlement by IFAD	588,581	
	Total		1,500,000

45. proceeds of WA 7, for USD 588,181, which has since been settled by IFAD. The reconciliation is carried out for support of the WA. The mission recommends monthly reconciliation for use as a management tool.

46. *AWPB performance.* During the first year of Programme implementation (i.e. 2012), the Programme spent USD1.064m (representing 25 per cent) of the IFAD AWPB of USD4.222m. As of May 31 2013, the Programme has spent USD0.494m (representing 13 per cent) of the IFAD budget of USD3.784m for year two (2013) of Programme implementation. **The mission recommends a rationalised and realistic review of the budgeted activities for 2013, in light of the current focus on sensitisation and enrolment of districts and delay in AfDB funding, and resubmission of a revised AWPB for expression of no objection by IFAD.**

47. *Statements of expenditure (SOEs) review.* The mission reviewed at random the SOEs supporting the withdrawal applications 4, 5 and 7, totalling USD 1.32 million. The random selection included 20 items totalling USD 563,163 representing 42.6 per cent of the total WA value. The mission reviewed the supporting SOEs of the sample with the aim of confirming the expenditures' eligibility for claim and replenishment/reimbursement. 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 analysis of training and workshop expenses require improvements in terms of information analysis regarding the daily subsistence allowances (DSAs), sitting allowances and other costs currently being lumped together for each participant. Use of UNDP DSA rates for overseas travel was approved during REP I and they continue to be applied; no objection is sought for such travel.

48. **Disbursement.** IFAD loan disbursement to date is SDR 2.06 million or USD 3.15 million representing 10.5 per cent of the total loan of SDR 19.7 million, including the SPA allocation of USD 1.5 million (see Table 2). This status has been reconciled to the IFAD statements. However, the loan utilization excluding the SPA allocation represents a level of only 5.5 per cent. The mission has gone further to factor in direct WAs 8 and 9, and other expenditures pending WA submission amounting to USD 1.1 million or SDR 720,000 equivalents at the current exchange rates. The projected utilization is estimated at SDR 1.8 million or 9.2 per cent of the loan. Consequently, the projected loan balance as at 31 May 2013 is SDR 17.90 million, or USD 27.6 million at the current exchange rates. Within the individual balances in expenditure categories, the mission is satisfied with the adequacy of funds and foresees no re-allocations for the time being.

Table 2: Disbursement of IFAD loan as at 31 May 2013

Category Description	Financing	IFAD Loan	Disbursement up	Disbursement	Commitments: WA 8 and 9 Pending settlement by IFAD	Expenditure pending submission		Projected Loan Utilisation at 31 5 13	Projected Loan Balance	Projected Utilisation
	%age	SDR	to WA 7 SDR'000	%age	SDR'000	USD	SDR'000	SDR'000	SDR'000	%age
I Civil Works	100	260	-	0.0%	-	-	-	-	260	0.0%
II Vehicles, Materials and Equipment	100	1,120	480	42.9%	441	-	-	921	199	82.2%
III Technical Assistance	100	660	68	10.3%	-	151	98	166	494	25.1%
IV Training and Workshops	100	8,020	319	4.0%	-	187	121	440	7,580	5.5%
V Credit Funds and Matching Grants	100	3,320	-	0.0%	-	-	-	-	3,320	0.0%
VI Salaries and Operating Costs	100	2,630	217	8.2%	-	93	61	277	2,353	10.5%
VII BACRTF operating Costs Fund	100	1,720	-	0.0%	-	-	-	-	1,720	0.0%
Unallocated	-	1,970	-	0.0%	-	-	-	-	1,970	0.0%
Subtotal-for Utilisation	-	19,700	1,083	5.5%	441	431	279	1,804	17,896	9.2%
Authorised Allocation			979		-					
Total	-	19,700	2,063	10.5%	441	431	279	1,804	9%	

49. **Counterpart funds.** The Loan Financing Agreement requires GoG and its institutions, district assemblies, NBSSI, and GRATIS to provide counterpart financial resources of approximately USD 63.5 million. As at 31 May 2013 GoG and the Institutions have contributed a total of USD 795,000, which represents 6 per cent of the target amount. While this is consistent with the net disbursement rate of 5.5 per cent, the mission recommends that PCMU plan and makes contribution requests carefully so that GoG contributes its mandated share of financing consistently with the provisions of the financing agreement and the approved AWPBs.

50. **Contributions from beneficiaries:** At Programme appraisal, the beneficiaries and the ARB Apex Bank were planned to contribute USD7.53 million and USD 2.34 million respectively. The mission notes that contributions from beneficiaries have not been captured in the Programme reports, presumably because training requiring beneficiary co-payment and management of the Matching Grant Fund by ARB Apex Bank have not yet begun. The mission recommends that a mechanism is formulated for regular capture of the beneficiaries' contribution for monitoring and reporting, including imputed in-kind contribution of ARB Apex Bank and other apex institutions in sensitization, training and other REP activities.

51. **Compliance with loan covenants.** Apart from slow take off of the Programme activities the mission has not noted any contravention of the Loan covenants.

52. **Procurement.** The Programme has carried out all the 2012 planned procurement of goods (e.g. vehicles, computers and accessories, laptops, desktop photocopiers, etc.) and consultancies services (upgrading of accounting software, design of M&E/Geographic Information Systems software, Business Opportunity Identification Survey, and Baseline Survey). With the exception of the Baseline Survey, which has been completed, the rest of the consultancies are all on-going. Procurement methods used include International Competitive Bidding (ICB), National Competitive Bidding (NCB) and Local Shopping (LS) for Goods and Quality and Cost Based Selection (QCBS) and Sole Sourcing (SS) for Services (as indicated in the AWPB).

53. **Audit.** Messrs PriceWaterhouseCoopers have been competitively selected to carry out the audit of the Financial Statements, Accounts and Report for the financial year 2012, which is the first year of the Programme implementation. As of the date of the mission, the draft financial statements, accounts and reports for the 2012 financial year are undergoing the audit, and the task is expected to be completed on time for submission before the 30 June 2013 reporting deadline. The mission notes the high standard of the financial statements, which are consistent with International Financial Reporting Standards and the IFAD audit guidelines. However, the accounting policies should spell out and disclose the international accounting standards under which the accounts are prepared.

54. **Internal audit:** The mission notes that the internal audit systems have not been mainstreamed as part of the internal and oversight controls of the Programme financial management. The mission

recommends that the PCMU discuss and propose a solution that will ensure efficient and effective financial monitoring with the reporting carried regularly and timely at the end of each quarter as a minimum.

Agreed action	Responsibility	Agreed date
Revise AWPB in light of current realities and resubmit	PCMU	July 31, 2013
Update PAM to include financial monitoring oversight processes, and templates for financial management and internal controls statements, and Was	PCMU	Sept. 30, 2013
Submit quarterly financial reports for oversight review	PCMU	June 30, 2013
Formulate a mechanism for capture of beneficiaries' contributions.	PCMU	Sept. 30, 2013
Mainstream internal audit services into the Programme financial management	PCMU	Sept. 30, 2013

F. Sustainability

55. Prospects appear strong for sustainability of the REP model of institutionalized support for MSEs because it is rooted in existing and sustainable structures, including district and municipal assemblies, MOTI together with NBSSI and GRATIS, which support the BACs and RTFs as implementing institutions and are increasingly including local business associations in consultations and even in MSE subcommittees. A growing local economic base of MSEs benefits the entrepreneurs, youth seeking employment or apprenticeships, and revenues for local authorities, creating a win-win situation, which REP is facilitating. The panel data now being maintained on BAC clients will help to analyse the impact of REP interventions on the sustainability and growth of the MSEs themselves.

G. Conclusion

56. Despite the lengthy start-up phase, REP remains poised for successful scaling up of a proven, integrative model of support to rural enterprises for positive impact on employment generation, economic growth, financial inclusion and poverty reduction. IFAD and the Government of Ghana endorse the findings of the supervision mission.

