



Investing in rural people

Republic of Ghana

Rural Enterprises Programme (REP)

Supervision report

Main report and appendices

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Abbreviations and acronyms

AfDB	African Development Bank
AGI	Association of Ghana Industries
ARF	Access to Rural Finance
ASSI	Association of Small-scale Industries
ATC	Animal Traction Centre
AWPB	Annual Work Plan and Budget
BAC	Business Advisory Centre
BDO	Business Development Officer
BDS	Business Development Services
BOIS	Business Opportunities Identification Surveys
CBT	Community Based Training
COTVET	Council of Technical, Vocational and Educational Training
CPM	Country Portfolio Manager
CPMT	Country Programme Management Team
DA	District Assembly
DOTI	Department of Trade and Industry
EB	Executive Board
EDAIF	Export Development Agriculture Investment Fund
ERR	Economic Rate of Return
FM	Financial Management
GH¢	Ghana Cedis
GIS	Geographic Information System
GoG	Government of Ghana
GPRS-I	Ghana Poverty Reduction Strategy-phase I
GPRS II	Growth and Poverty Reduction Strategy-phase II
GRATIS	Ghana Regional Appropriate Technology Industrial Services
GSGDA	Ghana Shared Growth and Development Agenda
GIZ	German Technical Cooperation
ICI	International Cocoa Initiative
ID	Institutional Development
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
JICA	Japan International Cooperation Agency
KM	Knowledge Management
KPCEED	Kumasi Polytechnic Centre for Entrepreneurship and Enterprise Development
LBA	Local Business Association
MCP	Master craft person
MDA	Ministries, Departments and Agencies
MESW	Ministry of Employment and Social Welfare
M&E	Monitoring and Evaluation
MGF	Matching Grant Fund
MLGRD	Ministry of Local Government and Rural Development
MMDA	Metropolitan, Municipal and District Assembly
MOFA	Ministry of Food and Agriculture
MOF	Ministry of Finance
MOTI	Ministry of Trade and Industry
MSE	Micro and Small-Scale Enterprises
MTNDP	Medium Term National Development Plan
MTR	Mid-Term Review
PPP	Public Private Partnership
NBSSI	National Board for Small-scale Industries
NGO	Non-governmental organization
NORPREP	Northern Region Poverty Reduction Programme
ND	National Director
NRGP	Northern Rural Growth Programme
NVTI	National Vocational Training Institute

PCMU	Programme Co-ordination and Management Unit
PDR	Programme Design Report
PFI	Participating Financial Institution
PIM	Programme Implementation Manuel
PSC	Programme Steering Committee
PSDS	Private Sector Development Strategy
QA	Quality Assurance
QE	Quality Enhancement
RAFiP	Rural and Agricultural Finance Programme
RCB	Rural Community Bank
RCC	Regional Coordinating Council
RECOMEP	Regional Committees for Micro & Small Scale enterprises Promotion
REDF	Rural Enterprise Development Fund
REP	Rural Enterprises Programme
REP I	Rural Enterprise Project, phase I
REP II	Rural Enterprise Project, phase II
RIMS	Results and Impact Management System
RTF	Rural Technology Facility
SIF	Social Investment Fund
TAP	Traditional Apprentice
TAT	Technical Apprentice
TF	Training Fund
TPD	Technology Promotion and Dissemination
TVET	Technical and Vocational Education Training
UN	United Nations

Republic of Ghana

Rural Enterprises Programme (REP)

Supervision and Implementation Support Mission: 24 October to 3 November 2016

A. Introduction¹

1. In close collaboration with the Ministry of Trade and Industry (MoTI), the Ministry of Finance (MoF) and the Ministry of Food and Agriculture (MOFA), an IFAD Team carried out a Supervision and Implementation Support Mission for the Rural Enterprises Programme (REP) during the period from 24 October to 3 November 2016 in Ghana. The Mission's objectives were to: (i) ensure that the Programme's development objectives are being met; (ii) review implementation performance of the 2016 AWPB and support programme implementation; (iii) follow-up on the recommendations of the Mid-Term Review (MTR) which was conducted from 16 November to 3 December 2015; (iv) review loan administration and fiduciary aspects of the Programme.

2. From 24 October to 1 November 2016, the Mission visited the Kumasi-based PCMU office and collected documents, reviewed progress reports and studies and held extensive, individual and collective discussions with the REP staff and management. The Mission visited programme field activities in Asante Akim South, Atwima Mponuam Mampong Sekyre South districts in the Ashanti Region and Tano South, Asunafo North in the Brong-Ahafo Region. The Mission held meetings at the PCMU Office with a representative group of District Assemblies (DAs) Authorities, Regional Heads of NBSSI and Participating Financial Institutions (PFIs) on 27 October 2016. The Mission also had separate meetings on 28 October with a representative group of Head of Business Advisory Centers (BAC) and REP's MSE clients. On 31 October, the Mission held a meeting with the Executive Director of NBSSI and his Deputy Director in Kumasi. The Mission returned to Accra on 1 November and held a meeting with representatives of GRATIS.

3. Prior to leaving Kumasi, the Mission shared its observations and key findings with the management team and staff of REP to get their preliminary feedback. A joint Aide Memoire was prepared with the African Development Bank (AfDB)² to summarize the Mission's findings as well as proposed recommendations and agreed actions that arose from the discussions with the PCMU, implementation partners, programme clients and beneficiaries. A wrap-up meeting with the management of the MOTI and other key stakeholders, chaired by Mr Frederick Alipui, Policy Advisor (MOTI) was held on 3 November 2016 to present the findings, recommendations and agreed actions for follow-up.

4. The IFAD team sincerely thanks the Government of Ghana counterparts, the PCMU and different stakeholders for their excellent collaboration and courtesies extended to the Mission. IFAD would also like to take this opportunity to express its appreciation and satisfaction for the active participation of Government representatives from MoTI, MoF and MOFA in the entire mission.

5. The REP follows two earlier projects that were implemented beginning 1995. The Programme entered into force on 12 January 2012 and is expected to complete implementation on 30 March 2020. The total cost of the Programme is about US\$ 193 million and is funded mainly by the Government of Ghana (GoG), IFAD, AfDB, PFIs and Beneficiaries. The Programme is part of GOG's efforts to reduce rural poverty and improve living conditions in rural areas through the promotion of Micro and Small Enterprises (MSEs). REP is now in its fifth year of implementation.

6. The main Programme components are: (i) Business Development Services (component 1), which aims at upgrading the technical and entrepreneurial skills of rural MSEs by providing access

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² AfDB Mission was carried out from 12 - 21 October and 25 - 28 October (Financial Management aspects). The team comprised: Messrs. Tabi Karikari (Agriculture and Natural Resource Management Officer, GHFO/OSAN.2 and Mission Team Leader); Daniel Osei-Boakye (Procurement Officer, GHFO/ORPF.2); Philip Doghle (Financial Management Specialist, OSAN.2); and Ms. Olukemi Afun-Ogidan (Senior Agro-Industry Officer).

to business development services (BDS) at the district level through an institutional set-up introduced as BACs; (ii) Technology Promotion and Dissemination (TPD-component 2), which aims at upgrading the level of technology of the rural MSE sector by facilitating promotion and dissemination of appropriate technologies in the form of skills training, manufacture of processing equipment, testing and promotion of prototypes; (iii) Access to Rural Financial Services (Sub-component 3.1) aiming at enhancing the access of rural MSEs to rural finance through an establishment of the Rural Enterprises Development Fund (REDF) as a wholesale credit fund, in addition to a Matching Grant Fund (MGF); Subcomponent 3.2 (Institutional Development) supports rural MSE organizations and partnership by empowering local trade associations and building their social capital. Following the MTR, a third subcomponent was introduced - Empowering Novel Agribusiness-Led Employment for Youth (ENABLE Youth)(subcomponent 3.3)- to support graduate young people willing to engage in agri-entrepreneurship.

B. Overall assessment of the programme implementation

7. On the whole, implementation of the Programme has been satisfactory. The Programme outreach to the expected 161 rural districts has been fully achieved with excess demand expressed from other districts. Business Development Services (BDS) activities with REP support are being implemented in all districts at various levels, though progress throughout the year has been slower than expected. Since 2012, it is estimated that the Programme has helped to generate financial benefits in excess of GH¢154 million³ and also positively affected the lives of more than 140,000⁴ people across the country. A total of 38,463 MSEs are being serviced : comprising of 25,440 new businesses (30% of appraisal target) and 13,023 which are either businesses migrated from REP II or existing businesses that have enrolled with the BACs. 2,596 rural MSEs have been formalized through registration support. Basic community-based technical skills training that provides opportunities to rural poor entrepreneurs for business start-up was delivered to 110,426 rural poor potential and existing entrepreneurs (38 % of appraisal target) under the Business Development Services and Technology Promotion Components. Supported MSEs have so far created a total of 31,328 direct jobs (31% of appraisal target). These achievements, although laudable, are behind the appraisal targets.

8. Implementation of Technology Promotion and Dissemination activities with funding from the AfDB are now picking up with five contracts awarded in June 2016 for the construction of 5 hostel facilities at selected RTF facilities; further a contract has been signed with a consultant to design and supervise the construction of 5 workshop buildings and prescription of equipment for the new 5 RTFs as well as for the retooling of five existing ones inherited from other projects, which will bring the number of RTFs supported by the programme to a total of 31 by October 2017. Following the MTR, the number of RTFs has been scaled down to 15 from the appraisal target of 30, and the funding for the other 15 is being redirected towards supporting a newly introduced sub-component (3.3)- ENABLE Youth. Through the existing RTFs, REP has supported the training of 2,122 master crafts persons and graduate apprentices for NVTI certification, only 9% of the appraisal target.

9. Implementation of the Access to Rural Finance sub-component has been greatly boosted following a series of measures, including: (i) the completion of the manuals for the Matching Grant Fund (MGF) and Rural Enterprise Development Fund (REDF) after the Nov/Dec 2013 mission; (ii) the waiver of the accreditation process for interested financial institutions wishing to participate in the MGF scheme; (iii) the continuous sensitization of financial institutions in the various REP districts; (iv) to some extent, the reduction in the interest rate on REDF after the MTR. Although the total number of MSEs assessing REDF represents only 25% of appraisal target, so far 1648 SMEs accessed credit through this fund in 2016, exceeding the annual target by 36%. With respect to MGF, 72 % of planned amount in 2016 was disbursed to 226 MSEs (31% of annual target as of 30 September 2016).

10. Since the MTR, the programme focus has been on the implementation of recommendations and agreed actions, though at a slow pace. The PCMU has undertaken consultations and explored opportunities in an effort to attract private sector participation in the operations and management of

³ Source: Project Progress Report (October 2016) - Projected based on PCMU field visit data (September 2015). Based on estimated average annual turnover/district of GH¢217,000 and average annual employee earnings/district of GH¢22,000. Figures only indicative.

⁴ Source: PCMU M&E data. Based on the assumed average household size in Ghana of 4.5 persons for the 31,328 new jobs created from 2012 to September 2016.

the BACs and RTFs. To this end, the existing and potential beneficiary districts of BACs and RTFs, as well as the relevant stakeholders at the national level (MOTI, MoF, NBSSI and GRATIS), have and continue to be engaged at different levels. A contract with a Transaction Advisor (CPCS Transcom) is under review for signature to guide the entire process in line with GoG policy. The Programme has continued to pursue its partnership strategy with BDS providers to leverage more support for MSEs while exploring attractive options to involve private sector participation in the operations and management of BACs. Following the request of the CPMT meeting on the MTR in July 2016, The PCMU of REP has been engaged in a long effort to prepare an operational plan for achieving the sustainability of BACs. Delays in the preparation of this plan has slowed down the implementation of important programme activities, such as: (i) the renovation of REP I&II BACs and the equipment of some new ones established in 2013-14; (ii) the capacity building programme of BAC staff; (iii) the recruitment of additional key PCMU staff to respond to increased need for effective monitoring and supervision of Programme activities in the field.

11. The lack of clear prospects for organizational, institutional and financial sustainability of BACs is increasingly becoming a frustrating issue for both IFAD and the GoG, especially the MoTI and the MoF as leading implementation agency and representative of the Borrower respectively. The key assumptions made in the programme design for achieving the sustainability of BACs are no longer valid. In particular, the freeze on public sector recruitment continues to impede the capacity of NBSSI to staff the BACs and provide their effective backstopping, including monitoring and supervision. In addition, due to the low level of internally generated fund (IGF) and untimely release of common fund from the central Government, the DAs are not able to attract and maintain qualified staff nor to cover the recurrent and operational costs of BACs. The establishment of the department of trade and industry (MoTI) at the district level has not been materialized; this has killed some key assumptions made for the sustainability of BACs, namely: (i) the BACs will form the nucleus of the DoTI and be gradually mainstreamed in the DA structure; (ii) the DAs will assume ownership of the BACs as one of the decentralized units and provide technical and financial support to ensure the continuous provision of BDS to MSEs.

12. The lack of a clear plan to address sustainability of existing BACs places the Programme's achievements at risk. More than ever it is now critical to address big issues- such as the role of institutions (BACs, NBSSI, DAs, local BDS providers, Local Business Associations, etc.), the extent of and rationale for subsidies (if any) and the question of who finances and does BDS product development- which have been left *hanging*, undecided and ambiguous for long time. The Mission suggested that, rather than continuing to focus on BACs as the main facilitator and delivery mechanism for BDS, REP must embrace the BDS market development approach with a vision to develop a vibrant, competitive BDS market in which large numbers of MSEs use a wide range of business services to improve and grow their businesses. To this effect, **it is recommended that REP urgently presents its operational plan for sustainability.** This plan should clearly separate the functions of service delivery— the costs of which should be covered by the markets – from the temporary function of developing markets – which are considered appropriate to subsidize. It should also address the question of "Who Pays" (financial sustainability) and how rural poor entrepreneurs would still be reached with more commercially delivered services. Due attention will be paid to the role and capacity development of the existing crop of private local service providers, particularly those that the BACs are currently relying on to deliver the services that they facilitate.

Agreed action	Responsibility	Agreed date
1. Develop and present the operational plan for achieving sustainability of BACs based on BDS market development principles	PCMU/ICO	30 November 2016
2. Recruit technical assistance to conduct BDS market survey to identify cost-recovery mechanisms for commercially delivered services	PCMU	15 January 2017
3. Develop and implement capacity building programme for local BDS providers	PCMU	1 March 2017

C. Outputs and outcomes

13. The objective of REP is to increase the number of MSEs that generate profit, growth and employment opportunities, to support the goal of improving their livelihoods and income. It is to scale up the model of integrated support to MSEs developed under REP I and II in 66 districts, providing business development services, technology support, and access to finance, to a total of 161 rural districts/municipalities (out of a current total of 207) on a demand- driven basis.

14. Key outcomes and outputs related to the components of REP 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 RTFs and developing the capacities of rural master craft persons and apprentices; (iii) ensuring access of MSEs to finance by improving the capacities of PFIs, supported by matching grants and a line of credit; and (iv) strengthening pro-poor MSE support institutions and policies by building the capacities of institutions at the district and regional levels and supporting policy dialogue. Progress on outputs is reported in Appendix 4.

Component 1: Business Development Services

15. **Establishment and Strengthening of BACs.** The BDS component of the REP aims at upgrading the technical and entrepreneurial skills of rural MSEs by providing access to BDS (non-financial services including, technical skills training and business management services) and financial services through a decentralized facilitation and a delivery mechanism implemented at district level throughout 10 regions in Ghana. REP has supported the establishment and strengthening of 161 BACs; 66 of these were created during the previous phases of REP I (13 BACs) and II (53 BACs) and another 95 new ones (59%) created under the current phase in 2012 - 2014. These BACs continue to operate at varying levels of effectiveness in supporting MSEs in different districts.

16. The BACs function more as a BDS facilitator, identifying the needs for training and other MSE support services, screening them against market opportunities for rural MSEs, and organizing the delivery of the services through contracts with specialized providers. A database of about 1,500 private BDS providers has been developed by REP from which the BACs can recruit for service delivery to MSEs. Currently, the main activities of BACs include: (i) organising business orientation seminars for rural poor entrepreneurs; (ii) offering community-based skills training; (iii) offering small business management training; (iv) offering literacy and numeracy training; (v) providing information and referral services and business counselling services; (vi) facilitating access to finance and technology; (vii) promoting the establishment and strengthening of local business associations (LBAs); (viii) leveraging resources from other stakeholders for SME support. The only service formally delivered to MSEs by BACs directly is business counselling services.

