IFAD

Enabling poor rural people
to overcome poverty

PROJECT EVALUATION

Republic of Ghana

Rural Enterprises Project, Phase II

Interim Evaluation

October 2011

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Republic of Ghana

Rural Enterprises Project, Phase II

Interim Evaluation

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Photo on cover page:
Women’s Gari Processing Association

Source: Rural Enterprises Project, Phase II
Project Coordination and Monitoring Unit

Republic of Ghana

Rural Enterprises Project – Phase II
Loan No. 588-GH

Interim Evaluation

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(*) The annex is available upon request from the Independent Office of Evaluation of IFAD.

Currency Equivalents

Monetary Unit = Ghanaian Cedi (GHC)
US$ 1 – GHC 1.438 (June 2010)

Weights and Measures

1 kilogram (kg)	=	2.2 pounds
1,000 kg	=	1 metric ton (mt)
1 kilometre (km)	=	0.62 mile
1 meter	=	1.09 yards
1 square meter (m^2)	=	10.76 square feet
1 acre	=	0.405 ha

Fiscal Year

1 January – 31 December

Abbreviations and Acronyms

AfDB	African Development Bank
AGI	Association of Ghana Industries
ARB	Association of Rural Banks
ASSI	Association of Small-Scale Industries
BAC	Business Advisory Centre
BDS	Business Development Services
CIBA	Council for Indigenous Business Associations
COSOP	country strategic opportunities programme
EMU	Efficiency Monitoring Unit
ERR	Economic Rate of Return
GHC	Ghana Cedis
GLSS	Ghana Living Standards Survey
GPRS (I)	Ghana Poverty Reduction Strategy
GPRS (II)	Growth and Poverty Reduction Strategy
GRATIS	Ghana Regional Appropriate Technology and Industrial Services
IFAD	International Fund for Agricultural Development
IOE	Independent Office of Evaluation of IFAD
IREGE	Initiative for Rural Enterprises Growth and Employment Creation
LTAs	local trade associations
MLGRD	Ministry of Local Government and Rural Development
MOFA	Ministry of Food and Agriculture
MOTI	Ministry of Trade and Industry
MSEs	micro and small enterprises
MTR	Mid-Term Review
NBSSI	National Board for Small-Scale Industries
NGOs	non-governmental organizations
NVTI	National Vocational Training Institute
PCMU	Project Coordination and Monitoring Unit
PFIs	participating financial institutions
RAFiP	Rural and Agricultural Finance Programme
RCC	Regional Coordinating Councils
REDF	Rural Enterprises Development Fund

REP I	Rural Enterprises Project
REP II	Rural Enterprise Project, Phase II
RFS	Rural Financial Services
RTF	Rural Technology Facility (REP II)
RTIMP	Root and Tuber Improvement and Marketing Programme
TPSAT	Technology Promotion and Support to Apprenticeship Training
UNOPS	United Nations Office for Project Services
WCA	West and Central Africa Division (IFAD)

Republic of Ghana

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22-11-2010

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD *Map compiled by IFAD*

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Appreciation is due to the Government of Ghana for the valuable comments and support provided throughout the evaluation process and for organizing the final learning workshop held in March 2011.

Director, Independent Office of Evaluation of IFAD: Luciano Lavizzari

FOREWORD

The overall goal of the Ghana Rural Enterprise Project, Phase II (REP II) is to alleviate poverty and improve living conditions in the rural areas and especially increase the incomes of women and vulnerable groups through increased self- and wage employment. The project was implemented in 53 districts across the ten administrative regions in Ghana. Project interventions targeted the entrepreneurial poor through a demand-driven approach.

Overall, the evaluation found that REP II was relevant to the Ghana context and has performed well. It has achieved a satisfactory level of effectiveness as well as of efficiency, particularly with regard to business service provision. The evaluation has also determined that the project has made a substantial contribution to poverty reduction within each district of operation. Such impact may not be as widespread in terms of the numbers of businesses and employees originally envisaged, but it has established a sustainable foundation for current and future poverty reduction approaches in the micro and small enterprises (MSE) sector.

While the core focus of REP II is MSE sector development, through rural technology and rural finance, yet it has also played an important role in governance, as it related to local economic development and private sector institutional building and private sector value chain development. Moreover, REP II has led to the emergence of a range of innovations, for instance, the creation of MSE sub-committee of the District Assemblies to mainstream MSE development in the local government system, rotational trade shows, development of industrial estates and appointment of capable clients as local service providers. Gender was a major consideration in the project targeting strategy in accordance with the project design, with a specific focus on poor/disadvantaged women. The evaluation noted that the project's approach has been effective, bringing about changes and improvements in culture and practices in relation to gender.

On a less positive note, the level of adoption from training activities has not been as high as expected, mainly due to lack of financing. More could have been done to assist businesses to move from survival level to more proactive growth, which required intensive and continued support for those clients interested in and capable of growth. In addition, project results in rural finance have been mixed, less positive in some respects and more inspiring in others. Also, the sustainability of project interventions is mixed. While the sustainability of the Business Advisory Centers model, as well as of individual MSEs, is highly likely, the sustainability of Rural Technology Facilities and of some participating financial institutions still remains a challenge.

The evaluation concluded that, overall, the project was successful. REP II was implemented with the participation of a large number of institutions at different levels of operation, which required a strong coordinating mechanism to ensure its effectiveness. In this respect, impact has been exemplary at the national and district levels. Notably, the project has led to significant policy change in support to the MSE sector and implementation of major national policies related to MSEs in the rural areas.

The present completion evaluation report includes an agreement at completion point summarizing the main evaluation findings. It also presents the recommendations that were discussed and agreed to by IFAD and the Government of Ghana, together with proposals as to how and by whom they should be implemented.

Luciano Lavizzari
Director, Independent Office of Evaluation of IFAD

Republic of Ghana

Rural Enterprises Project – Phase II

Interim Evaluation

Executive Summary

1. **Introduction.** The interim evaluation of the Ghana Rural Enterprises Project, Phase II (REP II) was conducted by the Independent Office of Evaluation of IFAD (IOE) in line with the provisions set out in the IFAD Evaluation Policy and IFAD Evaluation Manual.[1] The main objectives of the evaluation were to: (i) assess the performance and impact of IFAD operations through the REP II; and, (ii) generate a series of findings and recommendations that will contribute to formulating the forthcoming country strategic opportunities programme. The evaluation was conducted while project implementation was still active so performance was assessed based on current achievements as well as assessment of potential performance by project completion. Following a preparatory mission in May 2010, the main evaluation mission took place in July 2010 and included visits to 16 REP II-supported districts and five non-project districts.

2. **Country and sector background.** Ghana was one of the first countries in Africa to pursue economic reforms in the 1980s and, despite periods of economic volatility, has demonstrated positive economic growth. Gross domestic product has raised from 4.5 per cent in 2002 to 6.2 per cent in 2006. In 2007 and 2008, the Ghanaian economy was hit hard by the combination of a widening current account deficit and a contracting capital account. In 2009, the economy started to show signs of stabilization, but challenges on the macroeconomic front remain substantial.[2] The overarching goal of the most recent national Growth and Poverty Reduction Strategy (GPRS II 2005-2010) is to attain middle income status by the year 2015, within a decentralized democratic environment.

3. Ghana comprises ten regions and 170 districts with an estimated population of 21 million[3] and an annual population growth rate of 2.56 per cent in 2006. Agriculture provides the main source of livelihood for approximately 60 per cent of the population. The main food crops are roots and tubers, cereals and pulses. Importation of food crops such as rice and processed foods is high. Local agriculture suffers from use of low yield crop varieties, lack of irrigation and limited market linkages. Micro and small enterprises (MSEs) are thought to comprise around 80 per cent of the service and manufacturing sectors. There are a range of factors hindering the MSE growth, including: limited extension of infrastructure (electricity, roads, water, telecommunications), weak institutional arrangements, high cost of inputs due to importation and lack of rural finance.

4. **Project background.** The second phase of the REP II was designed in 2002, based on the learning from the preceding, successful REP I. The REP II Loan Agreement was signed in 2003. The overall goal of the REP II was to alleviate poverty and improve living conditions in the rural areas and especially increase the incomes of women and vulnerable groups through increased self- and wage employment. The REP II design involved four interrelated components: (i) Business Development Services through establishment and operation of business advisory centres (BAC) in each participating District Assembly; (ii) Technology Promotion and Support to Apprentices Training (TPSAT) through establishment of rural technology facilities (RTFs) in selected districts; (iii) Rural Financial Services (RFS) through continuation of the REP I Rural Enterprises Development Fund (REDF); and, (iv) Support to MSE Organizations and Partnership Building (Institutional Support). There was also a non-technical component for project management. The REP II project area aimed to

[1] http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf.

[2] World Bank, Country Assistance Strategy Progress Report, March 2010.

[3] Ghana Statistical Service, GLSS V, 2006.

include 53 districts across the ten regions in Ghana. The project interventions targeted the entrepreneurial poor through a demand-driven approach.

5. **Implementation results.** REP II commenced slowly, experiencing several changes within the executing agency, as well as issues and challenges pertaining to recruitment and procurement. However, since the mid-term review in 2007, results have shown an improving trend. The 2008 IFAD supervision mission noted that significant progress was being made in all components. Implementation has accelerated and performance is now commensurate with the project time elapsed (80 per cent at the time of evaluation) for most activities. The project is now active in 53 districts, providing direct support to BACs and RTFs. All of the targeted BACs have been established. In addition, also twelve RTFs have been established. At the time of this evaluation, the remaining six RTFs were in the process of being completed. Delays in establishment of the RTFs resulted from procurement bottlenecks with the African Development Bank (AfDB).

6. Despite the initial delays, training activities have exceeded targets for clients and apprentices trained at 115 per cent and 131 per cent of target respectively. The number of SMEs established has reached 71 per cent of target and 94 per cent of the targeted number of clients have been linked to larger commercial operations. On the other hand, there are some aspects where more serious issues have been faced in achieving the targeted results. Only 27 per cent of the targeted number of MSEs has accessed the available loan funds. It is likely that the bottlenecks in accessing credit have also contributed to lower than expected number of wage jobs created (57 per cent) and adoption rates from training (48 per cent of those trained). The BACs are already actively working to overcome barriers to credit access and increase conversion of training into business start-up, survival and employment generation. In addition, some positive initiatives have not yet been reflected in the project monitoring database. Therefore, results are likely to further improve by the end of the project.

7. **Relevance.** The project is rated as highly relevant to the national poverty reduction agenda, to IFAD's Strategic Framework (2007) and country strategy for Ghana and to the needs of the rural poor. The goal and objectives of REP II, which focus on rural poverty reduction through rural MSE development, are consistent with the Government's development objectives as stated in GPRS I and II. The REP II design supports GPRS II's emphasis on developing a market-driven agricultural sector and a vibrant private sector. At the local level, the project objectives are also consistent with the national decentralization agenda that aims to strengthen the capacity of local governance through encouraging District Assemblies[4] to take responsibility for local development and in generating resources through local taxes and fees. The evaluation mission found that the REP II activities were highly relevant to the District Assembly's priorities as outlined in their medium term development plans and to the needs of the clients in the participating districts.

8. **Effectiveness.** REP II has been effective in progressing towards attainment of the project objectives and goal. Given the proactive approaches of the Project Coordination and Monitoring Unit (PCMU), it is likely that the project targets will be met by the end of the project period. The BAC network has created a more enabling environment for MSEs and has effectively stimulated the establishment and expansion of MSEs. The activities of the BACs and the RTFs have assisted in developing a competitive rural MSE sector within participating districts. The project has been successful in reaching and exceeding the targeted coverage in terms of number of districts. The BACs within each district and the RTFs are strongly supported by the District Assemblies in terms of both commitment of resources and increasing interest in the activities.

9. **Efficiency.** Project efficiency is currently moderately satisfactory given the delays in RTF establishment, difficulties with the AfDB procurement processes and weak financial performance of the RTFs that have been established. On the other hand, the project has complied with the annual work plan, budgeting and financial management requirements. There has been a substantial shift in

[4] The local government system consists of a Regional Co-ordinating Council, a four-tier Metropolitan and a three-tier Municipal/District Assemblies Structure. The District Assemblies are either Metropolitan (population over 250,000), Municipal (population over 95,000) or District (population 75,000 and over). There are three Metropolitan Assemblies, four Municipal Assemblies and 103 District Assemblies.

funds from the Business Development Services allocation to the TPSAT allocation. This was mainly due to the agreement between the Government and the AfDB to realign funds to support a facilities and equipment upgrade of the RTFs. Expenditure to June 30, 2010, including contracts under procurement, has already exceeded base costs. The overall funds available to the project have increased above the initial base costs due to the currency movement and redenomination.

10. **Rural poverty impact.** The project has reached the entrepreneurial poor. Overall, 62 per cent of project clients are women. The project impact assessment carried out in 2008 classified 57 per cent of respondents as entrepreneurial poor while 12 per cent were unemployed or under-employed. The remaining 31 per cent were more likely to be middle income, but with potential to create employment and other income generating potential for MSEs. Project clients interviewed stated benefits that had made a difference to their quality of life. Attribution of impact to project inputs is uneasy as there were other substantial contributions to impact such as improved infrastructure in some areas, but there is little doubt that the project has made a significant contribution to MSE development within each district.

11. **Household income and assets** improved as SME establishment and growth occurred. The evaluation noted a considerable upward shift in income levels. Assets purchased included improved buildings, transportation and increase in stock. **Human and social capital and empowerment** increased through skills development, participation in associations and through increased opportunities for market exposure as a result of higher income. Women particularly benefited through generating their own income. **Food security and agricultural productivity** was only moderately impacted on by the project, partly due to the nature of the project design. However, some agro-processing MSEs were supported. In food deficient households, food security was improved through increased income sources for the household. **Institutions and policies** have been influenced by REP II, facilitating the introduction of two policy initiatives in the local government system through the Ministry of Trade and Industry (MOTI) and Ministry of Local Government and Rural Development (MLGRD). First was the establishment of a sub-committee on MSE Promotion within the national District Assembly system and the second was the establishment of a new Department of Trade and Industry to facilitate the development and promotion of small-scale industries in the districts. The BACs have acted as a practical model that has been captured in policy change that will strengthen the MSE sector across the country.

12. **Sustainability, innovation and gender.** Sustainability of project impact is likely to be sustained. The commitment to the BACs by the District Assemblies is strong and would continue even without project support. The RTF model is less viable. The current mechanism is not financially viable and requires review to define the future strategy for ensuring that operational costs will be covered and for the RTFs to remain relevant to the needs of the districts. There have been a range of innovations in the project, from business level improvements to improved District Assembly systems. The focus on women has been continuous, with around 62 per cent of resources being invested in women’s development, leading to positive achievement in both the livelihood and empowerment of women.

13. **Performance of partners.** The performance of partners has largely been satisfactory apart from the difficulties in financial management and procurement with AfDB in the first two years of the project. The United Nations Office for Project Services (UNOPS) performed a satisfactory role while it was supervising the project. The project is now directly supervised by IFAD. The project operated under an active and consultative group of partners that has been instrumental in both guiding operations and in facilitating policy initiatives to strengthen the SME sector at national and district levels.

14. **Summary of overall performance.** Overall project performance has reached satisfactory levels and in some cases has exceeded targets. The 53 District Assemblies directly engaged with the project have demonstrated their commitment to the BACs and RTFs. Project management achieved the core targets for the project despite serious challenges. The BACs are operating well and, despite some operational weaknesses, the RTF operations are leading to a range of local economic growth

initiatives. The table below provides the ratings on all the evaluation criteria and on the performance of partners.

Evaluation Ratings Summary

Evaluation Criteria	Project Evaluation Ratings
Core Performance Criteria	
Relevance	6
Effectiveness	5
Efficiency	4
Project performance	**5**
Rural Poverty Impact	**5**
Household income and assets	5
Human and social capital and empowerment	5
Food security and agricultural productivity	4
Natural resources and the environment	4
Institutions and policies	6
Other Performance Criteria	
Sustainability	4
Innovation and scaling up	5
Gender	5
Overall Project Achievement	**5**
Performance of Partners	
IFAD	5
Government	5
Cooperating institution (UNOPS)	5
AfDB	4

15. **Conclusions.** Overall, the project is relevant to the Ghana context and has performed well. Despite a slow start, due to reasons beyond the project management control, it has achieved a satisfactory level of effectiveness and has been particularly efficient in terms of business service provision. The project has made a contribution to poverty reduction and MSE sector development within each district of operation. Such impact may not be as widespread in terms of the numbers of businesses and employees originally envisaged, but it has established a sustainable foundation for current and future poverty reduction approaches in the MSE sector. Furthermore, the project has stimulated widespread interest in MSE development and is acting as a major Government approach for national SME sector development.

Recommendations

- There is substantial potential for a follow-on phase for REP II. The BACs should be consolidated within the current districts, maintaining the core programs and continuing to assess and support requirements for business growth. At the same time, gradual expansion nationwide would seem to be a viable approach. The BAC model has now been well-tested and should be replicable across all areas of the country. The future management of the RTFs should be considered with possibility of more private sector participation either directly or through the trade associations. The project may need to focus on the RTF Boards as a means to determine clearer functional arrangements for the RTFs. Alternatively, a more extensive analysis of costs, time and operational effectiveness is required to make clearer guidelines for RTFs' long term viability.

- **Poverty analysis**. IFAD needs to consider whether the focus of its work should be in specific geographic areas to increase the inclusion of the poorest groups or focus on nationwide pro-poor institutional changes. This is important in consideration of the potential geographic spread if a follow-up phase is approved. The targeting aspect of the project has been realistic in terms of focusing on the entrepreneurial poor and, overall, in providing demand driven services. However, it is important that such services be established in a sustainable manner to ensure that MSE support will gradually penetrate further into the poorer areas of each district.

- **Value chain development**. The IFAD country programme in Ghana could help to improve linkages between raw material supply and MSE sector growth. This could occur by creating a link between the District Department of Agriculture and the MSE sub-committee. The value chain links could be considered as part of a local economic planning process. The idea of targeting the growth-oriented MSEs to enable them to become growth poles for income and job creation would also bring about economies of scale in the sourcing of raw materials and markets for the MSEs.

- **Rural finance**. Rural finance has been a key component of IFAD-financed interventions in Ghana in the last decade, yet lack of access to credit remains a major barrier to MSE establishment and growth. The experience of REP II shows that the bottlenecks in the rural finance system have to be effectively addressed to the benefit the entrepreneurial poor. There is a need to intensify rural savings, information and referral services to a range of appropriate rural financial institutions, as well as continue to link with other IFAD interventions in rural finance.

- **Sector development.** A follow-on project should be embedded within the core institutional framework of the country to ensure sustainability. MSE sector development needs to occur at the district, regional and national levels within the Government institutional system. A possible third phase of REP should provide resources and support to build economic planning capability at the district level, with a view to increasing local revenue and long term commitment to financing the BACs and RTFs. IFAD needs to work with MLGRD and MOTI to identify economic potential for MSEs, possibly through linking economic development planning processes to the District Medium Term Development Plan.

  The regional level of government plays an important coordination function in Ghana. REP II has not worked strongly at this level. There is potential to strengthen both the MSE sector and operations by integrating project monitoring and strategic regional MSE development at the regional level. IFAD and the Government have an opportunity to make a further major contribution to MSE development. The REP II approach can be adopted as a national program and the evolving design can become the main sector development approach. To this end, the capacity of the various national institutions involved in the implementation of project activities would have to be reviewed and assessed thoroughly to determine their ability to sustain these activities. Another opportunity to be pursued is the development of a Ghana MSE policy based on the learning and knowledge derived from REP implementation.

- **Trade associations**. There is potential for IFAD and the Government to strengthen the local trade associations (LTAs) through investment in national and regional trade associations. The LTAs should be encouraged to strengthen the linkages with the regional association and hence at the national level. Trade associations' umbrella bodies, such as the Association of Small-Scale Industries and the Council for Indigenous Business Associations, could be assessed to determine the role that they can play in promoting MSE development. In the follow-on project, the Association of Ghana Industries, which is a strong umbrella body for medium and large scale enterprises, could work closely with the Association of Small-Scale Industries to build up its capacity.

Republic of Ghana

Rural Enterprises Project, Phase II

Interim Evaluation

Agreement at Completion Point

A. Introduction

1. In July 2010, the Independent Office of Evaluation of IFAD (IOE) undertook an interim evaluation of the IFAD-funded Rural Enterprises Project, Phase II (REP-II) in the Republic of Ghana. This interim evaluation was undertaken in preparation for a possible follow-up phase of the project, in line with IFAD's standard procedures at the time of the evaluation. The main objectives of the evaluation were to: (i) assess the performance and impact of the project; (ii) generate a series of findings and recommendations that will guide the Government of Ghana and IFAD in the design of a possible third phase of the project as well as in future rural development programmes in the country; and (iii) to provide inputs for the Ghana country programme evaluation to be undertaken by IOE in 2010/2011.

2. To assist in the evaluation process and to maximise the lessons from the evaluation, a Core Learning Partnership (CLP), consisting of IFAD and Government stakeholders, was established. Feedback gained from the CLP during the preparatory mission in May 2010 was incorporated into the evaluation approach paper. The main evaluation mission took place in July 2010 and its findings were presented to the Ministry of Trade and Industry (MOTI) in Accra on 30 July 2010. A draft evaluation report was prepared and shared with the Government and other members of the Core Learning Partnership (CLP) for comments prior to the final learning workshop that was held in Accra on 10 March, 2011 where the CLP and other stakeholders discussed the evaluation findings and recommendations. This workshop informed and set out the understanding between IFAD and the Government of Ghana towards the preparation of the present agreement.

3. **Agreement at completion point**. As per practice at the time of this evaluation, upon completion of each independent project evaluation, IFAD Management and the concerned government develop an agreement at completion point (ACP). The ACP illustrates the agreement of IFAD management and the government to the main evaluation findings and their commitment to adopt and implement the evaluation recommendations within specified time frames. This agreement is signed by IFAD Management, represented by the Director of the Western and Central Africa Division, and by the Government of Ghana, represented by the Minister for Trade and Industry. The agreed-upon recommendations will be tracked through the IFAD's President's Report on the Implementation Status of Evaluation Recommendations and Management Actions. The role of IOE is to facilitate the ACP process leading to its conclusion.

B. Main Evaluation Findings

4. The Republic of Ghana has achieved positive economic growth in the last ten years, yet the extent of rural poverty in the country is still severe, with high levels of malnutrition and lack of basic services in all areas, particularly in the northern districts of the country. The second Rural Enterprises Project (REP-II) was designed to support micro and small enterprise (MSE) growth in 53 rural districts. REP-II assisted the establishment and operation of Business Advisory Centres (BAC) in each participating local government District Assembly; installation of Rural Technology Facilities (RTFs) in selected districts; facilitation of rural financial services; and support to MSE local trade associations.

5. The evaluation report concluded that the REP-II was generally a successful undertaking. The project design was highly relevant to the needs of the targeted rural population and corresponded to an area of high priority for the government. The project experienced a slow start with several financial and institutional challenges; however, by the time of the interim evaluation, most project targets were on track or had been exceeded in relation to the implementation time elapsed.[1] The comprehensive project records and the evaluation process allowed the evaluation mission to independently validate performance and assess impact through tracking of individual beneficiaries and project-supported activities.

6. The project has exceeded the targets set for beneficiaries and apprentices training (achievements were 115 per cent and 131 per cent of original targets, respectively). The number of SMEs established has reached 71 per cent of target and 94 per cent of the targeted number of beneficiaries have been linked to larger commercial operations. Yet, there were some achievements which were below targets. For example, only 27 per cent of the targeted numbers of MSEs have accessed the available loan funds. It is likely that the bottlenecks in accessing credit have also contributed to lower than expected number of wage jobs created (57 per cent) and adoption rates from training (48 per cent of those trained). However, given the proactive approaches of the Business Advisory Centres, the Rural Technology Facilities and all other implementation partners, it is likely that the full targets will be attained by the end of the project period.

7. The project has impacted on the entrepreneurial poor. Overall, 69 per cent of project beneficiaries were recorded as poor; the remaining clients were vulnerable middle-income levels but were providing employment and enterprise opportunities for poor people. The business development activities have effectively reached women at 62 per cent of clients supported. There is evidence of improved household income and assets resulting from the establishment and growth of SMEs. The evaluation noted a considerable upward shift in income levels; this has led to the purchasing of assets, including improved buildings and means of transportation. Skills development and participation in associations have contributed to increased business capacity. There was limited impact in relation to food security and on the environment as backward linkages to primary production have not yet been developed.

8. REP-II has achieved some notable institutional and policy level impact, for instance, contributing to the introduction of two policy initiatives in the local government system through the Ministry of Trade and Industry (MOTI) and Ministry of Local Government and Rural Development (MLGRD). The first policy initiative regarded the establishment of a Sub-Committee on MSE Promotion within the national District Assembly system; the second was the establishment of a new Department of Trade and Industry that will facilitate the development and promotion of small scale industries in the districts. The BACs have acted as a practical model that has been captured in policy change that will strengthen the MSE sector across the country. Both the BAC and the RTF models are innovative and are likely to be sustained, although the RTF operations currently mix training and commercial activities in a manner that could be improved. A major success factor of the project has been the strong working relationships between the different implementing partners at national and district levels.

B. Agreement at Completion Point

9. The recommendations from the interim evaluation were discussed during the final learning workshop. Feedback provided by participants showed that the evaluation findings and recommendations were balanced and representative of the project accomplishments. Evaluation recommendations are summarized below and include specific responsibilities and timeframes for implementation.

[1] The interim evaluation was conducted when the project implementation had reached 80% of the total project period.

10. **Recommendation 1: A follow-up phase of REP-II.** A follow-up project will be designed as a programme, combining the scaling up of the successful approach developed to date, with innovation to further refine the different elements in view of (i) enhancing complementarity with Agricultural Value Chain development, (ii) increase efficiency to make mainstreaming of BACs and RTFs nation-wide affordable to Government and sustainable, and (iii) enhance clients' access to complementary elements of MSE support. The BACs should be consolidated within the current districts, maintaining the core programs and continuing to assess and support requirements for business growth. The RTFs play an important role in technology transfer to the informal sector.

> **Actions Agreed**: Nationwide expansion of the BAC and RTF models should be pursued within the design of REP-III. A more efficient and sustainable model will be proposed for RTFs, based on a detailed review of their governance and management structure, and cost implications.
>
> **Responsibility**: Design responsibility is shared between the Borrower (Ministry of Finance and Economic Planning [MOFEP]/MOTI) and IFAD (West and Central Africa Division [WCA]).
>
> **Timeline**: The recommendations are to be addressed in the design process. Negotiations are planned to take place in July 2011.

11. **Recommendation 2. Poverty analysis.** Target groups include individual entrepreneurs, larger entrepreneurs with the ability to generate employment and stimulate opportunities for other small businesses, the poor who need intensive assistance to start businesses, those that are very poor and have limited access to markets. Project-supported interventions should be diversified in such a way that different activities are relevant to different types of enterprise, - e.g. those that are ready and able to access credit and those that are not. BAC and RTF support needs to be targeted towards different groups in different ways so that positive results in terms of contribution to poverty reduction are achieved at all levels. Some consideration should be given to the contribution required by poorer districts and clients so that they are not marginalized from participating due to the low level of resources available to them.

> **Actions Agreed**: More specific support packages to be developed, to respond to the diverse capacities and assets, particularly regarding training needs and financial instruments to access finance across the varying target groups to be developed during the design of the forthcoming Rural Enterprises Programme.
>
> **Responsibility:** Design responsibility is shared between the Borrower (MOFEP/MOTI) and IFAD (WCA Division). The Implementing Agency will ensure that implementation partners such as the National Board for Small-Scale Industries (NBSSI) and GRATIS as well as District Assemblies through MSE Sub-committees ensure that the BACs continue to reach the poor.
>
> **Timeline.** The recommendations are to be addressed in the design process. Negotiations are planned to take place in July 2011.