Appendix 1: Summary of project status and ratings

Project 1592 [841] Rural Enterprises Programme

Basic Facts

Country	Ghana	Project ID	1592	Loan/DSF No.	Grant No.	841
Project	Rural Enterprises Programme			Top-up Loan/DSF Grant		
Date of Update	03-Jul-2013					
Supervising Inst.	IFAD/IFAD					
No. of Supervisions	1	No. of Implementation Support/Follow-up missions	0			
Last Supervision	30-Nov-2012	Last Implementation Support/Follow-up mission				

					USD million	Disb. rate %
Approval	15-Sep-2011			Total financing	185.13	
Agreement	03-Nov-2011	Effectiveness lag	4.0	IFAD Total	31.50	
Entry into force	12-Jan-2012	PAR value	-----	IFAD loan	31.50	13
First disbursement				DSF grant		
MTR		Last amendment		IFAD grant		
Original completion	31-Mar-2020	Last audit		Domestic Total	83.63	
Current completion	31-Mar-2020			Beneficiaries	13.85	0
Original closing	30-Sep-2020			Government (Local)	38.45	6
Current closing	30-Sep-2020			Government (National)	25.11	6
No. of extensions	0			Domes. Fin. Inst.	6.22	0
				External Co-financing Total	70.01	
				African Dev. Bank	70.01	0

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management		4	1. Quality of project management		5
2. Acceptable disbursement rate		3	2. Performance of M&E		5
3. Counterpart funds		4	3. Coherence between AWPB & implementation		3
4. Compliance with financing covenants		4	4. Gender focus		4

5. Compliance with procurement	5	5. Poverty focus	4
6. Quality and timeliness of audits	5	6. Effectiveness of targeting approach	4
		7. Innovation and learning	4
		8. Climate and environment focus	4

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

B.5 Justification of ratings

Districts that participated in REP I and II have been re-enrolled and continue to operate their BACs and RTFs successfully, as well as their MSE subcommittees. Outreach to new districts has been strong and the response very positive. However, The start-up phase of REP has taken longer than expected, due to a combination of awaiting the design report and participation of the African Development Bank (AfDB); the time required to re-enroll districts that had participated in REP II, as well as to sensitize and enroll new ones; and delays in recruiting staff (one Component Officer has just started, and another has to be re-advertised), which have slowed implementation of Components 2 and 3 and overall disbursement – while on the positive side the existing BACs and RTFs have continued to operate without new REP funding, in some cases implementing activities for other Programmes. REDF funds have been recycled to continue financing the approved loans that were outstanding at the end of REP II. The good overall Programme management as well as the M&E performance from REP II is continuing with the same team and the same framework under REP, an innovative web-based client database is under construction and will be piloted towards the end of the year.

Overall Assessment and Risk Profile

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

Rationale for implementation progress rating

Retention of many core staff from REP II has maintained in place the effective administrative, monitoring and evaluation (M&E), and financial management systems that had been developed over the preceding projects. Outreach to the districts has been strong and the response very positive. Cooperation from local authorities and partner organizations is strong, and the existence of effective BACs and RTFs from REP II provides a strong base for implementation of activities, both in those districts and the new ones being enrolled. Low disbursement does not reflect the extent of activities undertaken to lay the groundwork for scaling up implementation of the components.

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

Based on the good performance of the model as developed through REP II, it is likely that the Programme will achieve its development objectives, taking into account relatively conservative design estimates and the strong interest of districts in enrolling in REP. The integrated model of support to MSEs, using existing institutions and district structures, has proven to be robust and sustainable. Increasing emphasis on supporting agricultural value chains and light industrial zones are likely to enhance the impact on local economic development in rural districts. However, actual progress in reaching development objectives will be further tracked to confirm this initial optimism.

C.6 **Risks** Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects	Financial systems are generally strong and functioning well. The Programme Accounting Manual helps to mitigate risks of problems in financial management. Internal audit systems are to be strengthened to ensure effective financial monitoring. REP should in the future make sure to consistently track beneficiary contribution to the Programme.
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Project implementation progress		The main risks stem from delays in starting up Components 2 and 3, which should be resolved with the Rural Finance Officer now on board and AfDB funding expected to be effective in the near future. Sensitization and the selection process for districts interested in RTFs needs to be undertaken regardless of delays in AfDB funding. Demand for training and financing by rural MSEs is high. Quality assurance of training is a risk in scaling up; the PCMU is to investigate engaging a partner or consultant to manage certification and evaluation of training providers. The effectiveness of partner institutions is critical for scaling up, and adequate capacity-building will be important. At the district level, implementation of Departments of Trade and Industry needs to be accelerated to continue improving the local institutional environment and support for MSEs, BACs and RTFs.
Outputs and outcomes	and	Risks for reaching results of activities: Constraints on the capabilities of PFIs to appraise and finance rural MSEs are being addressed through training. However, the quality of the training is a risk. Furthermore, the process of applying for and approving grants and loans could mean some further delay before disbursements pick up in these areas, and low capitalization of Rural and Community Banks could limit their ability to leverage additional funds from available lines of credit, constraining growth in the supply of financing. REP is to work with RAFiP to investigate options for addressing capitalization and related problems.
Sustainability		The long-run sustainability of the BACs rests largely with their effectiveness in supporting development of the local economy through MSEs, which represent a critical source of revenues for DAs, thereby earning their commitment to keep funding the BACs. BACs have already proven to be an effective vehicle for other sources of funding to reach MSEs, as well as for communicating concerns of MSEs and their business associations to local authorities through the MSE Subcommittees. While it is unlikely that most RTFs can generate sufficient revenues to be self-sustaining, given their role in technology transfer and training, there may be scope for public-private partnerships to gain greater leverage from the funding that government puts in. REP will need to begin exploring such options early in order to develop a viable exit strategy by the end of the Programme.

Proposed Follow-up Actions

Issue / Problem	Recommended Action	Timing	Status
Programme management	Revise AWPB in light of actual situation regarding AfDB funds that can be disbursed in 2013	July 2013	
M&E	Compile client profiles and stories from the field, and select 6-10 for more in-depth case studies illustrating successful results, challenges and lessons of key REP strategies and interventions	March 2013	On-going
Component 1	Investigate options for engaging a partner or consultant for quality assurance of training service providers	31 August 2013	
Component 2	Select Districts and prepare for implementation readiness of procurement for new RTFs as soon as the AfDB financing becomes effective	November 2013	
Fiduciary management	REP should track beneficiary contribution to the Programme	Immediately	

Additional observations

REP continues to facilitate and lay the groundwork for successful scaling up of a proven, integrative approach to support rural enterprises for positive impact on employment generation, economic growth and poverty reduction.

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

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Goal:			
To improve the livelihoods and income of rural poor micro and small entrepreneurs	<ul style="list-style-type: none"> Reduced % of rural poverty prevalence Reduced unemployment rates (by gender) Reduced prevalence of child malnutrition 	<ul style="list-style-type: none"> National household expenditures surveys National statistics on MDGs 	
Project Development Objective:			
To increase the number of rural micro and small enterprises that generate profit, growth and employment opportunities	<ul style="list-style-type: none"> 100 000 employment opportunities created (by gender& age)* 35 000 businesses created (by gender& age)* 70 000 existing businesses strengthened (by gender& age) 20 000 enterprises graduating from survival to normal and rapid growth categories (growth measure) (by gender & age) 38 000 enterprises in operation after 3 years (sustainability measure)* (by gender & age) 30% increase in household income 	<ul style="list-style-type: none"> REP database Reference surveys, studies Tracer study Client profile and poverty analysis 	
Outcome 1: Business development services accessible to MSEs in rural districts	<ul style="list-style-type: none"> At least 150 operational REP model BACs - 140 Turnover of BACs (target: 25,000 USD) Level of institutional performance of BACs (average efficiency of 0.80 by year 8) Level of effectiveness (60%) of BDS training 	<ul style="list-style-type: none"> REP & NBSSI records Institutional performance surveys Tracer study 	Decentralization policy remains supportive for integration of BAC in DA.

[illegible]

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
	<ul style="list-style-type: none"> 19 000 graduate apprentices provided with start-up kits (by gender) - (20 graduate apprentices - 1M/19 F provided with start-up kits) 		
Outcome 3: Access of MSEs to finance is ensured	<ul style="list-style-type: none"> 27,000 active borrowers of which at least 50% women (by gender and age)* % reduction of portfolio at risk 	<ul style="list-style-type: none"> BAC quarterly reports PFI quarterly reports REP reports 	<p>Effective linkages with other IFAD projects (mainly RAFiP)</p>
Outputs: 3.1 PFIs capacity improved 3.2 MGF operational 3.3 REDF operational	<ul style="list-style-type: none"> Number of staff of PFIs (re)trained (by gender) Partnership with at least 80 PFIs 7,000 MSEs accessing MGF MGF amount disbursed (by gender and age) (target 1.9 million USD) 22,000 MSEs accessing REDF % REDF disbursed (by gender age)* 	<ul style="list-style-type: none"> ARB Apex Bank reports REP reports BoG reports ARB Apex Bank reports 	<p>PFIs' capacities remain sufficient to handle a portfolio of small loans</p>
Outcome 4: Pro-poor MSE support institutions and policies in place	<ul style="list-style-type: none"> Disbursement rate of DAs at least at 80% NBSSI is operational knowledge centre for BACs GRATIS is operational knowledge centre for BACs 	<ul style="list-style-type: none"> MSE sub-committee reports Supervision reports 	<p>NBSSI and GRATIS are restructured and have capacity to fulfil their role</p>
Outputs: 4.1 Institutions strengthened at district and regional level 4.2 Support to policy dialogue	<ul style="list-style-type: none"> 150 MSE Sub-Committees functional 150 DOTI, MSE Sub-Committees, DA trained 8 RWGMSE operational at RCCs 100 functional ASSI branches at district level Establishment of 20 Light industrial estates supported Number and quality of policy initiatives emanating from REP and DAs 	<ul style="list-style-type: none"> REP reports NBSSI reports Supervision reports 	