17. Based on the selected criteria of staffing adequacy, staff capacity, staff commitment as reflected by the numbers of MSEs being supported, level of DA support to BAC budget and potential for revenue generation, only 35 BACs (**22%**) are categorized as high performing⁵, of which 3 are REP I (23%), 11 are REP II (21%) and the other 11 are REP III (12%). The remaining 126 BACs are categorized either as average (**40%**) or low performers (**38%**). Many factors have been identified as contributing to this situation:

- (i) **inadequate staffing:** there are currently vacancies in all 3 positions in a number of BACs as follows: BAC Heads (27), Business Development Officers-BDOs (34), and Administrative Assistants-AAAs (40). To fill the vacancies, some DAs have assigned Community Development Officers (CDOs) to the BACs to act as BDOs or additional BDOs. This arrangement was a result of discussions between the PCMU, NBSSI and the Local Government Service in response to the continued national freeze on public sector recruitment;
- (ii) **capacity of BACs staff:** in most cases, staff of BACs have limited hand-on professional experience and knowledge in MSE-based business facilitation and delivery. While they have the minimum academic qualifications, for most BAC Heads and BDOs, the BAC was their first job after National Service and their experience has been limited to only REP operations;

⁵ REP. Operational Plan for Sustainability of BACs (Draft, November 2016)

- (iii) **DA support:** in addition to the provision of office space and the recruitment and payment of the salaries of the BDO and the AA, DAs are expected to increasingly assume the recurrent costs of the BACs as the REP decreases same. However, while most DAs make provision for BACs in their *Annual Action Plans and Budgets*, disbursements to the BACs depend on the DA Common Fund or their internally generated funds which are often delayed or insufficient. Thus, BACs continue to rely on PCMU for operational funds;
- (iv) **weak structure and lack of effective systems:** there are very few systems in place at the BACs and what exists is rather rudimentary. Several BACs also lack functioning equipment as the computers, photocopiers and printers provided by REP have broken down. Thirty-one (31) new BACs have not yet been provided with initial vehicles and office equipment. Record keeping and reporting by the BACs is relatively weak. Linkages with private/public BDS providers and BDS financiers is also weak. There is limited adoption and application of technology by the BACs in BDS facilitation and provision.

18. **Establishment of Resource Centers.** In addition to establishing BACs, it was planned that REP would construct forty two (42) resource centres in selected districts not only to serve as market information centres and display showrooms for MSE products and technologies, but also to carry out basic market research among other activities in support of the rural MSE development. As of the date of this Mission, bid evaluation for the recruitment of contractors to construct the first batch of 7 out of the planned 42 resource centres has been sent to AfDB for no objection. The beneficiary districts are Bolgatanga, Awutu-Senya, Hohoe, Wa, Techiman, Ejisu and Ga South. Furthermore, readiness verification field visits have been carried out in 35 districts out of which 29 districts have been selected to host resource centres. The selection of the remaining 6 districts will be considered in the 2017 AWPB and Procurement Plan.

19. **Capacity building of BACs Staff:** The MTR identified technical skills capacity gap of the BACs staff as a major challenge to their effective delivery of high-impact, demand-driven services to the rural MSE sector. In response to this and in line with the 2016 AWPB, 326 staff (51% of annual target) from all BACs have been trained by the PCMU in various Programme implementation related technical areas including basic entrepreneurship for enterprise management; participatory monitoring and evaluation for the use of the GIS application; and the use of I-Scala - a computer-based accounting software for the bookkeeping by the BACs. Nineteen (19) new BAC staff that were appointed in the course of the year to fill existing vacancies were given orientation training on the operations of REP in June 2016, focusing on the capacities of the BACs in the identification, selection, validation, contracting and monitoring of BDS providers. Thirty-six (36) BAC staff in the Brong-Ahafo Region (a pilot region) have also been trained in business plan preparation and counseling in collaboration with NBSSI. Manuals have also been prepared to assist the BACs improve their roles as facilitators of BDS in the districts.

20. Regarding the effectiveness training for BACs staff, the Mission is of the view that the current training programme is focused more on enhancing capacity of staff in their assigned role as facilitator and administrator, and does not build their skills for more involvement in the training management function- which does not inspire and motivate them enough to meticulously undertake environmental scanning, basic research, provide orientation to service providers and monitor training effectiveness where necessary. **The Mission recommended that the operational plan for sustainability includes a training component with a full training management cycle encompassing:** (i) the identification of specific performance deficiencies/gaps (assessment of client training needs); (ii) design of relevant training interventions to address them; (iii) effective implementation of training including Manual content, delivery methodology and logistics, and (iv) pragmatic evaluation of beneficiaries to measure outcomes. Further, REP needs to strengthen ties with the Council for Technical and Vocational Education Training (COTVET) to ensure accreditation services for training providers, facilitators and assessors, as well as quality assurance service for training BDS providers

21. **Strengthening of the capacities of rural MSEs and their associations:** As of 30 September 2016, REP achieved the following outputs through training and other forms of support via the BACs, MOFA Farm Institutes, and faith Based organizations:

- (i) the BDS component delivered different aspects of training/services to a total of 38,264 participants. The training/services related to technical and business management skills on one hand; and business counselling services and other support such as trade fairs, internships and study tours on the other hand. This level of outreach represents 87%

achievement of the 2016 AWPB target for the BDS Component. At this rate the component is on course to achieve the planned targets;

- (ii) under the on-going collaboration between REP and the four Farm Institutes (at Asuansi, Adidome, Wenchi and Kumasi Institute of Tropical Agriculture), 872 literate graduate youth (18% females) were trained at the four farm institutes. The training covered farm based activities such as poultry production, pig, grasscutter, sheep and goat rearing, baking/confectionery and beekeeping. Procurement processes are ongoing for start-up kits to 371 graduate youth that have been assessed to demonstrate sufficient commitment after the training;
- (iii) under the collaboration with faith-based organisations, the Methodist Development Agency, the National Catholic Secretariat and the Presbyterian Church of Ghana, a total of 836 (77% females) people have been trained in trades such as rabbit rearing, baking, soap making, shea-butter processing and batik and tie dye production. So far 112 (81 females) of the trainees have established their own businesses in rabbit rearing, mushroom cultivation, soap making, beads making, baking and confectionery;
- (iv) in collaboration with the Ga South District Assembly, REP organised the 2016 Clients' Exhibition and Trade Show from 2 to 9 October at the West Hills Mall, Weija. About 500 clients from all the 161 participating districts attended; This offered MSEs a platform for their market expansion. Displayed items including processed sheanut and groundnut, natural spices, soap, honey, confectionary, leatherworks, basket weavings, smocks and other traditional crafts, cosmetics; snacks; plantain chips; cassava flour; processed mushroom; shito; wood carvings ; batik tie and dye; beads; pedicure and manicure cream; packaged rice; straw; baskets and bags; leather bags; sheabutter; baobab oil; cashew products; shoes and sandals; honey; kente; dawadawa powder for cooking and palm oil.
- (v) in collaboration with the Ghana Prisons Service and the Network of People Living with HIV Aids (NAP+ Ghana), REP supported training of 173 prison inmates (147 male and 26 females) and 13 officers (6 male and 7 female) in poultry farming. With NAP+ Ghana, 300 (112 male and 188 females) members have been trained in oil palm processing, rabbit rearing, piggery, beads making, grasscutter rearing, poultry farming, citrus budding, mushroom production, beekeeping and mango grafting.

22. Notwithstanding the impressive number of participants in training offered both through the BACs RTFs and partner organizations, most clients met have only attended a one-time training course either in basic technical skills or business management. The Mission noted that there is no detailed training curricula being used with training time-tables that provide greater space for practical sessions as a trainee moves from BASIC through INTERMEDIATE to ADVANCE Courses. **The Mission recommended that such curricula should be developed and be aligned for purposes of certification to COTVET and NVTI levels in the case of Technical Skills training, and to the NBSSI's scheme for the Managerial Skills Development courses.**

23. Overall, there has been little evaluation of Post-training outcomes such as improvement in rural poor entrepreneurs' business growth, turnover, staff levels, livelihoods and particularly on how growth of Client MSEs affect payment of local taxes to the District Assemblies. The content of the immediate post-training reports by service providers need improvement as well as evaluation of post-training support and follow-up in the provision of start-up kits and credit support. **The Mission recommended that indicators should be developed to measure outcome and impact of training on the beneficiaries on a hierarchy of indicators (see paragraph 69).**

24. Capacity strengthening of private BSD providers. To develop the private BDS market at the district level and make their services easily accessible to rural MSEs, 1,456 additional BDS Providers were validated in 161 districts throughout the country to add up to the existing 203, making a total of 1,656 (42% females). During the year, a training of Trainers workshop in Adult Training Techniques (ATT) was also organized for 434 BDS Providers (61% females). This brings to 1,511, the total number of BDS providers trained in in 2015 and 2016. The purpose of the workshop was to build the capacity of the BDS Providers to enable them deliver effective training to MSEs. **The Mission recommended that REP should streamline and organize the delivery of BDS by these local service providers as part of the Programme sustainability and exit strategy.**

25. Setting up a grant scheme or training Fund. Given the place of training for all categories of BDS market actors (BACs, RTFs, MSEs, Service Providers, LBA), and as part of the sustainability

and exit strategy for REP, the Mission suggests to assess the possibility of allocating a grant to a Training Fund which will involve in the near future more donors involved in BDS with MSEs and GOG to deliver quality and longer training that are difficult to be undertaken with the support of the BACs at the district level. The BACs will channel the MSEs' demands to this Fund, which will operate as a financial instrument for disbursing funds in an accountable way, by using the existing financial management system of the GOG and the national procurement procedures on the basis of competitive bidding process and delivery. NBSSI as well as the DAs could be involved for the selection of the eligible BDS providers, the launching of the tenders and the award of best proposals (see Appendix on Knowledge Management).

26. Classification of MSEs for purposes of training needs assessment and support. The current classification of supported MSEs does not allow for better identification of their needs and the design of training curricula to support their business growth. REP supported MSEs are classified both according to their professional sectors and their level of growth (see M&E data). Based on their professional sectors, there are 7 different "SMEs categories". These are: (i) Farm Based (22,9%), (ii) Agro-Processing (32,3%), (iii) Pre & Post Harvest Activities (1,8%), (iv) Agro Industrial (17,3%), (v) Traditional craft (6,8%), (vi) Other CBTs-community Based Trainings (13,2%), (vii). Workshop businesses (4,8%). The second categorisation classified them as "start-up and survival SMEs (81%) and "normal and rapid growth (19%). A meaningful typology need to be developed in coherence with MOTI classification⁶ in order to support the MSEs with appropriate characteristics corresponding to their needs and their growth possibilities. In addition, it will be more efficient to use diversified approach to coaching and business counselling for existing MSEs and those in start-up stage.

Agreed action	Responsibility	Agreed date
1. Includes in the operational plan for sustainability a training component for BACs staff with a full training management cycle	PCMU/ICO	From now on
2. Develop detailed training curricula in technical skills and business management that is aligned for purposes of certification to COTVET and NVTI levels as well as to NBSSI's scheme	PCMU/COTVET, NVTI, NBSSI	31 March 2017
3. Develop M&E indicators to measure outcome and impact of training on the beneficiaries on a hierarchy of indicators	PMU	From January 2017
4. streamline and organize the delivery of BDS by local service providers as part of the Programme sustainability and exit strategy		From now on

⁶ The new typology could consider: (i) only the enterprises with less than 1,000 GHC as Survival; (ii) the ones with a capital between 1,000 to 10,000GHC as Emergent; and (iii) the ones with a capital between 10,000 to 100,000 GHC as Sustainable. The Start-ups with less than one year- around 16% of the supported MSEs (KPMG/ Progress report 2015) -will remain in a specific category and join this typology after one-year existence. On top of it, this typology not only be coherent with MOTI that considers as micro-enterprises all the enterprises with less than 40,000 GHC capital (10,000 USD) but also will include the MSEs supported by REP which have succeeded and have more than 40,000 GHC capital.

Component 2: Technology Promotion and Dissemination (TPD)

27. This component aims at upgrading the level of technology of the rural MSE sector by facilitating promotion and dissemination of appropriate technologies. These objectives are to be achieved through the establishment of 30 new Rural Technology Facilities (RTFs), which together with the 21 existing facilities, are designed to: (i) ensure skills training of master craft persons, technical apprentices and traditional apprentices; (ii) ensure the testing, replication and promotion of prototypes equipment in close collaboration with the clients; (iii) provide installation of and training on the use of equipment and after sales services; and (iv) organize occupational safety, health and environmental management seminars. They work in close cooperation with the BACs when they are in the same district.

28. As of the date of the MTR, no new RTFs were established. Based on this disappointing performance, it was decided to reduce the appraisal target from 30 to 15 RTFs. The 15 new RTFs are to be established under a PPP arrangement and consist of: (i) 5 metal-based light engineering type (similar to existing RTFs); (ii) 5 RTFs which would be appropriate common user facility infrastructure (the specifics of which are yet to be defined)⁷; (iii) 5 existing RTFs from either sister projects or other Programmes and that are in need of refurbishment and re-tooling. REP has just contracted a consultant (AESL) in October 2016 to design and supervise the construction of the workshop buildings, prescribe equipment for the retooling of the five existing ones. The assignment will last 12 months and expected to end in September 2017.

29. REP awarded 5 contracts on 17th June 2016 to construct the 5 RTF hostel facilities at 5 selected existing RTFs. As at September 2016, all five sites had commenced works on the substructure. According to the progress report of the supervising Consultant 4 of the 5 sites are all on schedule while the one (in Bole where the hard lateritic soil condition impedes manual excavation) is slightly behind schedule.

30. The existing 21 RTFs continue to be operationally active and provide skill training services. As of September 2016, 865 master crafts persons (17% of annual target) have been trained, thus bringing the total number to 3,380 (11% of appraisal target). 218 traditional apprentices and 117 technical apprentices were trained representing respectively 18% and 64% of annual targets. The Programme also facilitated NVTI certification to 677 graduates (50% of annual target) and provided training in occupational safety, health and environment to 564 rural MSEs (37 % of annual target). 308 youth graduate have been selected to receive start-up kits; the procurement process for these kits is underway but was slow due to complicated nature of the start-up kits, which comprise civil works, such as standardized poultry houses, pig sty, and goods such as rabbit cages, day old chicks, feed, etc. The mission advised on the plausible procurement methods that could be used for such procurement. The training covered farm based activities such as poultry production, pig, grasscutter, sheep and goat rearing, baking/confectionery and beekeeping.

31. The implementation of the activities under this component has been slowed down by the lack of progress in establishing additional 30 RTFs as planned and by the limited capacities of GRATIS to fill the key staff positions with competent managers in existing RTFs. DAs on their side have recruited average technicians who do not receive regular salaries, leading to loss of motivation and high staff attrition. RTFs remain characterized by staff and equipment deficiency, lack of market orientation, operational inefficiencies, and dysfunctional RTF management boards.

32. Over the period, the PCMU of REP has explored opportunities in an effort to attract private sector participation in the operations and management of the RTFs. To this end, the existing and potential beneficiary districts of the RTFs as well as the relevant stakeholders at the national level (MOTI, MoF and GRATIS) have and continue to be engaged at different levels. The PCMU has contracted a Transaction Advisor (CPCS Transcom) in October to guide the entire process of PPP arrangement in line with the Government policy. The assignment will last about 8 months and end around May/June 2017.

