

Project Completion Report Validation
Rural and Agricultural Finance Programme
Republic of Ghana
Date of validation by IOE: April 2019

I. Basic project data

			Approval (US\$ m)	Actual (US\$ m)
Region	West and Central Africa	Total project costs	Initially: 41.9 Revised at MTR to: 19.5 Revised further to: 16.7	16.3
Country	Republic of Ghana	IFAD loan and percentage of total	Initially: 15.0 Revised: 12.0	11.3 69%
Loan and grant number	(i) Loan N: 761-GH (ii) Loan N: 761-GH-A (iii) Grant N: G-COFIN-IT-761-GH	Italian grant	1.5	1.3 8%
Type of project (subsector)	Rural finance	Borrower (Government)	Initially: 3.4 Revised to: 1.4	0.73 4%
Financing type	Loan, grant	Beneficiaries	Initially: 7.5 Revised: 0.37	0.31 2%
Lending terms*	Highly Concessional	DANIDA	Initially: 0 Revised: 1.34	2.70 17%
Date of approval	(i) 17 Dec 2008 (ii) 22 Apr 2010			
Date of loan signature	(i) 23 Nov 2009 (restated with supplementary financing: 6 May 2010)			
Date of effectiveness	30 Apr 2010 Restated: 6 May 2010			
Loan amendments	15 Dec 2014	Number of beneficiaries	100,000 individuals 10,000 households	10,519 2,630
Loan closure extensions	N/A	Project completion date	30 June 2016	30 June 2016
Country programme managers	Hani Abdelkader Elsadani Esther Kasalu-Coffin Ulac Demirag Mohamed Manssouri	Loan closing date	31 Dec 2016	31 Dec 2016
Regional director(s)	Lisandro Martin (current) Ides de Willebois Mohamed Beavogui	Mid-term review		Jan-Feb 2014
Project completion report reviewer	Lasha Khonelidze	IFAD financing disbursement at completion (%)		95% (after partial cancellation)
Project completion report quality control panel	Fumiko Nakai Fabrizio Felloni	Date of the project completion report		Dec 2016

Source: PCR, Appendix 7; President's Report, Loan and Grant agreements, Mid-Term Review (MTR) Report.

* IFAD loans granted on highly concessional terms are free of interest. A service charge of three fourths of one per cent (0.75 per cent) per annum and a maturity period of forty years, including a grace period of ten years are applied, starting from the date of the approval by the IFAD Executive Board. DSF grants are provided to countries with low level of debt sustainability, as ascertained by the annual debt sustainability assessments carried out by the International Monetary Fund (IMF)

II. Project outline

1. **Introduction.** IFAD financing for the Rural and Agricultural Finance Programme (RAFiP) in the Republic of Ghana was approved by the IFAD's Executive Board on 17 December 2008. The financing agreement was signed on 23 August 2009 and became effective on 30 April 2010 with a completion date set at 30 June 2016. As per design, IFAD financing was planned for US\$15 million but only US\$6 million was approved in December 2008 based on the resource envelope available at the time under the performance-based allocation system for the period 2007-2010. IFAD financing for the remaining US\$9 million was thus approved as supplementary financing in April 2010.
2. **Programme area** at design covered whole country with the priority given to the northern part of the country (northern savannah of Ghana), which is predominantly rural and agricultural and where poverty is concentrated.¹
3. **Target group.** The ultimate target group of the programme was composed of the rural poor people including smallholder farmers and women.² The President's report defined the target group as "smallholder farmers and the rural poor people nationwide with particular attention to women and youth". According to the updated log-frame targets, the programme targeted 10,000 households, and 100,000 clients³ of rural and microfinance institutions (RMFIs) reached by RAFiP activities. The expected number of beneficiaries in the revised log-frame targets included "the number of savings accounts in RMFIs of 9 million". The other direct beneficiaries were to be targeted institutions as intermediaries to increase access to financial and technical support services for the above types target groups⁴ and summarised below:

Table 1

Targeted Institutions by level of intervention

Micro level	<ul style="list-style-type: none"> • <i>FI s- financial institutions including: commercial and development banks;</i> • <i>NBFIs- non-bank financial institutions</i> • <i>RMFI segments, which include RCBs-Rural and Community Banks, Credit Unions, FNGOs- financial NGOs, savings and loan companies and Susu Collectors (informal savings mobilizers)</i>
Meso level:	<ul style="list-style-type: none"> • Apex organizations representing RMFIs, including Ghana Microfinance Institutions Network (GHAMFIN) as the umbrella organization for the industry: ARB (Association of Rural Banks) Apex Bank, Credit Union Association, Association of Financial NGOs, and GSCSA-Ghana Cooperative Susu Collectors Association; • Value Chain associations that coordinate actors at different levels of agricultural value chains; • Technical service providers providing training and consulting services either to RMFIs or to their clients, both in groups and individual micro, small and medium enterprises (MSMEs);
Macro level:	<ul style="list-style-type: none"> • MOFEP- Ministry of Finance and Economic Planning • MOFA- Ministry of Food and Agriculture • BoG- Bank of Ghana

4. **Programme goal, objectives and components.** The overall goal of RAFiP, according to the President's report, was "to support improved and sustainable livelihoods of the rural poor people, particularly women and other vulnerable groups". The specific objective was "to improve the rural and agricultural population's access to sustainable financial services through enhanced outreach, sustainability and linkages".
5. RAFiP was designed to consolidate and build on the accomplishments of the Rural Finance Support Programme previously financed by IFAD. The approach emphasized: capacity building to and through apex organizations (especially ARB Apex Bank and

¹ Programme Design Report (PDR), page 9, 10, and Annex 8, page 1.

² Programme Financing Agreement, Schedule 1.

³ There is no differentiation provided between those two groups.

⁴ PDR, page 9.

GHAMFIN); strengthening the macro level to better understand and assist the industry; developing strong linkages between RAFiP and value chain linkage agencies to facilitate product development and rollout to agribusiness. The approach also emphasized, direct promotion of financial literacy to women, farmers groups, field agents, RMFIs and other relevant stakeholders.⁵

6. The original objective was re-defined at Mid-term Review (MTR) stage as "access of the rural and agricultural population to sustainable financial services is increased" but goal formulation was not affected.
7. **Programme components.** Originally, the programme had three components. **Component 1: Strengthening of financial and agricultural linkages and support systems** included two sub-components: (1.A.) capacity building for sustainability; (1.B.) product development and innovation. **Component 2: Strengthening support systems** included two sub-components: (2.A.) technical support; (2.B.) policy, regulation, supervision & monitoring; (2.C.) knowledge development & dissemination; and finally, **Component 3: Programme management.**
8. The original components were reorganized at MTR into three *outcomes* as follows. **Outcome 1: The capacity of smallholder farmers and micro-entrepreneurs to make informed saving and credit decisions has increased** had two outputs: (i) Agricultural Extension Agents, Business Advisory Centres and programme staff as well as farmers and micro-entrepreneurs - have been trained in financial literacy; (ii) awareness raising campaigns on financial literacy have reached out to farmers and micro-entrepreneurs, particularly women and youth. **Outcome 2: RMFIs have increased their capacity to offer services to farmers and small rural entrepreneurs particularly women and youth** - with two outputs: (i) Sub-sector apex and RMFI staff trained in financial inclusion including gender and youth targeting; (ii) RMFI's capacity built in the technical management of their operations including gender mainstreaming; and finally **Outcome 3: The regulatory framework for rural finance is improved and GHAMFIN and sub-sector apexes are performing their regulatory, coordination and monitoring functions with increasing sustainability** - which had two outputs: (i) Bank of Ghana (BOG) has received technical assistance to set regulatory standards, to develop reporting formats, collect, analyse and report on sector data; and (ii) GHAMFIN and sub-sector apexes are supported in their operations and staff trained.
9. Outcome 1 and Outcome 2 broadly correspond to the original Component 1 (sub-components 1.A. and 1.B respectively). Outcome 3 corresponds to the original Component 2, mostly to sub-component 2.B.⁶ The detailed comparison between original and reformulated components is provided in the Annex IV-A. It is noted that there are some inconsistencies in the way activities and results are reported in the PCR. Most of the narrative on outputs and outcomes and the data in the revised logical framework are organized by "reformulated" outcomes, while the project financing data is reported by original components.
10. **Financing.** The total estimated project cost at approval was US\$41.87 million, including a highly concessional IFAD loan of US\$15.0 million, Italian grant of US\$1.51 million. According to the PCR, the MTR in 2014 recommended a number of design changes and downsized the programme to US\$19.5 million, also taking out much of the co-financing initially expected from the revised cost. In the same year, IFAD

⁵ MTR, page 3.