12. **Recommendation 3: Value chain development.** Value chain links should be considered as part of the initial local economic planning process. The idea of targeting the growth-oriented MSEs to enable them become growth poles for income and job creation would bring about economies of scale in the sourcing of raw materials and markets for the MSEs. This would also help generating employment. A stronger link between agriculture and MSE development can occur through support to local economic development planning. There is a need to create a stronger link between the BACs and the national standard agencies so that growing enterprises can comply with national and international trade standards.

Actions Agreed: NBSSI should be supported to develop the capacity for playing a more important role in providing effective services to the BACs and in facilitating the linkages between BACs and the Ghana Standards Board. A greater collaboration between the Ministry of Trade and Industry (MOTI) and the Ministry of Food and Agriculture (MOFA) will be promoted through institutional reform and support from REP at the District level.

Responsibility: Design responsibility is shared between the Borrower (MOFEP/MOTI) and IFAD (WCA Division). MOTI/MLGRD/MOFA, supported by the implementation team of REP, will create a conducive institutional environment for district-level collaboration between MOTI and MOFA to ensure that the clients can access the support they require to be successful.

Timeline: Institutional reform at district level has already started and is ongoing. Liaison with the Ghana Standards Board would commence in 2011/2012. The restructuring of NBSSI to allow the institution to become more effective will commence in 2012 and results will be reviewed 3 years after effectiveness of REP-III.

13. **Recommendation 4. Rural finance**. The IFAD country programme in Ghana invests substantially in rural finance sector development, particularly rural bank strengthening. There is still a need to effectively address bottlenecks in the rural finance system to benefit the entrepreneurial poor. The Rural Enterprises Programme should intensify its support on the demand side, through information and referral services to clients to direct them to appropriate rural financial institutions. BACs should support the clients to intensify savings, information and referral services. There is a need to link strategically with other IFAD interventions in rural finance particularly to improve credit supply.

Actions Agreed: The Project Coordination and Monitoring Unit will continue to coach BACs on how to link clients most effectively to the rural banks and other RFIs. The REP-III design will include recommendations to address bottlenecks in accessing finance and ensuring clear roles for implementation.

Responsibility: Design responsibility is shared between the Borrower (MOFEP/MOTI) and IFAD (WCA Division).

Timeline: The recommendations are to be addressed in the design process. Negotiations are planned to take place in July 2011.

14. **Recommendation 5. Sector development.** Sector development initiatives need to occur at different levels The District Assemblies are already actively involved in BAC and RTF management. Greater involvement of the district planning and coordinating unit (DPCU) should be built into the REP-III design. Inclusion of the District Agriculture Development Unit (DADU) in the district MSE sub-committee would assist with linking agricultural and MSE development. National trade organizations and apexes, as well as local trade associations, need to be strengthened in the context of REP-III. The local economic development process could be supported to ensure MSEs are included in the district level development agenda and plans. There is potential to strengthen both the MSE sector and operations by integrating project monitoring and strategic regional MSE development at the regional level. At national level, the expansion of REP-III as a country-wide model holds promise. Another opportunity to be pursued is the development of a Ghana MSE policy based on learning and knowledge from the implementation of previous REP interventions.

Actions Agreed: The design should review the institutional mechanisms developed under REP II and build on lessons to provide a framework allowing the successive mainstreaming of REP into existing institutions and evolving structures. The Programme should incorporate specific activities aiming at strengthening institutions and building an enabling environment for MSE sector development at national, regional and district level.

Responsibility: Design responsibility is shared between the Borrower (MOFEP/MOTI) and IFAD (WCA Division).

Timeline: The recommendations are to be addressed in the design process. Negotiations are planned to take place in July 2011. However, it is understood that effective institutional development and capacity strengthening are long term activities. The programme needs to support these processes effectively during its implementation period.

Signed by:

The Hon. Hanna S. Tetteh
Minister for Trade and Industry
of the Republic of Ghana

______________________________ Date: 22/07/11

Mr Mohamed Beavogui,
Director, West and Central Africa Division
Programme Management Department
IFAD

______________________________ Date: 29/06/11

Republic of Ghana

Rural Enterprises Project – Phase II

Interim evaluation

Main Report

I. EVALUATION OBJECTIVES, METHODOLOGY AND PROCESS

1. **Background.** In line with the provisions set out in the Evaluation Policy of the International Fund for Agricultural Development (IFAD) and the IFAD Evaluation Manual,[1] the Independent Office of Evaluation of IFAD (IOE) conducted an interim evaluation of the Ghana Rural Enterprises Project, Phase II (REP II). According to IFAD procedures at the time of this evaluation, it was required that an independent evaluation be undertaken before consideration of a further phase of the same project. The main purpose of the evaluation was to assess the results and impact of the project and to generate lessons learnt that inform the Government of Ghana and IFAD for a potential next phase of the project. The evidence generated by the evaluation will also serve as an input for the Ghana country programme evaluation planned by IOE in 2010-2011.

2. **Objectives.** The main objectives of this evaluation were to: (i) assess the performance and impact of the project; and, (ii) generate a series of recommendations that will serve as building blocks for future IFAD-funded interventions in the country.

3. **Methodology and process.** The evaluation focused on four areas: (i) the performance of the project measured in terms of relevance, effectiveness and efficiency; (ii) the impact of the project on rural poverty classified according to the five IOE impact domains:[2] household income and assets; human, social capital and empowerment; food security and agriculture productivity; environment and natural resources; and institutions and policies; (iii) other performance criteria, namely sustainability, innovation and scaling up, and gender; and, (iv) performance of the partners, including IFAD, the African Development Bank (AfDB), the Government and other partners.[3] For each evaluation criterion a set of guiding evaluation questions was specified in the evaluation framework, as shown in appendix 1. A rating was assigned to each evaluation criterion on a six-point scale, where a rating of 1 indicates highly unsatisfactory and a rating of 6 indicates highly satisfactory performance. The evaluation paid special attention to discerning the proximate causes of good or less good performance in different areas of the project.

4. In addition, the project team provided access to the detailed monitoring data that captures project activities and client profiles. Recently, the Project Coordination and Monitoring Unit (PCMU) has increased the intensity of data gathering including some indication of enterprise status. The evaluation mission held discussions in Accra and then visited 16 randomly-selected REP II-supported districts and five districts (contiguous to a REP II district) that have not been part of REP II and

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[1] The evaluation methodology in use at the Independent Office of Evaluation of IFAD is captured in the Evaluation Manual: Methodology and Processes, which is available for review and downloading at the following address: http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf .

[2] The fifth domain is; given the nature of the project whose focus is enterprises with little or no environmental impact, this domain was not assessed and therefore not rated.

[3] The performance of individual partners in project design, execution, supervision, implementation support, and M&E is crucial for the achievement of development effectiveness. This criterion is therefore designed to permit an assessment of how well partners fulfilled the tasks expected of them rather than of achievements under the evaluated project.

interviewed approximately 300 REP clients in individual and focus group situations. Interviewees were selected on a stratified sampling methodology to ensure coverage of clients assisted through the main types of REP II services, gender, enterprises of differing size, period of operation and investment profile. The team also held a workshop with 21 representatives from other districts that were not visited by the team. The workshop enabled the mission team to gain a broader understanding of the project across a wider sample of districts.

5. The interim evaluation entailed six main phases: (i) preparation of an Approach Paper, which captured the evaluation objectives, methodology, process, timeframe and other related information; (ii) preparation of a Desk Review Note summarizing the results of a literature review and examination of internal documents which provided an analysis of the performance and impact of the project, including ratings, as well as issues and hypotheses for deeper enquiry during the main evaluation mission; (iii) preparation of a self-assessment by the Government of Ghana as well as by the Western and Central Africa Division of IFAD; (iv) country work, including meetings with partners in Accra and Kumasi, field visits to selected project areas, a workshop with participants from District Assemblies, Micro and Small Enterprise (MSE) sub-committees members, Business Advisory Centre (BAC) and Rural Technology Facility (RTF) staff members,[4] (v) further analysis and report writing; and, (vi) communication activities, including the organization of an evaluation learning workshop in March 2011. Following a preparatory mission in May 2010, the main evaluation mission[5] took place from 5 to 30 July 2010. An aide-memoire was prepared at the end of the country work phase, and contained the evaluation team's initial findings based on desk work, interactions with key partners and beneficiaries, and field observations. There was no Project Completion Report (PCR) available as, at the time of the evaluation, the project was still in active implementation. Nevertheless, the evaluation mission had access to a range of literature related to the project as outlined in the annexed bibliography, including a self-assessment report that was generated by the project management team.

Key Points

- The Interim Evaluation of the Rural Enterprise Project – Phase II was carried out in line with the provisions of the IFAD Evaluation Policy and the IFAD Evaluation manual; these require that interim evaluations be undertaken at the end of a project implementation period, before IFAD and the borrowing country embark on the design of a subsequent phase of the same operation.

- The evaluation's objectives were to: (i) assess the performance and impact of the project; and, (ii) generate a series of recommendations that will serve as building blocks for future IFAD-funded interventions in the country.

- Four areas formed the focus of the evaluation: (i) the performance of the project measured in terms of relevance, effectiveness and efficiency; (ii) the impact of the project on rural poverty classified according to four of the five IOE impact domains: household income and assets; human, social capital and empowerment; food security and agriculture productivity; and institutions and policies; (iii) other performance criteria, namely sustainability, innovation and scaling up, and gender; and, (iv) performance of the partners, including IFAD, the African Development Bank, the Government and other partners.

- The evaluation process followed the provisions set in the Evaluation Policy and Manual, including the establishment of a core learning partnership, self-assessment by the West and Central Africa Division and by REP-II, and an internal peer review in IOE. The methodology included document review, interviews, focus group discussions, and direct observation of activities at the field level.

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4 These participants came from districts which were not visited during the mission.

5 The evaluation mission composed of Ms Dorothy Lucks, Consultants' Team Leader; Ms Ama Serwaa Dapaah, socio-economist; and Ms Giulia Mezzi, gender and M&E consultant. The mission was joined by Mr Mark Keating, Lead Evaluator for the evaluation exercise from IOE, IFAD, on 26 July 2010.

II. COUNTRY AND SECTOR BACKGROUND

6. **Economic profile.** Ghana was one of the first countries in Africa to pursue economic reforms in the 1980s and its economic profile has improved gradually over the last twenty years. Economic growth averaged 4.3 per cent in the period 1996-2001. Thereafter, gross domestic product rose from 4.5 per cent in 2002 to 6.2 per cent in 2006, which is higher than the Ghana Poverty Reduction Strategy (GPRS II) targets. In 2007 and 2008, the Ghanaian economy was hit hard by the combination of a widening current account deficit, an energy crisis in 2006, floods and droughts in late 2006 and the rise in world oil and food prices in 2008. Nevertheless, Gross Domestic Product growth rate in 2008 was estimated to be 7.2 per cent and the per capita income reached US$716. Inflation has been reduced from 42 per cent in 2001 to less than 11 per cent in 2006, and 9.5 per cent in August 2010,[6] but is still a major focus for Government fiscal management.[7] From 2009, the economy has started to show signs of stabilization, with Ghana being reclassified as a middle income country from June 2010,[8] but challenges on the macroeconomic front remain substantial.[9]

7. **Demographic profile.** Ghana comprises ten (10) regions and 170 districts. It covers an area of 239,000 square kilometres with an estimated population of 21 million[10] (2006) and an annual population growth rate of 2.56 per cent. The population is expected to rise to an estimated 24.5 million by the 2010[11] census. Settlement patterns show that 63 per cent of the population lives in rural areas, with urbanization increasing from 32 per cent in 1984 to 37 per cent in 2003. Over half of the population lives in the southern districts of Greater Accra, Eastern, Central and Ashanti regions. The northern regions are more remote and sparsely populated.

8. The majority of household heads in Ghana are Akans (52.7 per cent) followed by Ewe (12.4 per cent), Mole Dagbani (12.4 per cent), Ga-Dangme (10.3 per cent), Guans (3.6 per cent) and Gurma (3.4 per cent). Other groups like Grusi and Mande constitute about 5 per cent of the ethnic groups in Ghana. Nearly two out of three household heads are Christians (Catholic, Anglican, Presbyterian, Methodist, Pentecostal and other Christian denominations), while Islam constitutes 16.5 per cent and about one in ten households follows traditional religious practices. Approximately 7.4 per cent of household heads profess to have no religious affiliation.

9. **Poverty reduction.** The United Nations Human Development Index of 2008 ranks Ghana 135 out of 177 countries in terms of poverty status. However, the proportion of the population defined as poor (poverty line of GH¢371) declined from 51.7 per cent in 1991/92 to 39.5 per cent in 1998/99 and to 28.5 per cent in 2005/06. This positive trend is likely to continue if Ghana maintains the average economic growth rates of the last few years. Rural poverty remains higher than urban poverty and the northern districts continue to have the highest incidence of poverty. Poverty is highest among food-crop farmers, with an incidence of 59 per cent. Rural populations in particular have limited access to basic social services, safe water, all-year roads, electricity, and telephone services. In the northern areas of the country livelihood systems are more vulnerable, with food insecurity prevailing during part of the year.[12]

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6 Ghana Statistical Service, August 2010

7 Ibrahim Elbadawi and Linda Kaltani, "Scaling-up Aid for Ghana: Maintaining Competitiveness, Avoiding the Dutch Disease, and Accelerating Growth," World Bank, Background paper for Ghana Country Economic Memorandum technical review workshop, Accra, May 2-3, 2007.

8 http://www.news24.com/Africa/News/Ghana-now-middle-income-nation-20101105

9 World Bank, Country Assistance Strategy Progress Report, March 2010.

10 Ghana Statistical Service, GLSS V, 2006.

11 Ghana Statistical Service, Speech by Dr Grace Bediako, April 2010.

12 IFAD, Ghana COSOP, 2006.

10. **Policy framework**. The overarching goal of Ghana's current socio-economic development agenda is to attain middle income status (with a per capita income of at least US$1,000) by the year 2015. The Ghana Poverty Reduction Strategy (GPRS I) of 2003-2005 and Growth and Poverty Reduction Strategy (GPRS II) for the period 2005-2010 provide the main policy framework for development. Decentralization is a core national strategy and a range of decentralization reforms have been made, including the devolution of some key functions of government to the local level and the allocation of a dedicated budget to the District Assemblies (e.g. for construction of local social and economic infrastructure). However, District Assemblies still possess limited capacities and resources for efficient and adequate provision of services.

11. **Private sector policy context.** At the commencement of REP II, the governmental regulatory and support frameworks for private sector and rural development were considered to be inadequate.[13] Modernization of agriculture production and private sector processing and marketing are a focus of the forthcoming Government Medium Term National Development Plan.[14] The Government has been focussing on private sector development through the Industrial Policy 2010 and the Second National Medium Term Private Sector Development Strategy (PSDS II) for 2010-2015. The national focus on private sector development in rural areas is exemplified in the PSDS II five key outputs that focus national attention on increasing productivity, especially amongst small businesses, and on improving economic opportunities for the poor. Moreover, the Ghana Industry Policy prepared by the Ministry of Trade and Industry (MOTI) articulates a specific policy objective, that is, to "develop a pool of artisans and tradesmen for the current and future needs of industry". The policy underlines the national need for technical, vocational and commercial education and training.

12. **Doing business in Ghana.** In 2006 the contribution to Gross Domestic Product was agriculture (40 per cent), industry (27 per cent) and services (32 per cent). Gold mining and cocoa are the main export commodities. The country has also recently discovered oil in commercial quantities. Tourism is increasingly becoming a major industry. Ghana's major trading partners are Nigeria, Togo, China, USA, the U.K., Germany, France, Netherlands and Spain. The World Bank "Doing Business Report" (2009) that compiles an index of the extent to which the regulatory framework is conducive for economic development, ranked Ghana 92 out of 183 countries. The country also produces coconuts (copra), coffee, cork and wood products such as knock-down furniture, maize, cassava, yams, groundnuts, soy beans, cow peas and other food crops and vegetables. Importation of food crops such as rice and processed foods, as well as a majority of consumer goods, is high. Local agriculture suffers from use of low yield varieties of crops, lack of irrigation (only 0.02 per cent of cultivated land is irrigated) and limited market linkages. Rudimentary techniques for farming and agro-processing lead to high wastage and low added value of farm produce. There are a range of factors hindering business growth, including: limited infrastructure (electricity, roads, water, telecommunications), weak institutional arrangements and lack of advocacy for producers, high cost of inputs (fertilizers) due to importation and internal transportation and poor access to rural finance.

13. **Employment.** It is estimated that 40 per cent of the population is below the age of 15. Workforce statistics indicate that 55 per cent of the population are self-employed, 20 per cent contribute family labour, 18 per cent are employees and 7 per cent are unemployed. However, this does not account for under-employment. In urban areas, self-employment drops to 47 per cent and employment increases to 35 per cent whereas in rural areas self-employment comprises 59 per cent, family labour 28 per cent and formal employment 13 per cent. The majority of the working population

[13] REP II Appraisal Report, 2003.

[14] The Medium Term National Development Plan 2010- 2013, called "Ghana Shared Growth and Development Agenda (GSDAI) is currently under preparation and is still in draft form. The National Development Planning Commission provided a briefing to the interim evaluation Mmssion team on the Draft Framework for the GSDAI.

is employed in agricultural activities (55.8 per cent), followed by trading (15.2 per cent) and then manufacturing (10.9 per cent).[15]

14. **MSE sector**. MSEs are thought to comprise around 80 per cent of the service and manufacturing sectors. The formal and informal service sector has been showing positive growth. In Ghana, MSEs are defined as enterprises that employ less than 5 people with a total turnover of up to $10,000 equivalent. MSEs have further been classified as organized MSEs that have paid employees and a registered office and artisans who work in open spaces, temporary wooden structures or at home, and employ few or no salaried workers. Artisans rely mostly on family members or apprentices. Rural MSEs in Ghana include a wide variety of economic activities such as trading, agro-processing, metalworking, carpentry, tailoring, car mechanics and repair and personal services. Rural MSEs tend to be smaller and weaker than their urban counterparts. They have only limited access to productive resources, finance, markets and information, and also face difficulties reaching non-local markets because of poor infrastructure and transportation.

15. MSE production in general is hampered by low levels of technology and weak technical, business and marketing skills. This results in mediocre MSE goods and services, limiting their appeal to consumers and ultimately in low productivity and meagre incomes. The sector also faces financial constraints because MSEs often do not have access to the formal banking sector in view of their inability to provide collateral and lack of credit track record, and so on. MSEs also face input constraints in terms of their availability and cost, thereby making their cost of production high and their prices uncompetitive. There is a proliferation of small, local MSE associations but these are generally weak and are unable to provide useful services to their members.[16]

16. **Gender.** About 53 per cent of women household heads in rural areas fall among the poorest 20 per cent of the population. Women are more predominant in both the food-crop and non-farm self-employment sectors. Access to and control of assets, such as land and credit, tends to be limited. Gender and cultural taboos tend to dictate the types of activities women (or men) select. There is a clear gender gap in education, with almost twice as many females (2.7 million) as males (1.4 million) never attending school. In addition, there are fewer females (0.7 million) than males (1.1 million) with secondary or higher qualification. These factors are said to limit the potential of women in terms of their entrepreneurial and income generating abilities.[17]

17. **IFAD in Ghana.** IFAD has invested in initiatives to reduce poverty in Ghana since 1980, funding 16 loans to implement 15 programmes and projects at a total commitment of US$193.4 million. IFAD-funded projects in Ghana receive loans on highly-concessional lending terms.[18] The goal of the most recent country strategic opportunities programme (COSOP) for Ghana (April 2006) is to “achieve improved, diversified and sustainable livelihoods for the rural poor, particularly those dependent on marginal lands, rural women and vulnerable groups”. The purpose of the country programme is to build inclusive and sustainable institutional systems supported by pro-poor investments, policies and relevant innovation and learning engagements. It focuses on: (i) community-driven development; (ii) fostering inclusive private sector development; (iii) agricultural commodity chains development; and, (iv) policy and knowledge. The COSOP is consistent with the key development objectives of the country's GPRS I and II, including strategies for economic growth, employment, service provision for human development and governance for empowerment. IFAD currently has five projects in Ghana, three with nationwide coverage and two with a focus on northern Ghana where poverty incidence is highest. The most recent intervention is the nationwide Rural and

[15] Ghana Statistical Service, GLSS V, 2006.

[16] IFAD, Ghana: Rural Women’s Micro and Small Enterprises.

[17] GLSS V, 2008.

[18] Highly concessional loans carry no interest but have an annual service charge of 0.75 per cent and a maturity period of 40 years, including a grace period of ten years.

Agricultural Finance Programme (RAFiP) that was approved by the IFAD Executive Board in December 2008.

Key Points

- Ghana's economic profile has improved gradually over the last twenty years. The Gross Domestic Product rose from 4.5 per cent in 2002 to 6.2 per cent in 2006, higher than the Ghana Poverty Reduction Strategy (GPRS II) targets. In 2007 and 2008, the Ghanaian economy was hit hard by the combination of a widening current account deficit, an energy crisis in 2006, floods and droughts in late 2006 and the rise in world oil and food prices in 2008. Nevertheless, Gross Domestic Product growth rate in 2008 was estimated to be 7.2 per cent and inflation currently runs to 9.5 per cent.

- The overarching goal of Ghana's current socio-economic development agenda is to attain middle income status by the year 2015. The Ghana Poverty Reduction Strategy (GPRS I) of 2003-2005 and Growth and Poverty Reduction Strategy (GPRS II) for the period 2005-2010 provide the main policy framework for development. Decentralization is a core national strategy and a range of decentralization reforms have been made, including the devolution of some key functions of government to the local level.

- The Government has been focussing on modernising agriculture production and on private sector development in rural area, aiming at increasing productivity, especially amongst small businesses, and on improving economic opportunities for the poor.

- Rural MSEs in Ghana include a wide variety of economic activities, but have only limited access to productive resources, finance, markets and information, and lack technical, business and marketing skills. The sector also faces financial constraints as MSEs often do not have access to the formal banking sector. MSEs also face input constraints in terms of availability and costs, which results in high costs of production and uncompetitive prices.

- The goal of the most recent COSOP for Ghana dated April 2006 is to build inclusive and sustainable institutional systems supported by pro-poor investments, policies and relevant innovation and learning engagements. It focuses on: (i) community-driven development; (ii) fostering inclusive private sector development; (iii) agricultural commodity chains development; and, (iv) policy and knowledge.

III. PROJECT BACKGROUND

18. **Rural Enterprises Project, Phase I.** The first Rural Enterprises Project (REP I) was approved by the IFAD Executive Board in December 1993. The IFAD loan became effective in February 1995 and closed in March 2002. The project was designed to encourage individuals and other private sector actors in rural areas to take advantage of opportunities created by the opening up of the economy. The project focussed on the establishment of three RTFs managed by the Ghana Regional Appropriate Technology and Industrial Services (GRATIS). The project also aimed to scale up the experience of a GTZ funded pilot activity[19] in provision of business support through a Business Advisory Centre (BAC), and also invest in small scale infrastructure. The objectives of the project were to: (i) facilitate access to new technology and business advice; (ii) promote easier access to financial services; (iii) improve the efficiency of small rural enterprises, and, (iv) feeder road rehabilitation. The Ministry of Environment, Science and Technology was the Implementing Agency. The total cost of the project was US$9.3 million of which US$7.68 million was funded by IFAD, US$1.18 million by the Government and US$0.45 million by the participating banks. The project included a credit fund that was managed through the Bank of Ghana and administered through the Rural Bank network via the Association of Rural Banks (ARB) Apex Bank.

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[19] The GTZ pilot covered three districts. REP I replicated the BAC in 13 districts in the same two regions, Brong Ahafo and Ashanti.

19. An evaluation of REP I was conducted in June 2000. According to the evaluation report, REP I was successful in reducing poverty for self-employed entrepreneurs and employees both in new and in existing rural enterprises. This was achieved by: i) building technical skills to rural people, making it easier to get a job or improve MSE profitability; ii) providing access to banking services; iii) providing technical services to rural SMEs; and, iv) improving the business skills of rural entrepreneurs. Challenges faced in REP I were constituted mainly by the development of effective BAC and RTF processes that would provide the foundation for nationwide MSE support. The project was a means for identification of issues facing MSEs. On the basis of the REP I findings, recommendations agreed upon between IFAD and the Government included: a) the replication of the REP I model as a means to stimulate growth and reduce poverty in rural areas; b) positioning of BACs as a local focal point for rural SMEs development; and, c) development of a national strategy to capitalize on the traditional apprenticeship system by integrating it with vocational education.

20. **REP II project design.** The second phase of the Rural Enterprises Project (REP II) was designed in 2002 and the corresponding Loan Agreement was signed on 7th February 2003. The overall goal of REP II was to alleviate poverty and improve living conditions in the rural areas and especially increase the incomes of women and vulnerable groups through increased self- and wage employment. The objective of the REP II, as stated in the Appraisal Report, was to develop a competitive rural MSE sector, supported by relevant good quality easily accessible and sustainable services. The services would: (i) create a more enabling environment for MSEs; (ii) stimulate the establishment and expansion of MSEs; (iii) enhance the quality, design and packaging of MSE goods and services; (iv) improve the marketing of MSE products; (v) increase the access of MSEs to working capital and investment funds, and, (vi) empower trade associations and client organizations.

21. Based on the findings of the REP I evaluation, the design of REP II included continued support for rural financial services and a specific focus on strengthening the institutional capacity of MSE support.[20] The REP II design drew on the experiences of the first phase of the project and involved four interrelated components: (i) Business Development Services (BDS); (ii) Technology Promotion and Support to Apprentices Training (TPSAT); (iii) Rural Financial Services (RFS) through a Rural Enterprises Development Fund (REDF); and, (iv) Support to MSE Organizations and Partnership Building (Institutional Support). There was also a non-technical component for Project Management.

22. The IFAD Technical Review Committee[21] commended the design of the REP II as being straightforward, appropriate and somewhat ambitious in comparison to REP I. Issues noted for consideration during implementation were: (i) the relatively high implementation costs compared to the investment in policy dialogue and the need to manage costs efficiently in relation to benefits; (ii) the challenge of targeting direct assistance to the very poor and achieving the envisaged “trickle down” effect from more capable entrepreneurs through supply and employment; (iii) a focus on gender balance through appointing a gender specialist; (iv) effective mainstreaming into existing institutions and a clear phase-out strategy; and, (v) ensuring intensive coordination in rural finance activities to achieve the project objectives. These aspects were addressed in the design but there was recognition that there were contextual issues that could affect project implementation.

23. **Context at the time of design**. At the time of the REP II project design, the GPRS I was still in effect and there was a strong national focus on poverty reduction through investment in rural areas. The REP I design provided a tested model for rural poverty reduction with good potential for scaling up. The thrust of the design towards involvement of District Assemblies was compatible with the national agenda towards strengthening the decentralization process. Furthermore, there was an interest

[20] The REP II design did not continue the REP I component for rural infrastructure because other projects were handling infrastructure investment within the project period, and the project management unit was focussed on MSE-related activities.

[21] IFAD Technical Review Committee, Office Memorandum of 12th February 2002, and Issues Paper dated 1st March 2002.

in technology development and capability building. Thus, the core components of REP II were consistent with the national poverty reduction approaches.

24. **Project area.** The REP II project area aimed to include about 50 districts across the ten regions of Ghana. REP II was designed to expand the REP I experience to a larger number of districts, targeting the establishment of 53 BACs and 18 RTFs. The 13 district BACs and 3 Rural Technology Service Centres commenced under REP I would be gradually "weaned off" through an explicit exit strategy. The project area cuts across all climatic zones of the country. On the basis of vegetation, REP II area falls into all of the three main ecological zones of Ghana, namely, rainforest, transition and savannah. Most food production occurs at subsistence level throughout the project area. The estimated population for the project area at the time of project design was estimated at 14 million with a growth rate of about 2.1 per cent. The specific project areas were determined by a demand driven approach. The District Assemblies were required to submit a request for entry of the project support and indicate their willingness to provide counterpart funding for the project inputs. Therefore, the project districts span the ten regions, but are not always contiguous.