⁷ AfDB has advised that these new type of RTFs should be determined based on clear criteria including: (i) concept of common user facility; (ii) commercial production/service delivery; (iii) capacity for technology transfer; and (iv) ability to deliver training (public good content)

33. Interested by the PPP arrangement, many DAs have already suggested private partners to manage directly the RTFs. According to the GRATIS manager, the PPP process will be in jeopardy if there is no market to support the activities of the RTFs, which are, for most of them, located in rural areas with no substantial markets to allow their management on a profit basis. Thus, before the construction of 10 new RTFs, the marketing aspects should be analyzed to avoid them to face the same problems of the existing RTFs. GRATIS could also propose a strategy paper on the future of the RTFs and on their sustainability. **The Mission, therefore, recommended that PCMU includes in its MoU with GRATIS the assessment of market prospects for RTFs to better inform decision-making on the establishment of PPP arrangements.**

34. The Mission noted that the following MTR recommendations aimed to improve operational effectiveness and efficiency of existing RTFs are yet to be implemented:

- (i) recruit a Consultant to develop and deliver a training programme for all managers and technical staff of RTFs to address competencies gap in such areas as operations management, financial management, proposal writing, sales and marketing;
- (ii) improve financial management and internal control procedures at the RTF level in collaboration with District Assemblies;
- (iii) reconstitute management boards of RTFs and reduce membership to 7 representatives selected based on qualifications, experience, commitment and potential contribution/value to the RTFs

Agreed action	Responsibility	Agreed date
1. Accelerate the implementation of the MTR recommendations to improve operational effectiveness and efficiency of the existing RTFs	PCMU	First semester 2017
2. Include in the MoU with GRATIS the assessment of market prospects for RTFs in order to better inform decision-making on PPP establishment	PCMU/GRATIS	First quarter 2017

Component 3: Creation of Enabling Business Environment

35. This component has originally two subcomponents namely: Access to Finance (3.1) and Institutional development and policy dialogue (3.2); Following the MTR, a third subcomponent has been introduced: ENABLE Youth (3.3).

36. **Subcomponent (3.1): Access to Finance** subcomponent aims to enhance the access of rural MSEs to rural finance through the implementation of two financial schemes: (i) the Rural Enterprises Development Fund (REDF)- a wholesale credit fund managed by ARB Apex Bank as part of its emerging role as a second-tier financial institution supporting the rural banking system; (ii) the Matching Grant Fund (MGF). The planned outcome for this subcomponent is access to rural financial services improved. Three outputs were foreseen to support this outcome: (i) 80 Participating Financial Institutions (PFIs) will be accredited and their capacities will be improved; (ii) 29,000 rural MSE operators access matching grant & REDF funds; (iii) US \$ 6.75 million USD matching grant and REDF disbursed.

37. Under the 2016 AWPB, REP set out to: (i) provide training/re-training to 60 staff of PFIs; (ii) disburse an amount of 4,043,200 GHC to 722 SMEs through MGF; (iii) disburse a total amount of 4,850,000 GHC to 1,213 SMEs through REDF.

38. As of 30 September 2016, an amount of GH¢868,425.00 (30% of assets to be purchased)) was disbursed to 226 MSEs under MGF in 16 districts through 13 PFIs across 5 regions in Ghana. The MGs were used to leverage an additional GH¢ 1, 736,850.00 as loans (60%) from the PFIs to the beneficiary MSE clients. Total funds therefore leveraged through the MGF scheme so far in 2016 alone is therefore GH¢ 2,894,750 with clients contributing an amount of GH¢ 289,475.00 (10% equity

contribution). In cumulative terms, GH¢2,993,815.50 of the MGF has so far been disbursed to 1,409 MSE clients (51 % women) in 37 districts to acquire various assets to improve their businesses. The grants were used to leverage additional matching loans of GH¢5,999,631.50. This resulted in total investment finance from the MGF amounting to GH¢ 9,999,385.00. The Programme's achievement under MGF so far represents 20 % of appraisal targeted clients and 41 % of targeted amount.

39. Under the REDF, GHS 3,465,150.00 has so far been disbursed (74% of annual target) to 1,624 MSEs (136% of annual target) with 2,772,120.00 (80%) being REDF and the rest contributed by the PFIs. In cumulative terms, a total amount of GH¢ 8,158,189.00 (80% REP funds) has so far been disbursed to 5,113 clients (83% women) through 30 partner financial institutions. The total credit disbursed including PFIs' commitment of 20% amount to GHs10,312,256. The Programme's achievement under REDF so far represents 23 % of appraisal targeted clients and 49 % of targeted amount.

40. During the year, REP engaged with the Central Bank to speed up procedure for accreditation of PFIs for assessing REDF. As a result, the Central Bank has streamlined the accreditation process with the Banking Supervision Department of the Bank of Ghana and all backlog for the accreditation of PFIs has been cleared. As such, an additional number of 7 PFIs were accredited in 2016 bringing the total number from 48 to 55 (69% of appraisal target).

41. While REP has facilitated training of PFIs staff in the previous years on aspects such as effective and efficient lending based on the proper analysis of the cash-flow of the borrowers, effective risk analysis and mitigation of the various risks that characterize their lending based on the cash flow patterns, no training has been offered this year with the reason that both Bank of Ghana and the ARB Apex Bank delayed in the submission of training needs of the PFIs to REP. Recent monitoring report by ARB Apex Bank appears to suggest that there has been a downturn in some banks' performance. The report recommended the need for further and intensive training for the PFIs to ensure more efficiency in the delivery of services to MSEs. This was acknowledged by all the PFIs met during the consultation meeting with the Mission in Kumasi. They identified training in the areas of Credit Management/Reporting as well as Loan Delinquency Management as a priority for their staff. **The Mission, therefore, recommended that REP works together with GASIP and ARB Apex Bank to provide training to PFIs in areas identified as priority, using training modules developed by RAFIP.**

42. Notwithstanding its satisfaction with the implementation performance of the Access to Rural Finance subcomponent in the post-MTR period, the Mission discussed with representatives of PFIs practical ways to improve disbursement of MGF and REDF, including : (i) *the effect of 6% margin reduction of the REDF interest*; (ii) *speeding up the accreditation of PFIs*; (iii) *timely disbursement to PFIs*; (iv) *increase in Loan Tenor of PFIs*; (v) *reaching more rural MSEs with REDF*; (vi) *certification of MSEs in food and beverages*.

43. **Reduction in the interest rate margin on the REDF.** After the 2015 MTR, REP has taken steps to reduce the interest margin on the REDF by 6% to the PFIs with the expectation that this reduction will be passed on to the MSEs borrowing from them. The reduction in the wholesale interest rate took effect from 1st May 2016. The reported impact in terms of an increase in numbers of applicants, the volume of lending by the PFIs and effects of this interest rate reduction are mixed. Some PFIs report an increase in their lending volumes to the REP-supported MSEs by 70%. For example, Afram Rural Bank in the Eastern Region has reduced its REDF interest rates by 3%. In addition, the bank has waived its loan processing fee of 5% and an insurance fee of 1%. This implies a 9% reduction in interest rates and charges to REP-supported MSEs borrowing from the bank. During its October 2016 monitoring visits to the PFIs and REDF MSEs, staff of BoG mentioned that the MSEs still complain that the interest rates are too high and that the only reduction they received from PFI was about 2%. Based on discussions with PFIs, it appears that the range of interest rate reduction passed on by PFIs to MSEs ranges from 2% to 6%. The PFIs interviewed provided the following reasons for having not fully reduced their interest rates: (i) they do not find it profitable to lend to REP MSEs; (ii) the interest rate discrimination for the same categories of businesses in the same market is leading to market distortions in the catchment areas of the PFIs- which can lead to loan defaults from their own borrowers. **The Mission recommend that REP, in collaboration with ARB Apex Bank, develops and implements a monitoring mechanism to ensure that the**

marginal reduction in the interest rate on REDF is not captured and diverted by PFIs for unintended purposes.

44. **Speeding up the Accreditation of PFIs.** All PFIs agree that if REP is able to select more financial institutions in all the 161 districts to participate in the Programme implementation, access to rural finance will improve for the targeted MSEs. The BAC Officers in REP districts without accredited PFIs have also indicated that they have screened and prepared selected MSEs; but using PFIs in nearby districts is cumbersome and adds to transportation costs for the MSEs, which discourages them from taking up the REDF loans.

45. In order to speed up the accreditation of PFIs, the BoG indicates that it has streamlined the screening processes with the Banking Supervision Department (BSD) in order to get more PFIs on board. However, the BoG can only accredit PFIs who have clearing accounts with the Central Bank, namely, Universal Commercial Banks (UCBs) and Rural Community Banks (RCBs) with clearing accounts with the ARB Apex Bank (ARB). Due to this BoG requirement the majority of PFIs are RCBs. As such, the ARB would like to be involved in the due diligence process undertaken by the BoG in order to speed up the process in screening potential RCBs for participation in REP.

46. More financial institutions such as Savings and Loans Companies could also become REP PFIs if they are guaranteed by UCBs, who have mandatory BoG clearing accounts. The Ghana Credit Unions Association (CUA) regulates and monitors the operations of Credit Unions, much like the ARB works with RCBs. Many rural and peri-urban based Credit Unions target REP's MSEs as members. In this regard, REP should select credible Credit Unions as PFIs with CUA as the lead clearing agency.

47. **Timely Disbursements to PFIs and MSEs.** Since the majority of PFIs are RCBs, the ARB Apex Bank (ARB) indicates that the procedures for crediting the accounts of these RCBs with the REDF have been streamlined to ensure that the funds clear within two week of notification from REP to the BoG into the RCB's account with the ARB. The ARB would also like the RCBs to check their accounts regarding whether they have been credited in order not to delay disbursements to the MSEs.

48. **Increase in Loan Tenor of PFIs.** The PFIs would like REP to increase their REDF loan tenors from 18 to 20 months. This extension in loan repayment duration will help the cash flows of the PFIs and will also allow the PFIs to retrieve loans from REP MSEs engaged in seasonal activities who have irregular cash flows and may need extended or rescheduled loan repayment periods to prevent borrower defaults.

49. **Reaching more rural MSEs with the REDF.** Out of the 55 accredited PFIs, only 22 are active. This affects the outreach of financial services to the REP-supported MSE. Less than 30 districts are actively participating in both the REDF and MGF. Considering that REP operates in 161 districts throughout Ghana, many REP-supported MSEs are not getting access to financial services. Some suggestions have been presented from the Staff of the BACs and PFIs to increase the outreach to more rural MSEs by the REDF:

- (i) **Grace Period for MSEs:** Staff of the BACs indicated that it is important for the PFIs to provide a grace period/moratorium to the MSEs borrowing from them before they start Loan repayment. This will allow the clients enough time to utilize their loans for intended purposes, and generate stable income streams from their cash flows before loan repayment begins.
- (ii) **Close collaboration between BACs and PFIs:** The BACs and PFIs should forge closer collaboration in ensuring that the MSEs are able to meet and understand the requirements of the PFIs. This can be done if staff of the PFIs are involved in the BAC's training programmes for the MSEs to provide them with information on lending requirements, as well as developing a saving and banking culture. According to the PFIs, their participation in the BAC training programmes for the MSEs is very important for also addressing the problem they face with the BACs always expecting that all MSEs presented to PFIs must be given loans. The PFIs are of the view that not all the MSEs meet their lending requirements; so more must be done by then in helping the BACs prepare the REP clients for borrowing. Staff of BACs would like a fee paying agency relationship with the PFIs for their work in training and preparing the MSEs. for the PFIs, especially those located in remote areas. The BACs can assist the PFIs with loan appraisals, monitoring and loan retrieval from the MSEs.

50. **Certification of MSEs in food and beverages.** This concern was expressed by the PFIs as a lending requirement for those MSEs processing food and beverages. Consumer behavior in Ghana is changing rapidly with buyers seeking to purchase wholesome locally processed food and beverage items. The REP portfolio consists largely of start-up MSEs which are unable on their own to meet the requirements of growing retail chains due to the cost of compliance. The Programme must facilitate the delivery of regulatory and compliance training programmes with organizations such as the Food and Drugs Authority (FDA) for supported MSEs. This will help the MSEs to overcome the barriers inherent in products standardization and certifications, which will enable them to sell more through the growing market retail chains in Ghana.

Agreed action	Responsibility	Agreed date
Develop and implement a monitoring mechanism to ensure that marginal reduction in the REDF interest rate is passed on to REP MSE clients as intended	PCMU	First quarter 2017
Engage with Bank of Ghana, ARB Apex Bank, PFIs and BACs to explore options for increasing financial institutions' participation for reaching more rural MSEs with the REDF and MGF in all 161 districts	PCMU	First semester 2017

Sub-Component 3.2: Institutional Capacity Building and Policy Dialogue

51. Subcomponent 3.2 aims to strengthen and mainstream MSE support institutions, and to support a strong local and national pro-poor policy dialogue. The two key outputs of this sub-component are to strengthen institutions at the district and regional levels; and provide support for policy dialogue. The main activities towards achieving these within the initial Programme design outputs are: (i) facilitation of MSE sub-committee meetings at the district level; (ii) facilitation of consultative meetings between the RECOMEPS, ASSI and NGOs; (iii) facilitation of consultative meetings between collaborating institutions; and (iv) providing training for DAs, ASSI and RCCs.

52. Under the 2016 AWPB, the Programme set out to: (i) fill the five professional vacancies at the PCMU; (ii) review the implementation arrangements in the post-MTR period and develop an updated MOU with NBSSI and GRATIS to realign their roles with the operational plan for business development service and technical training delivery that would ensure sustainability of BACs and RTFs; (iii) train literate graduates on various thematic agricultural value chains; (iv) support the implementation of the recurring activities of NBSSI for the formulation of the MSE development policy in Ghana.

53. The Mission noted that since the MTR, the focus of REP has been on reviewing the institutional arrangements for the implementation of the Programme. In particular, the key actions being taken include:

- (i) review of the implementation arrangements and the status of the partnership with NBSSI and GRATIS to better reflect their roles and responsibilities in the implementation of the Programme;
- (ii) opening up the entire REP to other BDS and technical skills providers with proven capacity from the private sector, NGOs and faith-based organizations to deliver these services in partnership with DAs;
- (iii) preparation of operational plan for sustainability of BACs.

54. **Review of implementation** arrangements. During the design of REP III, it was agreed not to change the implementation mechanism during the first phase (PY1-PY3), but to include a stronger involvement of key implementing partners (NBSSI, GRATIS and ARB Apex Bank). During this phase, NBSSI and GRATIS were to be encouraged to finalize their internal restructuring and to strengthen their role as central knowledge and service centres for the BACs and RTFs. At the MTR, it was

evident that restructuring of NBSSI and GRATIS has not been completed and these institutions did not have the required capacity to support the up-scaling of REP towards a national programme. It was agreed that the 3-cycle implementation approach will be abandoned and REP will review the implementation support and the status of the partnership with NBSSI and GRATIS.

55. PCMU has met with both NBSSI and GRATIS as part of the post-MTR stakeholder consultation process on their role in the remaining Programme implementation period. One key outcome of the meeting was the need to revise the MOUs between the PCMU and the two institutions in line with their changed roles in the post-MTR implementation period with regard to the operations and management of the BACs and RTFs established under the Programme. The revised draft MOUs with both NBSSI and GRATIS were shared with the Mission. After review, the Mission recommends that the MoU with NBSSI should focus on strengthening its mandate to develop entrepreneurship skills amongst MSEs in Ghana through: (i) standardization of training materials for MSEs; (ii) certification of training for BDS providers (BACs, local service providers, local business associations); (iii) post-training evaluation; (iv) preparation and organization of well-structured training courses to address the particular needs of various categories of BDS facilitators/providers; (v) backstopping of BACs, including supervision and monitoring, checking of their documentation and accounts, data collection on their activities; (vi) organisation of annual regional review workshops as a main mechanism for learning, reflection and exchange of experiences and ideas at the regional level on MSE development.

56. **Opening up of the Programme to other BDS and technical skills providers.** Although very little progress has been made to formalize the opening up of the BACs to other local service providers which have proven capacities and track record in provision of BDS and technical skills, the mission commends the PCMU of REP and MoTI for the nationwide sensitization campaign that was carried out to sensitize DAs on the need to develop partnerships with the private sector in the operations and management of the BACs.

57. The Mission also acknowledged that REP has taken a more proactive approach in forging collaboration with other MSEs support institutions. In addition to MOUs already signed with 24 Collaborating Partners, including the Methodist Church – Kumasi Diocese, the Hunger Project, the National Catholic Secretariat and Presbyterian Relief Services, REP has signed in 2016 two MOUs with the National Export Development Programme (NEDP) and Volta Link- a faith-based, non-profit making organization- to facilitate the joint provision of integrated BDS to MSEs.