⁶ There is no records for any amendments to the formulation of sub-components 2.A and 2.C and PCR assumes them to be unchanged. The same is applied to programme management component.

cancelled US\$3.0 million of funding. Two years before the end of the project, the Danish International Development Assistance (DANIDA) grant in the amount of US\$1.37 million was added to the budget. The details of the financing and the actual costs are presented in the below tables.

Table 2
Programme cost by financier

Source of Funding	Type of financing	Allocation at design (US\$ m)	Revised allocation (US\$ m)	Estimated amount (% of total)*	Actual expenditures (US\$ m ⁷)	Expenditure (% of total)	Disbursements (% of estimated amount)
IFAD	Loan	15.00	12.00	72.0	11.33	69.3	94.4
Italian Government	Grant	1.51	1.51	9.1	1.29	7.9	85.2
African Development Bank	Loan	4.94	-	-	-	-	-
World Bank	Loan	7.14	-	-	-	-	-
DANIDA	Grant		1.39	8.3	2.69	16.5	194.2
Government		3.41	1.40	8.4	0.73	4.5	52.5
Apex Bank		2.34	-	-	-	-	-
Other Beneficiaries		7.53	0.37	2.2	0.31	1.9	82.9
Total Financing		41.87	16.66	100	16.35	100	98.10

Source: President's report on the proposed loan to the Republic of Ghana for the RAFiP; PCR Appendix 8.

* According to the revised budget after MTR (per PCR).

Table 3
Programme cost by component

Components *	Planned** (US\$ m)	Planned amount (% of total)	Actual amount (US\$ m)	Actual (% total)
1. Strengthening Rural Financial Systems	11.57	69.4	9.63	58.9
2. Strengthening Financial and Agricultural Linkages and Support	2.06	12.4	4.15	25.4
3. Programme Administration	3.03	18.2	2.56	15.7
Total	16.66	100	16.35	100

Source: PCR Appendix 8.

* Original components wording as stated by PCR, Appendix 8.

** Of the revised budget.

11. **Implementation arrangements.** The Ministry of Finance was a coordinating agency in charge of programme administration, coordination and oversight. A Programme Oversight Committee was responsible for consultation and ensuring consistency with the policy framework and related programmes in the microfinance sub-sector, as well

⁷ Source: PCR.

as approving the Annual Work Plan and Budget (AWPB), and periodic review of progress and overall direction of the Programme.

12. Implementation of programme activities was delegated to other institutions, most of which also benefited from training and capacity building support (as described in the par. 3 above). The Programme Coordination Office (PCO) sat within the Ministry of Finance Financial Sector Division and included a core team of three: Programme Coordinator, Financial Controller and monitoring and evaluation (M&E) Specialist supported by part-time Procurement and Grant Management Specialists; and four administrative assistants.
13. The running IFAD-supported projects: Roots and Tubers Improvement and Marketing Programme, the Rural Enterprise Project and the Northern Rural Growth Programme, and later Ghana Agricultural Sector Investment Programme were also expected to partner with RAFiP through improved access to financial services for their target groups.⁸
14. **Changes and developments during implementation.** The changes in the design of RAFiP took place throughout the six-year life of the programme, however they were not formalized and systematically documented. Despite the substantial reduction in funding the programme was never formally re-designed. The notable changes during implementation reported by PCR and supplemented by this PCRV from key findings of the supervision reports⁹ are summarized below:
 - In 2012, the budget item “matching grants for agricultural VC actors” (US\$6.6 million) that was originally planned to be provided under component 1 was reclassified as partners contribution, specifically, IFADs other projects: Northern Rural Growth Programme, Root and Tuber Improvement and Marketing Programme and Rural Enterprise Programme.
 - In 2013, the expected financing by the African Development Bank and the World Bank (US\$4.94 million and US\$7.14 million), earmarked for filling the financing gap in the programme design report (PDR) estimates of the financing plan, were removed from the programme budget.¹⁰
 - The MTR in 2014 downsized the programme to US\$19.5 million, just 46 per cent of the original estimate. The design changes resulted in cancellation of activities related to ARB Apex Bank.¹¹ The estimated beneficiary contribution was reduced from US\$7.5 million to US\$0.2 million, and the Government commitment from US\$3.4 million to US\$1.4 million. DANIDA came into the financing plan with a commitment of US\$1.4 million, which was to finance specific activities at the ARB Apex Bank, such as the merger process.¹²
 - In late 2014 IFAD cancelled US\$3.0 million of funding for the programme on the basis of slow disbursement and failure to reach one of the four “trigger points” agreed during the MTR. The latter resulted in cancellation of the agricultural finance component.
15. A comparative summary of the changes in the component structure is presented in annex IV.

⁸ PCR, page 4.

⁹ Supervision reports dated: November, 2012; December, 2013; December, 2014; and May, 2015.

¹⁰ The African Development Bank was supposed to finance component 1 (US\$0.86 million) and component 2 (US\$4.07 million). World Bank's contribution was for component 1 (US\$5.98 million) and component 2 (US\$1.16 million).

¹¹ According to the IFAD country team, this was partly because ARB Apex Bank showed a lot of inertia concerning activities which was not positive for programme implementation.

¹² The fund was managed by DANIDA and not by PCO.

16. **Intervention logic.** According to PCR,¹³ the theory of change implied that if there are adequate measures to stimulate the demand for rural financial services, combined with measures to enhance the supply of such services, within an appropriate regulatory framework, that the target group would benefit from increased access to and utilisation of financial services.
17. RAFiP, designed as a successor to the previous IFAD-financed Rural Financial Support Project, preserved many of its features and was supposed to tap into financing agricultural value chains. RAFiP design, in line with IFAD's Rural Finance Policy, emphasised building capacity of rural finance institutions and their apexes, not establishing credit lines. Matching grants were to be used as main instrument to help finance investment costs in addition to an equity contribution by end clients to allow poor smallholders and small businesses to slowly become creditworthy without resorting to subsidized interest rates, which were considered to distort the market. Matching grants were intended to complement Government policies for agriculture-sector growth and rural poverty reduction.
18. The results chain from outputs to the programme goal was re-formulated at the MTR, as shown in the Annex V, according to which "three pillars of the theory of change" were defined as follows: (i) stimulating the **demand** for financial services among potential beneficiaries; (ii) improving the capacity of microfinance institutions to **supply** the type of financial services needed by the target group; and (iii) strengthening the **regulatory and institutional** framework of the microfinance sub-sector. Each of these pillars corresponds to "outcomes" (paragraph 8).
19. **Delivery of outputs.** This section discusses the delivery of outputs organized per "outcomes" as revised at MTR (see paragraph 8)¹⁴ compared to the targets, when available. Detailed data are provided in Annex III with additional explanations in Annex IV. Component and sub-component structure after MTR changes was assumed to be preserved.
20. **Outputs associated with outcome 1 - Increased capacity to make informed saving and credit decisions.** This component included the following outputs according to the PCR: (i) Agricultural Extension Agents, Business Advisory Centre and programme staff as well as farmers and micro-entrepreneurs have been trained in financial literacy, the target in 200 institutions was over-performed by 85 per cent but was male dominated (80 per cent); (ii) Awareness raising campaigns on financial literacy have reached out to farmers and micro-entrepreneurs, particularly women and youth: 5,266 clients were trained vs. the target for this sub-component - 3,000; this included the training of trainers (ToT) for Micro Finance Institution (MFI) staff to train clients with a target 2,000 and at the end of the intervention, a total of 2,255 clients have been trained with female clients making up 79 per cent, and youth (aged under 35 years) representation of 46 per cent. With the Financial Literacy Sensitisation ToT for the Agricultural Extension Agents and Business Advisory Centres staff total of 3,011 farmer-based organization members were trained (against the target of 1,000).¹⁵ Female participation in the sensitisation programme was about 45 per cent (1,369 out of 3,011). About 21 per cent of the client trained under this intervention were 35 years and below; and (iii) the media campaign efforts exceeded the target by more than seven times, mainly due to higher number of radio programmes.

¹³ Although PCR discusses the amended log-frame, the main intervention logic was preserved after those changes.