25. **Targeting approach.** REP II sought to ensure a more equitable distribution of the benefits of development and reduce the incidence of poverty. IFAD places emphasis on efforts to target and include the poor and vulnerable.[22] According to the REP II appraisal report "the project target group for REP II will be foremost the **entrepreneurial poor**". The main targeting approach was the selection of participating districts. The critical selection criteria for districts were: (i) the willingness of the District Assembly to engage with the project activities and contribute the required counterpart funding; and, (ii) accessibility.[23] The project operated on a demand-driven basis by promoting project services within the target districts and accepting any potential client who was interested in participating in those services. In most activities, potential clients were required to contribute a small amount to the cost of the services provided towards service sustainability. Specific efforts were made in most districts to include disadvantaged women, unemployed youth and graduate apprentices who lack the capital or acumen to start their own businesses.[24] There was no requirement for household targeting or specific targeting strategies for the very poor. However, it was expected that enterprise growth would benefit the very poor by increasing opportunities for employment.

26. **Project financing.** The overall project cost was US$29.27 million, which included the IFAD loan (US$11.24 million[25]); cofinancing by the AfDB (US$10.01 million), the Government (US$5.46 million), and contribution by the beneficiaries (US$2.39 million). The base costs for the project totalled US$26.34 million. The majority of costs were invested in the most successful element of the project under REP I, that is, the BAC activities. A similar magnitude of funds was allocated for Technology Promotion. A small allocation of funds was made to support the Apex Bank of rural banks for the institutionalization of a rural bank monitoring unit. This unit was expected to assist mainly in accreditation of rural banks to be able to access the remaining funds of the REP I credit fund. The Institutional Support component was designed to support strengthening of trade associations and other forms of institutional mainstreaming of project activities, including support for

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22 IFAD defines its target group as "rural people living in poverty and experiencing food insecurity". IFAD proactively strives to reach extremely poor people (as defined by MDG 1) who "have the potential to take advantage of improved access to assets and opportunities for agricultural production and rural income-generating activities". IFAD Targeting Policy, November 2006.

23 Ministry of Environment Science and Technology/REP II memo, 2003 "Criteria for selection of new project districts". Criteria noted were: level of rural population, extent of poverty, agricultural potential, potential for MSE development, accessibility, potential market demand, economic linkages potential, capacity and preparedness of District Assemblies to contribute towards project costs in terms of office accommodation, equipment and staff.

24 REP II Appraisal Report, Volume 1.

25 The IFAD loan was SDR8.50 million that equated to US$11.24 million at the date of loan signing.

policy dialogue activities. The cost allocation by component and relative investment per component at Appraisal is shown in table 2.

27. **Institutional arrangements.** The executing agency in the initial stages of the project was the Ministry of Environment and Science as previously arranged for REP II. Subsequently, a government restructuring in 2005 led to the executing agency being amended to the Ministry for Local Government and Rural Development. However in 2006, due to the strong working relationship and strategic alignment with industry development, the responsibility for the project was shifted to the Ministry of Trade and Industry (MOTI). An active National Project Steering Committee comprising representatives from MOTI, other ministries and the private sector meets regularly to oversee project policies and to coordinate implementation strategies. There are also a large number of other partners that work with the project at each level of operation, including participating financial institutions (PFIs), non-governmental organizations (NGOs), business associations and private sector entities.

28. **Implementation partners.** The key project implementing agencies for REP II are the District Assemblies, the NBSSI, GRATIS Foundation, and PFIs - mostly rural and community banks whose activities are monitored and supervised by the ARB Apex Bank. The NBSSI established the BACs for the project and oversees the implementation of the Business Development Services component of the project. GRATIS provides technical supervision and guidance to the RTFs and is responsible for the financial and physical maintenance of the RTFs. The Rural Financial Services component is implemented through qualified participating financial institutions. District Assemblies have responsibility for the coordination of development activities at the district level. District Assemblies provide strategic guidance and budgetary support to the BACs and to the RTFs.

Key Points

- The overall goal of REP II, which built on the experience of its REP I predecessor, was to alleviate poverty and improve living conditions in the rural areas and increase the incomes of women and vulnerable groups through increased self- and wage employment. The objective of the REP II was to develop a competitive rural MSE sector, supported by relevant good quality easily accessible and sustainable services.

- The design of REP II, whose core components were consistent with the national poverty reduction approaches, included continued support for rural financial services and a specific focus on strengthening the institutional capacity of MSE support.

- REP II sought to ensure a more equitable distribution of the benefits of development and reduce the incidence of poverty. The project operated on a demand-driven basis by promoting project services within the target districts. Specific efforts were made in most districts to include disadvantaged women, unemployed youth and graduate apprentices who lack the capital or acumen to start their own businesses. While there was no requirement for household targeting or specific targeting strategies for the very poor, it was however expected that enterprise growth would benefit the very poor by increasing opportunities for employment.

- The overall project cost was US$29.27 million, which included the IFAD loan, cofinancing by the African Development Bank, the Government of Ghana and contribution by the beneficiaries. The executing agency is the Ministry of Trade and Industry; key project implementing agencies for REP II include District Assemblies, the National Board for Small Scale Industries, the Ghana Regional Appropriate Technology and Industrial Services, and rural and community banks.

IV. IMPLEMENTATION RESULTS

29. The implementation results for REP II are predicated on the fact that, at the time of the evaluation, the project was still in active implementation and only around 80 per cent of the project period had elapsed. Therefore, in assessing the implementation results, the evaluation approach was

mindful of the ongoing operations and the likelihood of further achievement prior to project completion. In this regard, note is made of the overall implementation approach that involves a process of regular monitoring and management of the project in relation to the changing context in the country and the specific needs and interests of the beneficiaries. The evaluation found that the PCMU manages the project in a manner that facilitates continuous improvement and capability building for staff in pursuit of effective implementation.

30. The following analysis of implementation results is based on information taken from the Report on Project Implementation for First Quarter 2010 produced by PCMU, verified with data collected from the project's monitoring and evaluation (M&E) system and substantiated through field investigations. The mission team did note information gaps in the raw M&E data in a few instances; nevertheless, the overall available data was found to be a good representation of the implementation results. In addition, the PCMU has been upgrading the effectiveness of the monitoring system in 2010 and more complete and accurate data is likely to be available for the preparation of the Project Completion Report.

31. **Project coverage.** The current project coverage is 53 districts which benefit from full funding. However, the effective coverage is 77 districts, with limited coverage in 24 districts.[26] Several districts have been split into two districts during the course of the REP I and REP II. The newly-created districts have been absorbed into the project process but do not have a full funding allocation. The mission found that, despite the low level of funding, such districts had a high degree of interest in participating in project activities and can be expected to build implementation momentum in future. In addition, limited support is also provided to the 13 BACs that were established under REP I and that have now been "weaned off". Although the 13 respective District Assemblies are responsible for the operations of these BACs, the NBSSI continues to finance a proportion of BAC staff and technical support costs and the PCMU still provides some degree of technical support. There are also 32 BACs that have been established and self-financed by NBSSI. The operating mechanism[27] is not yet as well developed as in project-supported districts.

32. **Key outputs** The IFAD President's Report[28] on the project summarizes the project targets as follows: (i) approximately 40,000 beneficiaries who will receive training in marketing and management; (ii) 30,000 to receive training in trading; and, (iii) assistance provided to around 5,000 apprentices and 6,000 master crafts persons, making a targeted total of 81,000 direct project beneficiaries. It was anticipated that this would generate around 110,000 additional new jobs and strengthen 60,000 enterprises. Targets were amended, initially in line with the AfDB Appraisal Report and again at Mid Term Review (MTR) to reflect the lessons learned during the first half of the life of the project.[29]

33. REP II has shown an improving trend in project implementation since the Mid-Term Review in 2007, when it was observed that the project achievements compared to appraisal and annual work plan targets were low. However, within a year the project implementation gathered momentum and the project supervision mission of 2008 noted that significant progress was being made in all components. More progress has been made since 2008 with all components showing improvements in performance, although the rate of improvement was higher in the BDS component than the other two

26 The number of BACs covered did not align between the various information sources because the intensity of engagement per district varies. For full coverage at the time of the evaluation see annex 7).

27 For instance, the mission met with officers from a self-initiated BAC in Assin Fosso. The office consisted of only two staff (Head and secretary) with limited operational budget or training support.

28 Report and Recommendation of the President to the Executive Board on a Proposed Loan to the Republic of Ghana for the Rural Enterprises Project - Phase II, 2002, page. 11.

29 IFAD's Appraisal targets were more output-oriented and targeted a total of 2,701 different training and skills development activities supporting 198,155 participants. It was assumed but not explicitly stated that beneficiaries would attend an average of 2.5 courses per beneficiary.

technical components, i.e. the TPSAT and RFS. The data presented in table 1 shows the performance in relation to key project indicators at the time of the evaluation. It should be noted that this data is current to March 2010 and an increase is expected by the time of project completion scheduled for December 2011.

Table 1. Summary of Project Performance

Performance Indicators	Appraisal Target	Revised Target[30]	Actual 2003-March 2010			Achieved (Revised Target %)
			Gender Analysis			
			Male	Female	Total	
Clients trained[31]	70,000	70,000	30,252	50,200	80,452	115%
New businesses established	40,000	25,000	6,995	10,756	17,751	71%
No. of wage jobs created[32]	90,000	75,000	17,011	25,884	42,895	57%
Apprentices trained	6,000	6,000	4,341	3,500	7,481	131%
Master craft persons trained	5,000	5,000	2,567	322	2,889	58%
MSEs linked to larger commercial operations and enterprises[33]	10,000	6,250	1,891	3,977	5,868	94%
Participating financial institutions functional in the districts[34]	106	106			128	121%
Staff of PFIs trained	106	106	394	33	427	372%
REDF amount disbursed (GHC) [35]	2,000,000	2,000,000			1,759,945	88%
MSE operators receiving loans	30,000	15,000	1,436	2,558	3,992	27%
Clients operating active bank accounts	15,000	15,000	5,986	8,823	14,719	98%

Source: Report on Project Implementation for First Quarter 2010

34. The number of training participants is high due to the very strong demand for training and a higher than projected number of participants per training activity. The number of profitable businesses is determined by the number of businesses established through the project that are still in operation at the time of classification. At the end of March 2010, 76 per cent of businesses established were recording continued profits. By June 2010, the number of profitable businesses had increased to 19,775 (79 per cent of target), demonstrating that it is probable that the project can fully achieve its target by project completion. Recently the PCMU has classified the businesses in more detail[36] as:

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30 Some targets were revised at the time of the AfDB Appraisal report; other targets were revised at MTR.

31 Self-Assessment Report on Project Implementation, June 2010; data does not distinguish between training participants and active beneficiaries at present.

32 The target was reduced from 110,000 in the REP II Appraisal Report to 90,000 in the AfDB Appraisal Report and to 75,000 at MTR.

33 Targeted to be 25 per cent of new businesses established.

34 Not all have been accredited.

35 This is a composite accomplishment of different strategies for lending through the Rural Enterprises Development Fund (REDF) and the 20 per cent contribution from the PFI's own funds.

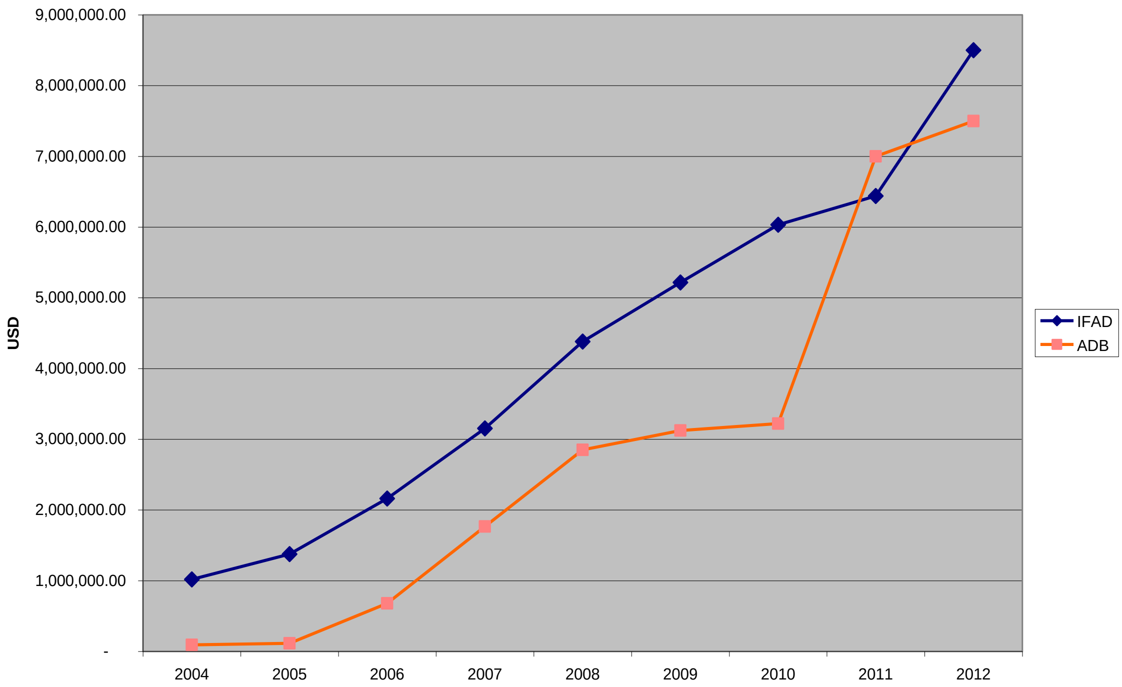
36 The classification is: "start-up" – within the first 12 months of operation; "survival" - meets at least two criteria of: in business for more than one year, owns basic tools or equipment for the trade or earns income to meet the operator's basic needs. "Normal growth" - at least three of these criteria: annual sales growing > 10 per cent a year, uses electrical machinery or equipment, at least one paid worker or has a bank account. "Rapid growth" meet at least four of: annual sales growing > 20 per cent a year, regular sales or customers from outside

start-up (19.7 per cent), survival (39 per cent), normal growth (3.5 per cent) and rapid growth (0.2 per cent). Approximately 15 per cent of businesses commenced are now classified as inactive. The status of 23.6 per cent is still unclear and will be defined in the coming months. The main reasons cited by clients and project officers for businesses becoming inactive include: i) clients moving away from the area for work or personal reasons; ii) lack of market; iii) insufficient working capital; iv) shortage of raw material; and, v) breakdown of processing equipment.

35. The mission found that the number of wage jobs created is likely to be understated. Many businesses employed staff but the full number of jobs created is not reflected in the project data. In some cases jobs created were not recorded because the employment is part-time, seasonal, includes family employment or apprentices who have been retained or paid additional allowances as the business has improved. The lower than targeted number of borrowers is due to barriers to borrowing and the need for a larger loan size than was projected at project appraisal. The bottleneck in access to finance has been a major barrier to achieving targeted performance in other indicators. A summary of financial performance and results by component are provided in the following paragraphs.

36. **Financial performance.** The project has complied with the annual work plan and budgeting requirements taking a dual approach of equitable access to resources across all district, and also with flexibility according to local demand for particular training and business support inputs. Figure 1 demonstrates the financial progress during the project period towards the Year 2012 targets of US$ 8.5 million for IFAD and US$7.5 million for AfDB. Difficulties in procurement for AFDB financed budget line items were experienced for approximately the first two years of project implementation. The reasons for slow disbursement of AfDB funds were that: the REP financial procedures had been established under REPI in line with IFAD requirements and were not aligned to AfDB requirements; and, there was no AfDB country office and there were substantial communication delays and difficulties. The issues were resolved in terms of funds flow by the third year of implementation.

Figure 1. REP II Financial Performance



Source: REP II Financial Records

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the district, uses electrical machinery or equipment, has at least five workers, at least one of them paid on regular basis and not an apprentice or family member, has received a loan from a financial institution.

37. The cost allocations for each component compared to the base costs at design are shown in table 2. There has been a substantial shift in funds from the Business Development Services allocation to the TPSAT allocation. This was mainly due to the agreement between the project and the AfDB to realign funds to support an upgrade of the rural technology facilities. The upgrades included expanded premises and additional equipment. At the time of the evaluation, the proposed improvements were under procurement. In addition, the overall funds available to the project have increased above the initial base costs due to the currency redenomination in July 2007 by a factor of 10,000 and movement of the Cedi during implementation from US$1:GHC 7,800 in May 2002 to US$1:GHC 0.92 in July 2007 and US$1:GHC 1.48 relation to the US$ at the time of the evaluation. The interim evaluation mission found financial management was in accordance with requirements with regular internal review physical and financial progress.

Table 2. Total Cost Allocation (Appraisal and Actual as of March 2010)

Component	Design Base Costs US$ m	Design Allocations	Expenditure (June 2010)[37]	Cost Allocation (June 2010)
BDS	12.01 m	45%	7.83 m	29%
TPSAT[38]	7.9 m	30%	13.30 m	49%
RFS	1.21 m	5%	1.05 m	4%
Institutional Support	0.45 m	2%	0.20 m	1%
Project Management (PCMU)	3.16 m	12%	4.51 m	17%
Zonal Office	1.61 m	6%		
TOTAL[39]	26.34 m	100%	26.89 m	100%

38. **Business Development Services (BDS).** The BDS component is implemented through the BACs in partnership arrangement comprising: REP II, the District Assemblies and NBSSI. The BACs were initially managed through a District Implementation Committee. During the project period a more formal MSE Sub-Committee of the District Assembly was formed. This was based on an innovation emerging in one district, piloted in several other districts and then replicated across the project. This innovation has now been scaled up nationally by the MLGRD.[40]

39. The BACs are the main delivery mechanism for BDS and keep close contact with clients. The main activities of BACs are: business orientation seminars; community based skills training; small business management training; literacy and numeracy training; information and referral services and business counselling services. Training needs are identified either by selection from a recognized 'menu' of available courses or by responding to the interests of local entrepreneurs. Overall, community-based and small enterprise skills, business management and marketing training participants numbered 80,452, exceeding the revised appraisal target by 15 per cent.[41]

40. Of the different types of training, most are on course to attaining the expected targets by project completion. The business orientation seminars reached 17,082 potential rural entrepreneurs[42] (100 per cent of target). The PCMU reduced the intensity of the seminars following the recommendation of the

37 Expenditure to June 2010 includes commitment for contracts to construct the remaining six RTFs and retooling and expansion plans for existing RTFs.

38 There was a reallocation of AfDB loan funds after MTR to support upgrading of the RTFs. This has increased the allocation for Technology Promotion and Support to Apprenticeship Training.

39 The total expenditure to 2010 is higher than the appraisal base costs due to current exchange rate fluctuations.

40 At the time, the MLGRD was known as the Ministry of Local Government, Rural Development and Environment. The directive for all District Assemblies to form an MSE committee was contained in document JCR/EA60/101/019.

41 Self-Assessment Report on Project Implementation, June 2010.

42 M&E report-Project outputs 2003-2010.

MTR mission in 2007 that the project should focus more on strengthening existing enterprises. The community-based skills training, which cover a variety of technical skills such as soap making, batik tie and dye, palm oil processing, leather work, etc. has provided training for 27,658 clients (79 per cent of target) across 32 different enterprise types. The BACs are on course to achieve the output target for the small business management training activity of 35,000, currently 28,302. The business management training initially was in low demand at the time of the MTR (1,858 participants) but interest has increased rapidly to 28,302 participants by June 2010 as the project focussed more on supporting business growth. The BACs have also established market linkages for the clients through trade shows and the BAC referral services. As of March 2010, the number of MSEs established through training was 17,751 and 13,426 clients (76 per cent) reported sustained profits.

41. In 2009, a new approach has been introduced called the Initiative for Rural Enterprises Growth and Employment Creation (IREGE). IREGE involves the BACs identifying specific clients with growth potential in 20 high performing districts and providing targeted assistance to overcome barriers to growth. Such businesses have potential to generate employment and secondary economic opportunities within the districts. Anecdotal information gathered during the evaluation suggests that the more intensive assistance did improve the likelihood of a client achieving business growth. The PCMU is conducting a review of IREGE to accelerate and strengthen project performance towards project completion.

42. Literacy and numeracy training was incorporated in the project design following experience from REP I that the effects of the technical and business management training were being negated by the low level of literacy of project beneficiaries. Therefore, REP II piloted functional literacy training to illiterate and semi-literate clients in 5 districts in 2006 with the aim of enhancing the impact of project interventions, especially in record keeping.[43] The project currently supports 22 enterprise groups in thirteen (13) districts and has covered 390 clients. The approach used is innovative in that the groups select literate people within their own group to take the role of trainer for those who are less literate. Two members from each group are currently being trained as trainers through the Ministry of Education's non-formal education division.

Literacy and numeracy training participant

Source: REP II

43. The BACs provide information and referral services. BAC staff engage with the clients after training has been completed to provide practical support for the clients' business start-up and growth plans. Specific technical issues are addressed by a growing cohort of local commercial service providers.[44] To date, 22,452 clients have received business advice on an on-going basis.[45] During the evaluation field work, there was uniform and strong commendation by the clients of the role of the

[43] Evaluation of Literacy and Numeracy Training Pilot, 2007.

[44] The project uses project-accredited local service providers for the community-based skills training. The project has also used trained master craft persons as service providers for skills training.

[45] Project M&E data June 2010.

BAC in conducting regular follow-up visits to provide business counselling. This aspect of project support was considered by those interviewed to be equally important as the skills training in achieving business profitability (currently 76 per cent of those established).

44. The PCMU organizes an annual trade show that is held on a rotational basis in different districts. There is competition amongst the District Assemblies to host the trade show because it brings commercial opportunities to the area. So far 1,309 clients have been supported in trade show participation. The accounts of clients who have visited the trade shows cited that these have been very successful and provided them exposure and market contacts for their products.

45. **Technology Promotion and Support to Apprenticeship Training (TPSAT).** The TPSAT component is implemented through the RTFs in a partnership arrangement between the project, the District Assembly and GRATIS. Overall management of a RTF lies with a Board comprised of representatives from District Assemblies, BACs, GRATIS and local private business sector representatives from the districts being served by the respective RTF. The RTFs serve as a focal point for the promotion and upgrading of MSE technologies in the districts. The main activities of RTFs are: promotion and dissemination of technologies; support to the traditional apprenticeship system and equipment services-technology support through repairs and equipment use to the rural MSE sector. REP II was expected to establish 18 RTFs. To date, in REP II, 12 RTFs have been established,[46] with the remaining six due to be completed within 2010. In addition, three REP I Rural Technology Service Centres continue to have support through GRATIS and through REP II. The RTF's ostensibly provide support to the total project coverage; however, in practice, the predominant coverage for the RTF is within the district where it is situated.

46. The RTF investment is financed by AfDB and in the first two years of the project, substantial delays in financial systems and procurement were experienced. These were mitigated once the Ghana AfDB field office was established. GRATIS experienced difficulties due to: the delays in funds flow; high management staff turn-over; and, insufficient funding for prototyping new designs, amongst others.[47]

47. Regardless of the delays, the project has trained 2,889 master craft persons (48 per cent of the original target or 58 per cent of the revised MTR target) particularly in the development of the metal and agro-processing industry. The project has managed to exceed its target for the training of apprentices (131 per cent) even with the delay in establishment of the RTFs. This was achieved by the PCMU by arranging temporary access to facilities, other means of training and through arranging National Vocational Training Institute (NVTI) certification examinations to be taken by apprentices with appropriate skill levels. Furthermore, supplementary training for almost 1,800 young apprenticeships has occurred in specific skill areas such as occupational health and safety, advanced technical skills and equipment maintenance. The delivery of start-up kits for the graduate apprentices commenced in 2007 with an average of about 60 start-up kits a year being provided to selected apprentices.

48. The RTFs have played an important role in technology transfer through the fabrication of agro-processing machinery. The RTFs visited during the mission provided anecdotal information regarding supply of new technology to local businesses and there have been field demonstrations of equipment manufactured at the RTFs. However, records on uptake of technology were limited. Groups visited that had been shown the equipment noted that the cost of purchase of the machinery was beyond their

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[46] Three facilities (Rural Technology Service Centres) were established under REP I. One has been established in Garu Tempane but has not yet been commissioned due to on-going tribal conflict. The contracts for construction of remaining six RTFs have already been committed with construction due to be completed before the end of 2010.

[47] The GRATIS Annual Report 2009 enumerates seven machines that were designed and prototyped, with six (several of one design) machines being sold to clients and three designs still under testing. A further nine designs had been prepared but there were no funds for prototyping.

capacity. This challenge has been overcome through partnerships with other projects, notably the IFAD Root and Tuber Improvement and Marketing Programme (RTIMP) that has supported groups to purchase cassava processing equipment, and through NGOs.

49. RTFs have also contributed to local economic development through provision of direct services such as machine repair, supply of parts for manufacturing equipment, and support to other businesses. These activities aimed to generate income for the RTFs with a view to long term operational viability. There are a number of examples of how the RTFs have played an important role in economic development, particularly in the north where there are fewer commercial machine workshop facilities. For instance, in East Gonja the RTF has demonstrated ability in manufacturing of components required for construction of buildings more economically than purchasing from outside of the district. This constitutes a saving to the budget funds of the District Assembly. In another district,[48] a pump on the local potable water supply system failed. The District Assembly attempted to bring an engineer from Kumasi or Accra but could not get a response. Due to the urgency of the situation, the District Assembly contacted the RTF. The RTF staff members were able to successfully dismantle the pump, repair the faulty part, and re-assemble and install the pump and have the town water supply back in operation.

50. There were similar examples reported by other RTFs, however, there is limited data available to substantiate broader results and to fully assess the extent to which the RTF model is viable in the long term. A review of the cashbooks and other RTFs records during the evaluation showed that the RTFs were generating some income but that the internal processes for income generating activities and training activities were sometime blended, or were not rigorously recorded. An internal audit of the RTFs[49] by GRATIS also found that there are major challenges in the operating processes of the RTFs that preclude proper assessment of implementation results. There are plans by REP II and GRATIS to undertake additional training and to improve record-keeping accordingly but until this occurs, it is not possible to accurately assess the results of the RTFs in relation to direct business operations.

51. One new approach developed during project implementation was the establishment of industrial sites for artisans in some districts. The concept was initially developed through a partnership between GTZ, REP II and Amansie East District Assembly in the Ashanti Region. The Amansie East District Assembly was in the process of becoming a municipality and wished to improve the town centre area. They negotiated with the local chief to set aside land for an industrial area in the outskirts of the Bekwai area and allocated a budget towards land preparation. The BAC and the RTF were the first buildings to be established in the area, acting as a draw card to other manufacturing and service industries to relocate to the area. The success of this venture has given impetus for replication of the approach by other districts.

Bekwai RTF and adjacent industry

Source: Dorothy Lucks

48 Reported at REP II Evaluation Mission workshop in Kumasi.

49 GRATIS Internal Audit Report on Seven Rural Technology Facilities and on Three Rural Technology Service Centres, November 2007.

52. **Rural Financial Services (RFS).** The RFS component is implemented through PFIs in the rural areas with the aim of providing relevant loans to rural MSEs. The RFS was designed to be a small component that benefited from the activities of the IFAD-supported Rural Finance Support Project – the precursor to the current RAFiP - that predominantly focuses on strengthening the national network of rural banks through the ARB Apex Bank. The component was supported by a Rural Enterprise Development Fund (REDF) established under REP I of GHC 2 million managed by Bank of Ghana and on-lent through the PFIs to rural MSEs. The component activities included technical assistance to PFIs, support to the establishment and operations of the Efficiency Monitoring Unit (EMU) of the ARB Apex Bank for training and monitoring of the PFIs and direct credit delivery from the REDF. The REDF was established in 2004 and actual disbursement commenced in 2005.