58. Further REP has taken bold steps during 2016 towards engaging with more MSE support institutions under various collaborative arrangements. These include:

- (i) partnership with JICA and NBSSI to work together to upscale the KAIZEN Project nationwide as a tool for the provision of BDS;
- (ii) initiation of partnership with Ghana Atomic Energy Commission (GAEC) and potential private investors for the deployment of their irradiation technology to support post-harvest losses in some parts of the country;
- (iii) initiation of partnership with Budu Consult-a private company- to use its Oil Palm Processing Centre as an Incubation Centre under the ENABLE Youth Programme;
- (iv) initiation of partnership with the Methodist Church in the Sunyani Diocese in the area of poultry farming.

59. While the Mission commends the PCMU's efforts in building and strengthening partnerships with other MSEs-support institutions, it also points out that implementation arrangements under most of these partnerships involve the partners submitting their work plan and budget to REP with request for funding. **The Mission recommends that the PCMU selectively builds partnerships as a way of leveraging and mutualizing resources for MSEs development, rather than becoming an MSE support fund in Ghana.**

60. **Preparation of an operational plan for sustainability of BACs.** The 8 July 2016-CPMT meeting on MTR of REP recommended that a clear and concise sustainability plan for BACs must be presented in order for IFAD to continue its support to this Programme. To this effect, on 15th July, ICO held a high level meeting with MoTI officials to express IFAD's concerns with supporting the BAC institutional arrangement that was clearly not sustainable. MoTI officials acknowledged that REP's model of government-institutionalized support to MSEs, built on district-based BACs as envisaged

since the design of REP-I, was no longer sustainable. As a way forward, it was agreed among others that PCMU will prepare and present to ICO, before the end of October 2016, the first draft of an Operational Plan with clear milestones on the implementation of an exit and sustainability strategy for the BACs. Once agreed upon by ICO, the Plan will be presented to the CPMT no later than end of November 2016.

61. This Mission assessed the status of implementation of this agreed action and found that a draft zero of the operational plan for sustainability of BACs had been prepared by the PCMU, as the efforts to directly secure technical assistance from TechnoServe were not successful on a short notice. The Mission reviewed the draft and discussed with the PCMU on areas for improvement. A task force composed of REP and ICO staff has been put in place to speed up the finalisation of the sustainability plan. It has been agreed that this plan will be presented to the CPMT before end of November 2016.

Agreed action	Responsibility	Agreed date
Finalize and present the operational plan for sustainability of BACs to the CPMT for discussion and validation	PCMU/ICO	Before 30 Novembre 2016

Sub-Component (3.3): ENABLE Youth

62. The ENABLE Youth subcomponent aims at selecting and training about 600 agripreneurs out of which at least 400 will set up agribusinesses in selected value chains. The activities under this sub-component are clustered around: (i) Technical/Business Skills Development; (ii) Incubation Centre Facility Development; and (iii) Access to Finance.

63. For the Technical and Business Skill Development Cluster, the Mission found that REP has selected 7 value chains for supporting agripreneurs.(as discussed in paragraph 6-7 above thoroughly discussed and prioritized seven value chains for consideration. After discussions, there was need to prioritize and the Mission recommended s that the PCMU further narrow the value chains to a maximum of four and identify the institutions / companies where the related incubation hubs will be sited. This will inform the Incubation Centre Facility Development.

64. With respect to the Access to Finance cluster, the Mission discussed the possibility of using various instruments that the project is familiar with including: (i) Seed Capital investment, structured along the principles of the MGF, i.e. providing 30% of the value of the loan/investment as equity (rather than as a grant) to improve agripreneurs' credit risk profile when negotiating loans from participating financial institutions (PFIs); (ii) Credit Risk Guarantee: modelled along the guarantee element of GIRSAL, resources will be allocated as a credit risk guarantee fund to de-risk PFIs. Additional elements are being considered: linkage with agri-insurance products, lower interest rates through collaboration with BoG and co-financing with OVCF; and Venture Capital. The AfDB Mission team planned to have further discussions with BoG, the Ghana Venture Capital Trust Fund and interested financial institutions to fine tune the ENABLE Youth Access to Finance cluster. Further work is also needed to identify key activities and implementing partners for this subcomponent.

D. Programme Implementation Progress

65. **Programme Coordination and Management Unit (PCMU).** The PCMU is in place and oversees the general Programme implementation at all levels including day-to-day management; procurement; receiving and collating reports; financial management; technical backstopping; building of capacity of Programme staff; organisation of Programme implementation workshops; and conduct of annual audit. The Programme management performance is currently constrained as critical positions remain vacant and impede effective management and technical backstopping of field activities implementation at the BACs and RTFs levels. In particular, the position of Business

Development Manager has been vacant since March 2015. Other positions⁸ identified at the MTR as critical for effective implementation of REP have not been filled. Some staff of BACs and RTFs met by the Mission reported that they have not received any visit for technical backstopping by PCMU members since the Programme start-up in February 2012. MSEs clients also confirmed that the staff of REP do not interact enough with their target clients on the field and that it should increase its contacts with them.

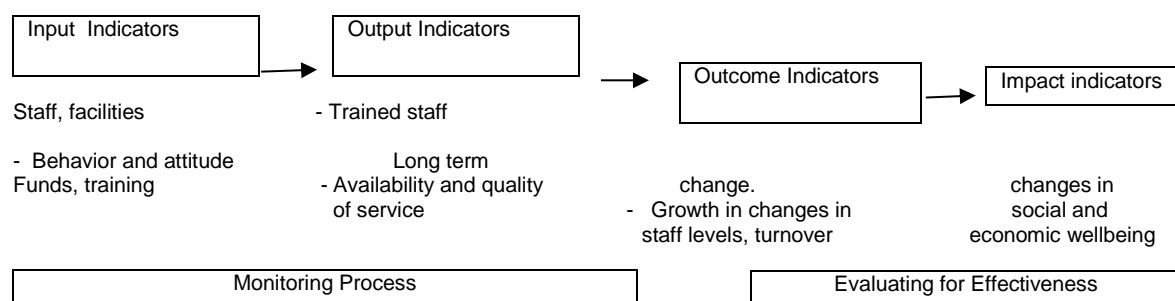
66. The Mission observed, however, that REP is in the process of filling vacant positions – job interviews have been conducted and PCMU is awaiting clarity on the funding sources for the salaries to issue their appointment letters. It was pointed out that the PCMU did not seek IFAD and AfDB's No-Objection both on the shortlisted and selected candidates as required in the Financing Agreement and the Letter to the Borrower. **It was recommended that REP corrects this situation and ensures that there is enough funding to accommodate additional staff.**

67. **Coherence between AWPB and implementation.** Largely, the 2016 AWPB has not been realized and most of the 2015 MTR recommendations were not reflected in the 2016 planning. The status of the finances of REP as at end of September 2016 stands at 26% disbursement rate for the 2016 budget. While the Mission judged the AWPB to be too ambitious in regard to REP's record of implementation performance (48% on average), it also pointed out that the PCMU's focus throughout the year has been more on: (i) engaging with both IFAD and AfDB to finalise the MTR report and pave the way for the post-MTR implementation arrangements; (ii) sensitisation campaigns to increase the stakeholders' buy-in of the recommendations to open up BACs and RTFs to other BDS's providers; (iii) preparation of the operational plan for sustainability of BACs. All this has resulted not only in a shift of focus away from planned and budgeted activities during the year, but also in procurement of vehicles and equipment being put off for a batch of about 31 new BACs established between 2013-2014. These BACs and others established since REP-I lack logistical capacity to effectively operate and support MSEs.

68. **Monitoring and Evaluation.** The Programme has an effective M&E system in place which has recently been improved by the introduction of a web-based GIS for data capture. The mission observed that while the web-based GIS application was useful, it had not been effectively utilized. With the web-based GIS software, a lot of data and information has been captured, but require proper organization, synthesis and analysis to capture programme outcomes and impacts. The Mission also observed that the recent training of the M&E officer in Microsoft PS will enhance his capacity to deliver on the M&E requirement of the programme and recommended that the programme acquire the Software.

69. With respect to monitoring and evaluation of training, the Mission noted that the current M&E system of the Programme is not able to provide data for assessing of whether the different trainings services offered by REP actually result in beneficiary performance improvement and corporate productivity. Though secondary data reviewed showed measurement of training activities, they were predominantly at the output level showing actual number of people trained against targets. The Mission recommended that indicators should be developed to measure outcome and impact of training on the beneficiaries on a hierarchy of indicators as presented in Figure 1.

Figure 1: Hierarchy of Indicators for Project Monitoring and Impact Evaluation



⁸ The MTR recommended an adjustment to the PCMU staff for the post-MTR implementation period with the inclusion of four additional staff (Institutional and Policy Support Officer, Accounts Officer, Business Development Officer and M&E Officer). In addition, it was agreed that the TDP and BDS Managers positions should be merged to an Operations Manager position.

70. **Targeting Strategy and Mechanism.** REP primarily targets the entrepreneurial poor, which are mostly members of poor rural families that are able to convert the capacity-building support from the Programme into productive assets without or with barest additional investment support. The targeting strategy of REP includes the following steps: (i) a geographic expansion strategy; (ii) a self-targeting approach within a district, emphasising entrepreneurial capacity and clients' willingness to contribute to their own development; (iii) direct targeting of specific subgroups; (iv) empowerment and capacity building measures; and (v) enabling measures for MSE promotion. The Programme pays a particular attention to vulnerable groups, including rural women and youth who don't have access to inputs and skills. As such, REP can be featured as a "**target population led-programme**", in that, it focuses on a particular target population, and use a needs assessment to identify services that could meet a priority need of its target groups. The end result is a cross-sector orientation of services provided to SMEs in over 40 subsectors, some of which have no real impact on rural entrepreneurial poor. Although there is demand for several of these services across districts that demonstrate good impact potential, a key lesson learned in BDS programme development is — the more focused a program is on a limited range of specialized services, the higher the quality of both services and delivery⁹.

71. Based on the above, the Mission of the view that REP should embrace a **sub-sector development orientation or value-chain approach**. This implies that the Programme start with a focus on sub-sectors/value chain that show promise of high MSEs growth or employment generation. A sub-sector analysis will help to understand opportunities available to the MSEs and the constraints they face in taking advantage of the (primarily) market opportunities. This will leads to an overall strategy design, which drives service selection. A broad set of services will be identified after which REP will assess demand for them and prioritize those with both high demand and potential impact. Having a high-impact strategy and assessing demand can drive programs to select a narrow range of services, which they sequence and align for maximum impact. BACs could then focus on services that meet three criteria: (i) will contribute to the high-impact MSE development strategy; (ii) are in high-demand; (iii) are the most feasible to deliver.

72. **Environmental and Social Management Plan.** The Project is progressing with implementation of environmental and social management plan as agreed in the 2016 AWP&B. However the absence of an Environmental and Social Safeguard Specialist may create a gap in the 2017 AWP&B. The Mission recommends that the Environmental and Social Safeguard Specialist should be recruited expeditiously.

Agreed action	Responsibility	Agreed date
Ensure that there is enough funding to accommodate additional staff and seek required No-Objection for recruitment	MoTI/PCMU	First quarter 2017
As part of financial sustainability of BACs, conduct a subsector/value chain analysis in selected districts to guide the selection of a narrow range of high-impact BDS services	PCMU	First semester 2017

E. Fiduciary aspects

73. **Financial Management:** The mission established that the financial management system of REP seems robust and could still be satisfactorily used for accounting, preparing quarterly and annual financial reports, preparing automated withdrawal applications and meeting the other fiduciary requirements to both IFAD and AfDB. Some FM lapses were however observed by the mission including: frequent reconciling items on the AfDB Bank Reconciliation Statements, vehicle log books not effectively utilised, fuel consumption not properly monitored and classified, internal audit reviews not routinely performed, procurement data not fully integrated in iScala, some personal files not

⁹ Developing Commercial Markets For Business Development Services. Seminar Reader, Annual BDS Seminar, Turin, Italy, September 2003. p.27.

updated and 'no objection' not sighted for salary increment. The mission recommends that program management takes immediate corrective measures in addressing the FM lapses identified.

74. **Organisation and Staffing:** The Programme has a good, vibrant, and effective team with very strong M&E and good Accounting System. However, the team needs to be strengthened with the recruitment of a few more technical personnel. REP is supposed to be managed by the National Director and five functional heads, namely, (i) Accounting & Finance; (ii) Business Development; (iii) Monitoring & Evaluation; (iv) Rural Technology; and (v) Procurement & Administration. The position of Head of Business Development has been vacant since April 2015. As noted by the MTR, this position is critical to implementing Component One (1). The mission reiterates the MTR recommendation to prioritise the recruitment of the Operations Manager (Head of Business Development). The recruitment of additional two Business Development Officers (BDOs) for the PCMU is largely dependent on the feasibility of the operational plan yet to be submitted for IFAD review. In that regard, the mission urges the PCMU to adhere to the agreed procurement procedures for the recruitment of BDOs and to conclude the process only after the operational plan has been cleared by IFAD.

75. **Staff Appraisal:** The mission commends the PCMU for putting in place a staff performance assessment system. The performance of all staff (managers, officers and auxiliary personnel) is assessed annually, with the exception of National Programme Director (NPD). However, the performance assessment system does not directly link staff performance to the AWPB implementation. *The mission recommends that the performance assessment system should be improved to link staff performance to activities implemented and the NPD should also be assessed annually by the Chief Director of MOTI.*

76. **Salaries and Operating Costs:** Disbursement of the Salary and Operating Cost (Category VI) which stood at SDR 1.598 million (60.77%) as at December 2015 (MTR) increased to SDR 2.153 million (81.85%), as at October 2016. An analysis to ascertain the reason for the sharp disbursement increase revealed that the Programme management implemented significant salary increases from February 2016. Further analysis, also revealed that the Programme management implemented salary increments for 2013 and 2015. All these salary increments were done by Programme management without seeking No Objection from the Financier (IFAD). Thus, all the incremental salary payments are ineligible expenses.

77. The mission also noted that all the staff have valid contracts; either the original or renewed contracts. ***In the original contracts, Clause 4.2.(a) states that "An annual range of technical assistance fee of USDXXXXX^[1] (with subsequent yearly adjustments) approved by the Fund will be paid in Ghana cedi equivalent in twelve equal monthly instalments over the contract period. Any adjustments to this should be negotiated and agreed by the Fund."*** The unilateral increase of salaries is therefore contrary to this clause.

78. The Salaries and Operating Cost allocation has only a balance of SDR 477,000 (USD 660,000), excluding the ineligible salary incremental payments. The Borrower and the financiers (IFAD and AfDB) should quickly engage and agree on modalities of bridging the gap, going forward. Details of the salary increments are presented in Table 1 below:

TABLE 1: REP - ANNUAL SALARY INCREASES - 2013 - 2016

Category	2013	2014	2015	2016
Director	8%	0%	10%	16%
Managers	5% - 19%	0%	10%	16% - 24%
Officers	0% - 9%	0%	7% - 42%	14% - 38%
Junior Staff	7%	0%	0% - 10%	13% - 60%

NB: Programme Management explained that the high levels of increments were due to re-designation of some staff, particularly post-MTR.

^[1] The technical assistance fees vary for staff.

79. Preventive Measures to Avoiding Unilateral Payroll Increases: The mission further recommends that henceforth AWPB and Withdrawal Applications submitted to IFAD and AfDB should be accompanied with the respective full disclosures and documentation of the payroll costs. The modalities to implement this recommendation includes, but not limited to: (i) AWPB must include separate table containing a full break down of the payroll (Name, position, monthly and annual amount in USD and local currency as well as changes from previous year (if any); (ii) the Programme Implementation Manual (PIM), and Programme Accounting Manual (PAM), and Individual Contracts must include or contain the following clause: Any eventual salary increases will have to be approved by the Lead Implementing Agency (e.g. MOTI, MOFA) and MOF (the Borrower); and receive from IFAD or AfDB a separate “Non Objection” in order to be deemed eligible for IFAD or AfDB financing; and (iii) WAs must disclose the details of the payroll, either by separating each salary transaction separately in the WA or a separate breakdown of the payroll (that include both USD and GHS values) attached to the WA.

80. General Conditions of Service: The mission was provided with a document entitled “General Conditions of Service for Staff of Programme Coordinating and Management Unit (PCMU)” which was “ENDORSED” by MOTI on 2 June 2016. The document has broad implications and to some extent contradicts the Programme Implementation Manual (PIM), which was agreed upon by IFAD, AfDB and the Government of Ghana. It was further observed that this document has never been submitted to IFAD and AfDB. Given the significant Programme management implication it carries the mission recommends that the document be formally submitted through the Borrower (Ministry of Finance) to IFAD and AfDB for review.