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

Action Area	Action Agreed	Date	Whom	Progress
Project Implementation				
	Initiate process and make preliminary site selections for implementation of Component 2	Nov. 30, 2013	PCMU	
	Cooperate with RAFiP for it to take the lead in developing strategies for capitalization of RCBs; RAFiP to draft TOR and engage consultants	Sept. 30, 2013	RAFiP	
	Sensitize BACs and clients in new districts on need to cost-share, and steadily raise the proportion (from 20% for basic training in new districts to at least 40% for advanced training in older REP districts)		PCMU	Under way
Outputs				
Business Development Services	Proactively seek to enrol additional districts in Northern Region	Aug. 31, 2013	PCMU	
	Draft TOR to contract a technical partner or consultant to manage training delivery	Aug. 31, 2013	PCMU	
Technology Promotion & Dissemination/ACPID	Complete (re)recruitment of Component 2 Officer	Nov. 30, 2013	PCMU	
	Sensitize districts on RTFs and invite applications	Sept. 30, 2013	PCMU	
	Prepare draft proposal for buyback scheme for RTF equipment in order to facilitate loans	Nov. 30, 2013	PCMU, GRATIS	
Access to Rural Finance	Initiate sensitization of PFIs, including S&Ls and universal banks	July 31, 2013	PCMU, in collaboration with Apex Bank and BOG	
	Update and finalize manuals and MOUs for matching grants & REDF, clearly stating reporting requirement	Aug. 31, 2013	PCMU, in consultation with IFAD, NRGF & RTIMP	
	Sign MOUs with ARB Apex Bank and BoG	Sept. 30, 2013	PCMU	
Institutional Development	Hold a workshop on light industrial estates	Dec 31, 2013	PCMU (with GIZ)	
	Facilitate Local Government Service to make progress toward establishing DOTIs		PCMU/MOTI	On-going
Monitoring & Evaluation	Document drop-out rates from REP II clients relative to those found to be currently active	Aug. 31, 2013	PCMU	
	Develop guidelines for targeting training and start-up kits to	Sept. 30, 2013	PCMU	

	youth and certain socially disadvantaged groups			
Sustainability				
Fiduciary Aspects				
	Revise AWPB in light of current realities and resubmit	July 31, 2013	PCMU	
	Update PAM to include financial monitoring oversight processes, and templates for financial management and internal controls statements, and WAs	Sept. 30, 2013	PCMU	
	Submit quarterly financial reports for oversight review	June 30, 2013	PCMU	
	Formulate a mechanism for capture of beneficiaries' contributions.	Sept. 30, 2013	PCMU	
	Mainstream internal audit services into the Programme financial management	Sept. 30, 2013	PCMU	
Other				

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

Component/ Sub-component or Output			Period: 1 st Jan. 2013 to 31 st May 2013			Cumulative Actual	Appraisal Target	%	
	Indicator	Unit	AWP&B	Actual	%				
Component 1: Business Development Services									
		No. of operational REP model BACs	No.	161	140	87%	140	161	87%
		Amount of turnover of BACs in USD (average)	No.	4,000				25,000	
		Level of institutional performance of BACs (average efficiency by year 8)	No.	50%				80%	
		Level of effectiveness of BDS training	No.	40%				60%	
	Output: BACs established/strengthened	No. of BACs	No.	50	29	58%	140	161	87%
	Activity 1.1.1: Undertake civil works for new BACs	No. of BACs	No.					95	
	Activity 1.1.2: Procure 4WD pick-ups for new BACs	No. of 4WD pick-ups	No.				31	95	33%
	Activity 1.1.3: Procure motor bikes for new BACs	No. of motor bikes	No.				65	190	34%
	Activity 1.1.4: Procure office furniture and basic equipment for new BACs	No. of new BACs	No.					95	
	Activity 1.1.5: Procure desktop computer, software & UPS for BACs	No. of BACs	No.		60		60	161	37%
	Activity 1.1.8: Procure laser printers for BACs	No. of BACs	No.		60		60	161	37%
	Activity 1.1.9: Procure photocopier for new BACs	No. of BACs	No.		18		18	95	19%
	Activity 1.1.10: Procure fax/fixed telephone for BACs	No. of BACs	No.	11				95	
	Activity 1.1.11: Procure air conditioners for BACs	No. of BACs	No.	11	20	182%	20	95	21%
	Activity 1.1.12: Facilitate NBSSI supervision of new BACs	No. of BACs	No.	95				95	
	Activity 1.1.13: Facilitate NBSSI supervision of existing BACs	No. of BACs	No.	66				66	
	Activity 1.1.14: Conduct orientation for staff of new BACs	No. of BACs	No.	95	46	48%	46	95	48%
	Activity 1.1.15: Conduct orientation for staff of existing BACs	No. of BACs	No.	66	66	100%	66	66	100%

Activity 1.1.16: Organise exchange visits for staff of new BACs	No. of BACs	No.					18	
Activity 1.1.17: Organise exchange visits for staff of existing BACs	No. of BACs	No.	-				18	
Activity 1.1.18: Organise gender mainstreaming training for staff of BACs & RTFs	No. of BAC & RTF staff	No.	264					
Output: Capacity of rural MSEs and their associations strengthened	No. of rural MSEs							
Activity 1.2.1: Organise annual stakeholder fora for new districts	No. of annual district Clients' fora organised	No.	106			46	664	7%
Activity 1.2.2: Organise annual stakeholder fora for existing districts	No. of annual district Clients' fora organised	No.	198			65	528	12%
Activity 1.2.3: Provide training for clients	No. of clients trained (by gender & age)	No.	26,355	493	2%	493	347,546	0.14%
Activity 1.2.4: Organise annual Clients' Exhibition & Trade shows	No. of clients participating	No.	179				1,126	
Activity 1.2.5: Provide business counselling for clients	No. of clients counselled	No.	22,303					
Activity 1.2.6: Organise study tours for clients	No. of clients taken on tour	No.	583					
Activity 1.2.7: Business Opportunity Identification Surveys for new districts	No. of districts participating	No.	49	46	94%	46	95	48%
<i>Sub-component</i>								
Component 2: Agricultural Commodity Processing Infrastructure Development (Technology Promotion and Dissemination)								
Objective (Outcomes) :- To transfer technical skills and disseminate technologies	No. of RTFs operational		21				51	
	Amount of turnover of RTFs in USD		-				20,000	
	No. receiving NVTI certifications		1,150				23,000	
	Training aligned with COTVET							
	Level of effectiveness of training & start-up kits support (by gender)						60%	
Output: Functional RTFs established	No. of RTFs							
Activity 2.1.1. Construct new RTF workshop buildings	No. of new RTF workshop buildings constructed	No.	-				30	
Activity 2.1.2. Recruit design and supervision Consultant for new RTFs	No. of contracts for design and construction of new RTFs signed	No.	-				30	

Activity 2.1.3 Procure motor bikes for new RTFs	No. of motorbikes procured for new RTFs	No.	-				60	
Activity 2.1.4 Procure 4WD twin-cab pickups for new RTFs	No. of 4 WD twin-cab pickups procured for new RTFs	No.	-				30	
Activity 2.1.5 Procure workshop equipment for new RTFs	No. of workshop equipment procured for new RTFs	No.	-				30	
Activity 2.1.6 Procure generators for new RTFs	No. of new generators procured for new RTFs	No.	-				30	
Activity 2.1.7 Recruit engineering Consultants for new RTFs	No. of engineering consultants recruited for new RTFs	No.	-				3	
Activity 2.1.8 Install workshop equipment for new RTFs	No. of workshop equipment installation for new RTFs completed	No.	-				30	
Activity 2.1.9 Procure office furniture and basic equipment for new RTFs	No. of office furniture and basic equipment procured for new RTFs	No.	-				30	
Activity 2.1.10 Procure desktop computers, software and UPS for new RTFs	No. of desktop computers, software and UPS procured for new RTFs	No.	-				30	
Activity 2.1.11 Procure laser printers for new RTFs	No. of laser printers procured for new RTFs	No.	-				30	
Activity 2.1.12. Procure motor bikes for existing RTFs	No. of motor bikes procured for existing RTFs	No.	-				21	
Activity 2.1.13 Procure 4 WD twin-cab pick-ups for existing RTFs	No. of 4WD twin-cab pick-ups procured for existing RTFs	No.	-				3	
Activity 2.1.14. Procure workshop equipment for existing RTFs	No. of workshop equipment procured for existing RTFs	No.	-				21	
Activity 2.1.15. Procure office furniture and basic equipment for existing RTFs	No. of office furniture and basic equipment procured for existing RTFs	No.	-				21	
Activity 2.1.16. Procure desktop computers, software and UPS for existing RTFs	No. of desktop computers, software and UPS procured for existing RTFs	No.	-				21	
Activity 2.1.17. Procure laser printers for existing RTFs	No. of laser printers procured for existing RTFs	No.	-				21	
Activity 2.1.18: Train or retrain staff of RTFs	No. of staff of RTFs (re)trained	No.	105				1,200	
Activity 2.1.19: Provide support to RTF management boards	No. of RTF management boards operational	No.	21				561	
Activity 2.1.20: Provide accounting software for RTFs	Level of RTFs' use accounting software	%					90%	