53. At the commencement of REP II, the REDF comprised GHC 738,259 in the REP Revolving Credit Fund Account, US$184,734 in the REP II Special Account N^0. 2 and undisbursed incremental credit of US$135,000.[50] The original REDF amount of US$2 million had been reduced by attrition due to bad debts but accrued value due to exchange rate gains. The REDF was put on hold for a period to review performance and consider alternative strategies to improve performance. Based on MTR recommendations the REDF was converted into a REP Matching Grant Fund (MGF) in July 2008 to support the target MSEs with investment funds to acquire production and processing equipment and increase business growth and employment generation. The MGF involved a 30 per cent grant from project funds, 60 per cent from the PFI and 10 per cent contribution from the client.

54. The concept of the scheme was to encourage the PFIs to lend directly to clients and provide a mechanism for extending the loan period where required. However, for several reasons there was no uptake of the MGF opportunity by the PFIs to March 2010. Some did not have sufficient capital available for the extent of loans required. Others were still not convinced of the ability of the clients to repay based on previous poor loan performance in local lending. Other PFIs were interested but were not able to comply with the Bank of Ghana requirements for accreditation. This means that the overall reach of the RFS component at March 2010 was 4,327 borrowers (only 14 per cent of the original target and 27 per cent of the revised MTR target). However, there has been improvement seen in the December 2010 progress report due to increased liaison between the BACs and the PFI and adjustment of the marching grant process.

55. Technical assistance to the PFIs has taken the form of training for PFI staff. The component has performed well in this regard. The REP II has sponsored a range of training opportunities through the ARB Apex Bank introducing concepts of micro-lending and improved portfolio management, amongst others. The targeted number of trainees has been substantially exceeded with an accomplishment to March 2010 of 509 (480 per cent of target). There was no official evaluation of the training available but indications from the participants met during the mission indicated that the training was useful in raising awareness of the MSE sector and micro-finance but that the banks still face institutional barriers to lending, such as lack of loan capital and inadequate equipment.

56. The support to establish the EMU in the ARB Apex Bank and also support its operations was well received. The bank informed the evaluation mission that the activities of the unit have significantly contributed to the improvement of the Bank portfolio. The activities include: regular assessment of each bank against a standard set of criteria by the Audit Department. Based on performance against the criteria, the rural banks are ranked as strong, satisfactory, fair, marginal or unsatisfactory. The purpose of the ranking is to provide a means of self-evaluation by each bank, motivate them to improve their own performance, and as an indicator for the Apex Bank to develop the required capability building programmes to improve portfolio activity and risk management. As a result of the EMU, and based on partnerships with IFAD and other agencies, the ARB Apex Bank is increasing its focus on microfinance products and piloting a range of activities with Local Trade Associations and NGOs. The EMU assists in monitoring the performance of such pilot activities.

[50] RFS Status Report, June 2003 – March 2010.

57. The results for the RFS component to the March 2010 are patchy at an average portfolio at risk (PAR) of 46 per cent but with some banks achieving excellent performance and others with low levels of achievement. The variability arises from differences in ownership, available capital, the local economy and the bank leadership and management capacity. The range of accomplishment is demonstrated in table 3.

Table 3. Participating Financial Institutions Loan Report - March 2010

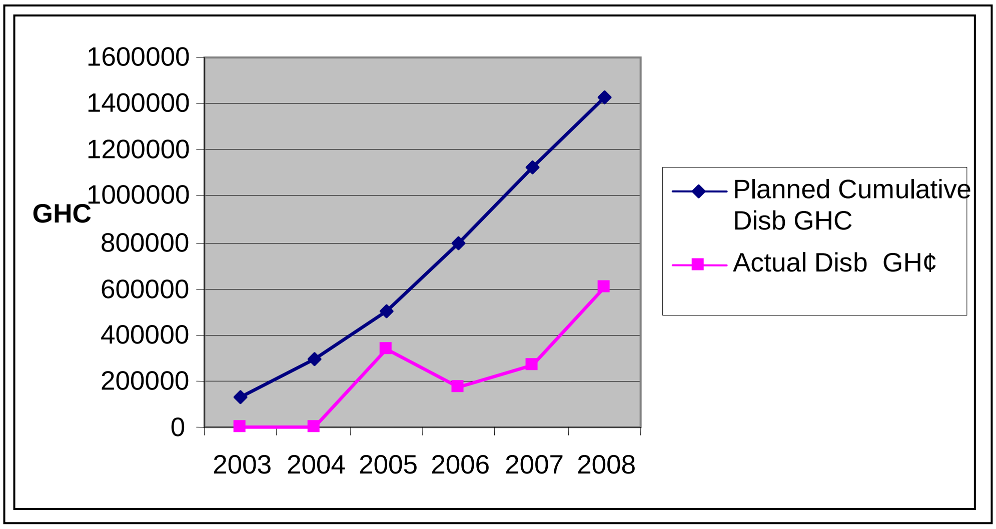
	Name of PFI	Male	Female	Total	Disbursement GHC	Ave Loan GHC	Repaid %	PAR %
1	Amenfiman Rural Bank	31	36	67	47,758	713	**85%**	**24%**
2	Amantin and Kasei CB	113	236	349	253,297	726	**100%**	**88%**
3	Odotobiri Rural Bank	72	155	227	88,400	389	**77%**	**100%**
4	Bibiani Merchant Bank	43	34	77	110,200	1431	**100%**	**0%**
5	Derma Area Rural Bank	110	160	270	201,050	745	**85%**	**74%**
6	Sekyere Rural Bank	41	22	63	17,700	281	**95%**	**100%**
7	Amansie West Rural Bank	110	202	312	56,340	181	**82%**	**15%**
8	Asante Akyem Rural Bank	59	28	87	48,030	552	**79%**	**100%**
9	Asutifi Rural Bank	35	64	99	48,365	489	**80%**	**91%**
10	Ada Rural Bank	25	133	158	99,700	631	**64%**	**100%**
11	Brakwa Breman Rural Bank	0	139	139	50,040	360	**100%**	**0%**
12	Sinapi Aba Trust - South Tongu	76	325	401	163,000	406	**97%**	**1%**
13	Nyakumasi Ahenkro Rural Bank	33	5	38	19,370	510	**24%**	**100%**
14	Naara Rural Bank	52	178	230	95,076	413	**34%**	**78%**
15	Sissala Rural Bank	96	291	387	57,410	148	**71%**	**95%**
16	Builsa CB	60	117	177	57,040	322	**69%**	**8%**
20	Sinapi Aba Trust - East Gonja	37	247	284	74,400	262	**100%**	**0%**
21	Sonzelle Rural Bank	8	29	37	10,520	284	**100%**	**0%**
22	Sinapi Aba Trust - West Mamprusi	294	631	925	262,249	284	**100%**	**0%**
	Total	**1,295**	**3,032**	**4,327**	**1,759,945**	**480**	**87%**	**46%**

Source: Bank of Ghana data, March 2010

58. Overall, the REDF component has achieved a relatively low level of performance compared to planned disbursements as shown in figure 2.The RFS results need to be assessed in the context of the previous experience of rural finance within Ghana. Many of the barriers to credit access are beyond the direct influence of the project. IFAD has been working through the Rural Finance Support Project and with other partners to strengthen the national credit system. Such improvements are reported to be occurring but unfortunately not at a pace that has provided the envisaged support to the REP II RFS component. To place the results of the REP II activities in perspective, the REP I experience[51] was similarly constrained with 15 PFIs and credit extended reaching only 44 per cent accomplishment by the end of the project and only 18 per cent of the projected number of borrowers. REP II has managed to improve this level of performance slightly and in some aspects has made major advances.

[51] REP I Annual Report No. 9, 1999.

Figure 2. Performance of the Rural Enterprise Development Fund Disbursement



Source: Bank of Ghana data, March 2010

59. The project has taken action to seek other solutions to business investment capital. The start-up kits and IREGE schemes have been initiatives to provide an interim impetus for business growth. Also alternative financing has been sought through NGO grant programs. The BACs have also been encouraged to approach other potential financing institutions such as commercial banks and investors. In some areas, where there is an active rural bank that is accredited to the Bank of Ghana, they are establishing outreach programs in adjoining districts, in partnership with the BACs. Such rural banks have built up good rapport with the BACs and see the synergy in expanding their own business through BAC-endorsed clients. Such initiatives are fragmented, and from the evaluation mission's observations, likely to be un- or under-reported in the REP II database. Nevertheless, there was evidence at the district level that such initiatives were making an important contribution to specific enterprises. Another major improvement is seen in the accomplishment rate for clients operating active bank accounts (98 per cent of target). A major improvement in REP has been the increase in access to credit by women from 16 per cent of borrowers in REP I to 70 per cent in REP II. This has been achieved through the direct counselling processes of the BACs and their work with women producer groups.

60. The BACs have assisted clients and the PFIs in preparing business plans, loan applications, referral and follow-up. Several rural banks met during the mission noted that they were more likely to approve loans to applicants with a letter of support from the BAC. There is still reluctance by the clients to borrow. The nominal interest rate (usually 30-35 per cent per annum) is seen as another factor that slows business growth. The matching grant has assisted in reducing the effective interest rate for those eligible clients. Most clients interviewed were able to repay their loans but during the period of borrowing, profitability margins declined to break-even, affecting the household livelihood.

61. **Support to MSE organizations and partnership building.** This component is implemented by PCMU in cooperation with the BACs and RTFs. The main activities of the component are: support to local trade associations (LTAs) for strengthening and partnership building; and, support to the Working Group on Micro Enterprise Development in formulation of MSE policies. The Institutional Support aspect of the project has resulted in partnerships between the project and PFIs, District Assembly, LTAs and other organizations. This has led to positive accomplishments in a number of different project initiatives, particularly in: identification and accreditation of local resource persons; enhancement of the traditional apprenticeship system; improving market opportunities for MSEs; and, engaging in advocacy activities for the MSE sector, amongst others.

Soap making and retailer (left) in the Asuogyaman District

Source: Ama Serwaa Dapaah

62. The BACs have trained a number of LTAs (2,712 trainees) in leadership and group dynamics, in setting up trade tests (NVTI examinations), and in other technical areas. The BACs have provided counselling to associations to assist in registration with the District Assembly, establishing constitutions, resolving leadership and group dynamics issues, and linking to market opportunities. The project has also facilitated networking among local associations and in a few cases with national umbrella associations such as the Association for Small Scale Industries (ASSI).[52] These initiatives are also showing good potential but the project has limited resources to capitalize on opportunities to strengthen such groups further.

63. Partnerships have been established between a wide range of NGOs, church-based organizations, institutes and private sector organizations at all levels of project operation. Many of these have led to combined activities and leverage of additional resources to support MSE business establishment and growth. These partnerships have had wide-ranging benefits in strengthening the MSE sector. This is demonstrated by the involvement of REP II management and operating partners in major national discussions on industry and MSE development policies such as the Government Industrial Policy 2010 and the Second National Medium Term Private Sector Development Strategy (PSDS II) 2010-2015. REP II through the Working Group on Micro Enterprise Development at the MOTI has initiated a comprehensive small enterprise development policy framework which has led to the passing of LI 1931 to mandate the District Assemblies to set up the Department of Trade and Industry as part of the District Assembly structure. This also paved the way for the promulgation of the local government service act which gave legal backing[53] to the establishment of the MSE sub-committee at the District Assemblies.

64. **Project management and coordination.** The project's organization and management structure consists of the MOTI as the executing agency and the Steering Committee which provides policy direction for the implementation of the project. At the district level, project management is shared by the project, GRATIS, NBSSI and the District Assemblies. The PCMU handles the day-to-day management of the project and coordination of planning and monitoring of project outputs and impact. The Kumasi-based team provides a central hub for the project that is active and effective in all aspects of project operation. The relatively small PCMU team has been instrumental in mobilizing and energising a vibrant network of BACs that are being managed in a way that is strongly aligned with national policy agendas for decentralization and private sector growth. The PCMU has put in place a functional M&E system, which is well aligned with the project logical framework and despite

52 See appendix 6 for more information on trade associations.

53 MLGRD Policy 6th July 2008, JCR/EA60/101/019.

a slow start, the M&E system is being consistently improved and used as a management tool. The project has received adequate supervision and implementation support for the project from IFAD/United Nations Office for Project Services (UNOPS) and AfDB.

65. The PCMU has faced several implementation constraints, most of which are beyond the scope of project influence. One major constraint faced is the delay in release of the Common Funds[54] to the national agencies and the District Assemblies. This leads to financial constraints for the operation of BACs and the RTFs. The delay in distribution of Common Funds from the Government has contributed to the high attrition rate for BAC staff. BAC staff are not currently considered as permanent staff of the District Assemblies so are not included in the standard local government service salary payments scheme. The situation has improved with improvements to the Local Government Service Act which has integrated BAC staff in the local government service as part of the District Assembly structure. Inadequate office equipment and poor telecommunication and internet access were also found at mid-term to be major challenges but these have since improved and the project is now working on getting internet access for the BACs to facilitate their work. External factors such as the frequent changes in political leadership at the District Assembly level have in some cases brought about a vacuum in project commitment which takes a while to fill.

Key Points

- ❖ REP II has shown an improving trend in project implementation since the Mid-Term Review of 2007, when it was observed that the project achievements compared to appraisal and annual work plan targets were low. Targets were amended and within a year the project implementation gathered momentum and significant progress was being made in all components. More progress has been made since 2008 with all components showing improvements in performance.

- ❖ The Business Development Services component is functioning well; in some cases, training provided has exceeded the revised appraisal targets. A new approach, introduced in 2009 and called the Initiative for Rural Enterprises Growth and Employment Creation (IREGE), involves the Business Advisory Centres in identifying specific beneficiaries with growth potential in 20 high performing districts and providing targeted assistance to overcome barriers to growth.

- ❖ The Technology Promotion and Support to Apprenticeship Training component, is being implemented through the Rural Technology Facilities (RTFs). The RTFs, which serve as a focal point for the promotion and upgrading of MSE technologies in the districts, have provided training to master craftsmen and to apprentices, in the latter case exceeding the original target by 131 per cent. The RTFs are playing an important role in technology transfer through the fabrication of agro-processing machinery and are also contributing to local economic development through provision of direct services such as machine repair, supply of parts for manufacturing equipment, and support to other businesses. In addition, RTFs have established industrial sites for artisans in some districts. The success of this venture has given impetus for replication of the approach by other districts.

- ❖ The results for the RFS component are patchy at an average Portfolio at Risk (PAR) of 46 per cent but with some banks achieving excellent performance and others with low levels of achievement. The variability arises from differences in ownership, available capital, the local economy and the bank leadership and management capacity.

- ❖ The Institutional Support to MSEs has resulted in partnerships between the project and various key implementing actors. This has led to positive accomplishments in a number of different project initiatives, particularly in improving market opportunities for MSEs and engaging in advocacy activities for the MSE sector, among others.

[54] The Common Fund is the Government allocation to District Assemblies from general revenue that is allocated annually and purportedly downloaded on a quarterly basis.

V. PROJECT PERFORMANCE

66. Based on the fact that this evaluation was conducted when the project is still in full implementation and still has 18 months to close the full implementation period, the project performance is assessed on its performance to date and the likelihood of performance within the project completion period. The performance is analysed in relation to the standard IOE project performance criteria of relevance, effectiveness, efficiency and impact. In addition, criteria of specific interest to IFAD such as sustainability, innovation and scaling up are assessed.

A. Relevance

67. **Relevance of objectives.** Overall the project is rated as highly relevant to the national poverty reduction agenda, to IFAD's Strategic Framework (2007), to IFAD's country strategy for Ghana and to the needs of the rural poor. The goal and objectives of REP II are consistent with the Government's development objective as outlined in GPRS I at the time of project design. Furthermore, with the release of GPRS II in 2005, the REP objectives have become even more integral to the national poverty reduction agenda. The project is the major thrust of the Government in relation to the micro and small enterprises (MSEs) sector development and is achieving significant nationwide recognition of the potential of MSEs for poverty reduction and economic development in rural areas. The project objectives are compatible with the national decentralization agenda that aims to strengthen the capacity of local governance through encouraging District Assemblies to take responsibility for local development and in generating resources through local taxes and fees.

68. The Project also aligns with IFAD's strategic thrust as defined in the 2006 COSOP's goal of achieving improved, diversified and sustainable livelihoods for rural poor people. There is synergy between the design of REP II and other projects within the IFAD Ghana country programme. In particular, the RTIMP has benefited from the business training opportunities through the BACs and the access to machinery services through the RTFs. In the same way, the challenges faced by REP II have contributed to the design of subsequent projects in the IFAD portfolio, particularly the RAFiP which aims to progress issues and opportunities related to rural finance.

69. **Relevance of design**. The overall design in terms of the structure and components was highly relevant to the context at the time. The experience of REP I provided the starting point for the preparation of the REP II design. The project design comprehensively identified the main constraints to MSE sector development in the rural areas at that time and devised strategies and approaches that were appropriate within the context of the country. The project design took into account the need for synergy with other programs and projects in the country, such as GTZ's Promotion of Small and Micro enterprises, DFID's program on rural livelihoods, the Village Infrastructure Project and the Rural Financial Services Project. The project also took into consideration lessons learnt from projects such as the Village Infrastructure Project,[55] particularly in relation to implementing project activities through the District Assemblies.

70. The REP design strongly supported Government's policy emphasis on developing a market-driven agricultural sector and vibrant private sector (see paragraph 10). The institutional structure of the project through the MOTI, the NBSSI, GRATIS, ARB Apex Bank and the District Assembly were coherent for project implementation and were important for future MSE sector development. The composition and commitment of the national REP II Steering Committee reflects the national significance and policy level approach given to the project by both the Government and private-sector partners. As a national programme, the project has been strongly focussed on strategic sector development, local economic development and employment generation.

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[55] The Village Infrastructure Project was established under MOFA with funding from the World Bank and other partners to provide infrastructure support for the development of agriculture in all regions of Ghana through the District Assemblies.

71. **Design approach and activities.** The targeting approach used by the project was in line with IFAD's definition of and approach to poverty targeting, with the majority of clients being the entrepreneurial poor although the scope of poverty varies considerably from district to district. The activities of the four components were appropriate to the needs of the target group. The establishment and strengthening of the BACs was a highly relevant approach. The BACs are readily accessible to most of the target group, although there is a tendency for clients to be clustered more around the town areas rather than in the more remote villages in the districts. The strengthening of small business in the town centres builds the local economy and helps to increase employment and other economic opportunities in the poorer villages. The RTF approach has relevance in terms of the need for technical skill development within the districts. The apprenticeship certification approach is highly relevant, allowing apprentices to develop good technical skills even if literacy rates are low. The project has a myriad of activities at the national, regional and district levels. In the main, project activities were found to be relevant to the achievement of project objectives. The REP II activities were highly relevant to the District Assemblies priorities as outlined in their medium term development plans. The activities are consistent with and complement each other to achieve project objectives.

72. There were several design elements that could have been examined more critically in the design of REP II as a precursor to efficiency and sustainability. In particular, the REP I evaluation pointed out the challenges in relation to institutional sustainability for the REP model, access to rural financial services as a complement to BDS and also encouraged a greater focus on trade associations. These elements were incorporated in the REP design but the rural finance sector, the private sector association network and the readiness of the Government and partners to take a stronger MSE sector development role was not yet mature.

73. **Participation in design and implementation**. The REP II design was strongly integrated in the national poverty reduction and planning processes, with in depth input from the national REP II Steering Committee, the project staff and through discussions with clients during the project preparation. Furthermore, the design has evolved as new innovations have shown promise and been replicated across the project areas. It was confirmed through interviews with clients and discussions with project staff that the BACs use a combination of the strategies to reach a diversity of potential clients, namely: i) using FM stations, media at community level to get interested people to register with the BACs; ii) through local trade associations to identify existing MSEs to support them; and, iii) visiting specific communities and involving them to identify potential entrepreneurs, or through networking by BAC staff. These processes have resulted in the project policy makers, implementers and clients all having a clear voice in project processes. This has been a major factor in the high relevance of the project.

74. Changes during design. The project goal and objectives continued to be relevant throughout implementation and no consequential changes were made to the project design. There were several institutional changes such as the shift of project implementing agency from the Ministry of Environment Science and Technology at appraisal to the MLGRD, then the MOTI. The changes were positive in terms of cementing the relevance of the project because the MOTI has the mandate for promotion of MSE development. Some of the project targets were revised after the MTR, e.g. no. of clients accessing credit from 30,000 to 15,000. Other targets were revised after MTR such as client forums was revised from 1,590 to 680, business orientation seminars from 1,749 to 371, and training for MSE organizations from 212 to 159. At the same time, new initiatives were introduced such as the IREGE. These were appropriate adjustments in approaches as the respective priorities of the clients were identified and in response to challenges beyond the control of the project. The changes in targets were valid and strengthened sector experience and relevance in that they targeted business and sector growth, supporting existing master craft persons and entrepreneurs not only business start-up.[56]

[56] MTR report, 2007.

B. Effectiveness

75. **Effectiveness in achieving project objectives.** The overall goal of the REP II was to alleviate poverty and improve living conditions in the rural areas and especially increase the incomes of women (see table 3 and vulnerable groups through increased self- and wage employment. In this respect, REP II has been effective. In relation to the project specific objectives (see paragraph 20), the BAC network has created a more enabling environment for MSEs and has effectively stimulated the establishment and expansion of MSEs. BAC clients have achieved greater access to services and to the market. The quality design and packaging of products has improved, particularly through the increase in private sector technical support. Client organizations and trade associations are stronger in some areas. The access to working capital and investments funds has been less effective but the project has been seeking innovative ways to find pathways for business growth for clients that demonstrate capability.

76. **Enabling environment for MSEs.** REP II has achieved positive gains towards developing the MSE sector in Ghana. During project implementation, REP II has been used as the Government's main programme for MSE development as an adjunct to the development of major national private sector policies and initiatives. REP has acted as a means for the MOTI to learn about and promote MSEs nationwide. The activities of the BACs and the RTFs have assisted in developing a competitive rural MSE sector within participating districts. The project has been successful in reaching and exceeding the targeted coverage in terms of number of districts. The BACs within each district are strongly supported by the District Assembly through commitment of resources, increasing interest in MSE activities, and wider economic development such as the establishment of industrial estates and the ordinance of local laws to support local businesses. The BACs are visible in promoting business development because most are positioned close to the town centre and act as an effective hub for MSE development. In most districts, the staff showed impressive knowledge of their clients and were active in wide MSE development activities. The interest of the Government in expanding the BAC network to all districts is a clear indication that the project has been effective in achieving positive results in the participating District Assemblies and in influencing national policy in relation to MSE support.

77. **Establishment and expansion of MSEs.** The current accomplishment rate for business establishment of 71 per cent compared to the project time elapsed of 80 per cent shows that the project has overcome its early challenges in funds flow and, given the proactive approach of the PCMU, it is likely that the full target will be reached by the end of the project period. The adoption rate from training has been an average of 48 per cent meaning that only approximately one of every two trainees has been able to apply the knowledge that they have gained through the training. The adoption rate varied considerably according to type of activity (see table 4). Those with highest adoption rates tended to be enterprises with low capital requirements or where the clients already had some experience. The main barrier to adoption was stated to be lack of investment capital although there were also found to be some technical and practical barriers to transforming training inputs to business success such as difficulty in accessing raw materials in remote areas, disease in livestock-rearing or marketing issues.

Table 4. Adoption Rates for Training by Business Type

No.	Type of Training	No. Trained	No. Adopting	Adoption Rate
1	Cocoa husk processing	117	115	98%
2	Cassava processing(Gari, etc.)	534	455	85%
3	Garment designing and finishing	1,006	806	80%
4	Manicure and pedicure/beauty care	1,446	1,132	78%
5	Palm oil processing	270	199	74%
6	Fish hatchery	130	95	73%
7	Fish processing	286	203	71%
8	Beekeeping	2,895	1,762	61%
9	Mango processing	50	30	60%
10	Guinea fowl rearing	1,143	655	57%
11	Beads production	353	189	54%
12	Baking and confectionary	1,398	698	50%
13	Leather works	340	167	49%
14	Batik tie & dye	1,794	804	45%
15	Salt iodization	42	18	43%
16	Soap making	7,390	3,043	41%
17	Grasscutter rearing	3,056	1,131	37%
18	Pomade, powder, etc.	1,776	611	34%
19	Snail farming	377	123	33%
20	Mushroom cultivation	345	102	30%
21	Rabbit rearing	260	64	25%
22	Food hygiene	172	38	22%
23	Orange juice processing	82	2	2%
24	Others	844	206	24%
25	Sericulture	26	-	0%
32	Palm kennel revitalization	30	-	0%
Total		**26,162**	**12,648**	**48%**

Source: PCMU data June 2010

78. The BAC operations were appropriate for MSE establishment and expansion. Clients visited during the evaluation largely indicated that the training was effective and particularly mentioned the effectiveness of the BAC's frequent follow-up counselling services. The project has made progress in achieving SMEs with sustained profits but clients have faced hurdles in business growth, particularly in lack of capital for expansion. The initial results of IREGE scheme show that key aspects to supporting business growth include: (i) multiple training; (ii) exposure to market opportunities; (ii) continued business support through different stages of growth; (iii) access to investment capital; and, (iv) adequate supply of raw material. The early success of the IREGE initiative demonstrates that the project is likely to achieve more in MSE growth and expansion before the end of the project period. It is important to note that business growth is not expected for all enterprises. There are limits to growth for some enterprises, and some clients have commenced multiple ventures rather than expand the size of one enterprise. Similarly, there are risks to growth that are beyond the capability of resource poor, risk-averse MSE clients. The project has focussed on identifying potential entrepreneurs that have the interest and capacity to grow their business in line with available market demand.

79. **Enhanced MSE goods and services.** Overall, the BAC services have established a solid base of performance that provides a good platform for district level MSE development. The services are relevant, of good quality and are easily accessible. There is a strong likelihood that the services will be continued by the districts even without project support. The services are contributing to improvements in quality, design, packaging and marketing of MSE goods and services and in improved business skills of the entrepreneurs. The project impact assessment found that 47 per cent of clients who received training in business management indicated that their record keeping/book keeping was contributing to business profitability, followed by 36.6 per cent indicating an improvement in business/financial management and marketing skills.[57] Such skill building provides a foundation for future activities to support business growth.

80. The RTFs have provided particularly effective in strengthening the apprenticeship system in rural areas that facilitates business growth and MSE credibility. The training of apprentices and master crafts persons also contributes to the promotion and dissemination of improved technology.

Carpentry Workshop in West Gonja established by an NVTI certified apprentice. He now has four employees, has borrowed and repaid several loans and has purchased his own vehicle.

Source: Dorothy Lucks

81. The project has promoted the establishment of industrial sites for artisans in some of the districts. The vision of the industrial site concept is to bring together all artisans in one location where they will have access to basic service infrastructure such as water and electricity. It is also designed to be close to the RTF so that the artisans will have easy access to the services of the RTF.

82. The effectiveness of the RTFs in technology development was less clear. In a number of districts, particularly in the more remote districts, there was a contribution to fabrication of agro-processing machinery and repair parts for other equipment. However, the dissemination of such equipment is either not extensive or has been insufficiently documented. In some areas, the usefulness of the RTFs was constrained by machine tools that were not fully appropriate to local demand. The project has developed a retooling plan to overcome these disadvantages. There is also confusion between when an RTF competes with the local market and when it has a valid opportunity for income generation. For instance, the Audit (2008) states that the Facilities are supposed to operate two accounts and keep separate cash books, one for training activities and one for operations. However, the Audit concludes that the "Most Facilities keep one receipt book for the two accounts and have challenges in preparing adequate records on the separate processes". The PCMU with GRATIS is working on these challenges and aims to increase the effectiveness of the RTFs within the remaining

[57] Project Impact Assessment Report 2008.

period of the project implementation. However, the mission perceived that the RTFs have been operating at sub-optimal levels and substantial efforts were required to clarify the RTF functions and procedures so that they can operate in a viable way for long term MSE support.