81. Disbursement on IFAD Loan: IFAD loan disbursement to REP stands at SDR9.97 million representing 50.62% of the loan amount of SDR19.7 million. The Programme has submitted WA29 valued at USD 737,636.20 (SDR 534,011.72) for June – August 2016 transactions to IFAD. The loan utilisation will increase to SDR 10.5 million representing 53.33% if IFAD disbursed the full value of WA29 to the Designated Account. Given that the program is in its 5th year of implementation, disbursement is expected to be at 56% by December 2016.

82. In dollar terms, the actual disbursement by the PCMU as of 31 August 2016 (WA02 to WA29) USD 13.87 million, representing 44.03% of the loan amount of USD 31 million.

83. Disbursement on AfDB Loan and Grant: Disbursement Rates for the Loan currently stands at 3.39% (UAC905,447.45) and 17.54% (4,035,041.92) for the Grant. There is no pending undisbursed commitment in contracts under the Grant, giving it a total undisbursed amount of UAC18,964,958.08. A total amount of UAC 1,414,442.16 is pending in undisbursed commitment in contracts under the Loan, giving it a total undisbursed amount of UAC25,784,552.55. The last Replenishment of the Special Account of USD1,921,254.00 was received on 8 April 2016 under the Grant Component (RF N00012). The mission was informed that the project had submitted to the MOF for authorisation and submission to the Bank, a request for Replenishment of USD1,855,967.00. Total justification provided under this RF is USD1,446,864.40 which represents about 92.96% of outstanding amount to be justified as of 28 October 2016 per Bank’s records.

84. Counterpart Funds: As of 31/10/2016, cumulative disbursement (cash release) from the counterpart funding by the GoG, was GHs 0.600 million (representing 26%) of the total amount of GHs 2.3 million requested for Programme implementation. The Government has also granted tax exemptions in the sum of USD 863,398.78 to REP. This consists of import waivers (USD 670,929) and VAT exemptions (USD 192,469.76) since the inception of the Programme. The last transfer of counterpart contribution from the Government was received in 2013. The mission was informed that an amount of GHS 400,000 has again been budgeted and included in the 2017 Ministerial Budget submitted to Parliament by MOF. Similar budgetary provisions were made in previous budgets but the allocations were not made to the project. The Mission recommends that the Project Management continue to follow-up with MOTI and MOF for its counterpart contributions to be made.

85. Reconciliation of Designated Account: There was no issue found with the use and accounting for the authorised allocation of USD 1,500,000 disbursed to the Programme. The table below shows the reconciliation of Designated Account as at 30 September 2016 (Amounts in USD):

TABLE 2: RECONCILIATION OF DISNATED ACCOUNT AS AT 30 SEPT. 2016			
Item	Description	Value (USD)	
i	Authorised Allocation		1,500,000
ii	Balance in the Special Account	498,918	
iii	Balance in the Programme Account	166,850	
iv	Total Cash and Bank Balance	665,768	
v	Proceeds of WA 29 pending settlement by IFAD	737,636	
vi	Proceeds of WA 30 pending submission to IFAD	96,596	
vii	Total Unpaid WAs	834,232	
viii	Total (iv + vii)		1,500,000

86. **Compliance with loan covenants:** The Government has complied with terms in the Financing Agreement with the exception of irregular contribution to the counterpart funding.

87. **Procurement:** The procurement review undertaken by the Mission comprised of Review of Ongoing Procurements; Review of Pending Procurements; Contract Management Status of Project; Review of Procurement Records System and Updating of the Procurement Plan.

88. The protracted process of finalizing the IFAD Mid-Term report and IFAD request for an Operational Plan on BACs sustainability affected the implementation of planned procurement, related to BACs equipment (vehicles, computers and accessories). To this effect of the total amount of USD 2.974 million planned to be disbursed, only USD 0.155 million (representing 5%) have been contracted.

89. The mission found that PMCU failed to adhere to procurement procedures in the recruitment of professional staff. Some candidates have been interviewed for the position of Business Development Officers, without obtaining IFAD's No Objection to TORs, Short lists, nor the draft contracts.

90. The mission also reviewed some draft Memorandum of Understandings (MOUs) including that for National Board for Small Scale Industries (NBSSI) and Gratis Foundation, the project was guided and reminded on the process for establishing these MOUs and that these agreements should clearly indicate the roles and responsibilities of both parties as well as the clear deliverables in terms of various reports according to specific activities including monitoring, minutes of meetings among others. In addition, the MOU should clearly indicate the period of the agreement with renewal clause based on satisfactory performance for every milestone achieved and for the entire delivery over MOU period, duly evaluated and certified by the project.

91. The mission also reviewed an MOU between REP and Kwame Nkrumah University of Science and Technology (KNUST) on Micro and Small Enterprises Development. The MOU was signed in October 2015. It was noted that REP approved a work plan in June 2016 for KNUST to conduct the needs assessment activity under the collaboration at a total cost of GHS231, 800 (approx. USD 59,400). Subsequently, REP paid GHS80,472 (USD20,801.32) on 14 June 2016 from IFAD funds. In this regard, all payments made to KNUST is considered ineligible. The mission reminds the PCMU that MOUs must receive 'no objection' from the financiers of the activities and the activities must also be included in the AWPB to receive 'No Objection' from either IFAD or AfDB.

92. **External Audit:** The mission noted that the specific requirements to appointing the auditor and deadlines for submission of audit reports found in Article V of the Loan Agreement, have been regularly fulfilled. Deloitte and Touche, the appointed auditor since 2015, **issued separate unqualified opinions** on the Financial Statements, the SOEs procedure, and the Designated Account (Special Account) for the 2015 Programme Financial Statements. However, they did not report of the unauthorized increases in salaries.

93. **Internal Audit:** Internal audit reviews have not been carried out on the Programme since the beginning of the year. The mission was informed that the auditors from the Ministry of Trade and Industry were originally scheduled to be at the PCMU in September 2016, but had to be rescheduled

to November due to the IFAD/ AfDB missions. Thus the internal auditing of REP is likely to be done before year end.

94. **AWPB:** The process for the preparation of the 2017 AWP& B is yet to commence since the re-allocations of the global budget following the MTR recommendations are yet to be finalised. It was noted that the Programme's performance for previous AWPBs averages 48%. Thus, REP's AWPBs are highly ambitious and implementation schedules appear unrealistic.

95. **Statement of Expenditures (SOEs):** The Mission sampled transactions from all categories claimed under WA29 covering the period 1 June to 31 August 2016 for a total amount of USD 737,636.20. The value of the sample size is USD 575,785 representing 78%. The major issues identified were the transactions for the salary payments and the payment of GHS80,472 (USD20,801.32) to KNUST (Refer to Procurement section for details). The mission agreed with the Programme to obtain and attached detailed cost of conference packages (e.g. unit cost for breakfast, coffee breaks, lunch, dinner, and accommodation) for training and workshop expenses. The mission also agreed with the PCO to improve its workshop/training documentation to include the daily list of trainees or attendees, even if the training was residential; and not rely on the list compiled on Day 1 of such activities. The list must be compiled for every day of the training / workshop.

96. **Re-Registration of Programme Vehicles:** The mission noted a few of Programme vehicles parked at the PCMU which had private registered vehicle number plates. The mission reminded the PCMU to fully comply with the government's directive to re-register all government vehicles and obtain the "GV" prefix number plate.

Agreed action	Responsibility	Agreed date
1. Submit re-allocation request based on established Programme needs at MTR	PCMU /MoTI /MoF	15 December 2016
2. Refund unapproved salary increase	Mof/IFAD	31 December 2016
3. Ensure a good recording of the logbooks for vehicles, conduct analysis on consumptions by each vehicle on a month basis.	FC/ Procurement Officer (Logistics)	Continuous
4. Insure PCMU Building	PCMU / MoTI / MoF	15 January 2017
5. Ensure a good recording of the logbooks for vehicles, conduct analysis on consumptions by each vehicle on a month basis.	FC/ Procurement Officer (Logistics)	Continuous
6. Re-train iScala Accounting Software users at BACs and RTFs and put performance requirements to oblige the use of iScala accounting system at the field level.	FC / Director	2017 First semester
7. Intensify integration of iScala Accounting and Procurement and contract management.	NPD/ FC / iScala Vendor	2017 First semester
8. Consistently follow-up for GoG counterpart contribution.	PCMU / MOTI	15 January 2017
9. Prepare realistic AWPB for 2017 and avoid over-ambitious targeting.	PCMU	December 2016

F. Sustainability

97. The issue of sustainability of both BACs and RTFs has received attention of both IFAD and the Government of Ghana in the last two years. Prior to the MTR, a sustainability analysis of RTFs was conducted and it was agreed that public private partnership arrangements will be implemented in the management of their operations. A transaction advisor has been contracted by REP to support the DAs in this process. With respect to BACs, a need for a clear operational sustainability plan has become so critical as IFAD expressed deep concerns with supporting the BAC institutional arrangements model that was clearly not sustainable, as reported by the December 2015 MTR and the October 2015 KPMG inter-cycle study review.

98. A brief background to the evolution of BAC sustainability concept as envisaged in the exit strategies of the three REP phases is summarised in the following table.

REP Phase	Concept of BAC Sustainability Within Institutional Mainstreaming (Financing of Operational Costs)			Sustainability/Exit Strategy
	District Assemblies	NBSSI	REP PCMU	
REP-I (1995 – 2002)	<ul style="list-style-type: none"> Provided Office space Provided support staff 	<ul style="list-style-type: none"> Appointed BAC Head and Driver with salaries paid by Central Government 	<ul style="list-style-type: none"> Provided vehicles and office equipment as well as recurrent funds for BACs'operations 	<ul style="list-style-type: none"> Although REP-I was successful in providing BDS to its MSEs, the envisaged progressive phase-out of Project support to was not fully realised.
REP-II (2003-2011)	<ul style="list-style-type: none"> Provided enhanced office space Recruited some of the staff (Business Development Officer & Administrative Assistant) Committed to increasingly assume the recurrent costs of the BACs over a 4 year period 	<ul style="list-style-type: none"> Appointed BAC Head and Driver with salaries paid by Central Government 	<ul style="list-style-type: none"> Provided vehicles and office equipment as well as recurrent funds for BACs'operations 	<ul style="list-style-type: none"> further mainstreaming the institutional delivery processes of BDS in decentralized entities (DAs) more involvement of the private sector and MSME associations weaning off the BACs from REP support within a period of 4 years,
REP-III (2012 – up to now)	<ul style="list-style-type: none"> Provide office space Recruit and pay the salaries of Business Development Officer and Administrative; Assistant; DAs would continue to assume ownership of BACs as decentralised entities of MoTi DAs to assume increasing responsibilities 	<ul style="list-style-type: none"> Appoint BAC Head and Driver with salaries paid by Central Government NBSSI would continue providing the BACs with technical and financial s NBSSI to assume increasing implementation responsibilities 	<ul style="list-style-type: none"> BACs to receive 5 years of intensive REP III sup 	<ul style="list-style-type: none"> BACs were to mobilize resources from other institutions, development programmes or MSE promotion projects BACs to be recognized as public institutions by integrating them within the newly planned district based <i>Department of Trade and Industry</i> (DoTI)

99. The Interim Evaluation (2011) by the IFAD Independent Office of Evaluation (IOE) found that sustainability of the BAC model was highly likely. In particular, noted the report, the ownership of the BACs by the DAs is high and the benefits in terms of potential and actual increased revenue to the DAs is well-recognised by most of the DAs interviewed during the mission. The recurrent costs of the BACs are cost effective and shared between the MoTi through NBSSI and the DAs. The project's support for BAC operational costs was on a declining basis, gradually transferring responsibility to the DA – with DAs providing in-kind support for the first year, 25 per cent in the second year, 50 per cent in the third, and 75 per cent in the fourth year of the annual. However, the report also acknowledged that the “weaned off” BACs from REP I were still continuing but the level of funding was much reduced and this impacted on the ability of the BACs to be able to provide a full range of programmes. "More importantly, no provision is in place for asset replacement. This means that when equipment or the vehicle breaks down, the BAC activities are affected. More consideration is required on how such essential equipment will be maintained and replaced.

100. All of the BACs from REP-I have not replaced their assets and 31 newly established BACs lack vehicles and essential equipment, which means that their level of operations is substantially constrained with no prospects for sustainability. The November 2014 supervision mission raised the flag when it pointed out that REP may not easily transition to its second phase and manage as anticipated during design as critical factors have changed. Among these were: (i) the hiring freeze on NBSSI which has necessitated alternative institutional arrangements to supplement staff shortages; (ii) no clear evidence that NBSSI was geared up in terms of staff, programmatic direction and budget to take over the majority of implementation responsibilities in the coming cycle has been observed. This was confirmed by the KPMG Inter-Cycle review study which found that BACs were not

sustainable at three levels, namely institutional, technical and financial. In particular, they were financially dependent on REP, NBSSI and to a lesser extent DAs for their salaries and operations.

101. Since the MTR, several consultations at all levels including the MoTi and MoF have recognized the need develop an operational plan for achieving the sustainability of BACs in the remaining four years of Programme implementation. There is an agreement that The new REP BDS delivery model will seek to support and incentivise the BACs to generate internal resources so as to be less financially dependent on and REP and Government direct funding. Depending on the interests from the private sector, it is planned that under this new model, the BACs would operate in an interdependent three cycle structure consisting of : (i) commercial partnership under co-management between BAC staff and private sector; (ii) commercial partnership under sole private sector management; (iii) non-commercial under sole BAC staff management. Success will be defined and measured based on the key interests of the business relationships created within the BAC where profit would be key but not only realised in monetary terms.

102. The new model will help to: (i) improve the quality of BDS provided by BACs; (ii) improve BAC efficiency and effectiveness in BDS delivery; (iii) increase BAC financial independence (iv) leverage and strengthen partnerships that will position BACs as preferred partners for BDS facilitation, and hence generate resources to cover costs through direct transactions with BDS providers and brokerage fees with others service providers to MSEs.

Conclusion

103. After almost five years of implementation , REP can be said to be firmly established across Ghana as an effective nationwide MSE promotion mechanism. At the same time, the programme has had to contend with challenges mainly in the area of realizing the needed public sector based institutional support for implementation coupled with inadequate skills development of staff at the BAC and RTF level. In spite of this, the Programme has made good progress in a very proactive manner to advance its objectives.

While the implementation of PPP arrangements for achieving the operational effectiveness and sustainability of RTFs has been progressing, though at low pace, since August 2015, the lack of a clear plan to address sustainability of existing Business BACs places the Programme's achievements at risk. Both IFAD and the GoG agree that they cannot continue to support the BAC institutional arrangements model that was clearly no longer sustainable. There is stronger buy-in from all key stakeholders to open up the programme to other private BDS providers, with proven capacity. The implementation of an operational sustainability plan with clear milestones and indicators to track progress will ensure that REP's achievements over the last 20 years will be sustained.

Working Paper : Exit Strategy and sustainability of the Rural Enterprises Programme (REP)

Introduction

1. The lack of a clear plan to address sustainability of existing Business Advisory Centres (BACs) places the Programme's achievements at risk. More than ever it is now critical to address big issues, such as the role of institutions (BACs, NBSSI, DAs, BDS providers, local business associations, etc.); the extent of and rationale for subsidies (if any); and who finances and does product development—which have been left *hanging*, undecided and ambiguous for long time.

2. Under the REP design, BACs are public-sector institutions that play a role of district-based facilitator and delivery mechanism of business development services (BDS). In this perspective, sustainability of BACs was envisaged to be ensured by the Legislative Instrument 1961 of GoG, which aimed to establish the Department of Trade and Industry (DoTI) at the district level. The BACs were to be gradually mainstreamed in the District Assembly (DA) structure and were then to form the nucleus of the DoTI in the districts. It was expected that after the exit of the Programme, NBSSI would continue to provide technical and financial support to the BACs through the DAs. The DAs would assume ownership of the Centres as one of the decentralised units and provide technical and financial support to ensure the continuous provision of BDS to clients. In addition, the BACs would also leverage resources from a pool of other MSE support institutions, and other enterprises development Programmes and Projects for MSE promotion.

