

Republic of Ghana

Northern Rural Growth Programme NRGP

Supervision report

Main report and appendices

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Abbreviations and acronyms

CBPs Commodity Business Plans

DVCC District Value Chain Committees

ESMPs Environmental and Social Management Plans

GLSS/ Ghana Living Standard Survey Report

GSS/ Ghana Statistical Service

NRGP Northern Rural Growth Programme

MICS Multiple Indicator cluster Survey

PIF Productivity Improvement Fund”

A. Introduction¹

1. An IFAD Implementation Support Mission visited the Northern Rural Growth Programme from June 4th until June, 21st 2013. The Northern Rural Growth Programme (NRGP) is in its fifth year of implementation (programme duration is 8 years from 2009 to 2016). The programme objective is to achieve sustainable increased incomes for agricultural and rural livelihoods, focusing on smallholder farmers in rural northern Ghana. In order to achieve its objectives, the programme promotes the development of inclusive and profitable commodity value chains with improved access to finance, infrastructure, production and marketing.
2. The programme consists of the following main components:
 - (a) Commodity chain development: strengthening, enhancing and empowering of the producers' organizations, by providing capacity building and technical and financial support
 - (b) Rural infrastructure: developing and strengthening small-scale irrigation systems, water and flood control management, rainwater management, feeder roads and farm tracks as well as storage facilities, and
 - (c) Access to Financial Services: strengthening of financial institutions and financial NGOs with view to enabling an improved access to credit for smallholder farmers
3. NRGP takes a private sector, demand-driven approach for development of both rain-fed and irrigated food and industrial crop commodity chains selected to have the capacity to meet local and international demand. Very important to the development of value chains is the creation and strengthening of producers' organizations (FBOs) and linking them to inter-professional bodies (DVCCs). The programme stimulates investment in facilities and human resources along the value chains and supports value chains by facilitating access to financial services and providing irrigation and marketing infrastructure.
4. A joint inter-phase review mission of NRGP was conducted in October, 2012 by IFAD, AfDB and the Government of Ghana. The inter-phase review mission assessed the performance in NRGP's first phase, determined whether the conditions for IFAD approval of funding for a second phase were satisfied, and made recommendations on possible improvements on strategies, outlined the content for the second phase and recommended amendments to the Loan Agreement between GoG and IFAD (cf. Inter-phase Review report). The finalization of the interphase review process and validation of the subsequent AWPB was among the key objectives of this mission.
5. The mission agreed with the programme management that a more inter-active process would be followed, enabling management and implementation partners to develop full ownership of the review, assessment and proposals.
6. Accordingly, the following observations are a joint assessment by the PMU/implementers and the mission team. Aim to develop greater ownership and self-assessment in forthcoming implementation support exercises.

B. Overall assessment of programme implementation

7. The programme continues to make good progress in Components A (Commodity Chain Development) and C (Access to Rural Finance), and large investments in Component B (Rural Infrastructure Development) are under preparation. Highlights include the continued development of District Value Chain Committees (DVCCs) which are now active in all programme districts, as well as

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potential private sector engagement with medium and large scale agribusiness firms. The combination of DVCC activity with farmers, banks and rural market entities is proving to be effective in providing viable markets for farmers growing maize and soya, with moderately increased yields, volumes traded and full repayment of seasonal loans.

8. The overall rating of the programme is at the lower end of moderately satisfactory. A strong commitment of improved programme management and timely implementation of the recommended actions will be required to improve the rating towards an overall satisfactory performance. While there is considerable activity being undertaken on the ground by the implementing partners, only 7% of the annual budget for 2013 have been paid. However, the mission recognizes that commitments corresponding to approximately 40% of the planned activities have been made.

9. **Key risks** include (a) capacity gap in the PMU for planning, timely implementation of activities, and administrative and technical follow-up leading to a continued mismatch between AWPB and implementation, (b) under achievement of programme targets due to currently limited outreach capacity of the DVCCs; (c) limited capacity of the PFIs to provide funding for agriculture; (d) lack of effective capacity for value chain facilitation in value chains other than industrial crops. These include production of livestock, guinea fowl and rice. While the organization of the rural participants in the shea VC is impressive, there is relatively little data to show any significant improvements in incomes or productivity in this sector. There is a continuing need to develop greater productivity in all VCs at the farm and subsequent levels to enable participants to meet the market on competitive terms.

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

- (a) Immediate recruitment of Technical Assistance for Value chain Development and Rural Financial Services, as well as finalization of the recruitment of the new administrator;
- (b) “deepen” engagement within DVCCs to reach a greater number of FBOs and other VC entities, specifically to enable participation by a broader range of FBOs, service providers, PFIs and off-takers within any DVCC
- (c) Effective engagement of commercial banks and facilitation of partnerships between those and existing RCBs;
- (d) Appointment of Facilitating Agencies for small ruminants and vegetable crops, and renegotiation of the arrangements and performance targets with the FA for the women’s crops.

C. Outputs and outcomes

Component A. Commodity Chain Development.

11. A1: Strengthening Producer Organizations. The **industrial crops window (Maize, Soya, Sorghum) continues to show good progress**. An additional 331 Farmer Based Organisations (FBOs) had been identified in 2012. They are receiving training on crop budget preparation and agronomic practices. The 603 previously identified FBOs have been engaged in various VC initiatives. These are now being assessed by the Department of Cooperatives for registration. So far, none has been registered, but many are expected to achieve this and become legal entities by the end of 2013. It is proposed to categorise FBOs to more accurately to determine training needs within the coming six months. It is noted that modest improvements in yields of industrial crops have been recorded by participating FBOs, but these yield levels remain low in absolute terms with substantial opportunities for greater improvement in productivity. The programme is implementing initiatives to increase the productivity of farmers. These include use of improved crop varieties, fertilizer application and integrated pest management. The programme is therefore collaborating with SARI for the production of breeder seed of soya and rice. In order to ensure that farmers have better access to these varieties, the programme would have to collaborate strongly with the Ghana Grains and Legumes Board and the SEEDPAG for the production of foundation and certified seeds, respectively. This is supposed to mitigate the current challenges farmers face in accessing improved seeds for production.

12. **For the “Women’s Crops” window. For Shea, some** 448 groups have been registered as Cooperatives. There has been very good progress in local institution building. There are some indications of improved sales, and prices, for example, from AAK data. But there is lack of effective communication from the facilitating Agency (FA) to the PMU, with the PMU not receiving data from the FA on progress in improving productivity and incomes for shea pickers and rural processors. There appears to be reluctance on the part of the FA to be judged on outcomes. The actual outcomes in terms of increased volumes picked, processed, traded and increased incomes for participants are not known to the programme. Shea activities need to go beyond group participation and into real enterprises building.

13. It is agreed that the relationship of the Programme with the FA is to be reviewed and possibly renegotiated. Depending on the nature of the renegotiation, it may be advisable for the Programme to commence alternative direct and indirect relationships between buyers, off-takers and groups.

14. NRG has not yet activated FBOs and VCs for small ruminants, and it is not clear what plans are for this. It is recommended that the programme immediately takes steps to activate this VC, by appointing a FA, identifying commercial opportunities and commencing training of farmers. Similarly, for Guinea fowl, although the farmer associations from UW, UE and Northern regions previously engaged through GIZ have been brought under NRG support, these are not yet supported by a FA. The programme is discussing with FA arrangements with Triaz, these need to be concluded in the very near future.