83. **Improved marketing.** The range of MSEs assisted as shown in table 4 arose from a consideration of local markets. The BAC Small Business Opportunities Survey was an important instrument introduced by REP II that researched the types of products currently being sold in each area, what market demand is unfulfilled and an assessment of clients' interests and capabilities in relation to market potential. As experienced in many SME programs, there is a high level of risk with small businesses. The BACs worked closely with potential and actual clients to identify viable market opportunities and ensure that the clients were prepared to supply market demand. In this regard, the business counselling and support to associations has been invaluable in assisting clients to prepare their products for the available markets. The success rate of business establishment demonstrates the effectiveness of the marketing approach. However, the extent of business growth has to date been limited. Building marketing capacity for business growth is an increasing focus of the project. The IREGE initiative is showing positive signs of clients that are most interested in business growth are being supported in market development. The project has been effective in stimulating markets for rural SMEs through the project and other trade shows, through linking clients through other players in the value chain and has started assisting clients with improved packaging through the Ghana Institute of Packaging.

84. **Access to working capital and investment funds.** The project has experienced major challenges in access to MSE finance. The BACs do counsel the potential clients on the required start-up capital before training but the household circumstances are uncertain and many clients find it difficult to allocate funds for investment. The proportion of MSE clients that have managed to access loans is only 27 per cent. The PFIs have generally not performed well and thus the project has not been effective in achieving some of the key output and outcome indicators. To support initial investment and working capital, REP II has experimented with provision of start-up kits (a small package of essential equipment, such as scissors, comb and hairdryer for a hairdresser, or welding torch for metal worker) to clients that demonstrate commitment to provide as much counterpart funding as possible. The start-up kits have proved beneficial in increasing the adoption rate of enterprise establishment, estimated by the PCMU at 60-65 per cent. In the final stages of REP II, the PCMU plans to analyse this data further to improve knowledge on the MSE sector in Ghana and feed the knowledge back through to the BAC network to improve future results. In addition, the BACs have been working more closely with the PFIs to develop the required business records to support the credit applications, assist the clients to provide more complete applications and to introduce the client personally to the bank staff.

85. **Empowered trade associations and client organizations.** The project has involved national level institutions such as GRATIS and NBSSI and the District Assemblies and NGOs, Faith-based organizations and other civil society organizations in implementation of project activities, thereby strengthening the capacity of these institutions in MSE promotion. The use of the local trade associations as institutions of the poor – "anchored on culture and traditions" is illustrated in the use of the traditional apprenticeship system where trained master craft persons become trainers to train other clients. Support to MSE organizations has been fairly effective in terms of empowering the LTAs. The leaders of the associations interviewed indicated that the training in leadership, group dynamics and advocacy have helped them reorganize their members and made their associations more cohesive and viable. A case in point is that of the Woodworkers Association in Sefwi-Wiawso cited earlier. The tailors and dressmakers in Sefwi-Wiawso also formed an association. With the project's support they have been able to build a strong association that has been recognized as a branch of the Ghana National Tailors and Dressmakers Association. It is very well organized and it has even been able to encourage clients in other localities to establish local associations.

86. **Management effectiveness.** The PCMU has contributed to the positive performance of the project. It has been effective in mobilizing the District Assemblies, recruiting, appointing, training and

supervising staff. The autonomous nature of the office has been an advantage for REP II in that it has enabled the project to cope with the intense work load required for establishing a nationwide program. However, some challenges noted in the design quality assurance process still persist. One major consideration is the incomplete institutional integration of project processes within mainstream government agencies for BAC and RTF support. At present, although GRATIS and NBSSI provide technical services and some financial support, the main management functions are held by the PCMU. While this is effective for direct implementation, it has implications for sustainability. The project has also experienced some human resource problems such as high staff turnover due to uncompetitive remuneration and delayed salary payment. Overall, there is clear evidence that the project has made substantial contribution to the overall project objectives, both short term during the project period, and has been effective in reaching project objectives and in building the MSE sector at national and district levels.

C. Efficiency

87. **Financial performance.** To end June 2010, and with an elapsed project period of 80 per cent, the project expenditure to date has been 71 per cent for IFAD-financed activities and 43 per cent for AfDB, demonstrating a substantial lag in the use of AfDB funds in relation to IFAD funds. However, in terms of committed expenditure to December 2010, the expenditure is expected to rise to at least 75 per cent for IFAD funds and 93 per cent for AfDB. The rapid increase in financial performance for the AfDB allocation is due to the procurement for the remaining RTFs and retooling of the existing RTFs.

88. **Management costs.** The financial allocation to project management is relatively high at 18 per cent, incorporating US$3.16 million (12 per cent of project costs) for the central management unit and US$1.61 (6 per cent of project costs) for the Zonal Offices (See also table 1). Of the actual expenditure to March 31. 2010, the IFAD budget allocation for project management has been slightly overspent (104 per cent). It is expected that by the end of the project period, the full allocation of funds for project management will be used. Discussions with both the PCMU and the AfDB indicated that the project management costs were considered higher than other projects, particularly in relation to the cost of the zonal offices compared to the benefits. It would be more efficient to absorb the PCMU zonal functions into the main project office to reduce overhead costs.[58] Alternatively, the zonal offices could become a means to support scaling-up initiatives through market facilitation in regional centres for district production.

89. The detailed design of the management information system (MIS) was somewhat delayed but has now become an important resource for the project knowledge systems (e.g. on MSE growth, rural technology and value chain development). The REP II design envisaged that the MIS would be institutionalized within the national institutional mechanisms but this has not yet occurred. This would need to occur in the future to ensure on-going data collection and analysis beyond the project period.

90. **Efficiency of business services.** The BACs have been efficient in their operations. The recurrent costs of the BACs are cost effective and shared among the various partners. Most BACs have been able to leverage funds from other sources such as rural financing institutions, NGOs and other projects to supplement the core funding from the project, NBSSI and the District Assembly. The project appraisal allocated 27.8 per cent of total project funds as BAC/RTF operating cost and the actual is about 13 per cent.[59] The use of BACs as a main entry point for project activities has been efficient. They are located in the targeted districts so that the project operations are close to the clients. They are usually located in District Assembly facilities so costs are minimized. They are partially funded by the District Assembly and have been able to provide services at an approximate

[58] The two-tiered management system adds a 30 per cent loading to project management costs without substantial added value to the management system.

[59] MTR Report.

cost, on average, of about GHC 550.00 per client[60] (US$390.00), which is the equivalent of around 4 months of the average net income per client. The BACs have also been able to cover a large number of clients in the face of financial constraints. The media and methods used by the project to reach the poor enabled them to reach as many people as possible in the most cost effective manner. For example, about 63 per cent of the people were reached through their local associations.[61] Those interviewed during the mission said they heard about the project either through the associations or community outreach or directly by the BAC. The use of master craft persons as service providers for the skills training is also efficient since the trainees tend to respond better to training by persons they perceive as role models.

91. The training activities undertaken by the BACs have generally been efficient. The average cost of training is estimated at GHC 1,088.00, with an average cost per participant of GHC 44.00. This is competitive when benchmarked against other training courses.[62] REP trainees contributed 20 per cent of the training cost but in some districts visited the District Assembly paid for the clients if they were not able to afford the contribution. Training venues were usually convenient for the clients so that costs were kept low and business downtime was minimized. A major factor adversely influencing the efficiency of BAC operations was the late payment of salaries and inadequate funds for BAC operations through the District Assembly Common Fund. The delayed payments result in limited activities and mobility of BAC staff. For instance, counselling activities are confined to clients that can only be reached on foot because there are no funds for fuel. This has a negative impact for more outlying clients, often those that are of lower income than those based close to town.

92. **Efficiency of technical services.** The efficiency of the RTF activities has been constrained, primarily with the delays in physically establishing the facilities. Although the procurement issues have now been addressed and the full complement of RTFs is likely to be established by the end of the project. The IRR calculation at appraisal indicated that a two year delay in project period would reduce the economic benefits of the project by almost 50 per cent. Re-estimation of the benefits does not imply that such a substantial drop has occurred because the PCMU with GRATIS have found other ways to provide apprenticeship and master crafts persons' training, even without the facilities being constructed. This does raise the question of whether the outputs of the RTF structure are commensurate with the level of investments that have been made. The operating RTFs have also not been efficient in their internal control processes and in balancing their priorities. This is reflected in the weak internal controls due to the low capacity of the accounting staff (General Duty Clerks). The recently developed local RTF Boards may be a mechanism for improving effectiveness and efficiency on a local level, but there also needs to be an in depth review of each RTF to gain a more detailed picture of the respective costs and benefits.

93. Like the BACs, the RTFs also rely partly on GRATIS to pay part of their recurrent costs and on the District Assembly to cover other staff and operational costs. However, the RTF operational model requires careful review.[63] GRATIS has a base level of funding from the Government but this is insufficient to support all the required activities. There is potential to increase internally-generated funds by the RTF but commercialization of RTF activities creates some conflict with its training

[60] BAC costs per clients were calculated for the selection of BACs visited during the interim evaluation mission, based on the information provided by the District Assemblies on various financial contributions and number of clients serviced (on a regular basis, excluding orientation participants).

[61] Project Impact Evaluation Report, January 2008.

[62] ILO Empretec program in Ghana that provides similar business training estimates costs to be on average GHC$35 per participant for introductory training or up to US$400 for more advanced training. Locally-organized training courses for an average skilled occupation is between GHC170 and GHC200. President of the National Association of Tailors and Dressmakers.

[63] The REP1 evaluation stated that there is a need to re-assess the viability of the RTF network.

operations and, in more developed areas, with local private sector operators.[64] The RTFs must be considered on a 10-20 year timeframe. As they mature there is likelihood that they can defray operational costs through commercial activities. However, RTFs will require equipment upgrades to maintain their relevance in terms of staying ahead of local technology. Some retooling has been approved for the RTFs yet future, further capital investment may be required to ensure that the RTFs remain relevant.

94. **Efficiency analysis**. The evaluation mission concurs that, overall, the project has performed moderately in terms of efficiency. In economic terms, the interim evaluation team has collected primary data on the various enterprises that are supported through the project. This has enabled a re-run of the economic analysis that was conducted at project preparation and at current levels and systems of operation. The Economic Rate of Return (ERR) envisaged at appraisal was 15.9 per cent. In general, the ERR of the individual enterprises used in estimation of the overall project were found to be valid and in accordance with the sample of enterprises reviewed during the interim evaluation.

95. To date, the lag in benefits from the delayed RTF funding, based on appraisal data would be expected to reduce benefits from an expected ERR of 14.9 per cent to around 8 per cent. However, the project management used other strategies to achieve the results on apprenticeship and master craftsmen training. The success rate for viable businesses from the businesses established is 62.4 per cent. The number of successful business projected in the ERR calculation for the full project period was 15,000 compared to an achievement of 11,076. The end of project target is likely to be achieved if the current level of project efficiency is maintained. Strategies to improve business success rate and reduce drop-out rate would increase project efficiency.

96. There are other economic benefits that can be attributed to the project that have not been factored into the economic assessment. These include the increased revenue to the District Assembly for taxes and the subsequent reinvestment of those taxes within the local area in support of further business development, the indirect benefits of an increased rate of employment within the area, leading to greater local disposable income and stimulating opportunities for new enterprises. Such benefits are difficult to quantify so the evaluation does not attempt to do so, nevertheless, given the review of actual achievements in relation to appraisal estimates and the good performance of the project to date it is likely that an ERR of close to 15 per cent for REP II is expected to be achieved by project completion. As the efficiency of the project has experienced challenges and the attainment of the projected ERR is not secure, the project has been rated as moderately efficient.

[64] GRATIS Foundation, Internal Audit report on Seven Rural Technology Facilities and three Rural Technology Service Centres.

Key Points

- Overall, the evaluation has found the project to be highly relevant to the national poverty reduction agenda, to IFAD's Strategic Framework of 2007, to IFAD's country strategy for Ghana and to the needs of the rural poor. The goal and objectives of REP II were found to be consistent with the Governments development objective as outlined in GPRS I at the time of project design.

- A number of changes, such as the shifting of executing agency to MOTI, were introduced after the MTR of 2007. In addition, some of the project targets were revised at the same time; the evaluation noted that changes in targets were valid and strengthened sector experience and relevance in that they targeted business and sector growth.

- Overall, the evaluation noted that REP II has been effective. The BAC network has created a more enabling environment for MSEs and has effectively stimulated the establishment and expansion of MSEs. Beneficiaries are experiencing greater access to services and to the market and trade associations are stronger in some areas. Access to working capital and investments funds has been less effective but the project has been seeking innovative ways to find approaches for business growth.

- The evaluation mission noted that, in general terms, the project has performed in a moderately manner in terms of efficiency. Project efficiency has experienced several challenges and the attainment of the projected ERR is not secure, although there has been a marked improvement in efficiency recently.

VI. RURAL POVERTY IMPACT

97. **Overview of rural poverty.** Impact Five domains have been defined for determining the rural poverty impact of IFAD operations based on IFAD Strategic Framework 2007-10, as well as the pertinent Millennium Development Goals of greatest direct significance to the work of the Fund.[65] Namely household income and assets, human and social capital and empowerment, food security and agricultural productivity, natural resources and the environment, institutions and policies. Although attribution of impact to project inputs is problematic and there were substantial other contributions to impact, there is positive evidence to suggest that the project has contributed to rural poverty reduction in each district visited. Generally, project clients interviewed were able to articulate benefits that had made a difference to their quality of life. These are explained in more detailed in the following paragraphs. Each impact domain has been rated according to a six-point rating scale.[66] Ratings were developed from a combined analysis of: (i) detailed ratings per village visited: (ii) secondary data from PCMU and other sources: (iii) assessment of comparison between project and non-project villages (as shown in box 1); and, (iv) contextual data from key informants.

98. **Household income and assets.** There is evidence that the project has had significant impact on the incomes of beneficiaries. The project overall influence on rural poverty reduction has been positive. The project's core target is the rural poor and the project interventions or support to clients has been designed to reduce rural poverty. Out of the 153 respondents for the project impact assessment done in 2008, 89 or 57 per cent were classified as entrepreneurial poor while 20 (12.4 per cent) were considered as unemployed or under-employed. Therefore the project support largely reached the intended beneficiaries. The remaining 31 per cent were more likely to be middle income, but with potential to create employment and other income generating potential for MSEs. Many of the clients met during the interim evaluation indicated significant improvements in their incomes and standard of living. These were clearly linked to the improvement in MSE activities rather than as a result of broader economic growth. Increases reported ranged from 50 per cent to 500 per cent and

[65] Evaluation Manual: Methodology and Processes, 2009, Independent Office of Evaluation.

[66] IOE rating scale is: Highly Satisfactory – 6; Satisfactory – 5, Moderately Satisfactory – 4; Moderately Unsatisfactory – 3; Unsatisfactory – 2; Highly Unsatisfactory – 1.

were substantiated by reports of supporting family members through education, through purchase of business and personal assets and by improvements in housing.

99. There has been a steady decline in poverty in Ghana (see paragraph 9), however, this has been stronger in urban areas. REP II data compiled by PCMU in their self-assessment report (table 5) showed that within the project period there has been a shift in income for clients. Before project support the majority of project clients (51.9 per cent) were in the income bracket of GHC 0-50. By 2008, the proportion declined to 40.3 per cent with more people moving to the higher income brackets. About 45 per cent of project clients are earning between GHC 100 and GHC 800 a month or GHC 1,200 –GHC 9,600 a year which is far above the average national income. This data is not comprehensive and has not been rigorously assessed for contribution to income change. However, the indications, plus the responses of individual clients during the mission led to a clear pattern of improving household income as a result of improved MSE activities.

Table 5. Income Levels Before and After REP II Support[67]

Income Level (GHC)	Level before Support		Level after Support	
	Frequency	**%**	**Frequency**	**%**
0 – 50	926	51.9	720	40.3
51 – 100	226	12.7	267	15.0
101.00 – 200.00	165	9.2	231	12.9
301.00 – 800.00	464	26.0	553	31.0
801 – 2660	4	0.2	14	0.8
Total	**1,785**	**100.0**	**1,785**	**100.0**

Source: PCMU, Impact Assessment, June 2008

100. A comparison of project clients with non-project MSEs as control groups confirmed that the inputs provided by the project had a positive impact on the incomes of the clients. On the other hand, training alone was not sufficient to generate impact. There was little difference observed between those who had been trained by REP II but had not adopted or applied training practices, and non-project clients. Anecdotal feedback from the project participants that had adopted improved skills and practices demonstrated the direct impact of the project. The community-based skills training has provided the rural poor with opportunities to set up their own businesses and the business management training has given them skills to manage their businesses and finances well resulting in increased income.

101. In many cases clients could not give accurate estimates of income earned before they received support from REP II because they were not keeping proper records. Nevertheless the project training enabled them to keep proper records so they could have more reliable data on their current situation and manage their finances in a better way. Common remarks the interim evaluation consultant heard from clients were “before the training I was spending my business money without any caution now I know that I should pay myself and not help myself freely to the business funds.” The trade shows have enabled clients to access more customers through the networking/contacts they established.

102. The majority of clients interviewed also indicated that they had been able to acquire some assets, for example, of the active business owners interviewed during the mission, approximately 40 per cent had identifiable increases in assets such as improved premises, additional business equipment or stock, purchase of a vehicle, amongst others. Box 1 provides a typical example of how REP II has provided training and business support through different stages of a client’s development.

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67 There are limitations to the project impact assessment because it was conducted at mid-term before impact was fully developed. It focussed on a ‘before and after’ analysis and there was no detailed assessment of attribution contribution by REP interventions. Therefore the data must be treated cautiously. However, the magnitude of benefits reported in the impact assessment aligned with the qualitative evidence gathered by the mission team.

103. The number of clients that are now acting as resource persons for the project is growing. Approximately 25 per cent of clients met during the mission had not purchased business assets but had increased their personal assets such as improved housing or electronic equipment. In addition they had been able to invest in their children's education. On the other hand, many clients met indicated that they required further and larger loans to buy equipment to expand their businesses.

Box 1. Multiple Income Streams Bring Prosperity

Vida Tsekpetse lives at Akosombo in the Asuogyaman District of the Eastern Region. She started with a hairdressing business with the training received and later diversified into soap making. REP II record keeping and financial management training has shown her how to manage her finances and prudent use of funds and she has been taught to pay herself. In addition, she has written examinations for NVTI grades 1 and 2 and so she has obtained certificates. Vida said the training had benefited her a great deal. Now she can keep records properly. The FC training has provided her with additional product lines. And she has now become a resource person for the record and bookkeeping training and can help other entrepreneurs to develop the understanding that she has, plus she earns additional income.

104. Many clients did not have bank accounts before REP II's intervention but after the training they opened bank accounts and started saving. As a result of the training in credit management and banking culture given by the BACs, All project clients interviewed indicated that they have bank accounts and save on a regular (monthly) basis. For instance, one client Antoinette Doku involved in dressmaking and batik tie & dye in the Asuogyaman District said she is able to save GHC 50 every month while Kingsley Commey who lives and works at Sefwi-Wiaso as a carpenter and is moving his enterprise to a higher level is saving an average of GHC 500 a month. This is quite significant given that only one-third of all Ghanaian households have savings account with the figure for rural areas being even lower (22 per cent).[68] There are also clients who have been unable to adopt the skills that they have learned due to the range of barriers mentioned earlier in this report and therefore have not been able to benefit to the extent of clients that have been able to establish a viable business. Nevertheless, some excellent results have been seen in all districts, therefore, this criteria is rated as satisfactory.

105. **Human and social capital and empowerment.** The project has contributed significantly to human resource development through the large number of training programmes it has undertaken. Generally, the clients believed that the training received had empowered them and that they would be able to stand on their feet after the project ends. Many of the project clients also believe the training has empowered them to do things to improve themselves further with some diversifying their businesses. Initial evidence available from the evaluation of the literacy and numeracy training pilot and the interviews of training participants during the evaluation show that the impact has been positive in that the clients have acquired a high level of confidence and would therefore be able to participate in community discussion and decision-making without feeling threatened. In addition, it will enhance the effect of the skills and business management training on clients. The organization of trade shows for clients and the counselling services by the BACs under the information and referral services component of the project has benefited clients in terms of providing exposure and contacts to promote their businesses.

106. The project promoted the formation of groups among the rural poor involved in economic activities. In some of the districts visited the project has provided some training in leadership, record keeping, group dynamics and setting up trade tests (NVTI examinations) to MSE associations. This has ensured the cohesiveness and stability of the associations. They are also able to help members in distress. In some cases associations have been able to influence local government policy. LTAs have representation on the District Assembly MSE sub-committee. The District Assemblies see them as a force and take their views into account. A typical example is the woodworkers association in Sefwi-Wiawso who were able to resist a new policy introduced by the District Assembly which allowed forestry officials to enter the workshops of carpenters to confiscate products made from timber felled

[68] GLSS V, 2008.

with chain-saw. There is however, room to do more to strengthen the local trade associations as an avenue for social capital formation and also for the BACs to facilitate the networking of the associations toward district-wide and regional coalitions.

107. In some of the districts visited, the project has provided some training in leadership, record keeping, group dynamics and setting up trade tests to MSE associations. This has strengthened the cohesiveness and stability of the associations. They are also able to help members in distress. The 2008 project supervision mission recommended that the BACs convince clients to organize themselves in associations which could help them purchase raw materials in bulk and find markets for their products. This has been done to some extent but it is projected to be a stronger focus of project operations in future. Another typical example and a comparison with a non REP II supported group is shown in boxes 2 and 3.

Box 2. Case Study: Impact of REP II on Household Income	**Box 3. Case Study: Control Group**
The Enso Nyame Ye Women's group started in 2008 with 10 members and now has 17 members is engaged in palm oil production at Aboasa in the Asuogyaman District. The group produces as a group one week of the month with the remaining 3 weeks left for individual production. Before the project support the group's total sales for the week were GHC 144.00. After technical training and business support from the project they are producing 132 gallons a week with total sales of GHC1, 056.00 – an increase of more than 7 fold. With a production cost of GHC350 the group's profit/net income is GHC 706.00. This is in addition to what each individual member can make with the individual production. For instance, the leader of the group, Elizabeth Adubea could make a net income of GHC642.00 per month.	Amina Musah is a member of the palm oil production group at Nyinahin in the Atwima-Mponua District of the Ashanti Region. The group was formed a year ago with the view to attract funding from a bank. They operate machines owned by a prominent man in the community who is not a palm oil producer. The group members pay a fee to him any time they use the machines. The group members have received no training and they do not keep records. According to the Amina one person can buy about 5 bags of palm fruits to process into palm oil at a cost of GHC200.00. This can produce about 10 tins of palm oil. With a tin now sold at GHC20.00 the sale price is GHC 200.00. They are not making any profit or may even be making a loss on the oil. Amina, added that they sell the palm kernels to make some net profit.

108. Investment in education by households is seen as a means of human capital formation and one's inability to do this is considered a sign of poverty. For instance in the poverty profiling reports of both the Fanteakwa and Birim North Districts stakeholders – chiefs, opinion leaders and farmers -who participated in the exercise had on top of the list "inability to pay children's school fees" as an indicator of poverty. Most clients interviewed mentioned that they are now able to look after their children and support the home. The ability to afford to pay children's school fees was cited as a major benefit demonstrating that education is valued. Therefore, social capital and empowerment is rated as satisfactory.

109. **Food security and agricultural productivity.** The project does not directly influence agricultural productivity and there is little connection to primary production. For the purpose of assessing this criterion, two factors are considered. The first is direct production from the enterprises as a contribution to the rural economy and to improving food security through generation of income. As noted in the previous paragraphs, substantial increases in income have been noted as a result of increased and enhanced rural production. The second factor is the link between primary production and agro processing. Many of the enterprises supported are agri-business such as palm oil processing, soap making, gari processing which use agricultural raw materials.

110. There is a district level Department of Agriculture that operates through the functional management of the District Assembly and the technical management of the Ministry of Food and Agriculture. Yet, there is little link between the natural production in the district and the focus by REP II on the opportunities that specific processing opportunities might provide. One positive example has

been the collaboration between REP and RTIMP Increased agricultural production and business support services can be aligned to generate positive benefits in crop production and processing like cassava and cocoyam – by about 2-3 fold in some cases. Linkage of producers to the buyers encourages backward linkages for SMEs. However, these examples are limited to a few locations and linkage between local agricultural production and SME development has not been a core approach for the BACs. Overall this criterion is rated as moderately satisfactory because there is room for further development of backward linkages and agro-processing opportunities.

111. **Natural resources, the environment and climate change.** Given the nature of the REP II intervention, the evaluation noted minimal impact by the project on the environment; yet, the evaluation wishes to emphasize that, given the environmental conditions faced by poor rural population in urban and deprived regions, and the challenge of climate change, there is a need for REP II to more directly address environmental issues. For instance, some considerations such as use of illegal timber in carpentry; pollution from dyes in fabric preparation and run-off from machinery workshops into water courses should be carefully considered. The project has had unintended positive benefits in environmental terms. For instance, in mining districts such as Birim North some poor people engage in illegal mining, popularly called Galamsey, which poses a danger to their lives because they can get trapped in the pits and to the environment because they dig unsystematically, uprooting native plants and changing local water courses. REP offers alternative employment, for instance, one client told the mission that after the support he has received from the project he makes so much money from his soap making that he had stopped illegal mining. Based on the above, overall this criterion is rated as moderately satisfactory.

112. **Institutions and policies.** The project is implemented with the participation of a large number of institutions at different levels of operation. While this ensures broad-based participation it requires a strong coordinating mechanism to ensure its effectiveness. To date the impact has been exemplary at the national and district levels. The project has led to significant policy change in support to the MSE sector and implementation of major national policies related to MSEs in the rural areas. The project facilitated the introduction of two policy initiatives in the local government system through the MOTI and MLGRD. First is the establishment of the MSE Sub-Committee and the second is the Legislative Instrument (LI) 1961- Local Government (Departments of District Assemblies) Commerce Instrument, 2009 on 25th February 2010.[69] The creation of the MSE sub-committees has mainstreamed MSE promotion within the District Assembly system to facilitate the establishment of small businesses in the districts and thus enhance the revenue generation potential of the District Assemblies, promote local economic development and job creation and reduce poverty. The passing of LI 1961 which has authorized the establishment of District Assembly departments including a new department of Trade and Industry will facilitate the development and promotion of small scale industries in the districts.

113. At the district level, the role of the District Assembly in economic development is of critical importance. The project has stimulated the extent to which District Assemblies understand the economic potential within their districts, and create an enabling environment for local MSE growth. The innovation of the MSE- Subcommittee has been absorbed into the Government process and is acting as a catalyst to further economic growth within the districts. This process is still in the early stages but many districts are now showing an interest in shifting from social infrastructure as a main priority to include also local economic development. Most District Assemblies have interest in researching and preparing a more comprehensive economic development plan that would then be integrated within the District Medium Term Development Plan (MTDP).[70] There is substantial potential for a follow-on project to build from the gains in REP II in relation to institutional development.

[69] REP II Self-Assessment Report.

[70] This process has already commenced in some districts, particularly those with GTZ, ILO and UNDP support.

114. Another opportunity is for the MSE-sub-committee to improve coordination between agencies supporting the value chain for economic development encompassing primary production, processing, consolidation, value addition through secondary processing, packaging, support services, financing, storage, transportation and marketing. The MSE-sub-committee could link with the District Department of Agriculture in relation to value chain development for local produce. An additional role for the MSE sub-committee might include improving synergy and avoiding duplication or conflict, for example NGOs providing rural credit at subsidized interest rates or providing equipment to groups not yet capable of running an enterprise. Prevention of such conflicts through the MSE-Subcommittee would assist the District Assemblies to become consistent with development practice and prevent activity failure, discouragement of potential clients and inefficient use of local resources.

115. REP II has contributed to the strengthening of local institutions. The training by the BACs has assisted associations to become more cohesive and increase member services. LTAs have also become more involved in decision making with the District Assemblies with most MSE sub-committees' having one or more LTAs representative. However, there are no strong national associations for the MSE sector. During the interim evaluation mission, the idea of linking ASSI with the Association of Ghana Industries with a mentoring approach was being discussed. Such an idea has potential both for building MSE institutions' capability, in developing a sustainable institutional support mechanism for MSEs and for strengthening links between MSEs and larger scale industries.