¹⁴ As explained in Para 8, the original component structure was reformulated by adding outcomes and outputs per theory of change introduced at MTR.

¹⁵ Excluding farmer-based organization executives.

21. **Outputs associated with outcome 2 - Increased capacity of RMFIs to offer services to target group.** The reported outputs of this component included the following: (i) Sub-sector apex and RMFI staff trained in financial inclusion including gender and youth targeting exceeded the target (48 against the target of 40, including 63 per cent youth); (ii) number of RMFI staff capacity built in operations and management also exceeded the target (6,013 against the MTR target of 4,000, 71 per cent male). However, the latter indicator may be more accurate to interpret as the number of staff trained rather than "capacity built".
22. **Outputs associated with outcome 3 - Improved regulatory framework and apex organizations,** comprised of the following outputs: (i) BOG has received technical assistance to set regulatory standards, to develop reporting formats, collect, analyse and report on sector data: four agreements between BOG and apexes were signed instead of the planned three for technical support in physical assets and budgetary financing, as well as training for the Other Financial Services Inspection Department which was set up and strengthened by RAFiP; and (ii) GHAMFIN and sub-sector apexes are supported in their operations and staff trained: 191 staff of the sub-sector apexes were trained vs. the target of 100.

III. Review of findings

A. Core criteria

Relevance

23. **Relevance of objectives.** The objectives of RAFiP were aligned with the country's development priorities, as laid out in the Phase II of the Growth and Poverty Reduction Strategy which was focused on the implementation of growth-inducing policies and programmes which have the potential to support wealth creation and sustainable poverty reduction.
24. At a broad sectoral level, encompassing financial services and agriculture, the programme design responded to Food and Agriculture Sector Development Policy; Financial Sector Strategic Plan and Agricultural Finance Strategy and Action Plan. These national and sectoral development plans recognized a need and designed policies for improved access to financial services for farmers, rural households and small and medium enterprises. RAFiP design also referred to Ghana Microfinance Policy draft document which represented a comprehensive policy and institutional framework for the microfinance sub-sector and for rural microfinance in particular.¹⁶ However, according to the PCR, this document was never officially adopted by government.
25. RAFiP formed part of IFAD country strategic opportunities programme (COSOP) for 2006-2012. The goal of the COSOP, with its four thrusts,¹⁷ was to achieve "improved, diversified and sustainable livelihoods for rural poor, particularly those dependant on marginal lands". The programme was also in line with the IFAD Strategic Framework 2007-2010, which emphasized empowering rural poor people to take advantage of a broad range of financial services which they use for productive and household needs and strengthening their organizational capacities.¹⁸
26. **Relevance of design.** Despite the country's progress in reduction of the prevalence and severity of poverty, at the time of RAFiP design rural poverty had remained high and the access to financial services was recognised as one of the main constraints to

¹⁶ PDR, page 4.

¹⁷ (i) Commodity chain and food systems development; (ii) inclusive private sector development through pro-poor rural enterprises and rural finance; (iii) community-driven development; and (iv) a responsive pro-poor policy and institutional environment.

¹⁸ PDR, page 5.

rural poverty reduction. In this respect (in a broad context) the design of RAFiP was highly relevant to the challenges prevailed at that time. At the same time, RAFiP's relevance to the specific needs of the target group and the definition of target groups per se may be questioned. The fundamental weaknesses in the design from the relevance point of view are presented below:

- (i) PDR included a broad list of to-be-supported financial institutions regardless of their location or level of interest in providing services to the rural poor, and at all levels of the microfinance pyramid including the apex and regulatory bodies. The relatively limited presence of RMFIs in rural areas generally and especially in the North was known at the time, but was not adequately reflected in the RAFiP design.
- (ii) The RAFiP design report, containing a comprehensive description of the ongoing government and donor programmes in rural and micro finance, recognized that all these programmes need to be coordinated,¹⁹ but it did not specify how this coordination should have been achieved.
- (iii) The project envisioned three types of technical service providers.²⁰ The availability of technical service providers in the market was not factored in and the design did not identify potential service providers, especially for training and value chain facilitators.
- (iv) The CPE recognised that there were no "out of the shelf" practices to be promoted in Ghana for financing value chains. But the programme design did not provide a review of successful experience in other countries for adaptation and gradual testing in Ghana.²¹
- (v) An important objective was to increase access to poor and marginalized women and men to a wide range of financial services. However, the design did not specify how the rural-finance entities that cater specifically to women would be made part of the RMFI network.
- (vi) Matching grants were defined as highly relevant instruments, yet RAFiP design did not include sufficient outreach activities to implement them adequately and the operational procedures for these matching grant activities were not defined.

27. Despite the consistency with the strategies and policies on a broad level, in view of some significant weaknesses in the project design, relevance is rated as **moderately satisfactory (4)**, one point below the rating by the IFAD Programme Management Department (PMD).

Effectiveness

28. Even though seven of the eight physical targets specified during the MTR²² have been achieved or exceeded, early during the implementation of RAFiP, the programme fell behind the intended outputs and activities as detailed in the PDR. PCR considered RAFiP's outcomes and likely impacts in three key areas which are aligned with the three pillars of the theory of change (Annex V) and are critical to the achievement of

¹⁹ PDR specifies it as ARB Apex Bank who will play a coordinating role to ensure consistency of methodologies, criteria and terms.

²⁰ Training and consulting services to rural micro finance institutions (RMFIs); technical assistance to agricultural producers and value chains; and business development services to micro and small enterprises.

²¹ The country programme evaluation conducted by the Independent Office of Evaluation of IFAD in 2012 also recognised that there were no "out of the shelf" practices to be promoted in Ghana for financing value chains.

²² The programme has been largely operational only in: (i) the provision of training through apexes and associations; and (ii) performance-based support to apexes and associations. MTR: Page 26.

the three Programmes objectives. The assessment of effectiveness here is structured around outcomes as defined at MTR (paragraph 8).

29. **Outcome 1: The capacity of smallholder farmers and micro-entrepreneurs to make informed saving and credit decisions has increased.** The achievements on the two outcome-level indicators²³ were reported as follows: (i) around 70 per cent of RMFI clients trained have improved their understanding of saving and credit decisions²⁴ (against the target of 70 per cent); and (ii) estimated outreach of sensitisation campaign, reported by PCR, reached 8.5 million people²⁵ (against the target of 100,000). As indicated in the Delivery of Outputs section, all outputs under this objective exceeded respective targets.
30. The effect of the financial literacy awareness and sensitisation campaigns²⁶ on the behavioural change was found by the PCR to be largely speculative. Financial literacy training²⁷ (the details for outputs are provided above in the paragraphs 20-22) had some immediate impacts in terms of trainees self-reporting on improved understanding of the financial services, saving and expenditure planning decisions, using mobile money transfers. The major drawback in these findings is the fact that, according to the PCR, the beneficiaries were mostly existing MFI clientele and probably included individuals who would not be considered part of RAFiP target group.²⁸ According to the PCR, the training had a minimal impact on the number of loans taken, or amounts borrowed. A study by the University of Cape Coast²⁹ recorded among the trainees some increase in the number of bank accounts (from 46 per cent to 51 per cent) and the number of accumulated savings (from 66 per cent to 75 per cent).
31. **Outcome 2: RMFIs have increased their capacity to offer services to farmers and small rural entrepreneurs particularly women and youth.** In accordance with the indicators in the logical framework: (i) average of portfolio at risk (PAR-30 days) of RMFIs decreased from baseline level 28 per cent to 18 per cent³⁰ (compared to the target of 20 per cent); and (ii) share of the Rural and Community Banks (RCBs) rated "satisfactory" and "strong" reached only 49 per cent³¹ as opposed to the target of 80 per cent. Nonetheless, the PCR notes that these indicators are only at overall institutional level and do not tell anything about the important element of the outcome, i.e. the RMFIs' capacity to offer services to certain groups of clientele. As indicated earlier, the output-level results exceeded their respective targets, except for a third indicator (number of gender and youth mainstreaming guidelines developed for sub-sector apexes), which was removed from the M&E system.³²

²³ The output results are discussed in the Delivery of Output section para 20-22 above.

²⁴ Pacific Solutions & Services: Draft Final Report Consultancy Services for Financial Literacy Awareness Promotion under RAFiP, page 2.

²⁵ Page 21, Fig 2. However, no details are provided on how such a high number was reached.