15. **Export Vegetables.** A modest programme is being supported to produce Butternut squash for export. Six groups are active on 58 ha supported by pump irrigation. Facilitation services are embedded within off-taker arrangements. It is also proposed that NRG will commence supporting the rice VC, with engagement with AVNASH providing the stimulus. Pilot work will commence in 2013, with more comprehensive engagement from 2014 onwards.

16. **A2: Establishing Inter-professional Bodies (IPBs).** The programme has continued the process of forming and supporting District Value Chain Committees (DVCCs) for industrial crops. DVCCs are the grass-roots IPBs. There have now been 43 formed, the last 8 established this year, so that now there is a DVCC in all programme districts. About 10 DVCCs are relatively mature, another 20 are showing positive signs but their development is still in progress. The remaining 13 DVCCs are too immature to judge progress; some are slow to demonstrate benefits to their members, but so far none have failed. However, there have been instances where the processes of produce sales have not been transacted as expected or as contracted. In some cases, MOFA price announcements for particular commodities had unintended negative impact on agreements for sales of industrial crops where these have not been in line with market determined prices. Indicators to judge progress and categorise DVCCs proposed in Inter-phase review will be applied to enable accurate targeting of support.

17. The programme has now commenced further discussion on application of electronic communication platforms to assist with effective value chain communications through International Institute for Communication and Development (IICD), which is also active in using this technology in related fields in Ghana. It is intended to apply a version of this technology to improve communication and business links within selected more mature DVCCs.

18. The process of forming regional IPBs for industrial crops commenced, building on the successful grass-roots efforts of the DVCCs. The regional IPBs would provide representation and advocacy at this level. There are no plans to support any national IPBs until there is a strong basis at district and regional levels. It is noted that zonal level APEX structures for different commodities are already represented at DVCCs.

19. Financing, sustainability and roles of DVCCs to be kept under review. It is planned to pilot test cost recovery systems for 10 DVCCs through an agreed small levy on credit re-payments to RCBs, using performance benchmarks. Other forms of financing of costs of DVCCs are to be explored to enable sustainability

20. **A3: Preparing and Implementing Commodity Business Plans** (CBPs) has been done for maize, sorghum, soya and shea. It is planned to produce a CBP for rice, supporting the proposed engagement with Avnash by end 2013. The Programme also plans to use CBPs to develop District Agricultural Investment Plans (DAIPs) in a pilot fashion in about 10 Districts. The DAIPs would be used to inform District Assemblies (DAs) and their investment plans, during 2013. The CBPs would also be used as a tool to facilitate Public Private Partnerships (PPPs). Efforts made to activate these identified through CBPs. Feasibility studies to be done where required. It is noted that CPBs are effective strategic planning tools that have identified marketing and trading options and opportunities for actual and potential value chain entities.

21. **A4: Commodity Chain Development Fund.** There is agreement that this be now termed the "Productivity Improvement Fund" (PIF) as proposed in Inter-Phase Review. **There are two components of the PIF, namely the Matching grant fund and the Public investment fund.** To date, there have only been two successful applications for matching grants. During this mission, revised rules and procedures have been formulated to enable better and more equitable access by clients, while at the same time leveraging additional medium-term finance from PFIs.

22. The public investment part of fund provides support for extension and research. It is agreed that there needs to be greater focus on farm and value chain productivity to enable value chains to be competitive, especially with imported commodities. This point to the need to continue and strengthen links with SARI for improved seeds, research and use of specific fertiliser and soil treatment for local conditions and applied research and demonstrations for conservation farming and similar activities. Overall, the performance of public investment from the CDF is assessed as being adequate.

Component B. Rural Infrastructure Development

23. B.1: Small-Scale Irrigation Development

24. **The programme has supported river pumping irrigation,** mostly for fruit and vegetable production and dry season production of maize. There has also been collaboration with farmers and MOFA to plant trees along the river banks for riverine protection. ESMPs have been prepared for all of these small schemes.

25. The mission identified an outstanding issue related to method of advancing 50% of pump value as loan to farmers, guaranteed by DA.s. So far, it is unclear as to the dates and size of repayments of these debts. The PMU has agreed to follow up on this, and to develop more sustainable approach in future.

26. **Since the mid-term review, NRG has taken responsibility for investment in several Uncompleted Irrigation Schemes.** These include:

- (a) 20 IVRDP Schemes in Brong Ahafo Region (2), Ashanti Region (8), and Western Region (10) with a total design area of 633.6 ha; and,
- (b) 21 SSIDP sites located in Volta Region (6), Central Region (2) and Ashanti Region (1), Brong Ahafo (2), Northern region (4); Upper East Region (2), Upper West Region (4) with a design area of 2195 Ha.

27. So far, three lots of consultancy contracts have been signed, the one lot at the negotiation and draft contract stage and two further ready for submission to AfDB. Negotiation for Lot 1 has failed, and revised TOR has been prepared to start a new process.

28. The programme is also engaged in the Construction/rehabilitation 1,000 Ha of flood recession schemes in the Gbelimbisi valley, at Weisi and along the Black and White Voltas. Some 22 communities depend on these schemes on the Volta River during the dry season for their livelihoods. The GIDA, the Agricultural and Engineering Services Department (AESD) and consultants have been requested to provide consultancy services in surveying, design and supervision of construction for these sites.

29. The mission notes that there is a need for accurate financial analysis and business plans for all irrigation investments to ensure their long-term viability and sustainability.

30. **B.2: Market Infrastructure Development.** Warehousing: Locations have been identified in consultations with the farmers and aggregators of industrial crops (maize, soya and sorghum). The locations of packhouses are determined by the availability of water and the location of butternut squash production. Contracts for design consultancy are being developed. To ensure sustainability, there is agreement that appropriate business plans and management models would be prepared. If necessary, support using funding from A.3. CBPs would be made available. As a means to improve efficiency, the programme will explore the use of bulk grain handling options to reduce costs, especially in conjunction with private sector engagement.

31. **B.3: Feeder Roads** are being constructed to link crop production sites to markets or communities. Phase 1 was to construct 154 km of feeder roads and Phase II 492 km of feeder roads. The selection criteria used are:

- (a) Roads opening up to existing irrigation sites, 20 acres or more; and,
- (b) Roads opening up to existing block farm of 500 acres or more.

32. Progress in the construction of 154.25 km of feeder roads for Phase 1 is that sixteen lots were awarded in April 2011 and were expected to be completed by 30th April 2012. Eleven of these lots have been completed, and the remaining five lots have been terminated and have been repackaged to be re-awarded. For Phase II, the programme is engaged in the construction of 492 km of feeder roads which have been grouped into 53 lots in the four regions. These are at various stages of completion.

33. Some 200 km of farm access tracks has been approved for construction. The AfDB Mission recommended use of individual consultants for identification, design and supervision, and TOR has been prepared for this. The process of identifying the shortlist of eligible consultants is underway.

Component C. Access to Rural Finance

34. The programme has so far engaged 24 PFIs (22 RCBs, plus 2 big banks) to provide financial services to farmers within supported value chains. Almost all of this support has been within the industrial crops sector. The Programme has continued to provide capacity building in RCBs, with staff from some big banks also participating in this training.

35. During 2012, some GhC 3.9 m extended to participating groups through the cashless credit system, and a further GhC 1.61 m was extended to 34 SPVs. So far, there is about 90% loan recovery from FBOs participating within DVCCs, and there is no current sign of significant defaults. The expectation is for 100% repayment of all credit extended. There has also been programme engagement with Stanbic to assist Savannah Trading Company with credit application for grain purchases from participating FBOs.