Key Points

- The analysis undertaken by the evaluation mission shows that there is positive evidence to suggest that the project has contributed to rural poverty reduction in all districts covered by the intervention.

- In terms of Household Income and Assets, the evaluation noted evidence that the project has had a significant impact on the incomes of beneficiaries and that the project's overall influence on rural poverty reduction has been positive.

- The project has contributed significantly to Social Capital and Empowerment through the large number of training programmes it has undertaken in all districts. Beneficiaries reported that training received has empowered them to improve themselves, so to ensure that they may continue doing business on their own following project closing.

- With regard to Food Security and Agricultural Productivity, it should be noted that the project did not influence directly agricultural productivity and that there is little connection to primary production. The evaluation has looked at two factors to provide a learned assessment of this criterion: (i) direct production from the enterprises as a contribution to the rural economy and to improving food security through generation of income; and (ii) the link between primary production and agro processing, as several enterprises supported by REP II are agri-business, such as palm oil processing, soap making, and gari processing, which use agricultural raw materials. In this respect, the evaluation noted that there is room for further development of backward linkages and agro-processing opportunities.

- Given the nature of the REP II intervention, the evaluation noted minimal impact by the project on Natural Resources, the Environment, and Climate Change. At the same time, given the environmental conditions faced by poor rural population in urban and deprived regions, and the challenge of climate change, the evaluation emphasizes the need for REP II to more directly address environmental issues.

- The project is being implemented with the participation of a large number of institutions at different levels of operation, which requires a strong coordinating mechanism to ensure its effectiveness. The evaluation noted that in this respect impact has been exemplary at the national and district levels. Notably, the project has led to significant policy change in support to the MSE sector and implementation of major national policies related to MSEs in the rural areas.

VII. SUSTAINABILITY, INNOVATIONS AND GENDER

A. Sustainability

116. **Sustainability of business services.** Sustainability of the BAC model is highly likely. The ownership of the BACs by the District Assemblies is high and the benefits in terms of potential and actual increased revenue to the District Assemblies is well-recognized by most of the District Assemblies interviewed during the mission. The recurrent costs of the BACs are cost effective and shared between the MOTI through NBSSI and the District Assemblies. The project's support for BAC operational costs was on a declining basis, gradually transferring responsibility to the District Assembly – with District Assemblies 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 recurrent expenditures of the BACs, and thereafter 'weaning-off' from the project. The MSE sub-committees are now formal institutions and will continue to support MSE development. There are already plans to establish a MOTI agency at the district level that would encompass the BAC as a main operational arm.

117. The "weaned off" BACs from REP I are still continuing, however, the level of funding is much reduced and this impacts on the ability of the BACs to be able to provide a full range of programs. 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. One option could be the establishment of a special loan fund at affordable terms so that District Assemblies can budget a hire purchase arrangement for equipment rather than having a large financial outlay within one budget year.

118. **Sustainability of technical services.** The sustainability of the RTFs is tenuous. The investment in equipment and facilities has been through external grant funding. The level of operational cost recovery is uncertain due to poor financial management. The cofinancing arrangement among various stakeholders proposed for the sustainability of the apprenticeship training through GRATIS, the District Assembly and the clients is good but the contributions allocated would have to be reviewed. The development of RTF Boards is a positive step in terms of seeking a more sustainable RTF model. Options being discussed are a public-private partnership between the District Assembly and local private sector, either by sub-contracting management to a private entity, or with the involvement of a local federated trade/business association. However, this management structure is still embryonic. The Boards would need to consider major issues such as the investment required to keep the technology up to date, and for prototyping of different products suitable for MSEs in the area. For the sustainability of the RTFs the role of local trade associations and forging closer links between the RTFs and technology research institutions in the country will be important. As plans for local economic growth and value chain development are designed, other institutions - such as the Industrial Research Institute and the Food Research Institute of the Council for Scientific and Industrial Research - that have the national mandate for research and technology development could play a role in strengthening specific value chain development initiatives.

119. **Sustainability of rural finance services**. In the RFS component, the PFIs must be solvent to be approved as a project partner, but many are institutionally and financially weak. It is not the role of the REPII to strengthen PFIs but the support to the ARB Efficiency Monitoring Unit is an important contribution to the wider objective of building a sustainable rural finance system. In terms of the access to finance that has been created, the clients in most PFIs have managed to sustain a relationship with the PFI that allows continued, and often increased, access to finance.

120. **Sustainability of individual MSEs**. The individual businesses supported are likely, in the main, to continue. Seventy six per cent of businesses established with REP II assistance have sustained profits. Of the 24 per cent that do not have sustained profits, 19 per cent are dormant and 5 per cent are losing money. Based on the level of business success in other programs, where SME failure rate is very high, this is a positive result and demonstrates the appropriateness of the project

support. Business growth is less prominent but is still in line with other countries where SME growth faces many challenges. A follow-on project could focus more on avenues for sustained MSE sectoral growth.

121. **Sustainability of institutional mechanisms**. A supplementary assurance in the negotiated REP II Loan Agreement[71] was that the Government would ensure that the PCMU will be integrated into the lead project agency after project completion. Currently, the PCMU is the powerhouse of implementation and development of best practices in management and monitoring systems. These have not yet been embedded into the most appropriate institutions. As the project nears completion and for future scaling-up, the capacity of MOTI to independently operate nationwide networks of BACs and RTFs through the current or alternative mechanism needs to be considered. This could include further strengthening for NBSSI, GRATIS, or other agencies to handle the required functions for sustainability. It may also require forging and strengthening active partnerships in aspects of policy and value chain development that will build a platform for sectoral growth.

122. There is a need to re-examine sustainability mechanisms through the national institutions. The BAC model assumed that NBSSI would continue to provide the staff and the funds for their operations. It is noted that the capacity of NBSSI in terms of resources is limited. It is not clear that sufficient resources and a robust mechanism are in place to manage the full complement of BACs after the project period. The possibility of a follow-on program has insulated the project from addressing these issues at this stage but it is becoming more urgent that a clear sustainability mechanism be developed. Also, GRATIS is funded by the MOTI, yet its functions are closely aligned with education and training, and technology development. It is likely that the institutional arrangements for GRATIS will be reviewed and therefore the status of their role in supervising the RTFs may also be affected.

123. Another mechanism for strengthening project sustainability could be the regional level institutions such as the regional NBSSI offices and the Regional Coordinating Councils who are charged with the responsibility of coordinating and supervising the activities of the District Assemblies. The district-regional linkages have not been strengthened by the project. The MOTI currently operates through NBSSI regional offices, strongly linked to the Regional Coordinating Councils (RCC) under the Ministry of Local Government and Rural Development. The role of the RCCs is to supervise and coordinate the District Assemblies and to monitor the progress towards application of the national development policy frameworks. For future institutionalization of project processes, strengthening of the national-regional-district linkages of local and regional economic planning and value chain support would be beneficial to future sustainability.

B. Innovation

124. Innovation is one of the key thrusts of IFAD's programs in Ghana. REP II has led to the emergence of a range of innovations, for instance, the MSE sub-committees, rotational trade shows, development of industrial estates and appointment of capable clients as local service providers. REP II has spearheaded a number of the initiatives through internal PCMU processes, such as the annual trade show. Other innovations have been drawn from the experience of other partners or by supporting emergent innovations at the district level, such as the industrial estate concept and the establishment of the MSE sub-committees of the District Assemblies to mainstream MSE development in the local government system. Also linked to this is the project's input in getting the legislation on local service act promulgated for the establishment of the MSE sub-committee and also integrating the BACs and RTFs into the local government structure. These are major national level innovations that have far reaching influence in strengthening the MSE sector.

125. The responsive nature of the PCMU operations and the support provided by UNOPS, IFAD, AfDB and the Government in supporting such innovations has been a contributory factor in the

[71] Loan Negotiations, July, 24, 2002, clause 5.

continuous improvement ethos of the project. The innovations themselves have proven their worth in terms of better and more cost-effective operations, and in overcoming chronic barriers within the MSE sector within Ghana.

126. **Scaling up.** More consideration is required as to how innovations that have emerged and been further developed within REP II can be replicated and scaled-up nationwide. This may require a change in direction in investments within the MSE sector e.g. in strengthening groups and district and national federations, greater focus on value chain development, restructuring of the RTF model and more innovative partnerships. The concept of the light industrial estate zone that started on a pilot basis at Amansie East District with the support of GTZ and the project is being replicated in other districts and could also be replicated by other projects in Ghana.

127. **Knowledge management.** It was observed at mid-term that the project was not documenting all the innovations and important lessons of experience. However, with the recruitment of a Communications, Networking and Linkages officer by the Project the situation has changed. The project has since developed a knowledge management plan for implementation up to 2011[72] and this has involved the incorporation of knowledge sharing activities in the project annual work plan, distribution of brochures on the project and compilation of articles and stories to update the project website. The project also mounts knowledge stands at public fairs and attends capacity building events for knowledge capture and sharing. Knowledge management is essential to increase the impact of IFAD set of activities in Ghana. The monitoring and evaluation systems at the project level have been improved and are now able to capture important information on financial and physical progress. The project has intellectual knowledge that can contribute to research on the MSE sector. However a more analytical approach is required that will facilitate investigation of different forms of project support on respective impact generated. There is much potential for the learning from the REP II to be captured and disseminated in a more systematic way to support poverty reduction initiatives nationwide.

C. Gender

128. With regards to gender, the project has been relevant in relation to both the project aims and the IFAD gender approach.[73] Gender was a major consideration in the project's targeting strategy; the project design expected the targeting to focus especially on poor/disadvantaged women. The active involvement of women in the work force in Ghana, with a high participation rate, is showing that women are increasingly playing an important role in the household economy.[74] In addition to the changing country context, the project addressed special constraints facing women entrepreneurs, including assistance for activities that have a high proportion of women such as dress making, hairdressing and soap making. Moreover, the project opened the opportunity for both men and women to participate in activities that were non-traditional, for example, men in soap making and women in metal work.

129. The objective to reach women has been effective, as demonstrated by the substantial proportion (62 per cent) of beneficiaries who are women. Furthermore, there were 17,412 female trainees in the skills and business management training as compared to 10,890 males (62 per cent). It is notable that the training for PFIs did not meet the same level of success in terms of gender balance. The ratio of training participants was 93 per cent men to 7 per cent women. This is an indication of the gender ceiling in professional roles and can be related to the limited educational opportunities for women. Yet, in terms of access to credit, the proportion of women to men borrowers was approximately 1:3. This was an increase with respect to REP I, which demonstrates that culture and practices in relation to gender are changing.

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[72] Report on Project Implementation

[73] Based on IFAD Gender Action Plan and IOE Evaluation Manual, annex 11, page 9

[74] University of Ghana Technical Paper, Gender Roles in Household allocation of Resources, 1994

Key Points

- The sustainability of project interventions is mixed. While the sustainability of the BAC model as well as of individual MSEs is highly likely, the sustainability of RTFs and of some participating financial institutions remain a challenge. In addition, as the project nears completion and for future replication and scaling-up, the capacity of MOTI to independently operate nationwide networks of BACs and RTFs through the current or alternative mechanism needs to be considered.

- REP II has led to the emergence of a range of innovations, for instance, the MSE sub-committees, rotational trade shows, development of industrial estates and appointment of capable clients as local service providers. These innovations have proven their worth in terms of better and more cost-effective operations, and in overcoming chronic barriers within the MSE sector within Ghana.

- The evaluation noted that consideration is required as to how innovations that have emerged and been further developed within REP II can be replicated and scaled-up nationwide. This may require a change in direction in investments within the MSE sector such as in strengthening groups and district and national federations, greater focus on value chain development, restructuring of the RTF model and more innovative partnerships.

- Gender was a major consideration in the project targeting strategy in accordance with the project design, which expected the targeting to focus especially on poor/ disadvantaged women. The evaluation noted that the project's approach has been effective, bringing about changes in culture and practices in relation to gender.

130. The project has consistently considered activities for women in the AWPB and special innovations have been piloted in this respect, for example, the functional literacy scheme for women. A report on this scheme has been generated and circulated around partners. Furthermore, gender disaggregation of data is carried out consistently by the PCMU and the data has been analysed to continually improve services to women. As noted above, the number of women reached has been 62 per cent. In general, this would be reflective of the budget allocation to women, suggesting that the resources invested in women would be approximately US$16.5 million to date compared to US$10 million for men. The advocacy for women's involvement in decision-making has occurred through the BAC staff and MSE Committee training, although the PCMU would have benefited from having a gender specialist in its team, rather than a gender point person.

131. The project has been successful in promoting gender equality and women's empowerment in several ways. Firstly, the business support led to increased income for many women. The beneficiary women met during the mission expressed how this gave them greater freedom within the household and also built respect in their household and within the community. They used the increased income for household needs, but also reinvested in their own businesses and often invested in other income-generating activities for the households, such as farming or apprenticeships for children. Women's empowerment is also demonstrated through the formation of producers groups and the additional support that this brings to women. Interviewed men confirmed that they were appreciative of women's stronger role in providing for the household. In most areas, there was a men and women's representative of the LTAs on the MSE Committee. Based on the above considerations, this criterion is rated as satisfactory.

VIII. PERFORMANCE OF PARTNERS

132. **IFAD.** IFAD's performance is assessed as satisfactory. It has provided adequate supervision and implementation support for the project. Withdrawal applications from the project have been paid on a timely basis resulting in a good level of disbursement. The strategic work of IFAD through the COSOPs has provided a solid operating framework for the project. The gap in project performance however, has been the unrealized expectation that the rural finance sector would be able to service the REP II more effectively. In this respect, IFAD underestimated the extent to which its other activities

would bolster project activities. In all other respects, the performance of IFAD has been positive. Project orientation was projected and communication has been effective. Supervision missions have been fielded regularly. There was a short period where difficulties were experienced when the supervision modality changed from being UNOPS to direct supervision by IFAD in 2007. Communications were delayed and the required approval processes were lengthier than previously. However, these were considered to be teething problems only. Since that time, the project and government feedback was that the direct supervision process is operating well and is preferred to the previous arrangements with UNOPS.

133. **United Nations Office for Project Services.** UNOPS was the cooperating institution during supervision for the first four years of the project. In general, the UNOPS performance was satisfactory. The supervision missions provided a useful mechanism for reviewing progress and for addressing design and implementation issues. The supervision missions were also a time when adaptations and innovations were discussed and budget adjustments made accordingly. Such processes helped the project to be responsive to the needs of the clients. Nevertheless, there was a greater time lag and more distant relationship with UNOPS as compared to the current arrangements with direct supervision.

134. **Government of Ghana.** The performance of the Government of Ghana has also been satisfactory in that it has consistently met its financial obligations to the project with actual releases of funds from the government exceeding the expected amounts. MOTI has also provided a high level of support for the project. The Ministry of Trade and Industry (MOTI) which has oversight responsibility for the project has lived up to its responsibility. The interim evaluation mission confirms the Ministry's capacity and apparent support for the project. The fact that the Project Steering Committee is chaired by the Deputy Minister is a manifestation of the Ministry's interest in the project and the importance it attaches to the project. The PCMU has received support from the leadership of the Ministry. The Project Steering Committee[75] is also effective in providing policy and technical direction to the project. It meets every six months as required and reviews and approves work plans and budgets for the project.

135. **African Development Bank.** The performance of the AfDB is assessed as moderately satisfactory. There were substantial issues in aligning financial management and procurement processes at the commencement of the project. The remote location of the relevant officers meant that communication was difficult and protracted. The delays severely affected project activities in the early years of the project. On the other hand, AfDB recognized the issues; these were also being experienced by other projects in Ghana, and responded by establishing a country office. Thereafter, the issues have been steadily addressed and the project aims to have recovered from the early delays by the end of 2010. Nevertheless, the delays have affected the overall efficiency of project implementation.

136. **NBSSI.** The performance of NBSSI has been satisfactory in the face of its resource constraints. It has provided backstopping to the BACs through its regional offices. The NBSSI has generally been effective in supervising the BACs. It contributes 13 per cent of the cost of BAC activities including the payment of staff salaries and their training. Staff transfers pose a challenge to institutional memory for smooth project implementation. In the face of these challenges it has been effective in supporting the establishment of 53 new BACs under the project and a number of BACs in non-project areas. The non-project BACS have not been highly successful due to financial constraints but some progress is being achieved. The MTR mission observed that the earlier inadequate supervision and on-site monitoring of the BACs by the NBSSI regional offices had improved with the signing of an MOU with the Audit Service to assist in the performance audit of the BACs.

[75] The institutions represented on the Project Steering Committee are MOTI, National Development Planning Commission, NBSSI, GRATIS, MLGRD, Ministry of Finance and Economic Planning, Ministry of Women and Children's Affairs, Bank of Ghana, and the Association of Ghanaian Industries.

137. **GRATIS.** The performance of GRATIS has been moderately satisfactory since it has not been able to play its monitoring and supervisory role for the RTFs effectively. Delays in the release of funds by the project sometimes impacted negatively on the effectiveness of GRATIS since its own resources are not adequate and payment of the salaries of the RTF staff was delayed. This has resulted in high staff attrition rates sand slow project implementation. The technical backstopping has been of assistance to the RTFs but it has not always been as prompt and effective as expected.

IX. SUMMARY OF OVERALL PERFORMANCE

138. The project's overall achievement has been rated as satisfactory. Poverty in the project areas has been greatly reduced as a combined result of the governmental policies together with project interventions and farmers' efforts in farm-based and migration work. The overall rating reflects the combined assessment of relevance, effectiveness, efficiency, rural poverty impact, sustainability and innovation. Of these only sustainability and innovation was considered to be moderately satisfactory, as discussed in paragraphs 116-123, and this is not sufficient to affect the satisfactory rating overall. Table 6 provides the ratings of all the criteria, which are consistent with the analysis in sections V and VI and the ratings for the performance of partners.

Table 6. Evaluation Ratings Summary

Evaluation Criteria	Project Evaluation Ratings
Core Performance Criteria	
Relevance	6
Effectiveness	5
Efficiency	4
Project performance	**5**
Rural Poverty Impact	**5**
Household income and assets	5
Human and social capital and empowerment	5
Food security and agricultural productivity	4
Natural resources, the environment and climate change	4
Institutions and policies	6
Other Performance Criteria	
Sustainability	4
Innovation and scaling up	5
Gender	5
Overall Project Achievement	**5**
Performance of Partners	
IFAD	5
Government	5
Cooperating institution (UNOPS)	5
AfDB	4

X. CONCLUSIONS AND RECOMMENDATIONS

139. **Conclusions.** The assessment in paragraphs 66-74 shows that, overall, the project is relevant to the Ghana context and has performed well. It has achieved a satisfactory level of effectiveness (paragraphs 75-86) and, particularly in business service provision, has been efficient (paragraphs 90 and 91). The project has made a contribution to poverty reduction within each district of operation. Such impact may not be as widespread in terms of the numbers of businesses and employees originally envisaged, but it has established a sustainable foundation for current and future poverty reduction approaches in the MSE sector.

140. **MSE sector development**. One of the major impacts of the project has been at the sector level, as illustrated in paragraphs 112-115. REP II is seen as a national flagship program for the MSE sector in Ghana. The national ownership of the REP approach is strong and is being embedded within the national development and rural development framework. Therefore the project has contributed substantially to sector development. At the same time, there is still more to be done before the sector can be considered mature. There is little data available on the MSE sector apart from through the REP II monitoring program. What remains to be done is a national policy on MSEs that will address the systemic constraints facing the sector, such as rural finance, poor infrastructure and difficulty in marketing.

141. **An evolving approach.** The project operates in a series of different national to district sectors. The core focus of REP II has been MSE sector development, with rural technology and rural finance. Yet REP II also plays a role in governance as it relates to local economic development and private sector institutional building and private sector value chain development. The relationships between these aspects are illustrated in figure 3, with the grey shaded areas denoting the areas where REP is active and the brown shading where there are still gaps to be addressed, and the different shades of each colour indicating the intensity of services.

Figure 3. REP I and REP II Evolution

REP II Project Support	Governance	Private Sector Associations	Private Sector Value Chain	MSE Sector Development	Rural Technology	Rural Finance
National	MLGRD	AGI/ ASSI/ CIBA(*)	National market/ Export	MTI/NBSSI	GRATIS	ARB APEX Bank + other PFIs
Regional (10)	RCC	ASSI/ CIBA/RTA	Regional market	NBSSI	GRATIS	RRB
District (66/170)	District Assembly	Trade Associations	District market Secondary processers Traders	BAC	RTF (inter-district) -Training - Rural technology -Servicing	Rural banks
Client	MSE Sub-committee	Local Business Associations	Local market, agroprocessing, manufacturing, services	SME Business - Agroprocessing, manufacturing, services	Processors	Borrowers and savers
Farmers	Voters	FA	Primary Producers	On-farm enterprise	Producers	Borrowers and savers

(*) Council for Indigenous Business Associations

142. As illustrated in paragraphs 124-125, the REP design has resulted in a range of innovative processes in MSE development that commenced through REP I and are now being expanded and diversified during REP II. Those innovations that proved to be successful are now being replicated more extensively, both internally to the project and, in some cases, nationally (see paragraph 124). There are several aspects of the project that are as yet undeveloped have prevented the project from reaching its full potential. The challenges of financing business start-up and growth have been major constraints to achieving project targets and impact. The project was designed to work from the national level but this did not mature as expected. There is still considerable scope to strengthen the rural finance system in support of MSE development. The MSE sector development activities have been strong, but there are gaps in the links with primary production and processors and also the value chain linkages for business growth.

143. **Business services.** As reported in paragraphs 116 and 122, the BAC model used by the project has been effective and has good potential for replication nationwide. There are several institutional challenges that need to be addressed to reach a more optimum level of operation. The delayed release of the Common Fund is a recurring challenge for BAC operations because the District Assemblies are unable to meet their counterpart commitments on time. This leads to the late payment of salaries and inadequate funds for operational expenses. The training programs have been effective and much appreciated by the clients. In addition to the training programs, other counselling and marketing support has been equally as effective in establishing, strengthening and growing businesses. On the other hand, the level of adoption from training has not been as high as expected, mainly due to lack of financing. More can be done to assist businesses to move from survival level to more proactive growth, but this requires intensive and continued support for those clients interested in and capable of growth. More analysis of the business profiles is required to understand the triggers and barriers to SME growth. This will assist in a more informed decision by the project on the balance required between supporting business start-ups and on-going support for business growth.

144. **Technology services.** Based on the discussion in paragraphs 45-51, the performance of the RTF model has been mixed. Unfortunately, the delays in procurements have led to around a two year lag in construction of the facilities. This delay has adversely affected the course of the project and the achievements of targets. Again, the project has worked hard to overcome the challenges and has found other solutions to providing support to apprentices and master crafts persons. The accreditation processes and the short training courses to upgrade skills of master craft persons have been effective and even without the infrastructure facilities have achieved good results. The functioning of the RTFs themselves still requires further investigation and improvement. The training, technology promotion and income generating functions overlap and are often confused. Although the RTFs play an important role in technology transfer to the informal sector, it is not clear that the investment level is commensurate with the level of achievement. There may be alternative mechanisms to support technology and skills development through other emerging mechanisms. These could be investigated further in partnership with NVTI, COTVET and other training institutes.

145. **Rural financial services.** The project results in rural finance have been disappointing in some respects and inspiring in others (see related paragraphs 52-60). It is disappointing that the REDF was not used more effectively to flow through to PFIs in the project area. In theory, the credit funds could have revolved a number of times during the project period and benefited many more potential borrowers. This in turn would have increased the number of clients able to start or increase their businesses. In comparison to the lacklustre results in the formal REDF, the range of other activities that have been initiated directly by the BACs, with project support and the involvement of other partners is to be commended. There are a number of strategies that have been followed to try and leverage funds from other avenues. These have included the project start-up kits that have been successful, and also the partnerships with NGOs and commercial banks. The mission noted a growing momentum of using local resources to build the local MSE sector. This is another indicator that the project has been important in strengthening not only the local MSE sector but also the local economy.

146. **Institutional development.** The project has promoted social capital formation through its use of the LTAs for reaching the target group and also providing them with training to strengthen them. However, as individual associations at the local level they do not have much leverage. What are missing are linkages with regional associations and up to the national level where the national associations such as garages and tailors and dressmakers associations are fairly strong. Although the BAC and RTF models are functioning at the District Assembly level, there are some gaps in the district and national institutional support. This is partly due to the design, partly due to resource constraints and partly due to the insufficient focus on institutional sustainability for the project initiatives. The District Assemblies have shown good commitment to the BACs and RTFs but have not always been able to provide their counterpart contributions for the operations of the BACs and RTFs in a timely manner. NBSSI and GRATIS have shown commitment to their responsibilities under the project but both face resource and capacity constraints which would have to be addressed in future initiatives.

Recommendations

147. Drawing on the conclusions presented in paragraphs 139-146, there is substantial potential for a follow-on phase for REP II. Several alternative paths are being raised as possible strategies. Such potential strategies include (i) nationwide programme expansion; (ii) innovative investment in the rural finance sector to address the massive need for MSE financial requirements; (iii) focussed value chain development; (iv) focussed support for existing BAC clients showing rapid growth potential; (v) increasing effectiveness[76] and coverage for BACs within existing districts; (vi) expansion of RTFs, including development and expansion of the light industrial estate model; and, (vi) shift of IFAD focus to provide specific support for poorer districts. Such strategies are not exclusive and it is likely that a follow-on project would combine a number of strategies. It would be important to assess the feasibility of the balance between different strategies and greatest potential for poverty reduction impact.

148. **BAC model.** Based on the conclusions illustrated in paragraph 143, the BACs should be consolidated within the current districts, maintaining the core programs and continuing to assess and support requirements for business growth. At the same time, gradual expansion nationwide would seem to be a viable approach. The BAC model has now been well-tested and should be replicable across all areas of the country. The selection of districts needs to continue to be demand driven but with caution to ensure that poorer districts are not marginalized from participating due to the low level of resources available to them. The project should continue to advocate for the BACs are actually put on the payroll of the District Assemblies as it is expected now with their absorption into the local government service. The District Assemblies should also make provisions for BAC operations in their annual budget.

149. **Poverty analysis.** The team accessed the available Ghana Statistical Services database (2006) that provides the most recent national data on poverty. A new census will be conducted in 2010 that will generate up-to-date information. IFAD needs to further refine evidence and analyse whether the poverty focus of IFAD's program has been effective. IFAD needs also to consider whether the focus of its work should be in specific geographic areas to increase the inclusion of the poorest groups or focus on nationwide pro-poor institutional changes. This is important in consideration of the potential geographic spread if a follow-up phase is approved. The targeting aspect of the project has been realistic in terms of focusing on the entrepreneurial poor and, in the main, providing demand driven services. This has led to a high proportion of poor households being able to access benefits through training, or indirectly through employment or purchase of supplies. Resource constraints mean that the project inputs tend to congregate close to town centres and there are poorer communities in more outlying areas that have not yet been reached. It is important that the basic service structures are

[76] Increasing effectiveness could involve (i) greater focus on agri-processing; (ii) diversification of MSEs supported; (iii) greater cost-benefit analysis of different types of training; and (iv) stronger links to sources of finance and other forms of support.

established in a sustainable way so that there can be continued presence of MSE support in each district that can gradually penetrate further into the poorer reaches of the districts.

150. **Value chain development.** One key goal of the 2006 COSOP is to improve farmers' access to markets. As farmers move beyond subsistence scale of production, and market increasing shares of their produce, their vulnerability to market price fluctuations has grown. The IFAD country programme in Ghana could help to alleviate the concerns of rural households in linking raw material supply to enterprise health and growth. This could occur by a follow-on project creating a link between the District Department of Agriculture and the MSE Sub-committee. Thus, the value chain links could be considered as part of the initial local economic planning process. The idea of targeting the growth-oriented MSEs to enable them become growth poles for income and job creation would also bring about economies of scale in the sourcing of raw materials and markets for the MSEs. This would also help pull up the slower and weaker MSEs.