²⁶ There is no evidence for clear differentiation in terms of activities between awareness raising and sensitization.

²⁷ Training for staff to train and counsel their clients was delivered to 54 MFIs including 30 RCBs, 12 CUs, seven FNGOs, three microfinance companies and two Saving and Loans companies.

²⁸ PCR, Paragraph 56, page 17.

²⁹ University of Cape Coast: Directorate of Research, Innovation and Consultancy Report on Consultancy Services for Assessment of Poverty Outreach and Impact of Rural and Micro Finance Institutions Programmes in Ghana under RAFiP, April 2016.

³⁰ With the PAR>30 days, three out of five institutions reported improvements compared to the target (Refer to the Results and Impact Monitoring System Sustainability Indicators). The breakdown by institution is: RCBs - 24; savings and loans companies - 22; CUs - 22; FNGOs - 9; and MFC - 33. Giving us an industry average of 18 per cent.

³¹ According to the ARB Apex Bank rating, a strong bank has a rating between 1.00-1.50 which means that it is strong in all the 17 performance indicators; whilst a Satisfactory rating is a score between 1.51-2.50 which means the bank is good on the 17 performance indicators, but a few weaknesses have been identified.

³² According to the PCR, Appendix 9: "it was not considered feasible to develop gender mainstreaming for all six apexes in the time available".

32. Capacity building for Apex Bodies was expected to result in a stronger microfinance sub-sector at both individual MFI and apex levels. However, achievements were hindered by several factors, such as: reluctance of some MFIs to cooperate with the apex bodies due to concerns over confidentiality;³³ limited interest of some apex bodies in rural and agricultural finance; the fact that ARB and ARB Apex Bank which support RCBs “did not participate in any meaningful way”³⁴ despite RAFiP’s support for ARB Apex Bank during the first three years to develop a training programme for the specially selected 45 RCBs who were interested to participate. According to the PCR, while capacity building for MFIs and their clients in general were highly appreciated and it contributed to improved performance of many MFIs, demand driven nature of the trainings attracted mostly those MFIs who had little involvement or interest in rural and agricultural finance.
33. **Outcome 3 - The regulatory framework for rural finance is improved and GHAMFIN and sub-sector apexes are performing their regulatory, coordination and monitoring functions with increasing sustainability.** Regulatory and institutional framework of microfinance sub-sector performance is assessed based on four outcome-level and three output-level indicators. At the outcome level: (i) number of licensed institutions submitting acceptable reports within deadlines was 243 as opposed to target of 300; (ii) number of RMFIs reporting to the Microfinance Information Exchange data to GHAMFIN reached 73 against the target of 60. One indicator (number of quarterly reports submitted by apexes on a timely basis to BOG) was removed³⁵ and another one (increased cost coverage of GHAMFIN and sub-sector apexes operations coming from internal funds and revenues) was never reported.
34. RAFiP’s efforts in improving the regulatory framework resulted (at the moment of the PCR) in only about one third of the MFIs submitting timely and satisfactory reports and a number of un-licensed MFIs still operating. The programme’s initial steps in contributing to the policy dialogue did not result in the significant influence and RAFiP took a role of an intermediary letting other donors take the lead in this process.³⁶
35. Based on the above considerations the effectiveness rating is **moderately unsatisfactory** (3) in line with PMD rating.

Efficiency

36. As indicated in the above section titled **Delivery of outputs and Effectiveness**, output targets (revised at MTR) were exceeded in majority of cases (60 per cent) across all three project components. At the same time, the Programme under-performed during the first phase (prior to MTR) with regard to output delivery due to: inefficient mobilization activities, PCO staffing issues, lack of awareness by partners of targets and timeframes, weak M&E system. These resulted in disbursement lag of 50 per cent and AWPB execution rate less than 40 per cent. The delays experienced during the first half of the Programme meant that some activities had to be truncated before they came to full fruition. This also led to cancellation of the agricultural financing component, stepwise downsizing of the budget up until the end of 2014, and classifying RAFiP as “an actual problem project”.³⁷

³³ As explained in the PCR: “some directors of the apexes were direct competitors.” (paragraph 62).

³⁴ ARB Apex Bank did not consider microfinance as a priority area for RCBs.

³⁵ According to PCR, Appendix 9: “this indicator was deleted from the M&E system because apexes do not submit quarterly reports to BOG”.

³⁶ Supervision report of May 2015 found that “RAFiP does not have the expertise nor the clout to start a policy dialogue in regulatory and prudential standards”.

³⁷ Supervision report 2014.

37. **Timeline and disbursement.** It took 16.5 months for the loan to become effective.³⁸ Although financing was significantly reduced (from US\$41.9 million to US\$16.5 million), the spending lagged significantly behind the AWPB estimates, especially during the first half of the implementation period. The IFAD loan disbursement was eventually recorded as 95 per cent but this was after the partial loan cancellation (equivalent of US\$3 million).
38. **Project management costs.** After MTR, according to the supervision reports, overall programme administration has been efficient and cost effective with sound procurement and financial management performance. At completion, programme management absorbed 16 per cent³⁹ of total programme expenditure, which is somewhat on the higher side but lower than what was estimated in the revised costing (18 per cent, table 3) and may still be within the permissible range.
39. **Cost per beneficiary.** The cost per direct beneficiary⁴⁰ is equal to US\$1,400. If the PCR Appendix 10 figure for total number of people receiving the project services⁴¹ (10.8 million) was to be used, the result goes down to US\$1.51 per beneficiary. If the total beneficiary figure is assumed to be correct the Programme proved to be extremely efficient. However, using this figure would not be appropriate as it includes total number of people who was reached by sensitisation campaign using radio and TV, which cannot be considered as beneficiaries in the strict sense.
40. In conclusion, the accrued benefits of outcomes and impacts generated per unit of inputs and resources are low, despite the significant downsizing of the budget. The PCR rates the efficiency as **moderately unsatisfactory (3)**, which is one point below the rating assigned by PMD.

Rural poverty impact

41. PCR only provides the rating and does not discuss the impact by the standard rural poverty domains such as: household income and assets, human and social capital and empowerment, food security and agricultural productivity, and finally institutions and policies. It also does not specifically refer to a Thematic Study on Rural Poverty conducted for RAFiP (this might be due to unavailability of this study at the moment of PCR drafting),⁴² which involved a nationwide survey of RMFIs and their clients as well as microfinance non-client households in the country.
42. The main purpose of this study was to update the data on relative poverty outreach of RMFIs in Ghana, to assess the extent to which different types of RMFIs and programmes reach the poor and women, and whether this has changed relative to the 2005 data. In addition, this survey is expected to provide some information on ways in which access to finance has affected the clients and their poverty status.⁴³
43. The important finding of the study is that MFIs that had received support under RAFiP had better financial performance indicators than their counterparts who had not received any training support and that being a client of a microfinance institution impacts positively on poverty reduction. The finding shows that microfinance client households have a higher poverty index than their counterpart non-client households. The difference is supported with a high statistical significance of 99 per cent confidence

³⁸ According to the PCR, part of this delay was due to uncertainties about its implementation, including funding sources that were not addressed at the design stage.

³⁹ Including Training and M&E subcomponents of the Program Administration component. Annex-IV-B.

⁴⁰ Total actual cost (US\$16.3 million) of the Programme divided by the total number of direct beneficiaries 11,697.

⁴¹ Presumably comprising of number of the saving accounts and the borrowers of all supported financial institutions.

⁴² Assessment of Poverty Outreach and Impact of Rural and Micro Finance Institutions Programmes in Ghana under RAFiP, April 2016.

⁴³ Supervision report 2015, page 48.

level. This evidence provides 'early' support for the claim that microfinance is associated with poverty reduction. The differences in mean poverty index for client and non-client households were observed to be statistically significant for nine regions out of ten.