36. Although a large number of FBOs have been financed through RCBs, a substantial number, some 361, have not been able to obtain support and have had to be self-financed. This point to emerging to RCB capacity constraints. The ability of RCBs to finance further VC seasonal and medium term financing is extremely limited. There is now an urgent need to identify other sources of finance, especially from bigger banks. A strategy to enable this is being developed jointly by the mission and the programme. It is noted that the proposed programme engagement with large agribusiness companies provides an opportunity to develop this new approach. The Programme has agreed to solicit technical support from RAFiP, especially for participation by bigger banks. The use of the existing CBPs plus a thorough VC analysis will be used to indicate potential business opportunities. It is also noted that SADA and EDAIF provide further opportunities to leverage concessional finance for investment in VCs supported by the programme.

D. Programme implementation progress

37. **Planning, M&E.** Programme M&E has shown some good practices, but is limited by late delivery in planning and reporting and a lack of consistency in documentation of results, outputs and especially outcome level indicators. The Programme does undertake ad hoc baseline assessments for new activities, and also follow up by evaluations.

38. NRG carried out a Participatory Outcome Assessment (POA) for the first time in 2012, and this is now being scaled up in 2013 to cover 10 districts. This study enables better understanding of the linkages between programme activities and outcomes, and provides qualitative information into the M&E system. The POA exercise is commendable a best practice from NRG that other programmes could learn from and adopt.

39. However, the continued late preparation and submission of the AWPB and annual and quarterly reports presents major challenges for M&E. Moreover, the quality of the AWPB and Annual Report needs substantial improvement and the RIMS reporting has not been done correctly, the main problem being reporting cumulative figures instead of yearly additional figures. The major gaps in planning and reporting are:

- (a) Lack of coherence between data in the text and tables;
- (b) Double counting of farmers receiving training and other support;
- (c) Weak target setting;
- (d) A lack of indicators of links between output and outcomes; and,
- (e) Lack of timely recording of services delivered to clients.

40. It is recommended that a database be developed using the Farmers Business Book as one of the sources as well as information from FAs. The implementation of a client ID system would facilitate database creation. Cooperation with MOFA and other IFAD funded programmes, notably RTIMP and REP should be enhanced.

41. The mission also notes that:

- (a) The programme is now in its 5th year and a baseline survey for the programme has not yet been finalized. The completion of this essential survey is now expected around 1st July 2013; and,
- (b) The Inter-phase review, for which field work was undertaken in October and November 2012, is still not completed. There is a joint IFAD/NRG commitment to complete this within a further 30 days, as well as an up-dated PIM to be generated in the same time frame.

42. Other specific recommendations pertaining to M&E and planning are:

- (a) The PMU should use 3-5 days of concentrated work on getting the numbers right. The M&E system database needs to be accurate before AWPB 2014 is formulated;
- (b) The PMU should establish a database to follow activities of each client; TORs should be developed by 1st October 2013 based on REP piloting of a web-based GIS database
- (c) The process of AWPB preparation and M&E reporting should start much earlier, ideally by August of each year. The PMU is encouraged to start using 3-year rolling AWPB, which is then updated every year.

43. **Gender, Youth, Social Inclusion**

44. **Gender:** Some 2/3 of programme clients are women, but this figure is high mainly because of the introduction of Shea groups (which are 95% women). For the industrial crop component, only

about 28% of the clients are women reporting data is generally gender disaggregated, however targeting, a RIMS requirement, is not.

45. **Youth:** Agriculture should be made an attractive business for young people. The SPV concept provides one avenue, as do opportunities in service provision and processing. Youth should be targeted for inclusion in these activities. Age should be reported on more frequently in the M&E system. The GRGP design focuses on the 18-30 year old group, which could also be a prominent reporting bracket for NRGP.

46. **Social Inclusion.** A demand-driven, value chain approach is not an easy match for the abilities of the poorest of the poor, e.g. the landless and disabled. Efforts need to be made to identify appropriate roles and opportunities within the spectrum of activities of the programme.

47. **Environmental Safeguards and Climate Change Adaptation.** NRGP has Environmental and Social Management Plans (ESMPs) to guide the implementation of safeguards for:

- (a) Feeder roads and farm tracks rehabilitation works;
- (b) Warehouses and packhouses construction, operations and maintenance;
- (c) Small scale irrigation, inland valley schemes rehabilitation, operations and maintenance;
- (d) General farming activities (use of water pumps, environmental and social management in micro-financing, etc.).

48. The programme also has Implementation Agreements with the Environmental Protection Agency and Ghana Health Service for implementation of the environmental and social safeguards.

E. Fiduciary aspects

49. **Financial management.** All project financial operations are managed through financial management software called SUN systems. The preparation of Withdrawal Applications has been automated, the reconciliation of all bank accounts is done within the system, reporting by components and by categories is possible, and the Financial Controller can monitor the budget execution using the SUN system. However, the mission noticed that the project is still using the fourth version. A version 6, which has enhanced features, is available **and has been agreed that the supplier of the software be requested to update the software to version 6 and train the project staffs on how to use the new version. In the course of the training, it was also agreed that during the training, emphasis should be put on budget posting to avoid using costly external help in doing the posting of the budget**

50. **Reconciliation of the projects Bank accounts:** All transactions were posted into the software up to 31st May 2013. The reconciliation of all projects' bank accounts is done on regular basis and the mission commends the financial department staff for this dedication. The mission noticed an occasional difference between the Bank account and the Bank reconciliation statement, which was basically attributable to errors committed by the Bank. It sometimes takes exceptionally long time to correct the errors. On this regard, **it has been agreed that the project should notify the bank in writing on such irregularities and maintain a record of the notice, instead of using verbal notifications.**

51. The mission found the financial management arrangements in place to be moderately adequate but segregation of duties was not at a satisfactory level. For instance, the same person prepares payment vouchers (PVs), captures PVs, posts PVs into the ledgers and at the same time reconciles the bank accounts. The project has an Accounts Assistant seconded from MoFA but it is **urgent for the project to speed up the process of recruiting Assistant Accounts Officer to ensure adequate segregation of duties.**

52. The filing system in place allows a fast tracing of expenditure and the payment vouchers were found to be chronologically filed. However, there is room for improvement on the supporting documents. **It has been agreed that financial returns must be attached to the payment**

vouchers. In case of big volumes, there must be a cross referencing that allows easy retrieving of supporting document related to the payment voucher.

53. **Budget monitoring:** The AWPB is the most operational tool that helps the monitoring of the budget and safeguards against overspending. The 2012 budget has been posted in the management tool and the analysis of variance was done through SUN. For 2013, no budget has been posted into the management tool. The explanation received from the project is that a 'No Objection' had not yet been granted on the AWPB 2013 that was recently submitted to IFAD. The best practice recommends posting the budget into the system before operating the payments. Each expenditure should be against a provision in the budget. ***It has been agreed that the process of preparing the AWPB should start early and submitted by end of each year to give time for an IFAD review and granting of NO.***

54. **Disbursement.** As of 31st May 2013, of the total IFAD loan of SDR 14.25 million, only SDR 5.22 million representing 36.6 % of the total had been disbursed to NRG. On the IFAD grant of SDR 0.26 million or USD 0.4 million, an amount of USD 0.1 million, representing 25% of the total grant had been disbursed to the project. The total contribution of African Development Fund (ADF) to the project is estimated at USD 61 Million and so far an amount of USD 8.2 million representing 13.4% had been disbursed to the project. This state of disbursement was explained to be largely due to the delays in the execution of the infrastructural component and associated production activities.