151. **Rural finance.** Rural finance has been a key component of IFAD-financed interventions in Ghana in the last decade, yet lack of access to credit remains a major barrier to MSE establishment and growth. The IFAD country programme in Ghana already invests substantially in rural finance sector development, particularly rural bank strengthening, but the experience of REP II shows that there is still a need to effectively address bottlenecks in the rural finance system to the benefit of the entrepreneurial poor. For the sustainability of the MSEs that have not reached the "normal growth" stage the project should intensify its information and referral services to them to direct them to appropriate rural financial institutions. One way for the clients to have access to these RFIs is to continue to transact business with them by maintaining the savings culture that the project has inculcated in them. Also, the project should continue the process of negotiating directly with local RFIs to link lending to client capability through referral.

152. **Sector development - district**. A follow-on project should be embedded within the core institutional framework of the country to ensure sustainability. The institution that is the focal point for project activities is the District Assembly. The project would therefore have to build the capacity of the District Assemblies so that they can take up the additional responsibilities. It is clear that the District Assemblies cannot continue to rely solely on the District Assembly Common Fund in the long term. A follow-on project should provide resourcing and support to build economic planning capability at the district level, with a view to increasing local revenue raising and long term commitment to financing the BACs and RTFs. IFAD needs to work with DLGRD and MOTI through a follow-on project to identify economic potential for MSEs, possibly through linking an economic development planning processes to the District MTDP. The future management of the RTFs would also have to be considered with possibility of more private sector participation either directly or through the trade associations. The project may need to invest focus in the RTF Boards as a means to determine clearer functional arrangements for the RTFs. Alternatively a more extensive analysis of costs, time and motion and operational effectiveness is required to make clearer guidelines for RTF's long term viability.

153. **Sector development - regional.** The regional level of government plays an important coordination function in Ghana. Rep has not worked strongly at this level. There is potential to strengthen both the MSE sector and operations by integrating project monitoring and strategic regional MSE development at the regional level. The involvement of the regional level institutions such as the RCCs should also be considered as a logical avenue for supervision through the Regional Planning Coordinating Units (RPCUs).

154. **Sector development – national.** IFAD, with the Government have an opportunity to make a further major contribution to MSE development. The REP approach can be adopted as a national program and the evolving design can become the main sector development approach. To this end, the capacity of the various national institutions involved in the implementation of project activities would have to be reviewed and assessed thoroughly to determine their ability to continue with these activities. In particular the arrangement with GRATIS may have to be reviewed with the view to

bringing in other partners such as the CSIR, which has the mandate for technology development to assist them. With regard to NBSSI, MOTI which is its parent ministry should pursue its restructuring agenda and resource it to perform its functions effectively. Another opportunity to be pursued in the development of a Ghana MSE policy based on the learning and knowledge from REP implementation.

155. **Sector development – trade associations**. There is potential for IFAD, with the Government to strengthen LTAs through investment in national and regional trade associations. The LTAs should be encouraged to strengthen the linkages with the regional association and hence to the national level. Trade associations' umbrella bodies such as ASSI and CIBA could be assessed to determine the role that they can play in promoting MSE development. The option to involve the Association of Ghana Industries (AGI) which a strong umbrella body for medium and large scale enterprises to work closely with ASSI to build up its capacity could be considered as a component of a follow-on project.

APPENDIX 1

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Evaluation Framework

CRITERIA	EVALUATION QUESTIONS	DATA SOURCES
I. Project Performance		
A. Relevance	• Are project objectives realistic and consistent with national agriculture and rural development strategies and policies, the COSOP and relevant IFAD policies, as well as the needs of the rural poor? • How coherent was the project with respect to the policies, programmes and projects undertaken by the Government and other development partners? • How was the internal coherence of the project in terms of synergies and complementarity between objectives, components, activities and inputs? • Was the project design participatory in the sense that it took into consideration the inputs and needs of key stakeholders, including the Government, executing agencies, cofinanciers and the expected beneficiaries and their grassroots organizations? • Did the project benefit from available knowledge (for example, the experience of the first phase and of other similar projects in the area or in the country) during its design and implementation? • Did project objectives remain relevant over the period of time required for implementation? In the event of significant changes in the project context or in IFAD policies, has design been retrofitted? • Was the project design and implementation approach (including financial allocations, project management and execution, supervision and implementation support, and M&E arrangements) appropriate for achieving the project's objectives? • What are the main factors that contributed to a positive or less positive assessment of relevance?	• President's Report • Loan Agreement • Formulation Report • Appraisal Report • Mid-term Review • Supervision Reports • Implementation Status Reports • Interviews with country and project authorities • Group discussion with beneficiaries
B. Effectiveness	• To what extent have project objectives been attained? • Did the project succeeded in providing sustainable training and services to the target population? • Did access to training and services generate an improvement in living conditions of poor households? • Did smallholders benefit from improvement in their businesses? • What factors in project design and implementation account for these results? • Did changes in the overall context (e.g., policy framework, political situation, institutional set-up, economic shocks, civil unrest, etc.) affect project results?	• President's Report • Appraisal Report • Loan Agreement • Supervision Reports • Mid-term Review • Implementation Status Reports • Individual interviews in the field and with country authorities • Group discussion with beneficiaries • Direct observation

CRITERIA	EVALUATION QUESTIONS	DATA SOURCES
I. Project Performance (cont.)		
C. Efficiency	• What are the costs of investments to develop specific project outputs compared with national standards? Is the cost ratio of inputs to outputs (including cost per beneficiary) comparable to local, national or regional benchmarks? • How does the economic rate of return at evaluation compare with project design estimate (both at project level, by component and by investment)? • What were the administrative costs per beneficiary and how do they compare to other IFAD- or other donors-funded operations in Ghana? • How much time did it take for the loan to be effective, and how does it compare with other loans in the same country and region? • Did the project deliver expected results in a timely manner? • What factors help account for project efficiency performance?	• President's Report • Appraisal Report • Supervision reports • Mid-term Review • Implementation Status reports • Individual interviews in the field with beneficiaries and with country authorities (at central and local level) • Government data (i.e. for benchmarking)
II. Rural Poverty Impact		
A. Household income and assets	• Did the composition and level of household incomes change (more income sources, more diversification and higher income)? What changes are apparent in intra-household distribution of incomes and assets? • Did households access to productive assets change? • Did poor households' financial assets change (savings, debt or borrowing)? • To what extent the rural poor benefited from higher income through better access to financial markets more easily? Did the rural poor benefited from better access to input and output markets?	• Supervision reports • Mid-term Review • Group discussion with beneficiaries • Individual interviews in the field with beneficiaries and with country authorities (at central and local level) • Direct observation • Self-Assessments • Implementation Status reports
B. Human and social capital and empowerment	• Did rural people's groups and grass-root institutions change? Are changes in the social cohesion, collective capacity and local self-help capacities of rural communities visible? • To what extent did the project empower the rural poor vis-à-vis development actors and local and national public authorities? Do they play more effective roles in decision-making? • Did the rural poor gain access to better health and education facilities?	• Supervision reports • Mid-term Review • Group discussion with beneficiaries • Individual interviews in the field with beneficiaries and with country authorities (at central and local level) • Direct observation • Self-Assessments

CRITERIA	EVALUATION QUESTIONS	DATA SOURCES
II. Rural Poverty Impact (cont.)		
C. Food security and agricultural productivity	• Did children's nutritional status change (e.g. stunting, wasting, underweight)? • Did household food security change? • To what extent did the rural poor improve their access to input and output markets that could help them enhance their productivity and access to food?	• Supervision Reports • Mid-term Review • Group discussion with beneficiaries • Individual interviews in the field with beneficiaries and country authorities • Direct observation • Self-assessments
D. Institutions and policies	• What improvements were discernable in local governance, including government departments, elected bodies and officials?	• Supervision Reports • Mid-term Review • Group discussion with beneficiaries • Individual interviews in the field with beneficiaries and with country authorities (at central and local level) • Implementation Status Reports
III. Other Performance Criteria		
A. Sustainability	• Was a specific exit strategy or approach prepared and agreed upon by key partners to ensure post-project sustainability? Was this effective? • What are the chances that benefits generated by the project will continue after project closure, and what factors militate in favour of or against maintaining benefits? What is the likely resilience of economic activities to shocks or progressive exposure to competition and reduction of subsidies? • Is there a clear indication of government commitment after the loan closing date, for example, in terms of provision of funds for selected activities, human resources availability, continuity of pro-poor policies and participatory development approaches, and institutional support? Did the IFAD project design anticipate that such support would be needed after loan closure? • Did project activities benefit from the engagement, participation and ownership of local communities, grassroots organizations, and the rural poor? • Are adopted approaches technically viable? Do project users have access to adequate training?	• President's Report • Loan Agreement • Appraisal Report • Supervision Reports • Mid-term Review • Group discussion with beneficiaries • Individual interviews in the field with beneficiaries and with country authorities (at central and local level) • Implementation Status Reports

CRITERIA	EVALUATION QUESTIONS	DATA SOURCES
III. Other Performance Criteria (cont.)		
B. Innovation and scaling up	• *What are the innovation(s) promoted by the project? Are the innovations consistent with the IFAD definition of this concept?* • *How* did the innovation originate (e.g., through the beneficiaries, Government, IFAD, NGOs, research institution, etc.) and was it adapted in any particular way during project design? • Are the actions in question truly innovative or are they well-established elsewhere but new to the country or project area? • Were successfully promoted innovations documented and shared? Were other specific activities (e.g., workshops, exchange visits, etc.) undertaken to disseminate the innovative experiences? • Have these innovations been replicated and scaled up and, if so, by whom? If not, what are the realistic prospects that they can and will be replicated and scaled up by the Government, other donors and/or the private sector?	• President's Report • Appraisal Report • Supervision reports • Mid-term Review • Group discussion with beneficiaries • Individual interviews in the field with beneficiaries and with country authorities (at central and local level) • Direct observation • Self-Assessments • Implementation Status reports
IV. Performance of Partners		
A. Performance of IFAD	• Did IFAD mobilize adequate technical expertise during design? • Was the design process participatory (with national and local agencies, grassroots organizations) and did it promote ownership by the borrower? • Were specific efforts made to incorporate the lessons and recommendations from the previous independent evaluation of REP-I in particular and of other independent evaluations in project design and implementation? • Did IFAD adequately integrate comments made by its quality enhancement and quality assurance processes? • Did IFAD (and the Government) take the initiative to suitably modify project design (if required) during implementation in response to any major changes in the context, especially during the MTR? • How effective was IFAD in working with the UNOPS to carry out the mandated task? Has IFAD exercised its developmental and fiduciary responsibilities, including compliance with loan and grant agreements? • Were prompt actions taken to ensure the timely implementation of recommendations stemming from the supervision and implementation support missions, including the MTR? • Did IFAD undertake the necessary follow-up to resolve any implementation bottlenecks?	• Formulation Report • Appraisal Report • Supervision reports • Mid-term Review • Individual interviews with country authorities (at central and local level) • Project Status reports • Interview with IFAD CPM for Ghana

CRITERIA	EVALUATION QUESTIONS	DATA SOURCES
IV. Performance of Partners (cont.)		
	• Has IFAD made proactive efforts to be engaged in policy dialogue activities at different levels in order to ensure, inter alia, the scaling up of pro-poor innovations? • Has IFAD been active in creating an effective partnership and maintaining coordination among key partners to ensure the achievement of project objectives, including the replication and scaling up of pro-poor innovations? • Has IFAD, together with the Government, contributed to planning an exit strategy?	
B. Performance of Government of Ghana and its agencies	• Has the Government assumed ownership and responsibility for the project? • Judging by its actions and policies, was the Government fully supportive of project goals? • Has adequate staffing and project management been assured? Have appropriate levels of counterpart funding been provided on time? • Did project management discharge its functions adequately, and has the Government provided policy guidance to project management staff when required? • Has auditing been undertaken in a timely manner and have reports been submitted as required? • Did the Government (and IFAD) take the initiative to suitably modify the project design (if required) during implementation in response to any major changes in the context? • Was prompt action taken to ensure the timely implementation of recommendations from supervision and implementation support missions, including the MTR? • Was an effective M&E system put in place and did it generate information on performance and impact which is useful for project managers when they are called upon to take critical decisions? • Did the Government (and IFAD) contribute to planning an exit strategy and/or making arrangements for continued funding of certain activities? • Have loan covenants and the spirit of the loan agreement been observed? • Have the flow of funds and procurement procedures been suitable for ensuring timely implementation? • Has the Government engaged in a policy dialogue with IFAD concerning the promotion of pro-poor innovations?	• Supervision reports • Mid-term Review • Interview with IFAD CPM for Ghana • Individual interviews with government authorities (at central and local level)

CRITERIA	EVALUATION QUESTIONS	DATA SOURCES
IV. Project of Partners (cont.)		
C. Performance of Cooperating Institution (UNOPS)	• Has the supervision and implementation support programme been properly managed (frequency, composition, continuity)? Has the cooperating institution complied with loan covenants? • Has the cooperating institution been effective in financial management? • Has the cooperating institution sought to monitor project impacts and IFAD concerns (targeting, participation, empowerment of the poor and gender aspects)? • Have implementation problems been highlighted and appropriate remedies suggested? • Has the cooperating institution promoted or encouraged self-assessment and learning processes? • Has the supervision process enhanced implementation and poverty impacts? • Has the cooperating institution been responsive to requests and advice from IFAD when carrying out its supervision and project implementation responsibilities?	• Supervision reports • Mid-term Review • Interview with IFAD CPM for Ghana • Individual interviews with government authorities (at central and local level) • Implementation Status reports
D. Performance of ADF	• Was ADF supportive of project rationale and objectives? To what extent ADF performance contributed to project objectives and performance?	• Supervision reports • Mid-term Review • Interview with IFAD CPM for Ghana • Individual interviews with government authorities (at central and local level)

APPENDIX 3

Evaluation Main Mission Itinerary
5 July – 31 July 2010

Date	Activity	Venue/District
5th – 7thJuly	Meeting with GOG, Partners and Donors	Accra
9th July	Field visit	Fanteakwa
9th July	Field visit	Suhum-Kraboa-Coaltar District (Control District)
10th July	Field Visit	Asuogyaman
12th July	Field Visit	Birim North
13th July	Field Visit	Atebubu
14th July	Field Visit	Sefwi-Wiawso
15th July	Field Visit	Bibiani-Anhwiaso-Bekwai
15th July	Field Visit	Atwima-Mponua (Control District)
16th July	Meeting of Mission team/Debriefing	Kumasi
18th -19th July	Drafting of Aide-Memoire	Accra
20th-22nd July	Meetings with National Trade Associations and GTZ	Accra
23rd-25th July	Drafting of Aide Memoire	Accra
26th July	Meeting with Design Team	Accra
27th July	Meeting with Association of Ghana Industries	Accra
29th July	Submission of Aide Memoire	Accra
30th July	Wrap-Up Meeting	Accra
31st July-4th August	Report writing	Accra
5th August	Submission of Draft Report	Accra

Districts Visited by the Evaluation Mission

No.	District	Region
1	Bekwai Municipal	Ashanti
2	Afigya Sekyere	Ashanti
3	Sekyere West	Ashanti
4	Asante Akim North	Ashanti
5	Asante Akim South	Ashanti
6	Asutifi	Brong-Ahafo
7	Atebubu	Brong-Ahafo
8	Assin South	Central
9	Assin North	Central (non-project, NBSSI-supported)
10	Fanteakwa	Eastern
11	Asuogyaman	Eastern
12	Birim North	Eastern
13	East Gonja	Northern
14	West Gonja	Northern
15	Central Gonja	Northern

16	Bibiani-Ahnwiaso-Bekwai	Western
17	Sefwi Wiawso	Western
18	Bosome Freho	Ashanti (non-project, carved out)
19	Sekeyre Affram Plains	Ashanti (non-project, carved out)
20	Suhum Kraboa-Coalter	Eastern (non-project)
21	Asunafo South	Brong Ahafo (non-project)

APPENDIX 4

List of Persons Met during the Evaluation Mission

East and West Gonja		
Tamale Zonal Office	Afua A. Ohene-Ampofo	Zonal Coordinator
	Samuel Kwakye	Officer for Monitoring and Evaluation
	Rahajatu Buwah	Business Development Officer
	Rosemary Dambayi	Administrative Assistant
East Gonja District		
District Assembly	Hon. Alhassan Mumuni	District Chief Executive (DCE)
	Mahama B. Mumuni	District Coordinating Director, (DCD)
	Ahmed B. Rahman	Assistant Coordinating Director 1
	Aminu M. Baba	Assistant Coordinating Director 2
	Alidu A. Abukari	District Planning Officer (DPO)
	Yahaya Tijini	District Finance Officer (DFO)
	Hon. Alhassan Awudu Mugis	Chairperson MSE Sub-Committee
	Iddrisu Iddi	Information Officer, East Gonja
Business Advisory Centre	Imoro Abubakar-Saddick	BAC Head
	Mohammed Nasiru	Business Development Officer, BAC
	Sulemana Job	Assistant Business Development Officer, BAC
	Somah Akwesi Patience	Administrative Assistant, BAC
	Razak Nuhu	Driver
Rural Technology Facility	Alhassan S. Tanko	RTF Manager
	Shuraj Ibrahim	RTF Supervisor
	Abdul Razak Abdulai	General Duty Clerk, RTF
	Abdul Razak Bawa	Welder and Fabricator, RTF
	Mohammed Awal	Machinist, RTF
	Salifu Fati	Student on Attachment, RTF
	Emmanuel Peprah	Technical Apprentice Trainee
	James Amoah	Technical Apprentice Trainee
	Jafaru Salifu	Technical Apprentice Trainee
	Samuel Bonzale	Technical Apprentice Trainee
	Baba Yakubu	Technical Apprentice Trainee
	Mohammed Ibrahim	Technical Apprentice Trainee
	Zakaria Ibrahim	Technical Apprentice Trainee
	Yahaya Amadu	Technical Apprentice Trainee
	Ibrahim Saani	Technical Apprentice Trainee
Clients	Nicholas Berko	Carpentary
	Mohammed S. Tanko	Soap Making

Group Discussion	Zuweira Fuseini	Hairdressing
	Issah Seidu	Blacksmithing
	Janet Ameyaw	Soap Making/Batik Tie & Dye
	Asana Sumaila	Dressmaking
	Salifu Fauzia	Dressmaking
	Zakaria Ewuntoma	Carpentary
	Seidu Fatawu	Carpentary
	Mustapha Dramani	Barbaring (Beneficiary of Graduate Apprentice Start-up Kits)
	Seidu Adamu	Welding and Fabricator
West Gonja District		
	Hon. Adam Mutawakilu	District Chief Executive
	S.Y. Inusah	District Coordinating Director, (DCD)
	Isaac K. Adomako	Roads Engineer
	George Anaba	Engineer Public Works Department
	Roland A.Llompogo	Engineer DWD
	Martin Haruna	Chief Works Superintendent
	Hon. Anthony Anyoka	Chairperson, MSE Sub-Committee
Business Advisory Centre	Alidu Ewura	BAC Head
	Seidu Hardi	Business Development Officer
	Pamela Gayoni	Administrative Assistance
	Rafui	Driver
Clients	Rabi Anyoka	Baking
	Lansini Rahinatu	Apprentice
	Seidu Samata	Apprentice
	Sule Rahinatu	Apprentice
	Yussif Ibrahim	Carpentary
Group Discussion	Iddrisu Latifa	Dressmaking
	Kwesi Kenyiti	Baking
	Adams Fusheini	Tailoring
	Sakra Sadat	Barbaring
	Salam Basit	Motor Mechanic
	Nsowura Paul	Blacksmith and Welding
	Abu Latifa	Bar Operator
	Wievel Evelyn	Soap / Baking
	Saibu Sibawe	Batik Tie & Dye
	Jakpa Fati	Batik Tie & Dye
Central Gonja District		
District Assembly	Abudu Bawah	SME Committee
	Hon. Salisu Beawuribe	District Chief Executive
	Mashud Fadl	District Planning Committee unit
	Tika S. Abudul-Razak	District Planning Committee unit

Business Advisory Centre	Alhassan B. Rashidatu	BAC Head
	Dramani Abass	Business Development Officer
	Mahama Fauzia	Adm. Assistant
	Atchulo Arafat	Assistant Business Development Officer
	Acheampong Seth	Assistant Business Development Officer
Clients	Harrison Bushira	Baking
Group Discussion	Tobais Joycelin	Hairdressing
	Issahaku salu	Soap making
	Alhassan Abdul-Razak	Tailor
	Zakaria Abu	Carpentry
	Rose Gbada	Beads
	Mausah Atiga	Beads
	Agnes Agbenu	Beads
	Zuwera Adam	Hairdressing
	Isha Ibrahim	Dressmaking
Literacy and Numeracy Clients	Adam Bushira	
	Sakina Kwabena	
Assin South District		
District Assembly	Thaddeus Zansan	Assin South District Assembly
	Adjoa Amofa	Assin South District Assembly
	Godson Asiamah	Assin South District Assembly
	Paul K. Essel	Assin South District Assembly
	Emmanuel Nkum	Assin South District Assembly
	Owusu Ambrose Derick	Assin South District Assembly
	Philip K. Awuah	District Director, Ministry of Food & Agric
	Mawusi Tawiah	District Director, Dept of Co-operatives
	Matilda J. Buckman	Dept of Community Development
Business Advisory Centre	Emmanuel Obeng Adjei	Business Advisory Centre
Rural Technology Facility	Ernest Adzomani	Rural Technology Facility
	Kofi Amponsah Asomaning	Rural Technology Facility
	Mohammed Abdallah	Rural Technology Facility
	Eric Mensah	Rural Technology Facility
	Theophilus Assan John Abbew	Rural Technology Facility
Others	Kwasi Attah Antwi	PCMU, Rural Enterprises Project
	Richard Boateng	PCMU, Rural Enterprises Project
	Oppong Mensah Aborampah	Root and Tuber Improvement and Marketing Programme

Assin Nkran Nyamebekyere Fish Farmers Association	Andrew Danso	Fish Farmers Association
	A.P.Y. Mainooh	Fish Farmers Association
	John Awusi Acquah	Fish Farmers Association
	Samuel Adu Nelson	Fish Farmers Association
	Kwadwo Danquah	Fish Farmers Association
Assinman Rural Bank Ltd	E. Adu Larbi	Assinman Rural Bank Ltd
	Alfred Afari	Assinman Rural Bank Ltd
	Daniel Kumi Dei	Assinman Rural Bank Ltd
	Richard Baidoo	Assinman Rural Bank Ltd
	James K. Quansah	Oprimquans Co. Ltd
	Kingsley Egyir	Oprimquans Co. Ltd
Ghana National Association of Garages – Assin Nyakumasi Branch	Young Addy De Heer	
	Alphonsus Kofi Sam	Auto Mechanic
	Paul Christopher Obeng	Welder
	Kwadwo Owusu	Auto Mechanic
	Kofi Nsowah	Auto Electrician
	Isaac Quarm	Auto Mechanic
	Emmanuel Nyarko	Welding
	Isaac Doku	Auto Mechanic
	Bernard Komboh	Welding
Ghana National Association of Garages – Assin Foso Branch	Ben Amoh	
	Kobina Ntsiful	Welder and Fabricator
	Joseph Adjei	Autobody Sprayer
	Daniel Asase	Auto Mechanic
	Kobina Boame	Auto body Repairer and Welder
	Joseph Manful	Auto Mechanic
Interim Evaluation Wrap-up Meeting		
	Kofi Larbi	Ministry of Trade and Industry
	Christopher O. Taila	Ministry of Women and Children’s Affairs
	Sammuel Sey	Care International
	Issac Olesu Adjei	Hunger Project
	Dorothy Lucks	Consultant, IFAD Evaluation Mission
	Mark Keating	IFAD Evaluation Officer/Lead evaluator
	Frans Goosens	IFAD Design Mission
	Ulac Demirag	IFAD Country Programme Manager
	Rudiger Wolff	IFAD Design Mission

	Lukman Rahim	National Board for Small Scale Industries
	Leticia Osafo-Addo	Association of Ghana Industries
	Daniel Pasos	IFAD Consultant – Design Mission
	Edward Ashong	Bank of Ghana
	Ama Serwaa Dapaah	Consultant, IFAD Evaluation Mission
	Johnson Adasi	Ministry of Trade and Industry
	Ekow Haizel	Millennium Villages Project
	Daniel Baffour Awuah	COTVET
	Kwame Asamoah Akuoko	Sinapi Aba Trust
	Agnes Addae	AfDB Desk, Ministry of Finance and Economic Planning
	Marianne Kurzweil	African Development Bank
	Alabi Bortey	Ministry of Food and Agriculture
	Ebenezer Mante	Institute of Packaging Ghana
	Inusah Musah	AfDB desk, Ministry of Finance & Economic Planning
	Cletus Kayenwee	Monitoring and Evaluation Officer
	Roderick Ayeh	ARB Apex Bank
	Emmanuel Ankamah	Presby Relief Services and Development
	Ernest Agyei Tuffour	Methodist Relief Services
	V. Rev. Kofi Asare Bediako	Methodist Relief Services
	Rev. Daniel Oppong Wireko	Presby Relief Services and Development
	Roy Ayariga	Northern Rural Growth Project
	E. K. Nkansah	Ministry of Finance – IFAD desk
	Clement Npimibapiel	Community based Rural development Project
	Mohamed Ahmed	Northern Regional Poverty Reduction Project
	Lydia Essuh	Ministry of local Government and rural Development
	Kwasi Attah-Antwi	REP
	Charles Mensah	REP
	Richard Boateng	REP
	Elizabeth Nguah	REP
	Paul Amoako Adjei	REP
	Irene Amponsah	REP
Tano District		
	Faustina Agyei	Owner
	Elizabeth Anane	Worker
	Abiba Mohammed	Apprentice
	Mary Yeboah	Apprentice
	Rashida Seidu	Apprentice
	Mustapha Ali	Apprentice
	Owusu Acheaw (Dumb)	Apprentice

Civil Services	Ebenezer Dwira	M&E coordinator
	Kobina Okyere	Coordinator for implementation of plans
	Ishabella Mialerah Nyamah	Attaché
	Lydia Akosua Kwabia	Intern
	Sandra Afriyie Gyimah	Intern
	Belinda Amosa	Intern
	J.e Odotei	Coordinator of policy development
Roots & Tuber Improvement & Marketing Programme (RTIMP)		
	Oppong Mensah Abrampah -	Business Development, Training and Marketing Specialist
Asunafo South District		
	Hon. Fleance Danso	District Chief Executive
	Kumi Acheaw	Water and Sanitation Officer
	John Djabatey	Engineer
Bibiani Anhwiaso Bekwai District		
District Assembly	Hon. Moses K. Armah	District Chief Executive
	Louis K Bayouh	Coordinating Director
	Placid Kannae	Deputy Coordinating Director
	Daniel Akwasi Nuako	Information Officer
	Francis Ghansah	Information Office
	Halifax Joseph Amandeh	Assembly Member (Chairman of MSE Sub Committee)
	Henry Asiedu	Assembly Member (Vice Chairman of MSE Sub Committee)
	Janet Appiah	Assembly Member (Member of MSE Sub Committee)
	Patrick Fadola Asola	Assembly Member (Member of MSE Sub Committee)
	Adelaide Quayson	Hairdresser (Member of MSE Sub Committee)
Business Advisory Centre	Benjamin K. Duah	BAC Head
	Selina Ocran	Administrative Assistant
	Solomon Osei Yaw	Driver
	Stephen Donkor	National Service Person
	Sulleman Abdallah	National Service Person
Rural Technology Facility (RTF)		
	Dennis Osei Dankwa	Manager
	Ransford Arthur	Supervisor
	Alhassan Haruna Duba	Fabricator
	Godson Dzidzomu	Machinst
	Felicia Nkrumah	National Service Person