44. **Household income and assets.** The original log-frame included two specific household income and assets related indicators at the Programme goal level: "% of rural households with improved income" and "% increase in household assets ownership of poor compared to pre-programme situation". In the updated log-frame they were replaced with two broader indicators: "% decrease in rural poverty" and "% decrease in child malnutrition". According to the PCR, the University of Cape Coast study reported increases in the people with bank accounts among those trained in financial literacy (from 46 per cent to 51 per cent) and people accumulating savings (from 66 per cent to 75 per cent). It was also reported that there was some evidence of increased spending on education among trained households, but mixed evidence on asset ownership. However, it is difficult to link these findings to the programme, also given that pathways from financial literacy training to improved savings, incomes and assets are hard to establish.
45. **Food Security and agricultural productivity.** The thematic study does not provide sufficient evidence and findings to validate for this impact domain.
46. **Human and social capital empowerment.** The tracer study is the only evidence that could be used to infer about positive effects on social empowerment of the Programme's training recipients. As was indicated, the training participants' attitude to work has positively changed and has increased the confidence level to inspire a positive change.
47. **Institutions and policies.** RAFiP support for the apex bodies created a framework for regulation, coordination, monitoring and advocacy within the microfinance sub-sector. The thematic study on institutional effectiveness showed the mixed improvements in the various indicators assigned to assess the effectiveness and sustainability of the RMFIs overall operations.⁴⁴ As indicated in the PCR, despite the lack of a rural microfinance policy agenda, RAFiP was able to make a meaningful contribution to the regulatory and institutional framework for the microfinance sub-sector through support to BOG and the development of communication channels between BOG and the apex bodies, and between the apexes and their members. RAFiP also contributed to the initial efforts to develop the Ghana National Financial Inclusion Strategy.
48. Rural poverty impact is rated **moderately unsatisfactory (3)**, in line with PMD rating.

Sustainability of benefits

49. The sustainability of RAFiP's achievements is assessed according to the following criteria: (i) institutional sustainability; (ii) technical sustainability; (iii) social/empowerment; (iv) responsiveness of service providers; and (v) exit strategy.⁴⁵
50. **Institutional sustainability.** Institutional capacity development included sub-sector strengthening and consolidating through the apex bodies under an improved regulatory framework could serve as a basis for sustaining the programme benefits. However, there is much further to go in this regard, and the sustainability of some of

⁴⁴ Cicada Consulting (April 2016) Survey to Establish Results on Key Indicators Relating to Institutional Effectiveness and Sustainability of RAFiP.

⁴⁵ (vi) potential for scaling up is discussed in a separate section below.

the apex bodies is in doubt.⁴⁶ PCR raises concern over some supported apex bodies having limited interest in rural or agricultural finance, and that ARB Apex Bank which support the RCBs, did not participate in any meaningful way.⁴⁷

51. The training provided to MFIs has improved their capacity to deliver microfinance services throughout the country. However, the failure of RAFiP's considerable efforts to engage RCBs significantly affected overall institutional sustainability objective of the Programme.
52. **Technical sustainability.** According to the tracer study, the development of eight technical and eight non-technical (managerial) standardised training manuals⁴⁸ was a major achievement as manuals have set the standard for training in the sector and are used in other programmes as well. The tracer study has been able to confirm performance improvements of MFIs and Apexes to a certain extent, but it is too early to measure the aggregated effects at sector-level. The study concluded that Programme management needed to focus more on outcomes than on outputs, and more on quality than on quantity to enhance the quality and sustainability of outcomes.⁴⁹
53. At the same time, technical sustainability can be questioned when related to RMFI training component. Being delivered at various levels, the trainings need to be continued and refreshed to accommodate staff turnover, particularly where the ToT approach is used. The ToT impacts tend to depreciate rapidly as trainers are re-assigned, relocated, promoted or retire⁵⁰ and this is especially challenging under conditions when the entire sub-sector remains under-capitalised and financially fragile.
54. **Social sustainability.** Both MTR and PCR have observed moderate social acceptance of financial literacy and sensitization activities in the project areas which is somewhat supportive of social sustainability. According to the tracer study, however, training participants consider the trainings they have followed as very useful⁵¹ but recommended further improvements.⁵²
55. **Exit strategy.** The sustainability and exit strategy, according to PDR, implied RMFIs and their apex bodies developing their capacity to the point where they could become financially autonomous.⁵³ Implementation of this exit strategy has been mixed and the prospects are unclear as, according to PCR, "MFIs have shown little interest in continuing to provide training for their clients using their own resources". Also, the microfinance sub-sector is still very fragmented and the RCBs are generally under-capitalised and in need of further consolidation.

⁴⁶ Weak revenue streams following cessation of RAFiP budget support; questions about the funding of public goods and services they perform: monitoring advocacy, supervision and non-prudential regulation.

⁴⁷ RAFiP implemented only a few activities including: assistance in formalization their share registries and the establishment of a venture capital fund (supported by DANIDA) to finance mergers & acquisitions within the RCB sub-sector. Both activities were terminated due to a change of management before they yielded results.

⁴⁸ While they have taken too long, the preparations were relevant.

⁴⁹ Tracer Study, page 10.

⁵⁰ These sustainability issues were not adequately anticipated in the Programme design and were not addressed until after the MTR.

⁵¹ It helped them to more effectively do their work, has given them more confidence in their work; most participants indicate that their attitude to work has changed.

⁵² More transparent procedures for participant selection and organising follow-up for alumni.

⁵³ MTR further included: (i) each apex or association should be assisted to prepare a strategy for generating revenue on the basis of sales and services to members, regulators and development partners; (ii) RAFiP must develop its own plan for stepping down incremental support to these bodies; (iii) other activities should be undertaken only if they can be advanced to a point where another partner or programme can assume responsibility for them at RAFiP's close; (iv) RAFiP should undertake activities that can be easily absorbed into other IFAD projects, especially Ghana Agriculture Sector Investment Programme; and (v) performance-based arrangements in order that partners begin to explore operating without subsidy based on their own revenue generation.

56. In conclusion, other components of the project also face sustainability problems. As stated by PCR, "too much time was lost during the earlier parts of the project life and the commencement of the latest activities have too little time left to have any lasting impact."

57. This domain is assessed as **moderately unsatisfactory (3)**, the same as by PMD.

B. Other performance criteria

Innovation

58. The PCR does not have a separate section on innovation but it describes several Challenge Fund partnerships that "catalysed significant innovation in the development of appropriate financial products, and several of the partners have already taken steps to commercialise and scale-up these products". The products mentioned are the digital finance solutions by telcos in value chain financing and mobile money transfer applications. PCR claims that "the pilots achieved outreach to the target group including farmers and small and medium enterprises and offer opportunities for replication and upscaling". However, according to supervision reports from 2013 the following innovative products have been mentioned as being in process but apparently never fully materialized:

- Customer relation desk- a client information and redress system to enable the Ghana Association of Microfinance Companies (GAMC) protect the clients of member companies. RAFiP planned supply this product to all the 400 GAMC member companies and to upscale it.
- Internal Credit Referencing System using Biometric Device. RAFiP, in collaboration with GAMC piloted this new client product and intended to take it in the Ghana financial sector scaling it up in 2014.
- Ghana Agricultural Insurance Pool (GAIP): re-design the drought index and area yield products to meet the needs of its customers and also have features that ensure sustainability of GAIP's operations. RAFiP and GAIP were supposed to develop the insurance products in 2015.

59. As all innovation initiatives were partially materialized at the very end of the programme, the rating for this criterion is **moderately unsatisfactory (3)**, one point below the PMD rating.

Scaling up

60. According to PCR, there is high potential for scaling up the Financial Literacy Sensitisation and Training activities in rural areas and Financial Overlay of Agricultural Value Chain Mapping. But apart from this, there is no discussion on any initiatives being scaling-up. The continued human resource constraints of the PCO constituted a main limiting factor to scaling up some innovative products and learning platforms developed under the programme.

61. The PCR rates this criterion **moderately unsatisfactory (3)**, which is one point below rating provided by PMD. It should also be noted that the PMD rating was for "potential for scaling up".

Gender equality and women's empowerment

62. As was noted previously, the PDR's targeting approach was not adequate, especially its gender mainstreaming dimension needed to be strengthened. Although this was reported at MTR, the goal of increasing the female and youth clientele of RFMIs had not been pursued. As indicated by PCR, the focus of RFMIs on farmers, including women, had been assumed rather than analysed and or specifically targeted.