55. **Budget execution:** NRG budget execution rate is low. Since the beginning of the project, the execution rate has never reached 50%; it was 16.4% in 2009, 49.3% in 2010, 43.9% in 2011 and 48.6% in 2012. On the total budget of 2013 amounting to USD 6.6 million, at the end of May 2013 the total expenditure were estimated at USD 0.46 million, representing 7% of the total budget. The big part of expenditure represents Operation costs. Not only the project has been very ambitious in planning but also the execution of the Procurement Plan remains a challenge for NRG. Up to June 2013 only one tender related to office stationery had been completed.

56. **Withdrawal application forms.** The project have prepared and submitted 20 Withdrawal Application form for payment and WA 21 is under preparation. Although, the preparation of the Withdrawal Applications has been automated, the project is not regularly presenting the WA for payment because the returns do not reach the Finance Department on time. Since last October 2012, no WA has been presented for payment. This was explained that the Operating Cost category was overdrawn and is awaiting re-allocation before submission.

57. The category VIII (operating costs) is overdrawn. Actual expenditure up to date indicated that the category is at 138% of its initial allocation. The project is unable to present WA 21 for payment until the reallocation of funds to category VIII. The project reached the IFAD limit on categories which is 130%. In March 2013 the project submitted to IFAD a proposal for reallocation of funds among categories. In a formal communication dated 15th of April 2013, IFAD recognised the urgency of provisioning funds on Category VIII. IFAD proposed to allocate SDR 300,000 on category VIII of Operational costs while awaiting the finalisation of the Inter-phase Review report. The mission was informed that the response letter confirming IFAD to allocate SDR 300,000 was still pending at the Ministry of Finance for signature. This letter was subsequently received during the mission. ***To avoid liquidity problems, it has been agreed that the project must immediately follow this with the Withdrawal Application 21***

58. It was agreed that the project must pay attention to the charging of expenditure on project financial categories. Exhausting a category before the project Inter-phase review was accepted as not a good practice. Not only had the Operational costs been under allocated during design but sometimes the project has been charging to the category, expenditures that could have been charged to other categories. To forestall this, ***It has been agreed that in the future, expenditures should be associated to the activity and not to the person who is carrying out the activity.***

59. **Counterpart funds.** The Government has been responding to NRG funds requests. It is only in 2012 that the Government failed to provide enough money to the project. In 2012 the project requested GH¢ 2.9 million and only GH¢ 0.7 million representing 23% of the request was released to the project. The mission was informed by the representatives of the Ministry of Finance that the

outstanding balance of 2012 request is still being processed. Overall, the Government has disbursed to the project USD 1.6 million representing 15.5% of its total commitment that amounts to USD 10.3 million.

60. The liquidity situation at NRG is alarming, the balance of the Special Account is about USD 0.22 million which represents 14.8% of the Authorised allocation of USD 1.5 million. The situation is more complex for counterpart funds where the balance on Counterpart Bank account is only GH¢ 0.013 million while GH¢ 2.2 million related to 2012 request is still outstanding. ***It is very urgent for the Government to release the counterpart funds and rescue the project from bankruptcy.***

61. **Loan Covenants.** The mission reviewed the compliance with the Loan Agreement covenants and confirms that no contravention was noted except section 3.04 which details the Government to provide counterpart fund for the implementation of Annual Work Plan and Budget.

62. **Procurement:** The mission reviewed NRG Procurement Plan. With the support of the mission, the Procurement Plan and the Register of Contracts have been updated. However, the mission noticed that only one tender related to office furniture is so far completed. This has positive correlation with the low disbursement of the project. The project has not been able to reach 50% of annual budget since the beginning of the project.

63. A number of tenders have been initiated such as: seed processing equipment, seed testing equipment, etc. These tenders need IFAD's 'No Objection' before being advertised. ***It has been agreed that the project should set up a 'No Objection' tracking file that will help in following-up the requests for 'No Objection'. It is only through a proactive procurement that the project can increase its disbursement rate.***

64. To efficiently handle the procurement issues, it was agreed to set up a Tender Committee that can be flexible to allow the engagement of specialists depending on the nature of tender.

65. The mission noticed that some of the motorbikes purchased for the implementing partners are still at the project headquarters. The mission has been informed that the distribution list has been made some have been delivered. The project expects to finish the delivery in this month of June 2013.

66. **Audit.** During the mission, the project was also undergoing the audit for 2012. The mission reviewed the financial statements presented to auditors. They were prepared on cash basis. The information conveyed in financial statements is relevant. However, the mission noticed that the contributions of Beneficiaries, Private Investors and Public Financial Institutions have been left out. ***It has been agreed that the contributions of Beneficiaries, Private Investors and Public Financial Institutions should be evaluated and recorded as project financiers.*** The auditors assured the mission that the project will meet IFAD's deadline of 30th June for submission of the audit report.

67. **Ex-post review of supporting documents.** The sample selected from the two last disbursements (WA 19, 20) is moderately supported by proper documentation. Although, there is a room for improvement. The returns must be attached to the payment vouchers or cross referenced. In addition, a Purchasing Order should be attached in the place of notification for the items procured through quotation. IFAD and AfDB No Objection for international travels is always required. ***It was agreed that vouchers be systematically stamped "paid" to avoid confusion that engenders the risk of double payments, and that the filing system be ameliorated.***

68. The Programme Accounting Manual recognises sitting allowances for tender committee. By extension, some of PMU sessions have been treated as procurement sessions and allowances have been given. ***The mission reminds that the procedures in terms of procurement sitting allowances must be adhered to. Allowances granted to the project staff out of the procurement sitting allowances framework will be considered as ineligible to the project.***

69. Some of the agreed actions:

Agreed actions	Responsibility	Agreed dates
1. Update the management tool "SUN systems" to six version and conduct training to the project staff	NPC FC	July 2013
2. Whenever there is a irregularity on the project bank accounts, the project should notify the bank in writing	NPC FC	Immediate
3. Attach the returns to the payment vouchers or cross reference for easy retrieval of supporting documents	FC Accounts officer	Immediate
4. Post 2013 budget into the management tool SUN system immediately after receiving the IFAD No Objection	FC Accounts officer	June 2013
5. IFAD for payment		
6. Follow up on the payment of 2012 counterpart funds balance and submit the request for 2013.	NPC FC	Immediate.

70. IFAD and the Government of Ghana endorse the findings of the supervision mission.

F. Sustainability

71. The programme has made substantial gains in two key areas which indicate that sustainability of benefits and improved outcomes will be enhanced. These are through the development and application of the DVCC institutions, some of which have become self-sustaining, and through the successful application of techniques that have enabled access by farmers and rural value chain entities to private financing from RCBs.

72. The sustainability of other aspects of programme interventions are currently more questionable, largely because they remain as works in progress. There have been delays in implementation of significant parts of the programme implementation, most notably in Component B, and in activation of value chains other than those of industrial crops. Moreover, so far, there has been a failure to obtain significant financing from larger commercial banks other than RCBs, and this of itself imposes limits on the ability of enterprises to refinance and develop. However, these threats to sustainability have been identified, and with some improved implementation progress, will be substantially alleviated.

G. Conclusion

73. The NRG appears to be at a crucial point in its implementation. This ambitious programme has indeed pioneered several laudable initiatives, especially the work in organisation of DVCCs, FBOs and other value chain entities. It has also pioneered successful engagement with RCBs to support agricultural production.

74. However, progress outside the industrial crops window has been slow, as well as the implementation of Component B. There is now an emerging problem with lack of liquidity within RCBs to meet the requirements for expanding value chains.

75. Moreover, the continuing low disbursements and mis-match between ambitious plans and low levels of expenditure and implementation are cause for concern. There is also concern at less than adequate M&E systems, as well as procedural problems and delays in planning and reporting.