3. It was further envisaged that BACs receiving at least 5 years of intensive interventions from the Programme were expected to demonstrate: (i) capacity to provide BDS to new, existing and growth oriented businesses with the active involvement of local BDS providers, (ii) integration into the DA structure, and (iii) ability to leverage resources from stakeholders for MSE development activities in the district. The Programme would then gradually reduce its contribution to the delivery of BDS at the district level while at the same time increasing the responsibilities of the implementing agencies (DA, NBSSI), while collaborating partners and clients to ensure sustainability.

4. In the recent months, there is increasing frustration with issue of BACs' sustainability. The MTR findings revealed that the freeze on public sector recruitment impedes the capacity of NBSSI to staff the BACs. Further, due to the low level of Internally Generated Funds (IGF) and untimely release of the supporting common fund from the central government, the DAs are neither able to attract and maintain qualified staff nor are they able to increasingly cover the recurrent and operational costs of BACs, as expected. There are limited prospects that the DoTI will be established in the districts as a decentralized unit of MOTI. Clearly, the assumptions made during Programme design for achieving the sustainability of BACs are no longer valid.

Way Forward

5. This paper argues that, rather than continuing to focus on BACs as the main facilitator and delivery mechanism for BDS, REP would be prudent to embrace the BDS market development approach with a vision to develop a vibrant, competitive BDS market in which large numbers of MSEs use a wide range of business services to improve and grow their businesses. Such an approach requires REP to carry out BDS market assessment in Ghana and subsequently develop market development interventions with the aim to make it possible for a large proportion of MSEs to buy the BDS of their choice from a wider selection of products offered (primarily) by unsubsidized BACs and private sector suppliers in a competitive and evolving market.

6. The *market development approach* is an relatively new approach to BDS design and delivery and has the potential to reach large numbers of beneficiaries both cost-effectively and sustainably by developing a broad market of BDS suppliers and MSEs who access services through mainstream, business-to-business relationships. It is effectively a shift away from the conventional approach and is in line with emerging principles of good practice in BDS market development that have come out of the donor committee conferences and related work. Proponents of the approach argue that instead of

intervention in the enterprise development sector taking the form of an ongoing and permanent role in the direct delivery of subsidised services, it should be focused on effecting systemic change in business services markets. This *pluralistic* delivery affords beneficiaries broader choice and underpins improvements to all providers by both learning from each other and from implicit competition driving higher quality services.

7. The approach strongly suggests that private sector businesses are the most appropriate suppliers of sustainable business services to MSEs. Proponents recognize that in many situations, these suppliers may not be readily available, may not be engaged in commercial transactions, or do not yet exist. In some situations, new businesses will have to be established to serve MSEs. Still, the vision remains to develop a vibrant, competitive BDS market of private sector suppliers. This emerged out of BDS experts consideration of the strengths and weaknesses of existing BDS providers (both traditional publicly funders and 'hidden' private sector providers) and lessons from successful programmes.

8. Within the framework of BDS market development approach, the concept of sustainability in REP will be expanded from the focus on the BACs to now include the service markets for MSEs. The financial viability of specific services, BDS providers and facilitators, and facilitation activities will become all part of this sustainability concept. **Sustainability will be understood as the long-term availability of a category of services in a particular business service market through unsubsidized, commercial channels.** Providers may come and go, training courses can also come and go, but the sustainability and development of increasing numbers of MSEs can be enhanced by continued access to commercial services long after a programme ends¹⁰. Over time, as market facilitation funds and subsidies decline, more MSEs will continue to purchase an increasing number of services, resulting in sustainable impact on the businesses and the local economy.

9. There are two key questions surrounding the achievement of BDS sustainability, as defined above¹¹. **Who can deliver BDS sustainably and how can the services be paid for** — which kinds of institutions make highly sustainable providers and how can services be paid for through commercial channels over the long run and still reach the poor? Experts in the BDS field have developed a framework for thinking about BDS market sustainability that focuses on determining who can sustainably perform each of the key functions required for a healthy BDS market. The framework emphasizes not only who will perform each function, but also who will pay for it.

Operational Steps for Achieving Sustainability

10. An essential element in achieving sustainability of BACs is to develop during a workshop a future vision for a sustainable BDS market for MSEs. The programme interventions can then be adjusted around achieving that vision. To this effect, REP will start by understanding both the existing supply of BDS in Ghana from the private sector, donor-supported projects, and government and the market failures that can lead to a gap between supply and demand for services. With this understanding, REP would adjust its intervention focus to follow some or all of the market development principles and develop a clear views of sustainability in BACs.

11. **Start with market assessment:** To effectively intervene in the BDS market, REP must first understand it. What BDS are being offered to targeted MSEs? Who is supplying them? Are MSEs paying for the service? How else is the service procured? What types of services do MSEs demand? What prices can they pay? Who is providing those services in the market, but perhaps not to MSEs? What are the market weaknesses and opportunities? A systematic market assessment provides both customers and suppliers/BACs with the needed market information. It comprises two steps, a supplier diagnosis and a customer survey. A supplier diagnosis provides detailed insight into the spectrum of

¹⁰ Seminar Reader: Developing Commercial Markets for Business Development Services. Annual BDS Seminar. Turin, Italy, 2003.

¹¹ Idem

suppliers in the market including BACs, while a customer survey analyzes the needs and wants of the clients on the ground and yields information on what services MSEs demand and why; how satisfied they are with those currently available; and how to improve the supply.

12. **Organize a stakeholders workshop:** following the release of the BDS market assessment report, REP will convene a workshop for different stakeholders and other MSEs support institutions to discuss and define a clear vision of sustainability based on the findings of the report. Two key questions will need to be answered: (i) **Who does** (Institutional Sustainability Strategies)? (ii) **Who pays** (Financial Sustainability strategies)? Considering two key roles in delivering services to MSEs, namely that of **Provider/Supplier** (*delivers services directly to MSEs*) and **Facilitator** (*supports service delivery to MSEs by developing a vibrant, competitive market for them*), the first question will require participants to decide on three subsidiary questions: (a) who can provide sustainable services? (b) what institutions are appropriate facilitators? What role, if any, should the Government play in BDS market development. In the second question, participants will have to find ways MSEs to pay for services based on specific challenges to financial viability that are fundamental to the nature of BDS for MSEs. There are several emerging strategies for achieving financial sustainability including: fee-for-services; facilitating embedded service; cross-subsidizing from one set of customers to another or across different services; third party payment in which large firms pay for services for MSEs in exchange for advertising or other value-added services; piggy-backing on microfinance institutions (if feasible).

13. **It is essential to ensure that the same organization does not perform both the supplier role of offering BDS directly to MSEs and the facilitator role of encouraging other individuals and firms to supply services to MSEs.** This could present a conflict of interest for competing suppliers as facilitators usually have a development agenda while suppliers are commercially oriented. Combining roles can lead to ineffective programmes and inefficient use of funds. If facilitators are publicly funded, they should disappear as the market develops and suppliers or other permanent market actors take over its functions. The exception is if a facilitator is able to finance its activities by selling services to BDS suppliers, thus becoming a sustainable, permanent market actor. **This could be the case of BACs in districts with growing businesses.** In districts with limited BDS suppliers, BACs would be encouraged to play both role using the right strategy to achieve its sustainability.

14. **Adapt Programme Interventions to focus on BDS Market Development.** A key principle for choosing and designing interventions is that the intervention should not be any more intensive than required to address the market issue. With this principle in mind, REP will answer the following questions:

- Where do interventions focus?
- How can BACs be strengthened to effectively play their facilitation role and be able to finance their activities by selling services to direct BDS suppliers?
- How do programs work effectively with BDS suppliers?
- How do programs promote demand of BDS by SMEs?
- What interventions can best develop BDS market in Ghana?

15. Proposed actions and schedule of implementation:

Agreed action	Responsibility	Agreed date
4. Finalize the operational plan for achieving sustainability of BACs based on BDS market development framework	PCMU/IFAD	15 November 2016
5. Prepare ToRs to recruit a consulting firm for conduct BDS market assessment in Ghana	PCMU/IFAD	30 November 2016
6. Organize a Workshop to define a clear vision of sustainability	PCMU/MOTI	31 March 2017
7. Recruit technical assistance to support design of BDS market development interventions	PCMU	15 Avril 2017
8. Implement Market Development Interventions, including capacity building programme for BACs to play their role	PCMU	June 2017 – 30 March 2020

Appendix 1: Summary of project status and ratings (PSR)

Project 1592 [1100001592] Rural Enterprises Programme Basic Facts

Country	Ghana			Project ID	1592 [1100001592]	Loan/DSF/Grant/ASAP FI No.	1000004089
Project	Rural Enterprises Programme					Top-up Loan/DSF/Grant/ASAP FI No.	
Date of Update	23 Nov.2016						
Supervising Inst.	IFAD						
No. of Supervisions	7	No. of Implementation Support/Follow-up missions	3				
Last Supervision	3/12/2015	Last Implementation Support/Follow-up mission	14-May-2016				

				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	53.3
First disbursement	14-Mar-2012			DSF grant		
MTR		Last amendment		IFAD grant		
Original completion	31-Mar-2020	Last audit	17-May-2016	ASAP grant	0.00	0
Current completion	31-Mar-2020			Domestic Total	83.63	
Current closing	30-Sep-2020			Beneficiaries	13.85	3
No. of extensions	0			Local Gov	38.45	2
				National Govern	25.11	26
				Dom. Fin. Inst.	6.22	10
				External Cofinancing Total	70.01	
				AFDB	70.01	10.5

Project Performance Ratings

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

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

B.5 Justification of ratings

The challenges associated with scaling up the established REP model to a large number of newly enrolled districts have clearly been underestimated. The key assumptions made for achieving the sustainability of BACs and RTFs are no longer valid ; these entities continue to depend on REP support for their operational costs and the replacement of vehicles and other office equipment. In spite of the operational challenges, the programme continue to make satisfactory progress toward its appraisal targets and is now engaged in revising its district-based BDS delivery model through more involvement and partnership with private sector. With its operational plan for sustainability, the Programme is now better placed to meet the expectations agreed during the MTR and build a credible exit strategy; this will be reflect in the subsequent AWPB and further improve disbursements than in the first four years. Since the AFDB funding for component 2 become effective, technology promotion also has been gaining momentum and the downsizing of this component to liberate resources for supporting the newly introduced subcomponent-ENABLE Youth- should improve programme's targeting by including graduate youth in agribusiness. Access to Finance is keeping pace and even accelerating, especially in the last two years, with greater participation of PFIs and utilization of MGs, REDF. New financial products for asset financing such as micro-leasing are being developed. Compliance with procurement, Innovation and Learning, Responsiveness of service providers have each been maintained and remain satisfactory, though the Mission's was concerned that some MoU and partnerships involving financial transactions had been signed by the PCMU without seeking No-Objection.

Overall Assessment and Risk Profile

		Last	Current
C.1	Physical/financial assets	4	4
C.2	Food security	4	4
C.3	Quality of natural asset improvement and climate resilience	4	4
C.4	Overall implementation progress (Sections B1 and B2)	4	4
<p>Rationale for implementation progress rating</p> <p>Implementation continues to accelerate and AFDB Funding is now in place with the introduction of a subcomponent focusing on supporting engagement of graduate youth in agribusiness. In spite of the slower than expected pace of implementation in the first four and half years compared to the design targets, the outputs from especially the BDS Component and the ARF sub-Component have picked up significantly since 2015 even within the current public sector hiring freeze that hindered NBSSI and GRATIS from meeting a key part of their obligations by providing the required number and quality of staff at the BACs and RTFs. Though the PCMU continues to demonstrate capacity to manage through and around problems that result from implementing partners' incapacity, the project's achievements within component 2 are largely below 50% of targets. Issues with both NBSSI and GRATIS at the national and regional levels persist; technical capacity of the BACs and RTFs at the district level undermine the quality of service delivery.</p>			
C.5	Likelihood of achieving the development objectives (section B3 and B4)	4	4
<p>Rationale for development objectives rating</p> <p>The success of REP I and REP II was remarkable and beneficial to the entrepreneurial poor in the targeted Districts. The Programme has been extended to 161 Districts in sync with the objectives and driven by the force of the PCMU to manage through the weaknesses of implementing partners. While this is commendable, the Programme must revise its district-based model of MSE support very carefully to ensure it is sustainable. A rigorous review of the programme's sustainability strategy has been conducted since the MTR and it has been agreed that (i) REP develops and implement a credible operational plan for sustainability of BACs; (ii) the PCMU continues to work with both NBSSI and GRATIS at all levels to the extent that their resources, capacity and capabilities will permit; (iii) the PCMU seeks other possibilities for partnerships and collaboration from both public and private sectors including PPP arrangements towards achieving sustainability for the BACs and RTFs; and (iv) the phased implementation approach is no longer considered to be feasible and therefore the PCMU will assume full and direct management of Programme implementation from this point to the completion. .</p>			
C.6 Risks <i>Short description of major risks for each section and their impact on achievement of development objectives and sustainability</i>			
Fiduciary aspects	The key risks identified include:(i) Non-performance of internal audit reviews on the Programme activities; (ii) Non-disclosure of interest earning account of REDF with Bank of Ghana; (iii) Persistent delays in the release of counterpart funds; and (iv) Inadequate monitoring of the performance of BACs, RTFs and internal procedures for implementation.		
Project implementation progress	All components of the Programme now have adequate funding. Implementation however faces risks from the fact that existing and new BACs and RTFs face staffing shortages and a clear strategy for addressing this in a standardized manner hasn't been formulated. A significant number of newly established BACs and those from REP-1 do not have logistical capacities to reach rural poor entrepreneurs outside the main town in the district of their establishment. Many MSEs are not able to access MGF and REDF as the PFIs are only present in less than 30 districts out of 161 covered by REP.		
Outputs and outcomes	As noted within the report and above, the hiring freeze facing implementing partners, GRATIS and NBSSI, and the general governmental fiscal crisis pose risks to staffing BACs and RTFs. Many BACs remain unable to reach more poor rural entrepreneurs outside the district capital due to lack of vehicles.		
Sustainability	The long-run sustainability of the BACs is rooted in strong support from their local District and Municipal Assemblies, and the utilization of private training providers on an as-needed basis. However, DAs do not seem generally prepared to take on increasing costs of BACs and RTFs over time. Following the MTR, a comprehensive exit strategy involving private sector participation, professional capacity building of BACs and RTFs staff, targeting of high-impact BDS services has been formulated to sustain BAC and RTFs operations.		

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
M&E	Monitor physical implementation progress and financial flows; capture all backlog data since 2012 into the GIS application; support RIMS second-level results (outcomes) with credible evidence (qualitative and quantitative); develop indicators to measure outcome and impact of training on the beneficiaries.	From Jan. 2016 on	Not completed
Programme management	Recruit an Operational Manager to fill the position of BDS Manager; the incumbent will also oversee component 2 (TPD). Insure availability of funds and fill other vacant positions to respond to the need for programme implementation	31 March 2016	Not Complete
Programme coordination	Build partnerships and sign memorandum of understanding with other SME-based development organisations. PCMU will provide AfDB and IFAD with relevant MOUs and contracts, particularly where these partnerships involve financial transactions	30 June 2016	Undergoing
Financial Management	Slow accrual of Counterpart funds has been addressed in the Management Letter and will be followed up closely with the PCMU and discussed at next support meeting.	Immediately & ongoing	undergoing
Sustainability	Implement PPP arrangements for RTFs	31 August 2015	Ongoing
	Develop and implement sustainability plan for BACs	30 November 2016	On course

Additional observations

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs as at September 2016

Narrative Summary	Key Performance Indicators ¹²	Achievement	% Achieved	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"> Current estimate of national poverty prevalence is 24.2% - GLSS6, 2012-2013 Current estimate is 5.2% - GLSS6 		<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"> 31,328 direct jobs – 10,795m/20,533f created. 13,169 (4,909m/8,260f) to the youth (18-35 yrs)) 25,540 new rural MSEs – 8,720 male wned/16,720 female owned – established; 10,093 (3,591m/6,502f) by the youth 18-35 yrs)) 13,023 existing businesses – 5,068m/7,955f strengthened 914 MSEs – 419m/495f - to rapid growth stage 4,880 MSEs – 2,050m/2,830f 	<ul style="list-style-type: none"> 31% 73% 19% 5% 13% 	<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. Turnover of BACs (target: 25,000 USD) 	<ul style="list-style-type: none"> 161 BACs operational 	<ul style="list-style-type: none"> 107% 	<ul style="list-style-type: none"> REP & NBSSI records Institutional performance surveys Tracer study 	Decentralization policy remains supportive DA.