63. At the initial stage (in 2012 and 2013) RAFiP supported the ARB Apex Bank to develop a Microfinance Support Initiative (MSI)⁵⁴ which was intended to improve the ability of the RCBs to provide financial services to the agricultural and rural population. The MSI, in which 45 RCBs expressed interest in participating, included a significant gender mainstreaming component which was intended to address the gender issues facing the RCBs by providing training in gender mainstreaming, financial literacy training for women farmers and entrepreneurs, establishing a Gender Unit in ARB Apex Bank, and increasing the number of women promoted/recruited to management positions in the RCBs.⁵⁵ According to PCR, "having achieved keen interest from the RCBs, ARB Apex Bank underwent a management change and new management did not consider the implementation of MSI a priority area for RCBs and therefore terminated the initiative". The non-materialization of the MSI was therefore regarded as a missed opportunity which would have helped RAFiP better target the rural poor.
64. In the following table the gender disaggregated data is presented for several key performance indicators that shows that programme may have been off the target in gender mainstreaming for staff training. While it is understood that there is a male-oriented gender balance in staff of microfinance sub-sector institutions, there is no sufficient evidence that the programme made efforts to make gender mainstreaming in this aspect a priority.

Table 4

Gender disaggregated output data (compiled by PCRV)

#	Performance Indicator	Women's share in total adults*	% of target
1.1	Number of AEA, BAC and programme staff trained in financial literacy	20%	40%
1.2	Number of clients trained in financial literacy	64%	128%
2.1	Number of RMFI staff trained in financial inclusion	16%	32%
2.2	Number of RMFI staff capacity built in operations and management	29%	58%
RIMS-1	Number of Voluntary savers	52%	104%

* Excluding Youth

65. The PCRV rates this criterion as **moderately unsatisfactory (3)**, in line with PMD rating.

Environment and natural resource management

66. Due to the nature of the interventions, the programme's direct interface with the issues related to environment and natural resource management was limited. The PCR does not rate this criterion and PCRV refrains from rating likewise.

Adaptation to climate change

67. Due to the nature of the interventions, the relevance of this programme to adaptation to climate change was limited. The PCR does not rate this criterion and PCRV likewise refrains from rating this criterion.

C. Overall project achievement

68. The overall goal of RAFiP was to support improved and sustainable livelihoods of the rural poor, particularly women and vulnerable groups, and specifically to improve the rural and agricultural population's access to sustainable financial services. The programme was designed to: (i) strengthen rural financial systems; and (ii) strengthen financial and agricultural linkages and support systems. The programme planned to address the two technical components holistically through

⁵⁴ To improve the ability of the RCBs to provide financial services to the agricultural and rural population.

⁵⁵ Specifically, it was envisaged to support female middle-level managers in RCBs to enhance their qualifications in order to increase the number of female RCB managers.

interventions targeting the macro level (technical assistance to policy and regulation); the meso level (apex organizations, associations, linkage agencies, and technical service providers); and the micro level (RMFIs and their clients).

69. The programme's development objectives remained relevant in the context of rural financial sector challenges. The programme implementation up to MTR had been slow with low disbursements and limited progress towards achieving results. Several activities did not demonstrate that achieving sustainable development results was likely and lacked exit strategies implementation. To bring programme on track, at MTR, reorientation measures were introduced with an increased focus on results. After MTR measures were aimed at increasing the programme's performance by focusing on measurable and sustainable results.
70. In conclusion, as indicated by PCR, "RAFiP did make tactical adjustments in response to changing circumstances and the need to try new approaches when things were not working. In hindsight, some of these changes could have been made sooner. But what was really needed was a major strategic shift when it became evident that the Programme was missing its target." Also, most of the reported results by RAFiP were at the level of RMFIs (e.g. number of staff trained, rating of RCBs) or output level (e.g. number of clients trained, outreach by sensitization campaign etc.) In other words, the programme achievements in reaching the targeted beneficiaries in terms of productive investment and tangible benefits are not clear.
71. Based on the assessment on different evaluation criteria, the PCR assesses the RAFiP's overall achievement as **moderately unsatisfactory (3)**. This is the same overall rating assigned by IFAD's PMD.⁵⁶

D. Performance of partners

IFAD

72. Besides the mandated supervision missions (11 during the 6-year period), in-country office provided ad-hoc implementation support in a number of areas including fiduciary management, and convened a country programme management team to facilitate implementation support. The supervision reports and Aide-Memoirs recommendations were detailed and consistent. According to PCR, RAFiP's "problem project" status qualified it for additional implementation support funding from IFAD.
73. PCR indicated that major problems encountered during RAFiP's implementation were rooted in the Programme's design. In particular, vague definition of the target group and the lack of specific targeting mechanisms; absence of procedures for administration of the matching grants; and failure to recognise that a broadly-based sector-wide approach to micro-finance development would engage large numbers of MFIs with limited presence in rural areas and no particular interest in rural or agricultural finance. These design issues were magnified by weak leadership and management during the first half of the programme. Likewise, it has proven difficult for RAFiP to develop strong working relationships with the other IFAD-supported programmes.
74. The rating is **moderately satisfactory (4)**, in line with PMD rating.

Government

75. **Baseline survey and M&E systems.** At the MTR RAFiP's M&E system was found to be very weak. After two consultancies commissioned to support M&E, the performance of the M&E system improved during the final years of the programme. M&E manual

⁵⁶ CPE has assessed only Relevance as moderately unsatisfactory (3), page 84.

was developed in one year after Programme start date and was adopted in another year. A baseline study was completed at the end of the second year. Finally, in 2013 PCO and apex heads agreed on revised indicators in the M&E framework. Despite these initiatives, the development of important M&E related tools (especially, for knowledge management) remained incomplete until the mid-term interventions of the two Consultancies.

76. **Counterpart resources.** The Government contributed counterpart funding not in line with the project financing agreement (52 per cent of the planned commitment).
77. **Disbursement.** As noted by PCR, expenditures have always been below the approved budgetary provisions particularly in the early stages. However, spending accelerated during the last two years, with the result that almost all of the available funding was eventually utilised. By the closure date, 95 per cent of the IFAD loan and 85 per cent of the Italian grant have been disbursed.
78. **Project management and coordination.** According to PCR, RAFiP's programme management structure⁵⁷ was very lean. Until 2013, Supervision missions reported a number of issues with the financial management and systems and internal controls, such as: ensuring segregation of duties, automation of accounting systems and continued human resource constraints of the PCO. Most of the problems were eliminated only by 2014, but some remained until the completion.
79. RAFiP established productive partnerships with BOG. According to the PCR, collaboration with the Ministry of Food and Agriculture (MOFA) has been less productive, despite the efforts of both ministries to forge a productive partnership. The PDR envisaged that MOFA would be involved in RAFiP as a member of the Programme Oversight Committee and as a collaborating partner in policy formulation and provision of technical support to complement financial services. But this did not materialize. Consequently, MOFA and RAFiP efforts to build a productive partnership were largely ineffective.
80. This domain is rated **moderately unsatisfactory (3)**, in line with PMD rating.

IV. Assessment of PCR quality

81. **Scope.** The report chapters and annexes in most parts follow the format of the PCR guidelines⁵⁸ and some sections are significantly more detailed than the recommended volume (Executive Summary, Programme Description, and Lessons Learned), which makes the total. The PCR main report is 41 pages long compared to recommended 22-29 pages. The part of the sections covering innovation, replication and scaling-up are not addressed with sufficient detail. The section "programme outcomes and impacts" focuses on outcomes and presents no data and no discussion in relation to rural poverty impact domains. There is also no discussion on gender equality and women's empowerment. The annexes are comprehensive and contain data relevant to the main text. Scope is rated moderately **unsatisfactory (3)**.
82. **Quality.** Overall, the PCR provides evidence to assess the programme, but in some areas not comprehensive enough to reach conclusions (on rural poverty, gender mainstreaming and scaling-up), most likely due to limited monitoring and evaluation data from the programme. The findings are supported by thematic studies and surveys conducted as part of the completion review process and later validated by stakeholders. The quality of data in the thematic studies and their conclusions are not

⁵⁷ With the core PCO team comprising the Programme Coordinator, Financial Controller and M&E Specialist plus four support staff.

⁵⁸ Project Completion Guidelines, 2015.

discussed enough in detail. For example, the data on household income and assets and agricultural productivity were not available, and conclusions were not adequately supported. The PCR quality is rated **moderately unsatisfactory** (3).

83. **Lessons.** Lessons presented in the PCR are very relevant and described in a comprehensive manner. The rating is **satisfactory** (5).
84. **Candour.** The narrative tone of the PCR is neutral, and the performance is fairly objectively assessed. Weaknesses and failures, which have arisen during implementation, have been explained in detail. The report states positive as well as less positive results. Candour is rated **satisfactory** (5).
85. **Overall PCR quality.** Overall quality of the PCR is rated as moderately satisfactory (4).