76. Thus, a renewed effort is now needed to ensure that the work of the NRGP is sustained and becomes of relevance to the majority of poor rural people in Northern Ghana.

Appendix 1: Summary of project status and ratings

Project 1390 [734] Northern Rural Growth Programme - Draft

Basic Facts

Country	Ghana	Project ID	1390	Loan/DSF Grant No.	734
Project	Northern Rural Growth Programme			Top-up Loan/DSF Grant	
Date of Update	26-Jun-2013				
Supervising Inst.	IFAD/IFAD				
No. of Supervisions	7	No. of Implementation Support/Follow-up missions	1		
Last Supervision	09-Dec-2011	Last Implementation Support/Follow-up mission	11-Mar-2011		

					USD million	Disb. rate %
Approval	13-Dec-2007			Total financing	103.55	
Agreement	12-Sep-2008	Effectiveness lag	10.5	IFAD Total	22.72	
Entry into force	24-Oct-2008	PAR value	-----	IFAD loan	22.32	37
First disbursement				DSF grant		
MTR	19-Oct-2012	Last amendment		IFAD grant	0.40	25
Original completion	31-Dec-2016	Last audit	18-Jun-2012	Domestic Total	19.61	
Current completion	31-Dec-2016			Beneficiaries	3.70	0
Original closing	30-Jun-2017			Government (National)	10.37	16
Current closing	30-Jun-2017			Domes. Fin. Inst.	4.61	0
No. of extensions	0			Private Sector Local	0.94	0
				External Cofinancing Total	61.22	
				African Dev. Bank	61.22	14

Project Performance Ratings

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

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

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

B.5 Justification of ratings

The Programme has made progress on a number of areas including the empowerment of its beneficiaries through the expansion of the District Value Chain Committees concept to all 43 Programme districts and an increase in the number of farmers groups working with the Programme from 656 to 987. Furthermore, access to financial services has increased through the consolidation of the cashless credit scheme and increased interest of PFIs in the agricultural sector. Furthermore, implementation of the infrastructure component has started with some positive results. Finally, gender focus of the Programme is on the increase with a well-qualified gender specialist and more about 2/3 of all clients being women. On the negative side, Programme management and M&E, in form of lacking timeliness and quality of planning and reporting are holding back the big potential for scaling up of the successful activities. The outreach has to be significantly expanded to reach Programme objectives. One of the service providers, SNV, has had a bad relationship with the Programme for more than a year leading to low responsiveness. As a consequence of the weak planning, disbursement in 2013 has been low. Furthermore, financial management has shown great weaknesses with the Programme spending under wrong accounts, and not sufficiently following up on counterpart funds and financing covenants.

Overall Assessment and Risk Profile

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

Rationale for implementation progress rating

The programme has made progress in some aspects since the last supervision mission. 43 District Value Chain Working Committees are now operational and provide a successful basis for the various operators in the value chains to agree on commercial activities, particularly regarding the industrial crops. Also, after significant delays in the implementation of the Infrastructure component, which is financed by the African Development Bank, the programme has now finalized some stretches of feeder roads and is continuing to roll out the component. However, there is an urgent need to strengthen planning and Monitoring and Evaluation to improve the coherence between AWPB and implementation, enhance disbursements and outreach of the programme. The overall rating of the programme is at the lower end of moderately satisfactory. A strong commitment of improved programme management and timely implementation of the recommended actions will be required to improve the rating towards an overall satisfactory performance. While commitments corresponding to approximately 40% of the planned activities have been made, and considerable activity being undertaken on the ground by the implementing partners, only 7% of the annual budget for 2013 have been actually spent.

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

The programme continues to make good progress in developing implementation models and innovative ways to connect smallholder farmers in the Northern part of Ghana to major off-takers, and has shown the ability to: (1) create trust between different value chain actors (farmers, banks, off-takers, input suppliers etc.), by facilitating their consultation/negotiation allowing them to reach transparent arrangements, (2) mobilize private equity for agriculture from formal financial institutions. However, in order to meet the development objectives, scaling up of the NRG model through deepened PPP arrangements, and the appointment of additional value chain facilitators is now timely.

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

Fiduciary aspects	Procurement management needs to be improved by monitoring the implementation on a regular basis, in order to avoid delays and ensure more rigorous adherence to the procedures agreed. Delays in a reallocation of funds following the inter-phase review of NRG to address the overspending on one category has led to further delays in the submission of withdrawal applications, with resulting liquidity problems. Duties have to be better segregated, and an accounts assistant needs to be recruited.
Project implementation progress	Though performance with regard to implementation has been moderately satisfactory overall and the project management has proven to be innovative in further developing the initial design to models that respond to the realities in the field, the levels of activity in the programme have been well below the targets foreseen in the programme design and the AWPB for 2013. The AWPB for 2014, will need to be prepared early and be realistic while scaling up the activities.
Outputs and outcomes	Key risks to reaching the outputs and outcomes include (a) PMU capacity gaps for planning, timely implementation of activities, and administrative and technical follow-up leading to a continued mismatch between AWPB and implementation, (b) under achievement of programme targets due to currently limited outreach capacity of the DVCCs; (c) limited capacity of the PFIs to provide funding for agriculture; (d) lack of effective capacity for value chain facilitation in value chains other than industrial crops. These include production of livestock, guinea fowl and rice.
Sustainability	The programme has made substantial gains in two key areas which indicate that sustainability of benefits and improved outcomes will be enhanced. These are through the development and application of the DVCC institutions, some of which have become self-sustaining, and through the successful application of techniques that have enabled access by farmers and rural value chain entities to private financing from RCBs. There have been delays in implementation of significant parts of the programme implementation, most notably in Component B, and in activation of value chains other than those of industrial crops. Moreover, so far, there has been a failure to obtain significant financing from other than RCBs, and this of itself imposes limits on the ability of enterprises to refinance and develop. However, these threats to sustainability have been identified, and with some improved implementation progress, will be substantially alleviated.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Fiduciary Aspects	Submit Withdrawal Application; Post the budget into the management tool for easy monitoring; Initiate recruitment of accounts assistant;	Immediately	
M&E	Initiate 2014 AWPB preparation early this year. Develop action plan to enhance data collection and reporting for each component linked to the results and impact measurement system; Data should be youth disaggregated (18-30 years) in planning and reporting.	August 2013	
M&E	TORs for database development should be developed based on Rural Enterprise Programme's piloting of a web-based GIS database. A common client ID should be taken up with MOFA and MOTI.	November 2013	
Facilitating agencies	Appointment of Facilitating Agencies for small ruminants and vegetable crops, and renegotiation of the arrangements and performance targets with the FA for the women's crops.	September 2013	
Capacity Gap	Immediate recruitment of Technical Assistance for Value chain Development and Rural Financial Services, as well as finalization of the recruitment of the new administrator;	September 2013	
Outreach	Deepen the engagement within DVCCs to reach a greater number of FBOs and other VC entities, specifically to enable participation by a broader range of FBOs, service providers, PFIs and off-takers within any DVCC	December 2013	
Access to Finance	Effective engagement of commercial banks and facilitation of partnerships between those and existing RCBs (jointly with RAFIP);	December 2013	