Activity 2.1.21: Coordinate GRATIS supervision of RTFs	No. of RTF supervisions carried out by GRATIS	No.	21				408	
Output: Capacity of rural master craft persons and apprentices developed	No. of master craft persons/apprentices	No.						
Activity 2.2.1: Provide training to master crafts persons	No. of master craft persons trained by type of training and gender	No.	3,226				30,000	
Activity 2.2.2: Provide training to traditional apprentices	No. of traditional apprentices trained by type of training and gender	No.	1,254				30,000	
Activity 2.2.3: Provide training to technical apprentices	No. of technical apprentices trained by type of training and gender	No.	363				1,750	
Activity 2.2.4: Provide training to tertiary students on attachment	No. of tertiary students on attachment trained by type of training and gender	No.	62					
Activity 2.2.5: Provide training in occupational safety, health & environmental mgt.	No. of clients trained by type of training and gender	No.	585	50	9%	50		
Activity 2.2.6: Provide start-up kits to graduate apprentices	No. of graduate apprentices provided with start-up kits (by gender)	No.	-	20		20	19,000	0.11%
Activity 2.2.7: Carry out field demonstration of new/improved technologies	No. of demonstrations of new/improved technologies carried out	No.	374				1,092	
Activity 2.2.8: Facilitate NVTI certification of graduate apprentices	No. of graduate apprentices certified by NVTI	No.	2,300	134	6%	134	21,780	1%
Activity 2.2.9: Carry out testing/replication of agro-processing equipment	No. of agro-processing equipment tested/replicated	No.	15	5	33%	5	48	10%
Activity 2.2.10: Provide support to DAs to develop light industrial estates	No. of DAs supported to develop light industrial estates	No.	-				73	
Activity 2.2.11: Establish innovative production centres in district light industrial estates	No. of innovative production centres established	No.	-				104	
Component 3: Enabling MSE Environment								
<i>Sub-component: Access to Rural Finance</i>								
Objective (Outcomes) :- To improve access of MSEs to finance	No. of active borrowers of which at least 50% women (by gender and age)	No.	2,074				27,000	
	% reduction of portfolio at risk	No.	-					
Output: Capacity of PFIs & ARB Apex Bank improved	No. of PFIs with improved capacity	No.						
Activity 3.1.1: Provide training/retraining for staff of PFIs	Number of staff of PFIs (re)trained (by gender)	No.	100					
Activity 3.1.2: Provide training for staff of ARB Apex	Number of staff of ARB Apex trained	No.	5				53	

Bank								
Activity 3.1.3: Establish partnership with new PFIs	No. of new PFIs partnered with	No.	20				80	
Activity 3.1.4: Procure motor cycles/bicycles for PFIs	No. of PFIs supported with motor cycles/bicycles	No.	-				50	
Activity 3.1.5: Procure vehicles and equipment for ARB Apex Bank	No. of vehicles procured for ARB	No.	-				1	
Activity 3.1.6: Procure desktop computers, software and UPS for BOG	No. of desktop computers, software and UPS procured for BOG	No.	-				2	
Activity 3.1.7: Procure laser printers for BOG	No. of laser printers procured for BOG	No.	-				1	
Activity 3.1.8: Provide technical assistance to ARB to develop operational manual and data processing formats	No. of operational manual & data processing formats developed	No.	1					
Activity 3.1.9: Carry out studies in credit line synopsis and micro leasing	No. of studies carried out	No.	-				2	
Activity 3.1.9: Undertake local, regional and training of trainers exposure visits	No. of exposure visits undertaken	No.	-				15	
Output: MGF operational	No. of PFIs participating in MGF	No.						
Activity 3.2.1: Facilitate MSEs' access to MGF	No. of MSEs accessing MGF	No.	300				7,000	
Activity 3.2.2: Monitor PFIs' activities on MGF	MGF GHc amount disbursed (by gender and age)	GH¢					3,560,000	
Output: REDF operational	No. of PFIs participating in REDF	No.						
Activity 3.3.1: Facilitate MSEs' access to REDF	No. of MSEs accessing REDF	No.	1,774				22,000	
Activity 3.3.2: Monitor disbursement of REDF	Amount of REDF disbursed (by gender age)	GH¢					4,730,000	
Sub-component: Institutional Development								
Objective (Outcomes):- Pro-poor MSE support institutions and policies in place	Level of disbursement of DAs for MSE development	%					80%	
	Level of NBSSI as operational knowledge centre for BACs	%						
	Level of GRATIS as operational knowledge centre for RTFs	%						
Output: Institutions strengthened at district and regional level	No. of institutions strengthened	No.						
Activity 3.4.1: Facilitate	No. of district MSE Sub-Committee meetings	No.	112				1,034	

organisation of district MSE Sub-committees meetings	held							
Activity 3.4.2: Provide support for consultative meetings between RECOMEP, ASSI and NGOs	No. of consultative meetings held by RECOMEP, ASSI & NGOs	No.	10				32	
Activity 3.4.3: Provide support for consultative meetings for collaborating institutions	No. of consultative meetings held by collaborating institutions	No.	5				16	
Activity 3.4.4: Provide support for consultative meetings between ASSI and AGI	No. of consultative meetings held between ASSI and AGI	No.	-				66	
Activity 3.4.5: Provide training for DAs, ASSI and RCCS	No of training workshops organised for DAs, ASSI and RCCs	No.	20			13	1,828	1%
Activity 3.4.6: Provide support to selected District Assemblies to establish light industrial estates	No of Districts supported to establish light industrial estates supported	No.	-				20	
Activity 3.4.7: Procure vehicles for NBSSI, GRATIS, etc.	No of vehicles procured for NBSSI and GRATIS	No.	-				12	
Activity 3.4.8: Procure desktop computers, software and UPS for I.Es	No of desktop computers procured for I.Es.	No.	-				11	
Activity 3.4.9: Procure laser printers for I.Es	No of laser printers procured for I.Es.	No.	-				10	
Activity 3.4.10: Procure photocopiers for I.Es	No of photocopiers procured for I.Es.	No.	-				10	
Activity 3.4.11: Procure laptop computers for I.Es	No of laptop computers photocopiers procured for I.Es.	No.	-				11	
Output: Policy dialogue supported		No.						
Activity 3.5.1: Provide support expertise in local MSE policy development	Number of experts in local MSE policy development engaged	No.	-				24	
Programme Coordination and Management								
Output: Civil Works, Vehicles, Equipment and Materials procured								
Activity 4.1.1: Carry out office refurbishment	No. of refurbishments carried out in PCMU offices	No.	-					
Activity 4.1.2: Procure vehicles (station wagons) for PCMU	No. of vehicles procured for PCMU	No.	-	4		4	8	50%
Activity 4.1.3: Procure office furniture and basic equipment	No. of office furniture and basic equipment procured for PCMU	No.	-			9	9	100%

Activity 4.1.4: Procure laptop computers	No. of laptop computers procured for PCMU	No.	-	8		8	18	44%
Activity 4.1.5: Procure desktop computers, software and UPS	No. of desktop computers, software and UPS procured for PCMU	No.	-	5		5	5	100%
Activity 4.1.6: Procure laser printers	No. of laser printers procured for PCMU	No.	-	5		5	6	83%
Activity 4.1.7: Procure LCD projector	No. of LCD projector procured for PCMU	No.	-				2	
Activity 4.1.8: Procure video camera	No. of video cameras procured for PCMU	No.	-				1	
Activity 4.1.9: Procure mobile phone	No. of mobile phone procured for PCMU	No.	-				5	
Activity 4.1.10: Procure photocopy machines	No. of photocopy machines procured for PCMU	No.	2	2	100%	2	6	33%
Activity 4.1.11: Procure server	No. of servers procured for PCMU	No.	-	1		1		
Activity 4.1.12: Procure professional publications and documentaries	No. of professional publications and documentaries procured for PCMU	No.	4				8	
Output: Capacity of Programme staff built through training	No. of Programme staff capacity built	No.						
Activity 4.2.1: Provide Programme staff with capacity building training	No. of training workshops attended by Programme staff	No.	8	1	13%	2	80	3%
Activity 4.2.1: Organise GALS Learning Events for BAC/RTF staff	No. of BAC/RTF staff trained in GALS	No.	132					
Output: Programme Implementation Workshops organised	No. of Programme implementation workshops organised by PCMU	No.						
Activity 4.3.1: Organise Programme Implementation Workshops	No. of Programme implementation workshops organised by PCMU	No.	1			3	8	38%
Output: Specialist services for unspecified Programme implementation support provided	No. of specialist services for Programme implementation support provided	No.						
Activity 4.4.1: Provide specialist services for Programme implementation support	No. of specialist services for Programme implementation support provided	No.	1			1	6	17%
Output: Annual Audit of Programme Accounts conducted	No. of annual audits of Programme accounts conducted	No.						
Activity 4.5.1: Conduct annual audit of Programme	No. of annual audits of Programme accounts conducted	No.	1	2	200%	3	8	38%