¹² The data reported are interim as at 20th Oct. 2014 from the field and are subject to change when the final figures are collated

	<ul style="list-style-type: none"> 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"> 50% 	<ul style="list-style-type: none"> 83% 		Successful restructuring of NBSSI.
Outputs: 1.1 BACs are established and strengthened 1.2 Capacity of rural MSEs and their associations strengthened	<ul style="list-style-type: none"> At least 84 new BACs established 600 staff of BACs (re)trained 74,000 rural MSEs counselled (by gender & age) 400,000 people trained by type of training (total outreach) (by gender & age)* 2,000 LBAs supported (training by gender) 	<ul style="list-style-type: none"> 95 new BACs established 2,147 BAC staff (re)trained as participants 40,306 clients – 15,016m/25,290f counselled 139,029 people – 40,709m/98,328f trained 11,338 people – 2,500m/8,838f trained 	<ul style="list-style-type: none"> 113% 358% 54% 35% 566% 	<ul style="list-style-type: none"> REP database & reports 	
Outcome 2: Technical skills transferred and technologies disseminated	<ul style="list-style-type: none"> At least 51 operational RTFs – Turnover of RTFs (target: 20,000 USD) 23,000 NVTI certifications Training aligned with COTVET Level of effectiveness (60%) of training & start-up kits (by gender) 	<ul style="list-style-type: none"> 21 RTFs operational 2,122 certifications – 890m/1,232f reported 52% for training 	<ul style="list-style-type: none"> 41% 9% 87% 	<ul style="list-style-type: none"> GRATIS records REP database & reports Tracer-study 	Decentralization policy remains supportive for
Outputs: 2.1 RTFs are functional 2.2 Capacity of rural master craft persons and apprentices developed	<ul style="list-style-type: none"> 30 new RTFs established 153 staff of RTFs (re)trained 51 RTF management boards operational 90% of RTFs use accounting software 30,000 master craft persons 	<ul style="list-style-type: none"> Contract signed with AESL to design and supervise the construction of workshop buildings and prescribe equipment for 5 new RTFs and retooling for 5 adopted ones 45 staff as participants trained 3 Management Boards All 21 RTFs have been trained on software and starting to use it 3,380 master crafts persons – 3,266m/114f trained 	<ul style="list-style-type: none"> 24% 6% 	<ul style="list-style-type: none"> RTF reports MSE Sub-committee reports GRATIS reports REP database & reports Periodic reports from partners 	Co-financing available in time GRATIS Foundation continues support to RT

	<ul style="list-style-type: none"> trained by type of training and gender 30,000 traditional apprentices trained by type of training and gender 1,750 technical apprentices trained by type of training and gender 19,000 graduate apprentices provided with start-up kits (by gender) 	<ul style="list-style-type: none"> 681 traditional apprentices – 554m/127f 252 technical apprentices – 221m/31f trained 624 graduate apprentices – 240m/384f provided with start-up kits 	11% 2% 14% 3%		
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"> 3,663 active borrowers - 1,431m/2,232f Data not ready for period 	14%	<ul style="list-style-type: none"> BAC quarterly reports PFI quarterly reports REP reports 	Effective linkages with other IFAD projects (n PFI capacities remain sufficient to handle a
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)* (target 4.850million USD) 	<ul style="list-style-type: none"> 284 staff of PFIs (re)trained 55 FIs are partners for both MGF and REDF 1,410 – 682m/728f - MSEs have accessed MGF About US\$782,249 (30% Grant) disbursed 5,113 – 846m/4,267f - MSEs have accessed REDF About US\$2,370,388 (i.e. 80% portion) disbursed 	69% 20% 41% 23% 49%	<ul style="list-style-type: none"> ARB Apex Bank reports REP reports BoG reports ARB Apex Bank reports 	
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"> Not available Process is underway 		<ul style="list-style-type: none"> MSE sub-committee reports Supervision reports 	NBSSI and GRATIS are restructured and h role

Outputs:					
4.1	Institutions strengthened at district and regional level	<ul style="list-style-type: none"> 150 MSE Sub-Committees functional 150 DOTI, MSE Sub-Committees, DA trained 8 RECOMEPs operational at RCCs 100 functional ASSI branches at district level Establishment of 20 Light industrial estates supported 	<ul style="list-style-type: none"> 160 Districts 161 DAs trained 10 RECOMEPs are operational 17 ASSIs formed at the district level Nil 	<ul style="list-style-type: none"> 107% 107% 125% 17% 	<ul style="list-style-type: none"> REP reports NBSSI reports
4.2	Support to policy dialogue	<ul style="list-style-type: none"> Number and quality of policy initiatives emanating from REP and DAs 	<ul style="list-style-type: none"> 1 study on MSE Policy undertaken as part of Interphase review 		<ul style="list-style-type: none"> Supervision reports

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

Action Area	Action Agreed	Date	Whom	Progress
Project Implementation				
Outputs				
Sustainability				
Fiduciary Aspects				
Other				

[Insert/delete rows as necessary.]

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

Component/ Sub-component or Output	Indicator	Unit	Period: 1 st Jan. 2016 to 30 th Sept. 2016			Cumulative Actual	Appraisal Target	%
			AWP&B	Actual	%			
Component 1: <i>Business Development Services</i>								
	No. of operational REP model BACs	No.	161	161	100%	161	161	100%
	Amount of turnover of BACs in USD (average)	USD	12,500	-	-	-	25,000	-
	Level of institutional performance of BACs (average efficiency by year 8)	%	40%	-	-	-	80%	-
	Level of effectiveness of BDS training	%	60%	51%	-	51%	60%	51%
Output: BACs established/strengthened	No. of BACs	No.	161	161	100%	161	161	100%
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.	56	-	-	31	95	33%
Activity 1.1.3: Procure motor bikes for new BACs	No. of motor bikes	No.				105	190	55%
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.	-	-	-	147	161	91%
Activity 1.1.7: Procure Laptop computers for BACs	No. of BACs	No.	161	-	-			
Activity 1.1.8: Procure laser printers for BACs	No. of BACs	No.	-	-	-	147	161	91%
Activity 1.1.9: Procure photocopier for new BACs	No. of BACs	No.	-	-	-	105	95	111%
Activity 1.1.10: Procure fax/fixed telephone for BACs	No. of BACs	No.	-	-	-	-	95	
Activity 1.1.11: Procure air conditioners for BACs	No. of BACs	No.	-	-	-	20	95	21%
Activity 1.1.12: Facilitate NBSSI supervision of new BACs	No. of BACs	No.	95	95	100%	95	95	100%
Activity 1.1.13: Facilitate NBSSI supervision of existing BACs	No. of BACs	No.	66	66	100%	66	66	100%
Activity 1.1.14: Conduct orientation for staff of new BACs	No. of BACs	No.	-	11	-	95	95	100%
Activity 1.1.15: Conduct orientation for staff of existing BACs	No. of BACs	No.	-	-	-	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.	-	-	-	-	-	
Output: Capacity of rural MSEs and their associations strengthened								
Activity 1.2.1: Organise annual stakeholder fora for new districts	No. of annual district Clients' fora organised	No.	161	-	-	387	1,192	33%
Activity 1.2.2 Organise annual stakeholder fora for existing districts								
Activity 1.2.3: Provide training for clients	No. of clients trained (by gender & age)	No.	26,768	33,520	125%	121,764	295,000	41%
Activity 1.2.4: Organise annual Clients' Exhibition & Trade shows	No. of clients participating	No.	483	15	3%	649	-	-
Activity 1.2.5: Provide business counselling for clients	No. of clients counselled	No.	16,100	8,246	51%	40,306	75,000	54%
Activity 1.2.6: Organise study tours for clients	No. of clients taken on tour	No.	800	91	11%	657	2,375	28%
Activity 1.2.7: Business Opportunity Identification Surveys for new districts	No. of districts participating	No.	-	-	-	95	95	100%
Activity 1.2.8: Literacy and Numeracy	No. of clients trained	No.	417	1500	360%	1500		
Activity 1.2.9: Internship	No. of clients trained	No.	81	10	12%	17		
Activity 1.2.13: Training of Youth at Farm Institutes	No. of clients trained	No.	1,000	872	87%	1,566	6000	26%
Activity 1.2.16: Training of BDS Providers	No. of BDS providers trained	No.	1000	434	43%	1,511		
<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	No.	21	21	100%	21	51	41%
	Amount of turnover of RTFs in USD	USD	-	-	-	-	20,000	-
	No. receiving NVTI certifications	No.	2,959	1,215	47%	1,255	23,000	5.5%

		Training aligned with COTVET	-	-	-	-	-	-	-
		Level of effectiveness of training & start-up kits support (by gender)	-	60%	58%	-	58%	60%	-
	Output: Functional RTFs established								
	Activity 2.1.1. Construct new RTF workshop buildings	No. of new RTF workshop buildings constructed	No.	5	-	-	-	30	-
	Activity 2.1.2. Recruit design and supervision Consultant for new RTFs	No. of contracts for design and construction of new RTFs signed	No.	1	1	100%	-	30	-
	Activity 2.1.3 Procure motor bikes for new RTFs	No. of motorbikes procured for new RTFs	No.	60	-	-	-	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.	24	-	-	-	30	-
	Activity 2.1.5 Procure workshop equipment for new RTFs	No. of workshop equipment procured for new RTFs	No.	5	-	-	-	30	-
	Activity 2.1.6 Procure generators for new RTFs	No. of new generators procured for new RTFs	No.	5	-	-	-	30	-
	Activity 2.1.7 Recruit engineering Consultants for new RTFs	No. of engineering consultants recruited for new RTFs	No.	1	1	100%	-	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.	20	-	-	-	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.	40	-	-	-	30	-
	Activity 2.1.11 Procure laser printers for new RTFs	No. of laser printers procured for new RTFs	No.	20	-	-	-	30	-
	Activity 2.1.12. Procure motor bikes for existing RTFs	No. of motor bikes procured for existing RTFs	No.	21	-	-	-	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	No. of desktop computers, software and UPS	No.	-	-	-	-	21	-

desktop computers, software and UPS for existing RTFs	procured for existing RTFs								
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.	84	45	54%	97	153	63%	
Activity 2.1.19: Provide support to RTF management boards	No. of RTF management boards operational	No.	21	3	14%	3	51	-	
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.	20	-	-	24	168	14%	
C2.1.23: Recruit design and supervision consultant for resource centres for 20 resource centres (7 pipeline & 13 new)	No. of consultants recruited	No.	2	1	50%				
C2.1.24: Recruit design and supervision consultant for hostels for 10 hostels (5 pipeline & 5 new)	No. of consultants recruited	No.	2	1	50%				
C2.1.26: Construct resource centres	Resource centres constructed	No.	7				42		
C2.1.27: Construct Hostels	Hostels constructed	No.	5	5	100%	5	40	13%	
C2.1.30: Procure desktop computers for resource centres	No. of desktop computers, software and UPS procured for resource centres	No.	7				42		
C2.1.31: Procure laser printer for resource centres	No. of laser printers procured for resource centres	No.	7				42		
C2.1.32: Conduct orientation course for new RTFs	No. of RTFs	No.	10				30		
C2.1.33: Conduct management training for new RTFs staff	No. of RTFs	No.	1				30		
C2.1.34: Provide sensitisation/training for new RTF management boards	No. of Management boards	No.	10				30		
Output: Capacity of rural master craft persons and apprentices developed									
Activity 2.2.1: Provide training to master crafts persons	No. of master craft persons trained by type of training and gender	No.	5,040	865	17%	3,380	30,000	11%	
Activity 2.2.2: Provide training to traditional apprentices	No. of traditional apprentices trained by type of training and gender	No.	1,184	218	18%	681	30,000	2%	
Activity 2.2.3: Provide training to technical apprentices	No. of technical apprentices trained by type of training and gender	No.	183	117	64%	252	1,750	14%	
Activity 2.2.4: Provide training to tertiary students on	No. of tertiary students on attachment trained by type of training and gender	No.	345	17	5%	32	-	-	

attachment								
Activity 2.2.5: Provide training in occupational safety, health & environmental mgt.	No. of clients trained by type of training and gender	No.	1,517	564	37%	4,558	-	-
Activity 2.2.6: Provide start-up kits to graduate apprentices	No. of graduate apprentices provided with start-up kits (by gender)	No.	500	308	62%	624	19,000	3%
Activity 2.2.7: Carry out field demonstration of new/improved technologies	No. of demonstrations of new/improved technologies carried out	No.	500	4	1%	26	1,092	2%
Activity 2.2.8: Facilitate NVTI certification of graduate apprentices	No. of graduate apprentices certified by NVTI	No.	1,361	677	50%	2,243	21,780	10%
Activity 2.2.9: Carry out testing/replication of agro-processing equipment	No. of agro-processing equipment tested/replicated	No.	238	-	-	13	48	27%
Activity 2.2.10: Provide support to DAs to develop light industrial estates	No. of DAs supported to develop light industrial estates	No.	10	-	-	-	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.	-	-	-	2,139	27,000	8%
	% reduction of portfolio at risk	No.	-	-	-	-	-	-
Output: Capacity of PFIs & ARB Apex Bank improved								
Activity 3.1.1: Provide training/retraining for staff of PFIs	Number of staff of PFIs (re)trained (by gender)	No.	60	-	-	284	-	-
Activity 3.1.2: Provide training for staff of ARB Apex Bank	Number of staff of ARB Apex trained	No.	4	-	-	-	53	-
Activity 3.1.3: Establish partnership with new PFIs	No. of new PFIs partnered with	No.	-	7	-	55	80	60%
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	No. of laser printers procured for BOG	No.	-	-	-	-	1	-

printers for BOG								
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.	-	-	-	-	-	-
Activity 3.1.9: Carry out studies in credit line synopsis and micro leasing	No. of studies carried out	No.	1	-	-	-	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.	-	-	-	55	80	69%
Activity 3.2.1: Facilitate MSEs' access to MGF	No. of MSEs accessing MGF	No.	722	226	31%	1,410	7,000	20%
Activity 3.2.2: Monitor PFIs' activities on MGF	MGF GHc amount disbursed (by gender and age) (100%)	GHc	4,043,240	2,894,750	72%	9,988,038	24,066,667	42%
Output: REDF operational	No. of PFIs participating in REDF	No.	-	-	-	45	80	56.3%
Activity 3.3.1: Facilitate MSEs' access to REDF	No. of MSEs accessing REDF	No.	1,648	1213	74%	5,113	22,000	23%
Activity 3.3.2: Monitor 'disbursement of REDF	Amount of REDF disbursed (by gender age) (100%)	GHc	4,850,000	3,465,150	71%	10,197,736	24,250,000	42%
<i>Sub-component: Institutional Development</i>								
Objective (Outcomes):- Pro-poor MSE support institutions and policies in place	Level of disbursement of DAs for MSE development	%	50%	-	-	-	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								
Activity 3.4.1: Facilitate organisation of district MSE Sub-committees meetings	No. of district MSE Sub-Committee, RTF Mgt. Board & district consultative meetings held	No.	205	53	26%	157	1,086	14%
Activity 3.4.2: Provide support for consultative meetings between RECOMEP, ASSI and NGOs	No. of consultative meetings held by RECOMEP, ASSI & NGOs	No.	4	6	150%	6	32	19%
Activity 3.4.3: Provide support for consultative meetings for collaborating institutions	No. of consultative meetings held by collaborating institutions	No.	1	-	-	5	16	31%
Activity 3.4.4: Provide support for consultative meetings between ASSI and AGI	No. of consultative meetings held between ASSI and AGI	No.	-	-	-	48	66	73%