Additional observations

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

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Goal:			
NRGP will contribute to an equitable and sustainable poverty reduction and food security among rural households in northern Ghana	<ul style="list-style-type: none"> Incidence of poverty in Northern Ghana reduced (indicate from To What?) 	<ul style="list-style-type: none"> Ghana Statistical Service (GSS)/ Ghana Living Standard Survey Report (GLSS)/ Multiple Indicator cluster Survey (MICS) 	Government remains committed to the implementation of the FASDEP II and Food Security Action Plan
Project Development Objective:			
Increase northern Ghana area rural households' income on a sustainable basis	<ul style="list-style-type: none"> Increased incomes for households in Programme area higher than national average Decrease of malnutrition rate in Northern Ghana Household assets increased Agric GDP growth increased (%) 	<ul style="list-style-type: none"> GSS/GLSS Report/ MICS/Survey Report NRGP Reports GSS Economic Performance report 	Government remains committed to the implementation of the FASDEP II and Food Security Action Plan
Outcome 1: Profitable and sustainable Commodity Value Chains are established in the Programme area and are supported by enhanced infrastructure and access to financial services	<ul style="list-style-type: none"> % increase in productivity Volumes of commodities produced by commodity % increase in incomes by actors along the value chain % change in business profits of clients % of clients consolidating their businesses by category: <ul style="list-style-type: none"> a. Bankrupt (out of business)- (0%) b. Start-up level (15%) c. Survival/Consolidation (50%) d. Growth (30%) e. Strong Growth (5%) Number of jobs created (gross) as a result of enterprise development (Youth & gender disaggregated) (RIMS) 	<ul style="list-style-type: none"> NRGP Reports Farmers Records Surveys Reports 	Farmers adopt improved technologies

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
Outputs:			
1.1 Capacities of POs Strengthened	<ul style="list-style-type: none"> Number of Farmers trained by MoFA & Other Training Service Providers Number of Farmer Groups formed, Registered & trained in group dynamics, cohesion & leadership skills (RIMS) No. of members in PO/FBOs (sex disaggregated) (RIMS) % of Women holding leadership positions in POS/FBOs No. of Households benefitting from Programme interventions (RIMS) Number of farmers (males & females) benefitting from the Programme using improved planting materials (RIMS) 	<ul style="list-style-type: none"> NRGP Reports NRGP Database 	Facilitating Agencies are available in numbers & quality for field-based strengthening activities
1.2 Commodity Inter-Professional Bodies established	<ul style="list-style-type: none"> Number of IPBs/Apex bodies established (RIMS) Number of Meetings held by each IPB No. of District Value Chain Committees (DVCC) formed No of DVCCs Functional² (rate DVCCs from a scale of 1-7 e.g. legal frameworks, etc.) % women represented on the DVCCs 	<ul style="list-style-type: none"> NRGP Reports DVCCs Records 	Strengthening of FBOs and structuring them into DVCCs will proceed with a sustained pace to enable them form commodity based IPBs
1.3 CBPs prepared and implemented	<ul style="list-style-type: none"> Number of CBPs prepared No of value chain businesses established % of CBPs budgets implemented % of CBPs Projects being financed No of value chain actors trained on 	<ul style="list-style-type: none"> NRGP Reports 	Policy framework continues to encourage private sector involvement in the rural

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

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
1.4 CDF established	<ul style="list-style-type: none"> entrepreneurial and business management skills No of value chain actors at each level of the chain linked to each value (%) disbursed by public windows value (%) disbursed by private goods window Number of businesses (clients) accessing the CDF (by commodity window) Commercial Ventures established and functioning as a result of interventions of the Programme Number of Public Private Partnerships established for managing facilities 	<ul style="list-style-type: none"> NRGP Financial Reports <p>NRGP Reports</p>	<p>areas</p> <p>Stakeholders will demand the matching grants</p>
Outcome 2: Clients access to infrastructure enhanced	<ul style="list-style-type: none"> All infrastructure constructed are being fully utilized 	<ul style="list-style-type: none"> NRGP Reports 	
Outputs: 2.1 Small scale irrigation developed	<ul style="list-style-type: none"> Land (Area) under irrigation schemes rehabilitated (ha) (RIMs) % of developed area of irrigation schemes used Area of flood recession schemes constructed (ha) Number of WUAs established and functional % contribution of WUAs towards the maintenance of irrigation facilities No of clients sensitized on small scale irrigation schemes no of clients participation in farmer field schools (FFS) 	<ul style="list-style-type: none"> NRGP Reports WUAs Records 	<p>Enforcement of strict design and construction criteria for small dams, roads and storage facilities is effective and allows for economic viability and cost effectiveness</p>

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
2.2 Market Infrastructure developed	<ul style="list-style-type: none"> ▪ Total km of roads rehabilitated/constructed (RIMs) ▪ Km of farm access tracks rehabilitated/constructed ▪ Km of Feeder roads rehabilitated/constructed ▪ Number of storage facilities (Warehouses & pack houses) constructed (RIMS) ▪ % of beneficiary District Assemblies that have allocated adequate funds for the maintenance of new infrastructure 	<ul style="list-style-type: none"> ▪ NRG Reports ▪ District Assemblies Records 	
Outcome 3: Clients access to financial services enhanced	<ul style="list-style-type: none"> ▪ Number of clients accessing financial services 	<ul style="list-style-type: none"> ▪ NRG Reports 	
Outputs: 3.1 Capacities of PFIs built	<ul style="list-style-type: none"> ▪ Savings and credit groups formed and/or strengthened (RIMS) ▪ People in savings and credit groups formed and/or strengthened (RIMS) ▪ Number of PFIs participating in the Programme (RIMS) ▪ Staff of PFIs trained (RIMS) ▪ Active borrowers (RIMS) ▪ Number of voluntary savers (RIMS) ▪ Value of voluntary savings (RIMS) ▪ Outreach of partner financial institutions expanded <ul style="list-style-type: none"> ▪ % increase in agric portfolio of RCB ▪ Value of loans borrowed increased (GHC) ▪ Number of additional branches established ▪ % of the overall loan amount repaid ▪ % of loans defaulted (by Gender) 	<ul style="list-style-type: none"> ▪ NRG Reports ▪ PFIs Reports ▪ 	PFIs have loanable funds FBOs are repaying credit

Narrative Summary	Key Performance Indicators	Means of Verification	Assumptions (A) / Risks (R)
	<ul style="list-style-type: none"> % of Agric portfolio at risk at 30 days (RIMS) 		
Outcome 4: Effective implementation of the programme ensured	<ul style="list-style-type: none"> Programme successfully implemented 	<ul style="list-style-type: none"> NRGP Reports 	
Outputs: 4.1 Effective implementation of the programme ensured 4.2 Effective M & E System in place	<ul style="list-style-type: none"> PMU Established with full complement of staff No of NPSC meetings held All logistics provided to staff Number of Withdrawal Applications made annually AWP&B prepared and approved by NPSC by 1st November of the year AWP&B prepared and submitted to Financing Agencies for approved by 1st December of the year % of AWP&B disbursed Number of monitoring visits to project sites conducted Number of Quarterly, Annual and Audit reports submitted on time Programme receive satisfactory rating from Missions 	<ul style="list-style-type: none"> NRGP Reports Minutes of NPSC Meetings Monitoring Reports Mission Aide Memoires NRGP Audit Reports 	