accounts									
Programme Monitoring and Evaluation									
Output: Civil Works, Vehicles, Equipment and Materials procured									
Activity 4.6.1: Procure vehicles for M&E Unit	No. of vehicles procured for M&E Unit	No.	-				1		
Activity 4.6.2: Procure office furniture and basic equipment	No. of office furniture and basic equipment procured for M&E Unit	No.	-	1		1	1	100%	
Activity 4.6.3: Procure laptop computer and software	No. of office equipment and materials procured for M&E Unit	No.	-	4		4	4	100%	
Activity 4.6.4: Procure desktop computer and software	No. of office desktop computers procured for M&E Unit	No.	-	2		2	2	100%	
Activity 4.6.5: Procure air-condition	No. of air conditioners procured for M&E Unit	No.	-	1		1	1	100%	
Output: Capacity of M&E staff built through training	No. of M&E staff capacity built	No.							
Activity 4.7.1: Provide M&E staff with capacity building training	No. of training workshops attended by M&E staff	No.	3	2	67%	3	8	38%	
Output: Programme Implementation Workshops organised	No. of workshops organised	No.							
Activity 4.8.1: Organise National and Regional Workshops	No. of workshops organised	No.	5			4	17	24%	
Output: Specialist services for M&E and Programme Mid-Term Review	No. of specialist services for Programme M&E and MTR	No.							
Activity 4.9.1: Provide specialist services for Programme M&E (GIS Consultant and software)	No. of specialist services for Programme M&E	No.	1	1	100%	1	6	17%	
Activity 4.9.2: Conduct Programme Mid-Term Review	No. of Programme MTR conducted	No.	-				1		
Output: Baseline and exit surveys, other unspecified studies and contracted supervision undertaken	No. of surveys, studies and contract supervision undertaken	No.							
Activity 4.10.1: Conduct baseline and exit surveys	No. of baseline and exit surveys conducted	No.	-			1	7	14%	
Activity 4.10.2: Conduct unspecified studies	No. of unspecified, studies undertaken	No.	1				8		

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

Table 5A: Financial Performance by Financier as at 31 May 2013.

Financier	Allocation at Appraisal and Current	Disbursements	disbursed
	(USD '000)	(USD '000)	%age
IFAD loan	31,500.0	3,154.0	10.0%
AfDB	70,008.0	0.0	0.0%
GoG- District assemblies	38,447.5	213.8	0.6%
- NBSSI	11,981.1	242.3	2.0%
- GRATIS	7,272.5	61.1	0.8%
- Budget	2,119.0	277.8	13.1%
- Taxes	3,736.7	0.0	0.0%
Beneficiaries- Participating Financial Institutions	6,221.9	0.0	0.0%
- Clients	13,847.8	0.0	0.0%
Total	185,134.5	3,949.0	2.1%

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

Component		IFAD Loan			AfDB loan			GoG Budget, Taxes and Institutions			Beneficiaries			Total		
		Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%
A	Business Development Services	17,826.3	1,744.1	9.8%	23,484.0		0.0%	47,752.1	397.3		85,499.9	-	0.0%	89,062.4	2,141.41	2.4%
B	Technology Promotion		120.9		41,349.6		0.0%	23,899.9	119.9		58,072.1	-	0.0%	65,249.5	240.82	0.4%
C	Enabling MSE Environment															
1	Rural Financial Services	6,704.7	84.4	1.3%				10,029.5			16,566.9		0.0%	16,734.2	84.40	0.5%
2	Support To Rural Mse Organs	471.8	28.5	6.0%	2,148.1			349.9			2,494.6	-	0.0%	2,969.8	28.47	1.0%
	Sub-total	7,176.5	112.9	1.6%	2,148.1			10,379.4	-		19,061.5	-		19,704.0	112.87	0.6%
D	PCMU	6,497.2	777.0	12.0%	3,026.3		0.0%	1,595.1	277.8		11,007.4	-	0.0%	11,118.6	1,054.81	9.5%
	TOTAL	31,500.0	2,754.9	8.7%	70,008.0	-	0.0%	83,626.5	795.0		173,640.9	-	0.0%	185,134.5	3,549.91	1.9%

Table 5C: IFAD Loan Disbursement and Utilisation in SDR ('000) as at 31 May 2013.

Category Description		IFAD Loan Allocation	Disbursement up to WA 7	Disbursement	Commitments			Proj. Loan Utilisation	Projected Loan Bal.	Projected Utilisation
					Pending WAs at IFAD	Pending WAs at PCMU				
		SDR	SDR'000	%age	SDR'000	USD	SDR'000	SDR'000	SDR'000	%age
I	Civil Works	260	-	0.0%	-	-	-	-	260	0.0%
II	Vehicles, Materials and Equipment	1,120	480	42.9%	441	-		921	199	82.2%
III	Technical Assistance	660	68	10.3%	-	151	98	166	494	25.1%
IV	Training and Workshops	8,020	319	4.0%	-	187	121	440	7,580	5.5%
V	Credit Funds and Matching Grants	3,320	-	0.0%	-	-	-	-	3,320	0.0%
VI	Salaries and Operating Costs	2,630	217	8.2%	-	93	61	277	2,353	10.5%
VII	BACRTF operating Costs Fund	1,720	-	0.0%	-	-	-	-	1,720	0.0%
	Unallocated	1,970	-	0.0%	-			-	1,970	0.0%
	Subtotal-for Utilisation	19,700	1,083	5.5%	441	431	279	1,804	17,896	9.2%
Authorised Allocation			979		-					
	Total	19,700	2,063	10.5%	441	431	279	1,804	9.2%	

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Loan Covenant	Target/Action Date	Due	Compliance Status / Date
Section B.06	Opening of a Designated Account in BoG in USD	20 Dec. 2012		Done
	Deposit of Authorized Allocation of USD	14 March 2012		Done
Section 7.01 Par (b) (ii)	Annual Submission of AWPB 60 Days before the beginning of relevant Project Year to IFAD for approval	Annual		Done for Project Y1
Section E.02	National Director duly appointed by MOTI with IFAD prior No Objection	1 December, 2012		Done
Section 7.01	Opening of Programme Account	20 Dec. 2012		Done
Section 7.08	Insure all goods and buildings used by the Project	On Acquisition		In Progress
Section 7.11	Appoint and Insure key project against health and accident risk	On Engagement		Done
Section 8.08	Transfer of annual GoG counterpart funds in accordance with AWPB	Initial Deposit made on 8 Oct. 2012		Done
	Transfer of annual counterpart funds from other national and district-level financiers in accordance with AWPB	Annual transfers		Not Due
Section 8.02	Submission of semi-annual and annual progress reports to IFAD	Twice a year		Not Due
Section 8.03	Mid-Term Review (MTR) carried out jointly by Borrower and IFAD	4 th project year		Not Due
Section 9.02	Submit detailed financial Statements of the operations, resources and expenditures related to the Project for each Fiscal Year	By 30 th April		Done for PY1
Section 9.03	Audit of Programme financial Statements in accordance with Programme guidelines by an independent Auditor accepted by IFAD	By 30 th June		Not due for PY1
Schedule 1 Par 9.2 & 9.13	Enter into an MOU with NBSSI subject to prior no objection by IFAD	30 Nov 2013		In Progress
Schedule 1 Par 10.2 & 13	Enter into an MOU with GRATIS subject to prior no objection by IFAD	30 Nov 2013		In Progress
Schedule 1 Par 11.2 & 13	Enter into an MOU with Bank of Ghana subject to prior no objection by IFAD	30 Nov 2013		Not Done

Section	Loan Covenant	Target/Action Date	Due	Compliance Status / Date
Schedule 1 Par 11.2 & 13	Enter into an MOU with ARB Apex Bank subject to prior no objection by IFAD	30 Nov 2013		Not Done

Appendix 7: Knowledge management: Learning and Innovation

Learning

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

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

Innovation: Describe any interesting innovation noted during supervision

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

Appendix 8: Financial Management Report

I. Introduction

1. The Rural Enterprises Programme (REP) is a 8 year Programme, financed by the Government of Ghana (GoG), the International Fund for Agricultural Development (IFAD), and African Development Bank (AfDB). The Programme was approved by IFAD in 15 September 2011. Financing Agreement was signed on 12 January 2012, and the Loan became effective the same day. The Programme is planned for completion on 31 March 2020, while the loan closure is projected for 31 September, 2020.
2. **The total cost of the Project, as planned at design** is USD 185.13 million. The Loan amount as provided for in the Financing Agreements is SDR 19.7 million or USD 31.5 million equivalents. Other financiers of the Programme will include AfDB (USD 70.0 million), Government of Ghana (USD 25.1 million), Districts Assemblies (USD 38.4 million), Participating Financial Institutions (USD 6.2 million) and the clients (USD 13.8 million).