V. Lessons learned

86. Key lessons extracted from the PCR comprise the following:
 - The regulatory and capacity-building measures are not enough to promote a viable micro-finance industry. The supply response appears to have been weak due to the lack of prior commitment by management and the urban orientation of most MFIs and their low priority for servicing rural and agricultural clients.
 - It is necessary to conduct a thorough institutional assessment of prospective implementing partners at design stage to reflect the findings in project activities. In the case of RAFiP, there was an assumption that apex bodies were in place with some level of capacity but this turned out to be not the case. While the programme provided institutional building support to these organizations, their weak capacity also contributed to weak M&E. Furthermore, the apex bodies may have been more effective and sustainable if RAFiP funding was subject to certain performance criteria rather than unconditional budget support.
 - The training delivered at various levels has been very well received but needs to be continued and refreshed to accommodate staff turnover, particularly where the ToT approach is used, as ToT impacts tend to attenuate quite rapidly as trainers are re-assigned, relocated, promoted or retire.
 - For future rural microfinance initiatives in Ghana, there needs to be clearer definition of target group(s). A national approach working in the upper echelons of the microfinance pyramid is a necessary but not a sufficient condition for improving the lives of the beneficiaries. The prospects of delivering results would be improved by being more selective in choosing FI partners based on clear eligibility criteria and proven commitment to rural microfinance and focusing on specific geographic areas or value chains through closer partnerships with other IFAD-supported programmes.

Definition and rating of the evaluation criteria used by IOE

Criteria	Definition *	Mandatory	To be rated
Rural poverty impact	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.	X	Yes
	<i>Four impact domains</i>		
	<ul style="list-style-type: none"> Household income and net assets: Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time. 		No
	<ul style="list-style-type: none"> Human and social capital and empowerment: Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process. 		No
	<ul style="list-style-type: none"> Food security and agricultural productivity: Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition. 		No
	<ul style="list-style-type: none"> Institutions and policies: The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor. 		No
Project performance	Project performance is an average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits.	X	Yes
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted.	X	Yes
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.	X	Yes
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.	X	Yes
Sustainability of benefits	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.	X	Yes
Other performance criteria			
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods.	X	Yes
Innovation	The extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction.	X	Yes
Scaling up	The extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.	X	Yes
Environment and natural resources management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity - with the goods and services they provide.	X	Yes

<i>Criteria</i>	<i>Definition</i> *	<i>Mandatory</i>	<i>To be rated</i>
Overall project achievement	This provides an overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation, scaling up, as well as environment and natural resources management, and adaptation to climate change.	X	Yes
Performance of partners			
• IFAD	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.	X	Yes
• Government		X	Yes

* These definitions build on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOE's evaluation criteria and key questions.

Rating comparison^a

<i>Criteria</i>	<i>Programme Management Department (PMD) rating</i>	<i>IOE Project Completion Report Validation (PCRVR) rating</i>	<i>Net rating disconnect (PCRVR-PMD)</i>
Rural poverty impact	3	3	0
Project performance			
Relevance	5	4	-1
Effectiveness	3	3	0
Efficiency	4	3	-1
Sustainability of benefits	3	3	0
Project performance^b	3.75	3.25	-0.5
Other performance criteria			
Gender equality and women's empowerment	4	3	-1
Innovation	4	3	-1
Scaling up	4	3	-1
Environment and natural resources management	NA	NA	-
Adaptation to climate change	NA	NA	-
Overall project achievement^c	3	3	0
Performance of partners^d			
IFAD	4	4	0
Government	4	3	-1
Average net disconnect			-0.6

^a Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

^b Arithmetic average of ratings for relevance, effectiveness, efficiency and sustainability of benefits.

^c This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, sustainability of benefits, rural poverty impact, gender, innovation, scaling up, environment and natural resources management, and adaptation to climate change.

^d The rating for partners' performance is not a component of the overall project achievement rating.

Ratings of the project completion report quality

	<i>PMD rating</i>	<i>IOE PCRVR rating</i>	<i>Net disconnect</i>
Scope	-	3	
Quality	-	3	
Lessons	-	5	
Candour	-	5	
Overall rating of the project completion report		4	

Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable

Output Delivery

Physical Targets and Outputs

	Indicator	Target MTR*	Actual**	%
1	Outputs 1.1 and 1.2: Number of AEAs and BAC and programme staff trained in financial literacy by gender	200	370	185%
	Female		73	20%
	Male		297	80%
	MDA staff /BOG, MOFA, MOF and Audit Service/		169	
	<i>Female</i>		39	
	<i>Male</i>		130	
	AEA/BACs/etc staff		201	
	<i>Female</i>		34	
	<i>Male</i>		167	
2	Number of clients trained in financial literacy, by gender and age (RIMS Level 1)	3,000	5,266	176%
	Female		3,373	64%
	Male		1,893	36%
	Youth		1,670	32%
	TOT for MFI staff		2,255	
	<i>Female</i>		2,018	
	<i>Male</i>		237	
	<i>Youth</i>		1,037	
	Clients trained		3,011	
	<i>Female</i>		1,355	
	<i>Male</i>		1,656	
	<i>Youth</i>		632	
3	Number of media (TV and radio) slots and road shows on promotion of financial literacy, by type	374	2,730	730%
	Radio programmes		2,339	
	TV programmes		20	
	Roadshows		20	
	Other		351	
4	Outputs 2.1 and 2.2 Number of RMFI staff trained in financial inclusion including gender and youth	40	48	120%
	Female		8	16%
	Male			71%
	Youth			63%
5	Number of RMFI staff capacity built in operations and management by gender	4,000	6,013	150%
	Female		1,744	29%
	Male		4,269	71%
6	Outputs 3.1 and 3.2 Number of formalised relationships between BOG and apexes	3	4	133%
	Agreements signed btw BOG and: GAMC, MLAG, GCSCA and ASSFIN. Support included computer equipment, vehicles and quarterly budget support.			
7	Months of TA provided by programme to BOG	5	N/A	
	No data available. However, GIZ/Responsible Finance provided TA to BOG in this area, avoiding the need to use IFAD funds for this purpose			
8	Number of GHAMFIN and sub-sector apex staff trained by type of training***	100	191	191%

* As specified in the revised logframe prepared at MTR stage

** As shown in the Physical Progress Tables in Appendix 9.

Annex IV-A. Summary of significant changes in components & sub-components

#	Original data at design (PDR)					Amendments at MTR				
	Component	Target groups	Key Instruments of intervention	Key implementers	Key Outcomes	Corresponding reformulated Outcomes ⁷	Outputs	Target groups	Key Instruments of intervention	Key implementers
1 Strengthening rural financial systems										
1.A.	Capacity building for sustainability	RMFIs, CBs, RCBs Apexes of RMFIs Rural clients ARB Apex Bank GHAMFIN	Training & ToT, Matching grants (MGs) to targeted clients (previously underserved)	Specialized linkage agencies, Apex organizations (after-ToT)	Improved integration & performance of the rural banking network; RMFIs rural poverty outreach increased.	Outcome1: The capacity of Smallholder Farmers and Micro Entrepreneurs to make informed savings and credit decisions has increased.	(1.1.) AEA, BACs and programme staff as well as farmers and micro entrepreneurs have been trained in financial literacy. (1.2.) Awareness raising campaigns on financial literacy have reached out to farmers and micro entrepreneurs, particularly women and youth.	Clients of RMFIs, AEA, BACs, MDAs ⁵ Micro entrepreneurs	Training, ToT, workshop	TSPs Apexes
1.B.	Product development and innovation	RMFIs, RCBs CBs VC actors	Product development, Demand-driven MGs for product development to RMFI Apex organizations	Specialized agencies and TSPs	Increased value of output in the selected agri value chains.	Outcome2: RFMIs have increased their capacity to offer services to farmers and small rural entrepreneurs particularly women and youth.	(2.1) Sub-sector apex and RMFI staff trained in financial inclusion including gender and youth targeting. (2.2) RFMIs capacity built in technical management of their operations including gender mainstreaming.	RMFIs, Apexes	Training, ToT, workshop	TSPs Apexes
2 Strengthening financial and agricultural linkages and support systems										
2.A.	Financial and agricultural linkages and technical support systems.	Smallholder farmers RMFIs and CBs VC actors TSPs	Partial support/grants to users of support services, MGs to provider TSPs	TSPs, Linkage Agencies BDS-providers MSME, NRG, RTIMP ¹	Improved agricultural & financial linkages between all partners ² and access of the partners to technical support.	No specific reformulated outcomes were re-assigned to this sub-component. Therefore, it remained unchanged.	The involvement of RAFIP was reduced in supporting this sub-component with cancelling agricultural finance activities following November 2014 supervision mission. As a result, USD 3.0m loan was cancelled ⁶ .			
2.B.	Policy, regulation, supervision & monitoring	MoFEP, MOFA, BOG, ARB Apex Bank	Studies, workshops, policy research and dialogue	ARB Apex Bank, GHAMFIN, MIX ³	GHAMP and AFSAP ⁴ implemented; Rural banking network fully regulated and supervised by the Apex; Performance benchmarking system is developed and published on a sustainable basis.	Outcome3: The regulatory framework for rural finance is improved and GHAMFIN and sub-sector apexes are performing their regulatory, coordination and monitoring functions with increasing sustainability.	(3.1) BOG has received technical assistance to set regulatory standards, reporting formats, collect, analyse and report on sector data. (3.2) GHAMFIN and subsector apexes are supported in their operations and staff trained.	BOG GHAMFIN staff	Training, workshop, Studies, policy research and dialogue	TSPs, Apexes.
2.C.	Knowledge development and dissemination	MoFEP, MOFA, GHAMFIN, ARB Apex Bank Clients	Specialized studies, Study tours and exchange programmes	Apex organizations, Specialized agencies/TSPs	Improved capacities of apexes in knowledge analysis and dissemination.	No specific reformulated outcomes were re-assigned to this sub-component. Therefore, it remained unchanged.				
3 Programme Administration										