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

Action Area	Action Agreed	Date	Whom	Progress
Programme Implementation				
	Recruitment of Technical Assistance for Value chain Development and Rural Financial Services	Immediately	PMU	
Value Chain Development	Finalization of the recruitment of the new administrator; Enable participation by a broader range of FBOs, service providers, PFIs and off-takers within any DVCC	Immediately/Continuous	PMU Specialists & F.A.	
Financial services	Effective engagement of commercial banks and facilitation of partnerships between those and existing RCBs	Immediately/Continuous	PMU Specialists & RAFiP	
Value Chain Development	Appointment of Facilitating Agencies for small ruminants and vegetable crops	Immediately	PMU Specialists	
Value Chain Development	Renegotiation of the arrangements and performance targets with the FA for the women's crops	Immediately	PMU Specialists	
Value Chain Development	Collaborate with the Ghana Grains and Legumes Board and the SEEDPAG for the production of foundation and certified seeds	Immediately/Continuous	PMU Specialists	
Value Chain Development	Apply indicators to judge progress and categorise DVCCs as proposed in Inter-phase review	Immediately/Continuous	PMU Specialists & FA	
Value Chain Development	Apply electronic information technology to improve communication and business links within selected mature DVCCs	Immediately	PMU Specialists & Contractor	
Value Chain Development/Rural Finance	Pilot test cost recovery systems for 10 DVCCs through an agreed small levy on credit re-payments to RCBs	Immediately/Continuous	PMU Specialists, RAFiP & FA	
Value Chain Development	Alternatives for financing of costs of DVCCs are to be explored	Immediately	PMU Specialists, RAFiP & FA	
Commodity Business Plans	Apply DAIPS to inform District Assemblies (DAs) and their investment plans during 2013.	By December 2013	PMU Specialists	
Rural Finance/MG	Apply revised rules and procedures for better and more equitable access to MGs clients	Immediately/Continuous	PMU Specialists, RAFiP & FA	
Rural Infrastructure	Advance of 50% of pump value as loan to farmers, guaranteed by DA.s to be regularised	Immediately	PMU Specialists	
Rural Infrastructure	Conduct accurate financial analysis and business plans	Immediately/Continuous	PMU Specialists	

Rural Infrastructure Value Chain Development	for all irrigation investments		
	Prepare accurate financial analysis, business plans and management models for packhouses and warehouses	Immediately/Continuous	PMU Specialists
Rural Finance M&E	Rice CBP undertaken in 2013	Dec 2013	PMU Specialists
	Application of strategy to enable access to larger banks with technical support from RAFiP	Immediately/Continuous	PMU Specialists, RAFiP & FA
Programme Management M&E	Participatory Outcome Assessment conducted in 10 districts in 2013	Dec 2013	M&E Specialist
	Finalise preparation and submission of the 2013 AWPB for N.O. to IFAD	30 June 13	Coordinator & PMU Specialists
M&E Programme Management/M&E	Database be developed using the Farmers Business Book & information from FAs	30 Sept 13	PMU Specialists & M&E
	Programme Baseline survey finalized	1st July 2013	M&E & Coordinator
Programme Management/M&E	Inter-phase review to be completed	20 July 2013	Coordinator & PMU Specialists
	PIM up-dated	20 July 2013	Coordinator & PMU Specialists
Programme Management/M&E	Concentrated effort to rectify figures in M&E	20 July 2013	PMU Specialists & M&E
	Database development TORs developed based on REP piloting of a web-based GIS database	1 October 2013	PMU Specialists & M&E
Fiduciary	Supplier of SUN software to update to version 6 and train the project staff	1 October 2013	Accountant & SUN system supplier
	Assistant Accounts Officer recruitment	Immediately	Accountant
Fiduciary	Financial returns attached to the payment vouchers	Immediately/Continuous	Accountant
	Follow receipt of SDR 300,000 with the Withdrawal Application 21 to IFAD	Immediately	Accountant
Fiduciary	Government to release counterpart funds	Immediately	Min of Fin
	No Objection' tracking file established	Immediately	Accountant
Fiduciary	Contributions of Beneficiaries, Private Investors and Public Financial Institutions recorded as project financiers	Immediately	Accountant

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

Component/ Sub-component or Output	Indicator	Unit	Period: January to December 2012			Cumulative Actual	Appraisal/MT R Target	
			AWP&B	Actual	%		Target	%
Component 1: Commodity Chain Development								
Sub-component: Strengthening Farmer Based Organizations	Households receiving project services	No	8,000	6,110	76	17,466	45,000	38.81
	Groups receiving project services	No	500	331	66	987	2,000	49.35
	People receiving project services	Male	6,000	2,962	49	8,277	30,000	27.59
		Female	4,000	6,676	117	13,502	20,000	67.5
	Community groups formed/strengthened	No	500	331	66	987	2,000	49.35
	People in community groups formed/strengthened	Male	6,000	2,962	49	8,277	30,000	27.59
		Female	4,000	6,676	117	13,502	20,000	67.50
	Community groups with women in leadership position	No	200	98	49	452	900	50.22
	Increase productivity ³ and production of smallholders by 7% by 2011 and 20% by 2017							
	• Maize (0.8mt/ha)							
• Soya (0.5mt/ha)	Mt/Ha	2.5	2.4	96	2.4	5.5	43.6	
• Sorghum (0.5mt/ha)	Mt/Ha	1.5	1.5	100	1.5	4	37.5	
	Mt/Ha	1.2	1.3	108	1.3	3	43.3	
	Increase incomes ⁴ of rural households by %		20	134	-	134	15	-
	6% in 2011 and 15% by 2017							
	No. of radio Broadcast to disseminate	No	16	20	125	45	400	11.25

³ Productivity for maize has increased by over 200% over the base year, soya by over 200% over the base year and 140% for sorghum over the base year

⁴ A participatory Outcome Assessment (POA) showed that, average incomes of farmers had increased from GHC302.7 to GHC709.60 representing an increase of 134%

Component/ Sub-component or Output	Indicator	Unit	Period: January to December 2012			Cumulative Actual	Appraisal/MT R Target %	
			AWP&B	Actual	%			
	technologies							
	Number of Agric Staff trained	No	600	100	16	681	-	-
	Vol. of produce ⁵ produced	Mt	20,000	22,086.84	110.43	31,918	311,552	10.24
Sub-component: IPB established	Commodity Apex organisations formed/strengthened	No	2	0	0	3	6	50
	DVCCs established	No	8	8	100	43	-	-
Sub-component: Prepare and implement Business Plans	Number of CBPs prepared and Commodity implemented	No	2	2	100	4 ⁶	4	50
Sub-component established and disbursed	CDF							
	% of CDF disbursed	%	2	1.8	90	1.8	80	2.25
	11 Commercial ventures are established	No	10	34	340	38	100	38
Component 2: Rural Infrastructure Development								
Sub-component: Irrigation Infrastructure Development	Land under irrigation schemes constructed/rehabilitated	Ha	900	182	20	414	2,828.60	14.64
	41 small scale irrigation schemes ⁷ constructed	No	41	0	0	0	41	0
	Flood Recession Schemes constructed and Soil and water conservation techniques promoted	Ha	200	0	0	200	1,000	20

⁵ Volumes of commodities produced include 20,788mt of Maize, 1,095mt of soya and 203.79mt of sorghum.

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

⁷ The Irrigation schemes are still being designed for construction

Component/ Sub-component or Output	Indicator	Unit	Period: January to December 2012			Cumulative Actual	Appraisal/MT R Target %	
			AWP&B	Actual	%			
	Number of WUAs established and functional	No	20	21	105	69	325	34.50
<i>Sub-component: Marketing⁸ Infrastructure Development</i>	Roads constructed	Km	200	0	0	108	600	18
	Farm access tracks rehabilitated/constructed	Km	0	0	0	0	200	0
	Storage facilities constructed/rehabilitated	No	0	0	0	0	10	0
	Pack houses constructed	No	0	0	0	0	4	0
	Groups managing infrastructure formed/strengthened*	No	0	0	0	0	0	0
	People in groups managing infrastructure formed/strengthened	No	0	0	0	0	0	0
	Groups managing infrastructure with women in leadership position	No	0	0	0	0	0	0
Component 3: Access to Rural Finance	Financial institutions participating in the project	No	8	0	0	24	30	80
	Saving and credit groups formed/strengthened	No	500	331	66	987	2,000	49.35
	People in saving and credit groups formed/strengthened	Male	6,000	2,962	49	8,277	30,000	27.59
		Female	4,000	4,676	117	13,502	20,000	67.51
	Saving and credit groups with women in leadership position	No	200	98	49	452	900	50
	Staff of financial institutions trained	No	60	75	125	85	100	85

⁸ Under the Marketing Infrastructure Development Component, apart from feeder roads which has commenced, the farm access tracks, the warehouses/pack houses are still being designed for construction.