II. The objectives and conduct of the mission.

3. **Financial Management Specialist** reviewed the fiduciary aspects of the Programme. More specifically, the Financial Management Specialists:
 - (i) reviewed the overall financial management system, internal controls, procurement, and contract management;
 - (ii) reviewed and supported the PCMU to improve budget planning, monitoring and control;
 - (iii) reviewed the progress with automation and computerization for the preparation of withdrawal applications,
 - (iv) assessed the integrity of supporting documentation;
 - (v) conducted random check of SOEs and followed up on outstanding expenditures pending for replenishment;
 - (vi) analysed the status of the Special Account and reconciled the accounts;
 - (vii) reviewed and assessed the progress with the implementation of the AWPB and Procurement Plan, and suggest general guidance to enhance their quality;
 - (viii) reviewed the revised Programme Implementation Manual and Programme Accounting Manual and supported the PCMU to implement financial and administrative procedures effectively;
 - (ix) reviewed the Status of Counterpart Funds; and
 - (x) reviewed the 2012 Unaudited Financial Reports and the implementation of the 2011 Audit recommendations.
4. In the course of carrying out the assignments, the mission engaged with the officers of the PCO management, and other staff. The mission takes this opportunity to gratefully thank all these officials and staff for their time, support, cooperation and collaboration.

III. Detailed Work Done, Findings and Recommendations

A. Financial management.

5. **Financial management systems and internal controls:** The mission reviewed the draft Programme Accounting Manual (PAM), which includes financial planning through the Annual Work Planning and Budgeting [AWPB] process; financial data capturing and accounting system; financial cash flow management; monitoring and reporting, and procurement and auditing. The PAM has captured the procedures for the financial systems and internal controls with adequate depth. The financial

transactions data capturing and accounting is carried out using the I-SCALA Accounting Software. **However, the PAM should be updated with a number of key aspects, which would improve the Financial Management monitoring and reporting.** The revision should include the templates for financial statements and reports for the yearend audit, quarterly and half yearly financial and physical progress reports, as well as the templates for Withdrawal Applications. The oversight review processes for financial monitoring and reporting should be properly documented in the PAM to include the financial statements and reports, their timelines, regularity structure of the meetings, levels and depth of oversight involvement by the National Director, the Steering Committee and the MOTI.

6. **Financial Management Capacity and Performance:** The financial management capacity for the Programme is adequate in terms of numbers of qualified accountants. Currently, the Financial Controller is assisted by three other accounting personnel. The financial reporting requires improvement in terms of production and submission of quarterly financial statements and reports, which should include income and expenditure statements, and reconciliation of the Special Programme Account (SPA). The other key quarterly report should be budgetary performance report on activities implemented during the quarter, with actual costs compared with the budgetary provisions, and the key overruns suitably explained in the report. These reports should be reviewed by the PCMU management team, steering committee and the Director as part of the oversight role to ensure accurate and timely financial reporting as well as effective and efficient utilization of funds.
7. **Monthly Closing of Accounts:** Currently, the participating Districts Assemblies submit their returns to the PCMU on quarterly basis. Thus the PCMU is unable to close its accounts on a monthly basis. A consulting firm has been engaged to carry out this project of deployment of the accounting software in 2014. However, with almost 100 DAs enrolled as at June 30, 2013, the PCMU should negotiate with the Consulting Firm (Kanputech Ltd) to bring forward to the second half of 2013 the deployment of the iSCALA software at the DA level to facilitate the closure and preparation of accounts by the PCMU on monthly basis.
8. **Purchase Ledger Module:** The iSCALA consultants have added and activated the Purchase Ledger Module to the existing modules. However, the Purchasing Manager is yet to be trained on its usage. The mission recommends that the Purchasing Manager and the Financial Controller are trained to use the module by August 2014.
9. **High-level Management Reviews and Reports:** As recommended during the November 2012 supervision, the iSCALA consulting firm has designed high level management review and reports for use by the PCMU. These include: budget-to-actual and variance report; expenditure reports by component/cost category; analysis of disbursement rates and expenditure ratios; etc.
10. **Key Project Personnel.** The PCMU has recruited all the key project personnel and has subscribed to a Group Personal Accident Insurance for same effective June 1, 2013.
11. **Insurance of Goods and Building.** The PCMU is in the process of insuring all goods used by the project. The mission recommends that the PCMU should carry out analysis of the quotations received and get Insurance policy for all goods and office the building by August 2013,
12. **District Assembly visit.** The mission visited the Asunafo North Municipal Assembly, one of the enrolled district assemblies. The funds for the Programme activities are under the control of the BAC Head, and the mission noted the maintenance of clear controls and accounting records as well as a dedicated bank account for the Programme funds. However, the records are manual, and the mission recommends electronic automation of the records using an Excel spreadsheet. The funds are disbursed quarterly by the PCMU on the basis of the approved AWPB provisions, and the SoEs are submitted as soon as the expenditure is incurred. The mission is satisfied that systems in the Asunafo North Municipal Assembly are adequate for the Programme funds.

13. **Review of the Special Programme Account (SPA):** The mission reviewed the authorized allocation in the SPA and other Programme accounts and confirms that the initial deposit is properly and fully accounted for as at 28 February 2013. The SPA has a cash balance of USD 911,411, including the balance of USD 41,074 in the Programme account. The reconciliation includes the proceeds of WA 7, for USD 588,181, which has since been settled by IFAD. The reconciliation is carried out for support of the WA. The mission recommends monthly reconciliation for use as a management tool, and this will ensure timely submission of the WAs as are result of close monitoring of the incurred expenditure.

Table 1: Review of SPA and other Programme Accounts.

Item	Description	Value (USD)	
1	Authorised Allocation		1,500,000
2	Balance in the Special Account	870,345	
3	Balance in the Programme Account	41,074	
4	Proceeds of WA 7 pending settlement by IFAD	588,581	
	Total		1,500,000

14. **AWPB performance:** During the first year of Programme implementation (i.e. 2012), the Programme spent USD1.064m (representing 25 per cent) of the IFAD AWPB of USD4.222m. As of May 31 2013, the Programme has spent USD0.494m (representing 13 per cent) of the IFAD budget of USD3.784m for year two (2013) of Programme implementation. **The mission recommends** a rationalized and realistic review of the budgeted activities for 2013, in light of the current focus on sensitization and enrolment of districts and delay in AfDB funding, and **resubmission of a revised AWPB for expression of no objection by IFAD.**
15. **Review of the Statements of expenditure (SOEs):** The mission reviewed at random the SOEs supporting the withdrawal applications 4, 5 and 7, totalling USD 1.32 million. The random selection included 20 items totalling USD 563,163 representing 42.6 per cent of the total WA value. The mission reviewed the supporting SOEs of the sample with the aim of establishing the expenditures' eligibility for claim and replenishment/reimbursement. 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 analysis of training and workshop expenses require improvements in terms of information analysis regarding the daily subsistence allowances (DSAs), sitting allowances and other costs currently being lumped together for each participant. Use of UNDP DSA rates for overseas travel was approved during REP I and they continue to be applied; no objection is also sought for such travel from IFAD.
16. Please refer to Appendix 5 – Table 5F for details of the SOEs checked.

B. Disbursement.

17. IFAD loan disbursement to date is SDR 2.06 million or USD 3.15 million representing 10.5 per cent of the total loan of SDR 19.7 million, including the SPA allocation of USD 1.5 million (see Table 2). This status has been reconciled to the IFAD statements. However, the loan utilization excluding the SPA allocation represents a level of only 5.5 per cent. The mission has gone further to factor in direct WAs 8 and 9, and other expenditures pending WA submission amounting to USD 1.1 million or SDR 720,000 equivalents at the current exchange rates. The projected utilization is estimated at SDR 1.8 million or 9.2 per cent of the loan. Consequently, the projected loan balance as at 31 May 2013 is SDR 17.90 million, or USD 27.6 million at the current exchange rates. Within the individual balances in expenditure categories, the mission is satisfied with the adequacy of funds and foresees no re-allocations for the time being.

18. Kindly refer to Appendix 5 – Table 5C for details of the loan disbursement as at 31 May 2013.

C. GoG Counterpart funds.

19. The Loan Financing Agreement requires GoG and its institutions, district assemblies, NBSSI, and GRATIS to provide counterpart financial resources of approximately USD 63.5 million. As at 31 May 2013 GoG and the Institutions have contributed a total of USD 795,000, which represents 6 per cent of the target amount. While this is consistent with the net disbursement rate of 5.5 per cent, the mission recommends that the PCMU plans and makes contribution requests carefully and regularly so that GoG contributes its mandated share of financing consistently with the provisions of the financing agreement and the approved AWPBs.
20. Contributions **from beneficiaries**: At Programme appraisal, the beneficiaries and the ARB Apex Bank were planned to contribute USD7.53 million and USD 2.34 million respectively. The mission notes that contributions from beneficiaries have not been captured in the Programme reports, presumably because training requiring beneficiary co-payment and management of the Matching Grant Fund by ARB Apex Bank have not yet begun. The mission recommends that a mechanism is formulated for regular capture of the beneficiaries' contribution for monitoring and reporting, including imputed in-kind contribution of ARB Apex Bank and other apex institutions in sensitization, training and other REP activities.