Activity 3.4.5: Provide training for DAs, ASSI and RCCS	No of training workshops organised for DAs, ASSI and RCCs	No.	2	-	-	402	1,828	22%
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.	1	-	-	-	20	-
Activity 3.4.7: Procure vehicles for NBSSI, GRATIS, etc.	No of vehicles procured for NBSSI and GRATIS	No.	4	4	100%	4	12	33%
Activity 3.4.8: Procure desktop computers, software and UPS for I.Es	No of desktop computers procured for I.Es.	No.	50	-	-	-	11	-
Activity 3.4.9: Procure laser printers for I.Es	No of laser printers procured for I.Es.	No.	50	-	-	-	10	-
Activity 3.4.10: Procure photocopiers for I.Es	No of photocopiers procured for I.Es.	No.	10	-	-	-	10	-
Activity 3.4.11: Procure laptop computers for I.Es	No of laptop computers photocopiers procured for I.Es.	No.	19	-	-	-	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.	1	-	-	-	11	-
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	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	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	100%
Activity 4.1.6: Procure laser printers	No. of laser printers procured for PCMU	No.	-	-	-	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	6	33%
Activity 4.1.11: Procure server	No. of servers procured for PCMU	No.	-	-	-	1	-	-
Activity 4.1.12: Procure professional publications and documentaries	No. of professional publications and documentaries procured for PCMU	No.	6	-	-	-	8	-
Output: Capacity of Programme staff built through training								
Activity 4.2.1: Provide Programme staff with capacity building training	No. of training workshops attended by Programme staff	No.	15	12	80%	25	80	31%
Activity 4.2.1: Organise GALS Learning Events for BAC/RTF staff	No. of BAC/RTF staff trained in GALS	No.	-	-	-	-		
Output: Programme Implementation Workshops organised								
Activity 4.3.1: Organise Programme Implementation Workshops	No. of Programme implementation workshops organised by PCMU	No.	5	-	-	6	8	75%
Output: Specialist services for unspecified Programme Implementation support provided								
Activity 4.4.1: Provide specialist services for Programme implementation support	No. of specialist services for Programme implementation support provided	No.	-	-	-	2	3	33%
Output: Annual Audit of Programme Accounts conducted								
Activity 4.5.1: Conduct annual audit of Programme accounts	No. of annual audits of Programme accounts conducted	No.	1	1	100%	5	8	63%
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	100%

Activity 4.6.3: Procure laptop computer and software	No. of office equipment and materials procured for M&E Unit	No.	-	-	-	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	100%
Activity 4.6.5: Procure air-condition	No. of air conditioners procured for M&E Unit	No.	-	-	-	1	1	100%
Output: Capacity of M&E staff built through training								
Activity 4.7.1: Provide M&E staff with capacity building training	No. of training workshops attended by M&E staff	No.	4	-	-	8	8	100%
Activity 4.7.2: Organise GALS training for champion group of rural people	No. of people trained in GALS	No.	4	-	-	-	-	-
Output: Programme Implementation Workshops organised								
Activity 4.8.1: Organise National and Regional Workshops	No. of workshops organised	No.	3	1	33%	12	17	71%
Output: Specialist services for M&E and Programme Mid-Term Review								
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	2	200%	3	6	50%
Activity 4.9.2: Conduct Programme Mid-Term Review	No. of Programme MTR conducted	No.	1	-	-	-	1	-
Output: Baseline and exit surveys, other unspecified studies and contracted supervision undertaken								
Activity 4.10.1: Conduct baseline and exit surveys	No. of baseline and exit surveys conducted	No.	1	1	100%	2	7	29%
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: IFAD loan 841-GH ,**
Financial performance by financier as at 30 September 2016

	Allocation at Appraisal and Current	Disbursements	disbursed
Financier	(USD '000)	(USD '000)	%age
IFAD loan	31.500,0	15.370,6	48,8%
AfDB - LOAN	41.102,8	1.267,6	3,1%
AfDB - GRANT	35.420,2	5.649,1	15,9%
GoG-District Assemblies	39.684,2	2.444,6	6,2%
-NBSSI	11.981,1	3.126,8	26,1%
-GRATIS	7.272,5	665,6	9,2%
-Budget and Taxes	5.855,7	178,6	3,0%
Beneficiaries-Participating Financial Institutions	6.221,9	3.135,2	50,4%
-Clients	13.847,8	801,6	5,8%
Total	192.886,2	32.639,6	16,9%

Table 5B: loan 841-GH , Financial Performance By Component in USD'000 as at 30 September 2016

Component		IFAD Loan			AfDB loan			Government and others				Total		
		Appraisal	Actual	%age	Appraisal	Actual	%age	Appraisal	Actual	%	%age	Appraisal	Actual	%
A	BUSINESS DEVELOPMENT SERVICES	17.826	4.672	26,2 %	29.684	4.554	15,3 %	49.349	5.768	11,7%	0,0%	96.860	14.994	15,5 %
B	TECHNOLOGY PROMOTION		20		41.665	914	2,2%	24.900	308	1,2%		66.565	1.242	1,9%
C	ENABLING MSE ENVIRONMENT													
1	RURAL FINANCIAL SERVICES	6.705	3.221	48,0 %		26		10.030	3.863	38,5%	0,0%	16.734	7.109	42,5 %
2	SUPPORT TO RURAL MSE ORGANS.	472	389	82,4 %	2.148	386	18,0 %	350	22	6,3%	0,3%	2.970	796	26,8 %
	Sub-total	7.177	3.609	50,3 %	2.148	412	19,2 %	10.379	3.885		0,0%	19.704	7.906	40,1 %
D	PCMU	6.497	5.569	85,7 %	3.026	1.037	34,3 %	234	392	167,4 %	0,4%	9.758	6.998	71,7 %
	INITIAL ALLOCATION		1.500										1.500	
	TOTAL	31.500	15.370	48,8 %	76.523	6.917	9,0%	84.863	10.352	12,2%	0,0%	192.886	32.640	16,9 %

TABLE 5C: loan 841-GH cumulative Expenditures by category - as at 31/10/2016 (USD)

Category Description		Financing	Original IFAD Loan Allocation	IFAD Revised Loan Allocation	Disbursement up to WA 28	Disbursement	Commitments: WA 29 Pending settlement by IFAD	Expenditure pending submission		Projected Loan Utilisation at 31 10 16	Projected Loan Balance	Projected Utilisation
		%age	SDR'000	SDR'000	SDR'000	%age	SDR'000	USD	SDR'000	SDR'000	SDR'000	%age
I	Civil Works	100	260,00	260,00		0,0%	-				260,00	0,0%
II	Vehicles, Materials and Equipment	100	1.120,00	1.690,00	1.272,12	75,3%				1.272,12	417,89	75,3%
III	Technical Assistance	100	660,00	1.110,00	1.016,72	91,6%	77,64	3,20	2,30	1.096,66	13,34	98,8%
IV	Training and Workshops	100	8.020,00	8.020,00	2.585,29	32,2%	54,61			2.639,90	5.380,10	32,9%
V	Credit Funds and Matching Grants	100	3.320,00	3.320,00	1.967,46	59,3%	266,05	36,04	25,93	2.259,43	1.060,57	68,1%
VI	Salaries and Operating Costs	100	2.630,00	2.630,00	1.959,85	74,5%	128,59	49,96	35,95	2.124,39	505,61	80,8%
VI I	BACRTF operating Costs Fund	100	1.720,00	1.720,00	191,63	11,1%	-	7,71	5,55	197,18	1.522,82	11,5%
	Unallocated		1.970,00	950,00		0,0%	-				950,00	0,0%
	Subtotal-for Utilisation		19.700,00	19.700,00	8.993,07	45,7%	526,88	96,92	69,72	9.589,67	10.110,33	48,7%
Authorised Allocation					979,21		-			979,21	979,21	979,21
	Total		19.700,00	19.700,00	9.972,27	50,6%	526,88	96,92	69,72	10.568,88	11.089,54	53,6%

TABLE 5D: loan 841-GH: Government cash contributions by year - as at 30/09/2016 (USD)

Fiscal year	Request /Budget	Released	(Deficit)/ surplus	%age
2012	500.000	500.050	50	100%
2013	1.000.000	-	(1.000.000)	0%
2014	400.000	100.000	(300.000)	25%
2015	400.000		(400.000)	0%
2016	400.000		(400.000)	0%
Total	2.300.000	600.050	(1.299.950)	26%

Table 5E : Progress made on 2016 Annual Work Plan and Budget - as at 30 September 2016

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	265,7			1.723,2	205		0,0			0,0			1.988,8	204,9	
II	Vehicles, Materials and Equipment	2.484,0	79,0	3,2%	5.931,4	16	0,3%	0,0			0,0			8.415,5	95,2	1,1%
III	Technical Assistance	256,2	258,9	101,1%	1.007,2	51	5,1%	0,0			0,0			1.263,4	309,8	24,5%
IV	Training and Workshops	1.920,5	399,4	20,8%	3.114,1	1.055	33,9%	27,2	62	226,9%	419,6	64	15,2%	5.481,4	1.579,8	28,8%
V	Credit Funds and Matching Grants	1.273,2	1.268,1	99,6%	0,0		0,0%	0,0			1.000,1	765		2.273,3	2.032,9	89,4%
VI	Salaries and Operating Costs	614,0	490,3	79,9%	60,9	199	326,0%	1.130,7	270	23,9%	0,0			1.805,6	959,2	53,1%
VI I	BACRTF operating Costs Fund	541,7	851,7	157,2%	968,3	257	26,5%	876,8			0,0			2.386,8	1.108,3	46,4%
	Total	7.355,3	3.347,3	45,5%	12.805,0	1.782,0	13,9%	2.034,7	332,1	16,3%	1.419,7	828,7	58,4%	23.614,7	6290,2	26,6%

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Loan Covenant	Target/Action Due Date	Compliance Status/Date
Section B.06	Opening of a Designated Account in BoG in USD	20 Dec. 2011	Done
	Deposit of Authorized Allocation of USD	14 March 2012	Done
Section 7.01	Submission of AWPB each year to IFAD for approval	Annual	Done
Section E.02	National Director has been duly appointed	1 December, 2012	Done
Section 7.01	Opening of Programme Account	20 Dec. 2011	Done
Section 7.11	Insure key Project personnel against health and accident risks	2012.	Done
Section 8.08	Transfer of annual GoG counterpart funds in accordance with AWPB	Initial Deposit made on 8/10/12	Done
	Transfer of annual counterpart funds from other national and district-level financiers in accordance with AWPB	Annual transfers	Ongoing
Section 8.02	Submission of semi-annual and annual progress reports to IFAD	Twice a year	Done
Section 8.03	Mid-Term Review (MTR) carried out jointly by Borrower, IFAD	Dec 2015	Done
Section 9.03	Audit of Programme financial Statements in accordance with Programme guidelines by an independent Auditor	Once a Year	Done for FY2012, FY2013. FY2014 and FY2015.
Schedule 1 Par 9.2 & 9.13	Enter into an MOU with NBSSI subject to prior no objection by IFAD	31 Mar 2014	Under revision
Schedule 1 Par 10.2 & 13	Enter into an MOU with GRATIS subject to prior no objection by IFAD	31 Mar 2014	Under revision
Schedule 1 Par 11.2 & 13	Enter into an MOU with Bank of Ghana subject to prior no objection by IFAD	31 Mar 2014	Done

Appendix 7: Knowledge management: *Proposed procedures for establishing and running a Training Fund for Private BDS providers in Ghana*

Investing in skills development is crucial for promoting MSE development. For purpose of achieving the sustainability of REP, and as a way to building its exit strategy, we propose the establishment of a performing tool such as a Training Fund. This fund could later be joined by GOG or other donors (EU, GIZ, USAID) interested by BDS in rural or urban areas for the micro-entrepreneurs and the unemployed. The Fund will function according to government procedures for selecting the trainees, the BDS providers and organizing the tenders. The BACs will continue to organize (or deliver) trainings at the field level, but they will interact with the Training Fund for the organization of advanced quality trainings necessary for the existing or new enterprises that want to join the modern economy and that need specific skills.

Learning

Procedures of a Training Fund for BDS trainings with MSEs

1. Executive summary

The best way to strengthen MSE development is investing in their skill development to meet the needs of the market economy. For a successful qualitative manpower development, it is crucial to work in partnership with qualified BDS providers to develop a demand driven training. Therefore, a **combination of flexible public and private partnership for financing vocational training (or BDS)** could be fruitful.

Bearing in mind that the BACs cannot deliver or contract all the BDS providers in the country as they are working at district level, it is interesting to have a Fund, with a pool of selected BDS providers, that can organize contract and tenders for the MSEs who need specific training difficult to be found at the district level.

In many countries, in order to address the challenges of employment promotion, financial instruments like training Funds or Employment and Training Funds or Social Funds have been established¹³ as special funds under the administration of Ministries in charge of Labour. They can be financed by statutory contributions paid by employees and employers or by government grants (from tax revenues) or from a mix of both sources. The funds collected are usually disbursed for Active Labour Market Programmes (ALMP).

The practice of establishing similar funds is at the very beginning in emerging countries, although many attempts are replicating mechanisms similar to the European Social Fund (ESF) that provides funding to improve youth employment. The main purpose of a Training Fund for Ghana could be to provide funding to employment promotion programmes through the promoting rural and peri-urban MSEs – especially among disadvantaged groups such as Women or Young unemployed, fostering community participation in training programmes.

Taking into consideration the lessons of the implementation of various Training Funds in Africa - <http://www.adeanet.org/sites/default/files/afd-financing-vocational-training-africa.pdf> - a Grant could be allocated to a Training Fund (TF) and managed by a private operator. The TF will be a financial instrument for disbursing funds by using the Ghanaian National procurement procedures in a transparent manner on the basis of competitive bidding and delivery. In the near future, more donors (such as EU, GIZ, etc.) involved in BDS with MSEs could participate to the TF to deliver quality and longer training.

¹³ Training Funds (TF) are financial mechanisms created to support active employment promotion programs including MSE creation or Entrepreneurship. TF are created to address specific issues based on clear objectives, eligibility criteria, duration and availability of funds.

The BACs will channel the MSEs' demands to this Fund who will organize specific trainings that are difficult to be undertaken at the district level. Monitoring procedures and performance monitoring indicators will be established based on the type of trainings in order to ensure financial accountability.

2. Financing of the Training Fund

While the demand for BDS and Skill training is increasing, more resources are necessary. Therefore, besides public funding, donor funding is crucial for this sub-sector as financing of vocational training remains a real constraint for the sustainability of the vocational training services.

The willingness to pay exists but just for a part of the trainings in African countries. In Europe as well and in emerging countries like India, these types of trainings are expected to be subsidized.

In order to attract other donors, the consultant operator recruited to manage the TF will have to prove its capacity to properly manage the Fund, to explore other financing possibilities (private sector contributions), to make the Training Fund sustainable in the years to come and to involve the Private sector in the related decision-making process including the selection of the BDS providers (where NBSSI could play a role).

3. Operation of the Training Fund

Trainings with private providers will concern the services sector (BDS) as well as the trainings delivered in the production sector (Skilled trainings).

a) Selection of the Trainees

Considering the huge need for training in specific occupations, current selection criteria for trainees are the following but not limited to:

- Adequate education for requested training occupation: (i) the micro entrepreneur should be guided to the training occupation that matches his educational background; (ii) the interest of the trainee; (iii) career plan of the trainee;
- Chosen occupation for training: (i) based on market analysis according to the occupations that are needed in the respective regions; (ii) occupations that leads to potential self employment (start-up MSEs); (iii) training occupations requested directly by employers;
- Willing and commitment to attend the training.

A commission composed of two (2) BAC staff and one representative of the TF operator and tehBDO technical adviser of REP will establish the final list of trainees benefiting of the trainings.

b) Selection of the training/BDS providers:

The criteria for the selection of qualitative acceptable private providers, which have to be published with the "calls for expression of interest" are the following:

- Adequate training premises: (i) training room according to the given training standards; (ii) sufficient lighting; (iii) health and safety provisions;
- Adequate training equipment: (i) training stations per trainee (PC per trainee, an electric training panel per trainee); (ii) equipment of up to date technology; (iii) equipment that meets health and safety standards; (iv) equipment that meets curriculum requirements;
- Well trained trainers: (i) trainers with certificate and/or diploma reflecting the course training requirements; (ii) at least 2 years relevant training experience in the field of study; (iii) references on trainings received in last three years (teaching methodology...);
- Well designed curricula: (i) curricula based on competences (clear expected outcomes and skills); (ii) updated and demand driven per occupational profiles; (iii) soft skills reflected in the curricula (attitudes); (iv) adequate to the trainee needs; (v) accredited training programs;
- Legal status: (i) registered legal entity; (ii) business/services profile; (iii) references; (iv) audited Financial Statements.