¹ BDS- Business Development Services, NRG- Northern Rural Growth Program, RTIMP- Root and Tuber Improvement and Marketing Programme

² Between: smallholder farmers, the private sector, and financial institutions (FIs).

³ ARB- Association of Rural Banks, GHAMFIN- Ghana Microfinance Institutions Network, MIX- Microfinance Information eXchange

⁴ GHAMP- Ghana Microfinance Policy, AFSAP- Agricultural Finance Strategy and Action Plan

⁵ AEA- Agricultural Extension Agents, BAC- Business Advisory Centre, MDA- Gov't Ministries and Development Agencies

⁶ Source: June 2015 Supervision Report, Page 12.

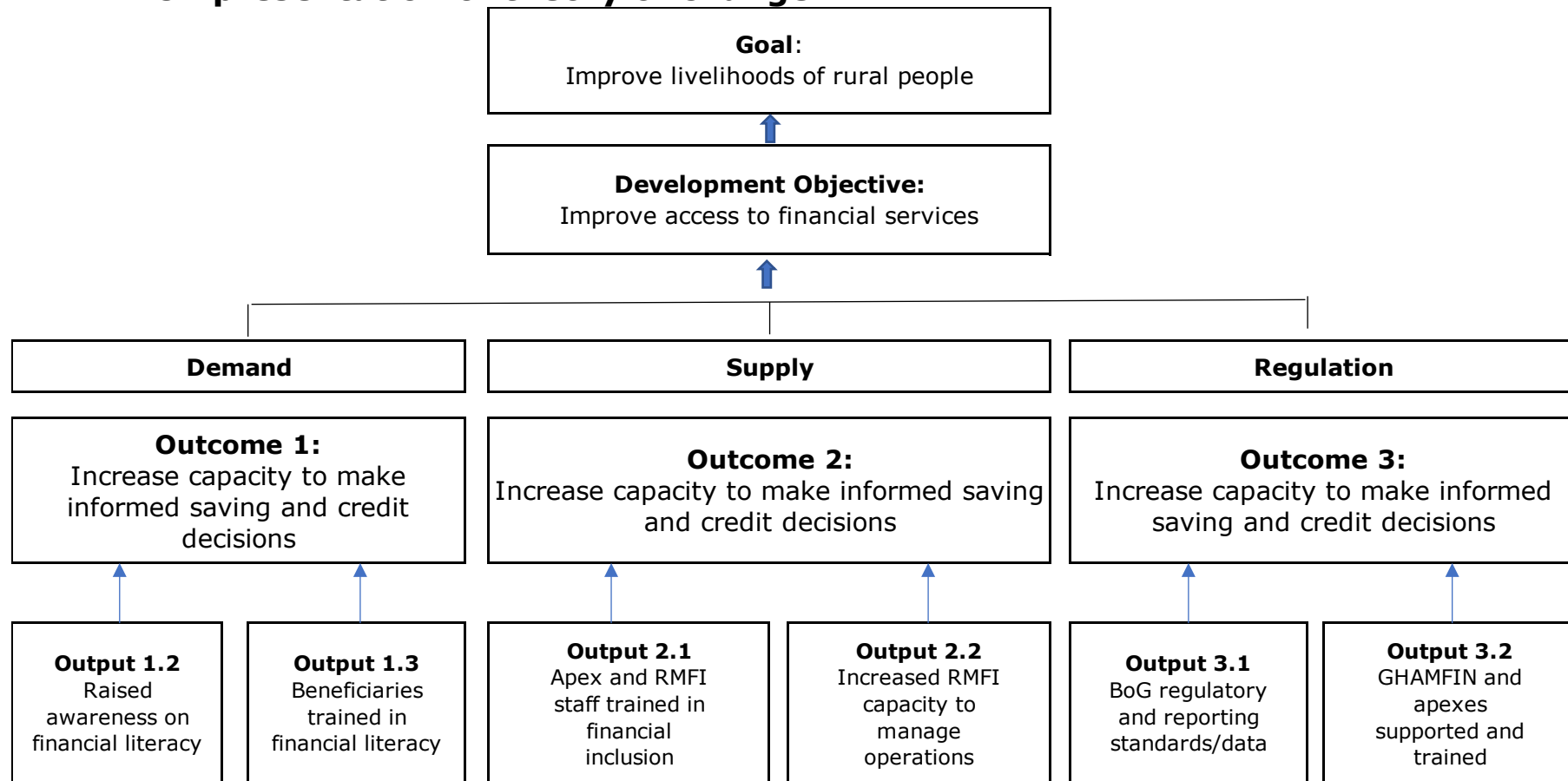
⁷ As described in the June 2015 Supervision report.

Annex-IV-B. Project component costs comparison

Component/Sub-Component	Original US\$ mln	% of total	MTR Budget 000'US\$	% of total	Actual 000'US\$	% of total	% Bdgt/ Actual
I: Strengthening Rural Financial Systems							
I.A Capacity Building for Sustainability	12.4		8,197		8,344		102
I.B Product Development and Innovation	14.6		3,373		1,289		38
Component I Sub-total	27.1	65%	11,570	69%	9,633	59%	83
II: Strengthening Financial and Agricultural Linkages and Support							
II. A Linkages and Technical Support	4.5		940		3,907		416
II. B Policy, Regulation, Supervision and Monitoring	6.3		745		81		11
II. C Knowledge Development and Dissemination	0.8		380		164		43
Component II Sub-total	11.6	28%	2,065	12%	4,152	25%	201
III: Programme Administration							
III. A Training	0.2		872		737	5%	84
III. B Administration	1.7		1,488		1,490	9%	100
III. Monitoring and Evaluation	1.3		669		335	2%	50
Component III Sub-total	3.2	8%	3,029	18%	2,561	16%	86
Total Programme Cost	41.9		16,663		16,347		98

RAFiP PCR presentation of theory of change

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Abbreviations and Acronyms

ARB	Association of Rural Banks
AWPB	Annual Work Plan and Budget
BOG	Bank of Ghana
COSOP	Country Strategic Opportunities Programme
DANIDA	Danish International Development Assistance
FNGO	Financial Non-Governmental Organisation
GAIP	Ghana Agricultural Insurance Pool
GAMC	Ghana Association of Microfinance Companies
GHAMFIN	Ghana Microfinance Institution Network
IFAD	International Fund for Agricultural Development
M&E	Monitoring and Evaluation
MFI	Micro Finance Institution
MOFA	Ministry of Food and Agriculture
MSI	Microfinance Support Initiative
MTR	Mid-Term Review
PCO	Programme Coordination Office
PDR	Programme Design Report
RAFIP	Rural and Agricultural Finance Programme
RCB	Rural and Community Bank
RMFI	Rural Microfinance Institution
TOT	Training of Trainers

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