D. Compliance with loan covenants

21. Apart from slow take off of the Programme activities the mission has not noted any contravention of the Loan covenants.

E. Procurement.

22. The Programme has carried out all the 2012 planned procurement of goods (e.g. vehicles, computers and accessories, laptops, desktop photocopiers, etc.) and consultancies services (upgrading of accounting software, design of M&E/Geographic Information Systems software, Business Opportunity Identification Survey, and Baseline Survey). With the exception of the Baseline Survey, which has been completed, the rest of the consultancies are all on-going. Procurement methods used include International Competitive Bidding (ICB), National Competitive Bidding (NCB) and Local Shopping (LS) for Goods and Quality and Cost Based Selection (QCBS) and Sole Sourcing (SS) for Services (as indicated in the AWPB).
23. Review **of the 2013 Procurement Plan**: The Programme is yet to commence procurement as planned for 2013. The mission recommends that the Programme commences procurement for the 2013 budgeted activities. There is a disconnection between the 2013 AWPB and Procurement Plan. Whereas the total budgeted cost of activities is USD3.8m, the planned procurement of goods, works, and services (including consultancies) is USD0.9m. There are some activities that involve the procurement of services – although it could or would be done by PCMU staff – that has been excluded in the Procurement Plan. The mission recommends that the Procurement Plan should be updated with such activities (as discussed during the mission) and submitted to IFAD for no objection.

F. Audit

24. Messrs PriceWaterhouseCoopers have been competitively selected to carry out the audit of the Financial Statements, Accounts and Report for the financial year 2012, which is the first year of the Programme implementation. As of the date of the mission, the draft financial statements, accounts and reports for the 2012 financial year are undergoing the audit, and the task is expected to be completed in time for submission before the 30 June 2013 reporting deadline. The mission notes the high standard of the financial statements, which are consistent with International Financial Reporting

Standards and the IFAD audit guidelines. **However, the accounting policies should spell out and disclose the international accounting standards under which the accounts are prepared.**

25. **Internal audit:** The mission notes that the internal audit systems have not been mainstreamed as part of the internal and oversight controls of the Programme financial management. The mission recommends that the PCMU discuss and propose a solution that will ensure efficient and effective financial monitoring with the reporting carried regularly and timely at the end of each quarter as a minimum.

IV. Agreed Actions and Recommendations

26. The mission requests the PCMU to prioritize on the implementation of the Actions agreed and the recommendations.

Agreed action	Responsibility	Agreed date
Train FC and Purchasing Officer in the use of iSCALA Purchasing Module	NPD/FC	August 31 2013
Deploy iSCALA at District level	NPD/FC/ Kanputech	Dec 31 2013
Complete process of insuring project goods and building	NPD/FC	Aug 31 2013
Revise AWPB and update Procurement Plan	PCMU	July 31, 2013
Update PAM to include financial monitoring oversight processes, and templates for financial management and internal controls statements, and WAs	PCMU	Sept. 30, 2013
Submit quarterly financial reports for oversight review	PCMU	June 30, 2013
Formulate a mechanism for capture of beneficiaries' contributions.	PCMU	Sept. 30, 2013
Mainstream internal audit services into the Programme financial management	PCMU	Sept. 30, 2013

APPENDIX 5: Financial: Actual Financial Performance by Financier, by Component, and Disbursement by Category.

Table 5A: Financial Performance by Financier as at 31 May 2013.

	Allocation at Appraisal and Current	Disbursements	disbursed
Financier	(USD '000)	(USD '000)	% age
IFAD loan	31,500.0	3,154.0	10.0%
AfDB	70,008.0	0.0	0.0%
GoG- District ssemblies	38,447.5	213.8	0.6%
- NBSSI	11,981.1	242.3	2.0%
- GRATIS	7,272.5	61.1	0.8%
- Budget	2,119.0	277.8	13.1%
- Taxes	3,736.7	0.0	0.0%
Beneficiaries- Participating Financial Institutions	6,221.9	0.0	0.0%
- Clients	13,847.8	0.0	0.0%
Total	185,134.5	3,949.0	2.1%

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

Component		IFAD Loan			AfDB loan			GoG Budget, Taxes and Institutions			Beneficiaries			Total		
		Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%
A	Business Development Services	17,826.3	1,744.1	9.8%	23,484.0		0.0%	47,752.1	397.3		85,499.9	-	0.0%	89,062.4	2,141.41	2.4%
B	Technology Promotion		120.9		41,349.6		0.0%	23,899.9	119.9		58,072.1	-	0.0%	65,249.5	240.82	0.4%
C	Enabling MSE Environment															
1	Rural Financial Services	6,704.7	84.4	1.3%				10,029.5			16,566.9		0.0%	16,734.2	84.40	0.5%
2	Support To Rural Mse Organs.	471.8	28.5	6.0%	2,148.1			349.9			2,494.6	-	0.0%	2,969.8	28.47	1.0%
	Sub-total	7,176.5	112.9	1.6%	2,148.1			10,379.4	-		19,061.5	-		19,704.0	112.87	0.6%
D	PCMU	6,497.2	777.0	12.0%	3,026.3		0.0%	1,595.1	277.8		11,007.4	-	0.0%	11,118.6	1,054.81	9.5%
	TOTAL	31,500.0	2,754.9	8.7%	70,008.0	-	0.0%	83,626.5	795.0		173,640.9	-	0.0%	185,134.5	3,549.91	1.9%

Table 5C: IFAD Loan Disbursement and Utilisation in SDR ('000) as at 31 May 2013.

Category Description		IFAD Loan Allocation	Disbursement up to WA 7	Disbursement	Commitments			Proj. Loan Utilisation	Projected Loan Bal.	Projected Utilisation
					Pending WAs at IFAD	Pending WAs at PCMU				
		SDR	SDR'000	%age	SDR'000	USD	SDR'000	SDR'000	SDR'000	%age
I	Civil Works	260	-	0.0%	-	-	-	-	260	0.0%
II	Vehicles, Materials and Equipment	1,120	480	42.9%	441	-		921	199	82.2%
III	Technical Assistance	660	68	10.3%	-	151	98	166	494	25.1%
IV	Training and Workshops	8,020	319	4.0%	-	187	121	440	7,580	5.5%
V	Credit Funds and Matching Grants	3,320	-	0.0%	-	-	-	-	3,320	0.0%
VI	Salaries and Operating Costs	2,630	217	8.2%	-	93	61	277	2,353	10.5%
VII	BACRTF operating Costs Fund	1,720	-	0.0%	-	-	-	-	1,720	0.0%
	Unallocated	1,970	-	0.0%	-			-	1,970	0.0%
	Subtotal-for Utilisation	19,700	1,083	5.5%	441	431	279	1,804	17,896	9.2%
Authorised Allocation			979		-					
	Total	19,700	2,063	10.5%	441	431	279	1,804	9.2%	

Table 5D: 2013 AWPB Performance against Actual by Components in USD'000 as at 31 May 2013

Component		IFAD Loan			AfDB loan			others			Beneficiaries			Total		
		Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%
A	Business Development Services	3,633.5	281.5	7.7%	849.8		0.0%	4,396.4	-	0.0%	691.6	-	0.0%	9,571.3	281.5	2.9%
B	Technology Promotion	-	-		1,447.6		0.0%	868.0	6.0	0.7%	110.3	-	0.0%	2,425.9	6.0	0.2%
C	Enabling Mse Environment															
1	Rural Financial Services	1,600.5	-	0.0%				-		0.0%	1,000.0		0.0%	2,600.5	-	0.0%
2	Support To Rural Mse Organs.	101.6	15.0	14.7%	0.0			-		0.0%	-	-	0.0%	101.6	15.0	14.7%
	Sub-total	1,702.0	15.0	0.9%	0.0			-	-		1,000.0	-		2,702.0	15.0	0.6%
D	PCMU	1,855.0	643.0	34.7%	0.0		0.0%	86.6	65.7	75.9%	-	-	0.0%	1,941.6	708.8	36.5%
	TOTAL	7,190.5	939.5	13.1%	2,297.4	-	0.0%	5,351.0	71.8	1.3%	1,801.8	-	0.0%	16,640.8	1,011.3	6.1%

Table 5E: 2013 AWPB Performance against Actual by Categories in USD'000 as at 31 May 2013