Component/ Sub-component or Output	Indicator	Unit	Period: January to December 2012			Cumulative Actual	Appraisal/MT R Target	
			AWP&B	Actual	%			%
	Enterprises accessing financial services facilitated by the project	No	34	34	100	38	100	38
	Value of gross loan portfolio	USD	1,842,100	1,406,400	76	2,275,507	3,000,000	75.85
	Value of voluntary savings	USD	184,210	140,640	76	227,550.1	300,000	75.85
	Active borrowers (disaggregated by gender)	Male	6,000	2,962	49	8,277	30,000	27.59
		Female	4,000	4,676	117	13,502	20,000	67.51
	Active savers (disaggregated by gender)	Male	6,000	2,962	49	8,277	30,000	27.59
		Female	4,000	4,676	117	13,502	20,000	67.51
Component 4: Programme Mgt, Coordination & M & E	No of NPSC meetings held	No	2	2	100	8	16	50
	AWP&B prepared and approved by NPSC by 1st November of the year	No	1	1	100	4	8	50
	AWP&B prepared and submitted to Financing Agencies for approved by 1st December of the year	No	1	1	100	4	8	50
	Number of Quarterly, Annual and Audit reports submitted on time	No	4	4	100	16	32	50

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

Appendix 5A: Actual Financial Performance by financier as at 31 May 2013 in (USD'000)

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan	22,325	7,680	34.4%
IFAD grant	400	0	0%
AfDB	61,215	8,326	13.6%
PfIs	4,608	2,275	49.4%
Beneficiaries	3,699	1,024	27.7%
Private Investors	936	386	41.3%
Government	10,370	2,263	21.8%
Total	103 553	21,954	21.2%

Appendix 5B: Total expenditure from inception by financier by component as at 31 May 2013 in (USD'000)

Component	IFAD Loan		IFAD Grant		AfDB		GOG		PFIs		Prvt Investors		Beneficiaries		Total		%
	Budget Allocated	Cummulative exp	Budget Allocated	Cummulative exp	Budget Allocated	Cummulative exp	Budget Allocated	Cummulative exp	Budget Allocated	Cummulative exp	Budget Allocated	Cummulative exp	Budget Allocated	Cummulative exp	Budget Allocated	Cummulative exp	
A: Commodity Chain Development	16,789	3,327	400	-	-	-	2,131	326	4,240	2,275	936	386	2,078	1,024	26,574	7,338	27.61
B: Rural Infrastructure Development	-	-	-	-	61,215	8,281	7,786	476	368	-	-	-	1,621	-	70,990	8,757	12.34
C: Access to Rural Finance	1,038	349	-	-	-	-	88	41	-	-	-	-	-	-	1,126	390	34.64
D: Programme Management, Coordination & M & E	4,498	4,004	-	-	-	45	365	1,420	-	-	-	-	-	-	4,863	5,469	112.46
Total	22,325	7,680	400	-	61,215	8,326	10,370	2,263	4,608	2,275	936	386	3,699	1,024	103,553	21,954	21.20
Percentage Disbursed	34.40		-		13.60		21.82		49.38		41.26		27.68		21.20		

Appendix 5C: Total expenditure from Inception by Categories as at 31st May 2013 in USD (000).

	IFAD Loan		IFAD Grant		AFDB		GOG		PFIs		Pvte Investors		Beneficiaries		Total		%
Categories	Budget allocated	Cumulative exp	Budget allocated	Cumulative exp	Budget allocated	Cumulative exp	Budget allocated	Cumulative exp	Budget allocated	Cumulative exp	Budget allocated	Cumulative exp	Budget allocated	Cumulative exp	Budget	Cumulative exp	Budget
I: Civil Works	887	-	-	-	61,215	6,482	7,918	-	1,108	-	-	-	3,496	-	74,624	6,482	8.7%
II (a): Private Goods	1,514	29	-	-	-	-	985	-	2,882	2,275	936	386	37	1,024	6,354	3,714	58.5%
II (b): Public Goods	243	-	-	-	-	-	-	-	-	-	-	-	-	-	243	-	0.0%
III: Vehicles, Goods and Equipment	1,253	639	-	-	-	-	703	228	618	-	-	-	166	-	2,740	867	31.6%
IV: Technical Assistance and Support	7,657	1,516	-	-	-	-	542	7	-	-	-	-	-	-	8,199	1,523	18.6%
V: Training and Studies	7,238	3,074	-	-	-	1,792	207	1,271	-	-	-	-	-	-	7,445	6,137	82.4%
VI: Regional Exchange Programmes	-	-	400	-	-	-	-	-	-	-	-	-	-	-	400	-	0.0%
VII: Salaries and Allowances	2,715	1,290	-	-	-	27	-	14	-	-	-	-	-	-	2,715	1,331	49.0%
VIII: Operating Costs	818	1,133	-	-	-	24	15	743	-	-	-	-	-	-	833	1,900	228.1%
Total	22,325	7,681	400	-	61,215	8,325	10,370	2,263	4,608	2,275	936	386	3,699	1,024	103,553	21,954	21.2%
Percentage	34.4%		0.0%		13.6%		21.8%		49.4%		41.2%		27.7%		21.2%		

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Date	Due	Compliance Status/Date	Remarks
Section 2.03	Opening of 2 Special Accounts in USD	Signature of agreement		Done	
	Deposit of Authorized Allocation of USD 1,500,000 for the Loan Special Account.	Start of project		Done	
	Deposit US\$100,000 in the Grant Special Account			Done	
Section 3.02	Submission of AWPB each year to IFAD for approval	Annual		On-going	Delay in submitting AWPB to IFAD. Negative impact on project activities
Section 3.03	Opening of Project Account, Accounts in cedis	Start of project and		Done	
Section 3.05	Transfer of annual GoG counterpart funds in accordance with AWPB	Quarterly transfers		On-going	The Government did not provide enough money for 2012 only 23% of the requested amount.
Section 3	Programme Development and Implementation Partnership	Done			
Section 4.02	Submission of semi-annual and annual progress reports to IFAD	Twice a year		On-going	
Section 4.03	Mid-Term Review (MTR) carried out jointly by Borrower, IFAD and UNOPS	4 th project year		Done	But the final report is not yet released
Section 4.04	Submission of completion report	2017		2017	Not due
Section 5.01	Submission of consolidated annual financial statements to IFAD	3 months after year end		On-going	2012 Financial Statements were submitted on time.
Section 5.02	Appointment of auditors by Borrower for each fiscal year	Not specified		Done	Auditor selected for 2011 and 2012 FY.
	Submission of audit report to IFAD each year	30 th June		2010	
Schedule 2	Signature of subsidiary agreement between Borrower and BoG	Not Specified		First quarter	

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

Appendix 7: Knowledge management: Learning and Innovation

Learning

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

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

Innovation: Describe any interesting innovation noted during supervision

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

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