Category Description		IFAD Loan			AfDB			GoG and Others			Beneficiaries			Totals		
		Budget	Actual	%age	Budget	Actual	%age	Budget	Actual	%age	Budget	Actual	%age	Budget	Actual	%age
I	Civil Works	-			-	-								-	-	
II	Vehicles, Materials and Equipment	43.0	389.0	904.7%	-	-								43.0	389.0	904.7%
III	Technical Assistance	366.8	159.9	43.6%	108.1	-		49.0	-					523.9	159.9	30.5%
IV	Training and Workshops	2,968.4	187.8	6.3%	1,438.6	-		212.8	-		801.8			5,421.6	187.8	3.5%
V	Credit Funds and Matching Grants	1,500.0	-		-	-					1,000.0			2,500.0	-	0.0%
VI	Salaries and Operating Costs	2,312.3	202.8	8.8%	750.8	-		5,089.2	71.8	1.4%				8,152.3	274.6	3.4%
VII	BACRTF operating Costs Fund	-	-		-	-								-	-	
	Total	7,190.5	939.5	13.1%	2,297.4	-		5,351.0	71.8	1.3%	1,801.8	-		16,640.8	1,011.3	6.1%

Table 5F: REP Spot Check of statements of expenditure

Item	WA	Amount (USD)	Item no.	Category	Transaction description	USD Amount	Consistent with Loan Agreement	Remarks
1	7	588,581.32	item 4-PV 30363	II	8 Laptops 67 Desktops-613914.4	328,489.70	Yes	Agreed to the supporting documents and the procurement process.
2			Item 3-PV 30362	II	18 SharpPhotocopiers-86294.52	49,538.05	Yes	Agreed to the supporting documents and the procurement process.
3			Item 15-30312	III	Establishment completion report-15317.24	8,117.67	Yes	PCR Report cost-To see the Contract
4			item18-30311	IV	regional forumn-15114.07	8,010.00	Yes	Regional Workshop in Banjul.agreed to the NO
5			Item 3-PV 30265	VI	November salary-15491.92	8,210.25	Yes	Agreed to payroll and other supporting documents.
6	5	239,370.45	item 5-30186	IV	afdb appraisal mission.-13000	7,634.93	Yes	Expenses for AfDb mission.
7			item 18-30199	1V	2013 awpb training for new districts-10000	5873.03	Yes	Agreed to the supporting documents.
8			item-30216	IV	2013 awpb training for CENTRAL and upper east districts-14800	7,843.55	Yes	Agreed to the supporting documents.
9			item-30223	IV	Baseline survey review-30222	7,949.55	Yes	Agreed to the supporting documents.
10			item-30148	VIA	Staff salaries-14015.60	8,231.40	Yes	agreed to the payroll
11			item 23- 30178	VIB	opening and evaluation -5491.	3,224.88	Yes	Agreed to the supporting documents.
12	4	494,557.96	item 26-30133	III	programme sensitisation workshop-22726	13,347.04	Yes	Media cost of sensitisation of the new REP 3. Agreed to the Payment documents.
13			item 3-30003	IV	national start-up 25000	14,755.36	Yes	Media cost of sensitisation of the new REP 3. Agreed to the Payment documents.
14			item 12-30012	IV	Sensitisation Workshop at Sunyani	11,804.28	Yes	Authorisation require an oversight authorisation
15			item 16-30016	IV	Sensitisation Workshop at Sunyani	18,886.86	Yes	Agreed to the payment documents and signed documents.
16			item20-3020	IV	National orientation training-30000	17,706.43	Yes	Agreed to the payment documents and signed documents.
17			item25-30061	IV	Zonal start up at Elmina	18,296.64	Yes	Agreed to the Attendance register-and
18			Item 58-30120	IV	meeting selected clients-25000	14,682.56	Yes	Authorisation require an oversight authorisation
19			item 11-30033	VI	staff salaries-13948.28	8,232.47	Yes	Agreed to payroll and other supporting documents.
20			item 36-30048	VI	Staff for may 2012-14015	8,231.40	Yes	Agreed to payroll and other supporting documents.
	Total	1,322,509.73				563,193.02		Percentage of Total Was checked: 42.6%

Table 5G. SOE REVIEW CHECK LIST

	SOE Review	Performed by, Date	Comments
3.1	Obtain the SOE-based withdrawal applications from Project or CPM, or Loan Officer, identify and select a sample of SOE withdrawal applications and transactions for field review. A random sample of SOEs shall be selected from the list of SOE disbursement applications available within the IFAD. The LG system is another way to obtain information about withdrawal applications.	Godfrey Wanjohi 13 June 2013	Selected 20 items at random, from WAs 4, 5, and 7.
3.2	Review the control procedures related to SOE disbursement. The reviewer should consider the effectiveness of the following controls and document any exceptions:	Godfrey Wanjohi 13 June 2013	The Financial management team has adequate numbers, and this has facilitated adequate segregation of duties
3.2.1	Appropriate levels of review and approval are in place and are followed for each stage of the expenditure process	Godfrey Wanjohi 13 June 2013	Prepared by the accountant and authorized by the Financial Controller.
3.2.2	Procedures and responsibilities are clearly defined and are adequately documented	Godfrey Wanjohi 13 June 2013	Procedures are in the Programme Accounting Manual.
3.2.3	Adequate segregation of duties exists between the initiation, authorization, disbursement, and recording functions	Godfrey Wanjohi 13 June 2013	Segregation of duties exists and is working.
3.2.4	Authorization and approval is obtained prior to incurring of the expenditure	Godfrey Wanjohi 13 June 2013	Carried out simultaneously.
3.2.5	Documentation is maintained for an adequate period of time for purposes of fulfilling audit requirements as well as review by IFAD staff	Godfrey Wanjohi 13 June 2013	Documentation is properly maintained for ease of retrieval.
3.2.6	Commitments are made after applicable procedures have been followed	Godfrey Wanjohi 13 June 2013	Procurement is generally consistent with the Budgetary provisions.
3.2.7	The expenditures are properly accounted for into the books and financial reports of the project, and in cross-references in the SOE to relevant documentation (e.g. vouchers), presentation of information in the SOEs allows for ready access to the files for review and audit purposes	Godfrey Wanjohi 13 June 2013	This procedure is has a clear trail.
3.3	Review supporting documentation. For each loan, the documentation of a sample of withdrawal applications is reviewed. The documents that normally support payments are (a) evidence of receipt, invoice or performance, (b) evidence of payment, and (c) proper procurement documents. Such documents might include: <ul style="list-style-type: none"> • procurement documents (bid documents, invitation, evaluation, award) • purchase contract • purchase order • letter of credit • supplier's invoice and certificate of origin • shipping or import documents and inspection certificates • contractor's or consultant's invoices or certificates • force account records • recurrent cost records • authorization for payment • evidence of payment/bank statements accounting records of approvals, disbursements, and balances available • Payments clearly reconciled to the Contract amount in the Contract Monitoring Form (CMF) Question to address in review are:	Godfrey Wanjohi 13 June 2013	
3.3.1	Is the documentation readily available?	Godfrey	documentation is readily

		Wanjohi 13 June 2013	available
3.3.2	Does it indicate that the expenditure was approved by an authorized official?	Godfrey Wanjohi 13 June 2013	Yes
3.3.3	Is it in original form?	Godfrey Wanjohi 13 June 2013	Yes, not a copy
3.3.4	Does it relate to the project concerned?	Godfrey Wanjohi 13 June 2013	Yes not a copy
3.3.5	Are the computations correct and are there any errors or alterations?	Godfrey Wanjohi 13 June 2013	.Computations are correct
3.3.6	Are the category and disbursement percentage used correctly?	Godfrey Wanjohi 13 June 2013	Yes
7.4	<p>Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements. Ineligible expenditures would include:</p> <ul style="list-style-type: none"> • duplicate invoices • payments made in advance of receipt of good or delivery of services, unless these payments are consistent with contract provisions and are established commercial practice; • payments that should have been made under normal disbursement procedures with full documentation (e.g. payments against contracts subject to the IFAD's prior review, or payments against contracts with values exceeding defined SOE limits); and • payments for items that are not procured in accordance with the legal agreements, such as: <ul style="list-style-type: none"> ◊ payments for items from countries that are not eligible under the IFAD's Procurement Guidelines; ◊ payments for items not specified in the procurement and withdrawal schedules set forth in the Loan Agreement; ◊ payments made prior to credit signing or before the eligible date specified for retroactive financing; ◊ payments made for the expenditures incurred after closing date; ◊ payments for items on the negative list or not on the positive list (for adjustment operation lending). ◊ Payments and allowances made outside the contracts ◊ DSAs and other allowances over and above those in Government Circulars and not having received No Objection from IFAD ◊ Expenses claimed included taxes 	Godfrey Wanjohi 13 June 2013	<p>None found None Found</p> <p>None found</p> <p>None found</p> <p>Not found</p> <p>Not found</p> <p>Not found</p> <p>Not found</p> <p>None found</p> <p>None found</p> <p>None found</p>