Bosome-Freho District		
District Assembly	Eric Marfi	District Planning Officer
	Emmanuel Effah Yeboah	District Engineer
	Nana Nti Karikari	MSE Sub-Comm. Member
	Carlos Dey	Executive Officer
	Dominic Yeboah Kodie	District Budget Analyst
	Sarfo Kantanka Acheampong	Cooperative Officer

Business Advisory Centre	Alexander Nyame	Business Development Officer
	Boateng Asiwa	Client – Soap Making
Clients - Nyamebekyere Gari Processing Group	Mary Achia	
Amomorso	Felicia Adjei	
	Ama Bio	
	Adzoa Akyre	
	Yaa Amponsah	
	Abena Amankwaa	
	Abena Paa	
	Rose Tetteh	
	Eunice Sarfo	
	Mary Brago	
	Abena Pokua	
	Comfort Brago	
	Ama Gyamaa	
	Abena Boama	
	Akua Anokyewaa	
	Adjoa Akyaa	
	Philomena Addae	
	Akosua Akyaa	
	Juliet Boateng	
	Faustina Aboagye	
	Rose Adwoa	
	Tawiah Akua	
	Mary Amponsah	
	Akosua Boaduwa	
	Faustina Twum	
	Esther Mensah	
	Cecilia Brenya	
	Abiba Malik	
	Salomey Sarpong	

Service Providers (Trainers)	Mr. Morgadzi	
	Evelyn Kutin-Mensah	
Asutifi District		
District Assembly	J. A. Derben	District Coordinating Director
	Vida Kyeraa Amankwa	Disaster Management Officer
	Nana Owusu Acheaw	Assembly Member (Chairman of MSE Sub Committee)
	Beatrice Anane	Assembly Member (Member of MSE Sub Committee)
	John Opoku	Assembly Member (Member of MSE Sub Committee)
	Faustina Tiwaa	Assembly Member (Member of MSE Sub Committee)
Business Advisory Centre (BAC)	Kwasi Abayie Acheampong	BAC Head
	Paa Kobina Dontoh	Business Development Officer
	Patricia Bossman	Administrative Assistant
	Akwasi Opoku	Driver
	Richard Bossman	National Service Person
	Samuel Amoako	On Attachment
Participating Financial Institutions	Arkoh Koomson	General Manager
	Attiso Darke	Credit Manager
Project Clients	Faustina Akotey	Batik, Tie & Dye Production
	Kate Amankwa	Caterer
	Faustina Antwi Agyei	Welding
	Comfort Adusei	Dressmaking & Floral Decoration
Roots & Tuber Improvement & Marketing Programme (RTIMP)		
MEETING WITH RTIMP 20TH JULY 2010:		
	1. Akwasi Adjei Adjekum	National Programme Coordinator
	2. Dr Oppong Mensah Abrampah	Business Development, Training and Marketing Specialist
RTIMP Good Practices Centre (Cassava Processing) – Sekyere West District		
	Mrs Janet Gyimah- Kesei	Josma Agro Industry Limited - Woraso
Rural Technology Service Centre – Mampong	Ernest Mackafui	Manager
Ministry of Food and Agriculture – Kumasi	Boakye Acheampong	Regional Director – Ashanti Region

Individual Agri Business Owner	Emmanuel Boakye Mensah	Agri- Master Five Company Limited - Planting Material
		Secondary Multiplication Farmer (Cassava)/RTIMP Trainer
Afigya Sekyere (now Sekyere South) District		
District Assembly	Nana Owusu-Antwi	District Coord. Director
	N. Kumi-Acheaw	Dep. Dist. Coord. Director
	Ahadza Samuel	District Auditor
	Busia Benjamin Opoku	District Planning Officer
Business Advisory Centre	Patience Asamoah-Aidoo	Head
	Elizabeth Nsenkyere	Secretary
	Samuel O. Boateng	National Service
	David Preprah	National Service
	Yaw Adjei	Driver
Tano-Odumasi	Francis Oduro	Clients
	Thomas Owusu	Jamasi
Asante Akim South District		
District Assembly	Kwadwo A. Boateng	District Coord. Director
	Arko Tettey	Community Dev't Officer
	Ibrahim Abu-Deedat	MSE Sub-Comm. Chairman
	Khadija Musah	MSE Sub-Comm. Member
	Larbi Ebenezer	MSE Sub-Comm. Member
	Kwadwo Shaibu	MSE Sub-Comm. Member
Asante Akim Rural Bank	Amoako Ebenezer	Agency Manager
	Georgina Agyemang	Project Officer
Business Advisory Centre	Aikins Agyepong	Head
	Isaac Owusu Asante	Business Dev't Officer
	Kwame Opoku Preko	Asst. Bus. Dev't Officer
Obogu	Zaliatu Ibrahim	Client-Soap making/Dressmaking
Obogu	Obogu Dressmakers Association	Clients - Dressmakers
Juaso	Alex Frimpong	Client – Grasscutter rearing
Mampong Municipal		
District Assembly	Dawuda A. Yakubu	Dep. Municipal Coord. Dir.
	Japiong Robert Berka	Dep. Municipal Fin. Officer
	Fred Agyemang	Municipal Planning Officer
	Stephen Asamoah	MSE Sub-Comm. Chairman
Business Advisory Centre	Thomas Fofie	Head
Rural Tech. Service Centre	Ernest Mackafui	Manager

	Neequaye Samuel	Woodworks Section Leader
	Michael Adjei	Metal Machining Sec. Leader
	Joseph Gyim	Welding/Fabric. Sec. Leader
Asante Akim North Municipal		
Municipal Assembly	M.D.A. Avaah	Municipal Coord. Director
	John Buadooh	Municipal Dev't Planning Off.
	Owusu-Ansah Poku	Municipal Finance Officer
	Thomas Osei-Bonsu	Presiding Member
	Margaret Owusu	MSE Sub-Comm. Chairperson
	Obeng Mireku	Assembly Member
Business Advisory Centre	Priscella Kwakye-Fosu	Business Development Officer
Rural Tech. Service Centre	Emmanuel Tetteh	Manager
Bekwai Municipal		
Municipal Assembly	Hon. Noah Asante Manu	Municipal Chief Executive
	R. Koyie Sambo	Municipal Coord. Director
	Mohammed Yahaya	Assistant Director
	Prince Adu Nti	Assistant Director
	Samuel Kofi Ampofo	MSE Sub-Comm. Convener
Rural Technology Facility	Frank Appiah Sam	Manager
	Peter Diapi	Supervisor
	Felix Sindim	Fabricator
	Jacqueline Brefo	Machinist
	King David Asiagbor	National Service
	Opoku Noah Kwame	Attachment
	Tudzi Abraham	Attachment
	Adwauni Moses	Apprentice
	Anita Manu	National Service
Business Advisory Centre	Kwasi Boateng	Head
	Georgina Tandoh	Administrative Assistant
	Kwame Opoku Ware	National Service
	Deefour Dominic S. Yaw	National Service
Kofofu	Mary Broni	Clients -Soap Making Group
	Abrafi Comfort	
	Alice Adoma	
	Adelaide Mensah	

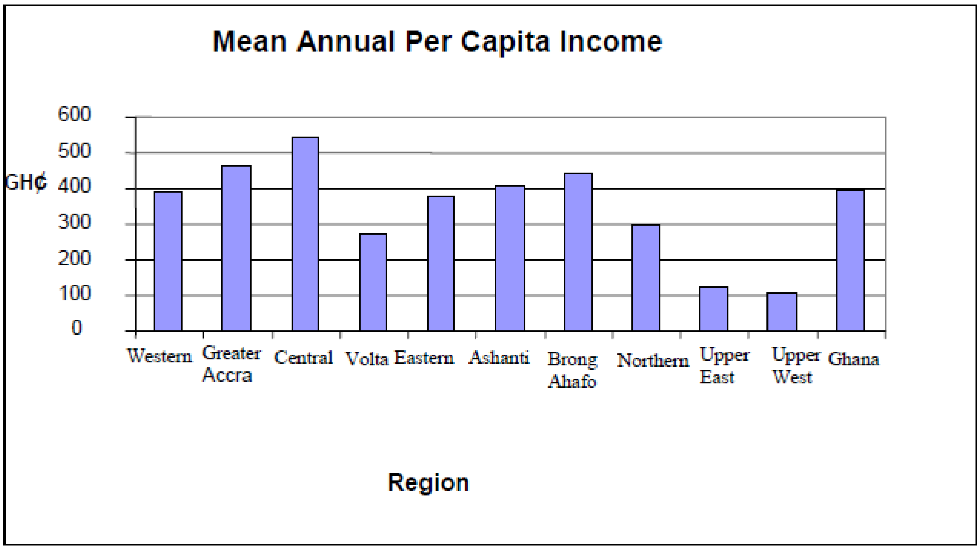
Sekyere Afram Plains (carved-out) District		
District Assembly	Hon. J. K. Dankwah	District Chief Executive
	G. Padmore Mensah	District Coord. Director
	Isaac K. Elimh	District Planning Officer
	Genevieve Fuseini	District Finance Officer
Business Advisory Centre	Edward Gyan	Business Development Officer
Kumawu	Francis Owusu	Client - Leatherworks
Management Meeting with REP Evaluation Team		
	Kwame Siame	NBSSI
	E. O. Lamptey	NBSSI
	Dawarnoba Baeka	NBSSI
	Aisu Kusafa	NBSSI

Project Steering Committee Members		
	Emmanuel Asiedu	GRATIS Foundation
	Lukman Abdul Rahuan	NBSSI
	Kabina Okzare	National Development Planning Commission
	Y Amponsah Tabi	Bank of Ghana
	Faustina Acheampong	Ministry of Women and Children's Affairs
	Edmund Nkansah	Ministry of Finance and Economic Planning
	Johson Adasi	MOTI, SME Division
	W Kofi Larsi	MOTI
REP Team		
	Richard Mettle Adbo	Head, Research, Marketing Corporate Affairs
	Theopolis P Obeng	Head, Microfinance Unit
	Roderick O Ayeh	Microfinance Officer
	Samuel Twumasi Anlash	Ag Head Internal Control Department
	Paul Amoaloo Adjei	Technology Promotion Officer
REPS of Collaborating Institutions		
	Isaac Olesn Adjei	THP
	John Sarpong Amoakohene	THP
	K A Amaniampong	COTVET
	D Bafffour Awuah	COTVET
	Ebenezer mante	IOPG
	Opong Abena Aframea	Dept of DSS PCG
	Benedicts Clara Affram	Dept of DSS PCG
	Francis Vier-Meisah	THP
	Rev Daniel Opong Wereko	PRS&D
	Ernest Agyei-Tuffour	MDRS

	Rev Kop Asane Bediaku	MDRS
	Kwame Asamoab Aknoko	Sinepi Aba Touse
	Alex Dadzawa	GEPC
	Ama Serwaa Dapaan	interim evaluation Mission
GRATIS Foundation		
	E. Asiedu	GRATIS Foundation CEO
	Seth K. Dotse	GRATIS Foundation Operations
	Patrick Qhamsah	GRATIS Foundation - GAR
	George G. Ghampson	GRATIX Foundation Equipment
	Sheini M. Abn-Bakan	GRATIS Foundation General Manager Technical
	Emmanuel Aziah Oarko	GRATIS Foundation - Finance Manager
	Helen Adu Yanney	GRATIS Foundation Ag HR/Admin Manager
	Sabina Anokye Mensih	GRATIS Foundation Senior Technical Officer
Others		
	Theresa Hoptensitz	German Development Cooperation
	Steffen Felix	German Development Cooperation
	James Klwasi Quansah	CEO Oprimquans Company Ltd
	Saeed Owusu Brobbey	National Board for Small Scale Industries
	Anna Armo-Himbson	National Board for Small Scale Industries (NBSSI)
	Duke Osam-Duodu	ARB Apex Bank Ltd
	Kusi Agyemang	Artist
	Nyaaba	Manager, Kamara Enterprises
	Francis Kwabena Andoh	Bank of Ghana
	Philip Boahen	African Development Bank, African Development Fund
	Rev. Daniel Opong-Wereko	Presbyterian Church of Ghana
	Hon. Yaw Effah-Baafi	MP Kintampo South Consultancy
	Hon. Mahama Ayariga	Ministry of Trade and Industry
	Richard Mettle Adbo	

APPENDIX 5

Mean Annual Per Capita Income by Region



Source: GLSS V Final Report, 2008

APPENDIX 6

Case Studies: Businesses That Have Grown

Case Study One: Grace Hayibor

Grace Hayibor lives at Begoro in the Fanteakwa District of the Eastern Region. She posseses a teacher training certificate. Grace is involved in soap making. She was directed to BAC by a friend. Following the introduction she had received training in liquid and solid soap making after the BAC had done a training needs identification.

She believed that the training was relevant because it had met her needs. It was in line with her business in terms of both the technical and business management and banking culture aspects. The client had also found the training effective. The training took place at a town in the district, about 20-30 minutes ride from Begoro. The client contributed GHC 5 toward the cost of the training. The training lasted 10 days and the client found the duration adequate.

The BAC provides backstopping and advice on the marketing of her products by providing links to the market and provides feedback on complaints of customers about her products.

Apart from the training the BAC had sensitized her on how to get loans from the bank and directed her to write a business plan, which she submitted to the District Assembly. Furthermore, after the training the BAC provided supervision for her to construct a structure for drying the washing powder.

Grace indicated that the training has had a positive impact on her life. According to her she used to produce only powdered soap (washing powder) but with the training she now produces liquid and solid soap in addition. She has adequate market for the washing powder and the liquid detergent. She was also taught how to make other products, e.g. doughnuts in order to diversify her income.

Impact on Income

Before the training: She was not able to separate her earnings from her personal expenses so she did not have adequate records. She therefore gave a rough estimate of 50 per cent of what she is earning now.

After: Net income of GHC 170 per month.

Assets- She has not acquired any personal assets but she is able to buy some of the raw materials in drums instead of in bottles to achieve economies of scale. She also used part of her earnings to put up the structure. In addition she is able to produce more.

Sustainability: She can now stand on her feet and take loans from the bank. She is waiting for the soap making equipment which is yet to be produced by the RTF at Asamankese in the West Akim District to enhance her business further.

Case Study Two: Vida Tsekpetse, Hair Dressing and Soap Making

Vida Tsekpeste lives at Akosombo in the Asuogyaman District of the Eastern Region. She started with the hairdressing and later diversified into soap making.

According to her she got to know about the project when the BAC officer attended the Association's meeting about three years ago to inform them about REP and the support available. Following this she received training in record keeping; business management; technical training in hairdressing and skin care – provided by FC, a private company.

Vida said the training had benefited her a great deal. Now she can keep records properly. The FC training has provided her with additional product lines. And she has become a resource person for REP! Record keeping and financial management training has shown her how to manage her finances and prudent use of funds and she has been taught to pay herself. In addition, she has written examinations for NVTI grades 1 and 2 and so she has obtained certificates.

She paid GHC 25 for the FC training and this includes the start-up kit. She paid GHC 10 for the soap making training and GHC 5 for the training in record keeping and business management.

Impact on Income

Before: It was difficult for her even to determine how much net income she had earned at the end of the month because she had mixed up her finances due to no record keeping.

After: Income from hair dressing – Able to put GHC 60 in her bank account every week
Income from soap making – GHC 200 every month

Assets acquired include 3 wall dryers valued at GHC 280 each, 4 swivel chairs costing GHC 95 each and expansion to her salon at a cost of GHC 900.

Sustainability: The client said she will be able to support herself in view of the assets and the certificates she has obtained. The diversification into soap making has also brought her additional income. She however wants a loan to set up another salon. She also asked for visits to other localities or facilities to learn from other experiences.

Case Study Three: Ramato Fango, Soap Making

Ramato Fango also lives at Akosombo. Ramato's case is very remarkable albeit modest. Before her contact with REP she was selling body powder and pomade which she carried on her head in a tray. She heard about the project through her association.

She has received training in soap making – how to make bar soap, washing powder and a variety of soaps. She was also trained in record keeping including costing of products, and banking culture.

The training has brought many benefits to her. She no longer buys soap for the household use. She is able to support the education of her children and she has opened a bank account.
She contributed GHC 10 to the training.

Impact on Income

Before: She was selling powder and pomade in small quantities and could make sales of GHC 60-80 monthly. However, she could not tell how much of this was her profit because she did not know how to do this at the time.

After: Sales of soap of between GHC 160 and GHC 180 monthly and she can make a net income of GHC 25. In addition she makes a net income of GHC 30 from the sale of liquid soap.
Assets – She has not yet acquired any personal assets because she uses the money to support the education of her children.

She needs a loan of GHC 1,000 to expand her business. She also needs equipment for cutting the bar soap and sealing the washing powder.

Market for products – Akosombo and surrounding areas including Volta Hotel and Akosombo Laundry, Accra, Dambai, chop bar operators.

Case Study Four: Enso Nyame Ye Women's Group – Palm Oil Production

The *Enso Nyame Ye* Women's group is engaged in palm oil production at Aboasa in the Asuogyaman District. They were introduced to the BAC officer when they went to register at the Ministry of Women and Children Affairs office at the Asuogyaman District Assembly.

The group which started in 2008 with 10 members now has 17 members, including one male. They have an executive comprising a chairperson, secretary, treasurer and organizer. They meet twice a month. They have a constitution.

In addition to technical training in how to make the best palm oil the group has received training in record keeping and packaging/marketing. The BAC also arranged for marketing of their product.
As a result of the support from the project the group members have been able to look after their children and support the home. They have also been able to employ others and the marketing of the palm oil by the road-side – highway – has opened up the community of Aboasa.

Impact on Income

Sales before: GHC 144.00 a week

After:
Production: 132 gallons a week
Sales @ GHC 8 per gallon = **GHC 1,056 a week**
Production cost (palm fruits and transport, etc.) = GHC 350
Profit/Net Income = GHC 706 a week

This is in addition to what each individual member can make because the group production is done one week in a month with the remaining three weeks left for individual production. For instance, the leader of the group, Elizabeth Adubea could make a net income of GHC 642.

The group has a structure with some equipment. The structure was provided by the community while the district assembly provided the equipment. They however asked for a loan to buy equipment that could separate the palm nuts from the fibre.

The group and individual members keep good records.

Case Study Five: John Addo – Wood Carving

John Addo lives in and works New Abirem in the Birem North District of the Eastern Region. He started work in 1979 and was located at Aburi in the Akwapim North district. He came in contact with Rep through a BAC officer in 2007. He received training in finishing, record keeping, how to open bank account and to repay loans. He also participated in trade shows.

The support from the project has helped him in many ways. For example, the trade shows have enabled him to get more customers through the networking/contacts he established. Furthermore, he used to rent a small shop but after the training he has been able to put up his own structure as a shop because he has more customers. He is able to keep his finances well.

Impact on Income

Before: Income not stable – was making about GHC 800-900 a year.
With expenses of about GHC 500 his net income was GHC 300-400 a year.

After: Cost of production (wood, transport and food) = GHC196

Sales (Current: January-July) = GHC 1,991
Net income = GHC 1,795 for the 7 months

Assets – He has bought the plot of land to put up the workshop at a cost of GHC 1,350. He has also bought a TV. He has a bank account and saves on average GHC 30 a month.

Sustainability and empowerment: He is confident that if he follows what he has been taught his business will grow further. His vision is to get a market for his products outside the country.

Case Study Six: Godfred Owusu-Fordjour, Bee Keeping

Godfred Owusu-Fordjour is the president of the bee keepers association in Amantin in the Atebubu-Amantin District and he became a REP client in 2001 when the BAC had contacted him.

He has received training in bee keeping in 2001 and under REP II he had been trained in business management, marketing and leadership skills. He had found the training relevant and effective because it had addressed his needs and improved on his business. The training took place at the District Assembly and he contributed GHC 5.

The training has helped to produce better quality honey and hence get a higher price and also approach his bee keeping activity as a business venture.

Impact on Income

Before: The bee keeping was not a major activity since he was involved more in farming. He roughly estimates his income then at about GHC 600.

After: His income has increased about five times.
Production = 300 gallons (in 2008) @ GHC 15/gallon
Sales = GHC 4,500
Production cost = GHC 1,500
Net income = GHC 3,000

Assets- He has built a house valued at GHC 12,200 and purchased a tractor at the cost of GHC 7,000. He can save GHC 500-1,000 a year. He has also invested in the education of his children.

Sustainability: He feels empowered but would want need a truck to convey his beehives and the honey. He has been able to expand his market to Accra and Kumasi. The main challenge that he and his colleagues face is access to credit.

Case Study Seven: Kingsley Commey - Carpentry

Kingsley Commey lives and works at Sefwi-Wiaso. He became a REP more than 5 years ago after the BAC had gone to him. He had received training in costing, quality finishing, construction techniques, measurement and marking out and business management. He had found the training relevant because it met his needs.

The training has enabled him to expand his business and increased the workshop space. The training in pricing/costing and quality finishing has allowed him to get good prices for his products.

Impact on Income

Before: Net income of GHC 8,000 a year

After: Net income of GHC 12,000 a year

Assets and savings- A house, extension to workshop, a Mercedes Benz saloon car, bank accounts at two banks. He saves about GHC 500 a month. His children are well-fed.

Sustainability and empowerment: He is confident that he will be able to sustain his business and move from micro to become a small scale enterprise.

Case Study Eight: Control Group-Palm Oil Production At Nyinahin In Atwima-Mponua District

Amina Musah is a member of the palm oil production group at Nyinahin in the Atwima-Mponua District of the Ashanti Region. The group was formed a year ago with the view to attract funding from a bank. They operate with machines owned by a prominent man in the community who is not a palm oil producer. The group members pay a fee to him any time they use the machines. The group members have received no training and they do not keep records.

According to Amina one person can buy about 5 bags of palm fruits to process into palm oil at a cost of GHC 200.00. This can produce about 10 tins of palm oil. With a tin now sold at GHC 20.00 the sales is GHC 200.00. It therefore looks like they are not making any profit or may even be making a loss since the cost of production of GHC 200.00 the member gave is for the cost of raw materials only does not include other production costs. Amina, however, added that they sell the palm kernels to make some profit.

Case Study Nine: Control Group-Akpeteshie Factory At Jato In Suhum-Kraboa-Coaltar District

The group is a member of Ghana Cooperatives Society. There are 10 groups under cooperatives and there are splinter groups under different societies. There are about 200 distillers. The group at Jato has 20 employees.

There has been no training or other external support but the group expressed the need for financial assistance to enable them buy their major raw material, sugar without using suppliers' credit which is expensive.

At the moment they are using firewood which is unsustainable and harmful to the environment. They therefore expressed the need for a gas station to be located near them so that they can have easy access to gas. They use a lot of water and so would need a well.

The group gave their monthly sales/production figures to the consultant.
Production: 20 No. 15 gallons containers (300 gallons)
Sales: One 15-gallon container is sold at GHC 80
Total monthly sales is GHC 1600
Cost of production (one container):

12 pieces of firewood @ GHC 1.2	GHC 16.60
Sugar	GHC 56.50
Water (GHC 17 for 20 drums)	GHC 0.40
Yeast	3.60
Labour	4.50
Total	GHC 81.60

Total cost of production for 20 containers = GHC 1,632

Net income is negative GHC 32.

The costing by the group leader may not be accurate since he had indicated that it was a profitable enterprise. The consultant could not examine their records because they keep their records at the cooperative office. They are supervised by the Cooperative. They also send their produce to the Cooperatives Society's depot in Accra for marketing.

APPENDIX 7

Brief on Trade/Business Associations

A trade association is an organization founded and funded by businesses that operate in a specific industry. The majority of the members join the trade association because of the specified nature of their industries. The main reasons why people join trade associations are to ensure self-regulations, achieve creditability, get expertise in specific industry issues, speak with a unified voice to media and forming collective policy positions.[1] It is estimated that they are about 1,850 registered business or trade associations in Ghana.[2] Associations also provide a forum for their members to meet and exchange ideas.

The associations in Ghana come in various categories. There is the chamber of commerce whose members are mostly people involved in commerce and services, associations for small, medium and large industries and associations for micro and small industries. Some associations are specific to a sector, industry or trade and then there are the umbrella associations such as the Association of Ghana Industries and Association of Small Scale Industries or Council for Indigenous Business Associations whose members come from the various trade or industry associations (e.g. Ghana National Association of Garages or tailors and Dressmakers Association).

Association of Ghana Industries (AGI)

The AGI is a voluntary business association of over 1200 members, made up of small, medium and large scale manufacturing and services industries in agro-processing (food and beverages), agri-business, pharmaceuticals, electronics and electrical, telecommunications, information technology, utilities, service industries, transport, construction, textiles, garments and leather, banking and advertising.[3] Its key functions are to advocate for policies that advance the growth and development of industries; facilitate international trade through exhibition of member products in countries across the sub-region; strengthen national industry associations through the sharing of knowledge, experience and critical information; provide members with a vast network of contacts, especially in the West African sub-region. The association has 1,200 members. It covers 19 sectors and each sector has a chairman. About 25 per cent of members are medium and large scale industries while the remaining belongs to the micro and small scale category. The Annual General Meeting is the highest policy making body whilst the National Council acts as the Board governing the affairs of the Association in between Annual General Meetings. The National Council comprises six Elected Members, the Immediate Past President, Regional Branch Chairmen, Sector Chairmen and Representatives of Associate Members. The Association is headed by the President, assisted by two Vice Presidents and a National Treasurer. The Directorate is headed by an Executive Director, who is the Chief Executive Officer. It has three Divisions; Policy & Research, Business Services and Finance & Administration.

All core activities are funded through membership contributions and grants from private sponsors. Special programmes are funded separately by development partners. This ensures sustainability and secures AGI’s independence as the voice of the Ghanaian industries.

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[1] Dr. Ayub Mehar, Role of Trade Associations in Economic Development, 2008.

[2] KAB Consult, Strengthening Business Associations in Ghana.

[3] AGI Website

The AGI has over the years proved to be a strong voice for industry. It has promoted the interests of its members by supporting and influencing legislations or other measures considered to be favourable for the advancement of industry or challenging policies which are considered inimical to industrial growth and development; presenting industry's position papers on specific policies to government and stakeholders; and providing quality service to member-companies, particularly small and medium-scale enterprises in order to bring about continuous improvement in their operations. It has largely cushioned itself from political influence.

Given its clout the AGI would be in a position to nurture the weaker associations such as ASSI.

Association of Small-Scale Industries (ASSI)[4]

ASSI was established in 1987 with the objective of bring together small scale entrepreneurs scattered all over the country and to give them a united voice to be able to advocate for policies that will enhance the growth of their enterprises. ASSI has an executive body comprising a President and a vice, Treasurer, Organizer and a General-Secretary. ASSI, however, does not have a secretariat. The officers are elected for two years and can be re-elected up to two terms. It is an umbrella body with over 6,000 members but less than 30 are active. Most of the members are also members of Council for Indigenous Business Associations (CIBA) and they include Ghana Electronic Technicians Services Association, National Air Conditioners & Refrigeration Workshop Owners Association, Ghana National Garages Association, Tailors and Dressmakers Association and Plumbers association (not a member of CIBA).

The association seeks training programmes from NGOs to educate members about government policies. ASSI, however, faces a lot of challenges. It is weak and ineffective and does not have the mandate to keep its members on track. The national president is asking for some regulations requiring the registration and certification of the industries/enterprises to enable ASSI control the operations of members and monitor them. Meetings which are supposed to be held monthly are now held quarterly but even then many do not respond to the invites for the meetings and they do not pay their dues, making the association cash-trapped.
ASSI would need to be strengthened to be able to perform its role effectively. They would not only need training but they would also need financial support to first of all set up a secretariat to operate from.

Council for Indigenous Business Associations (CIBA)[5]

CIBA was established in 1993 under PNDC Law 312 to, among other things, register and monitor registered business associations with the view to recommending improvements in their operations. It is an umbrella body for 20 (twenty) associations. The presidents and secretaries of the various associations form the council. There is an executive committee made up of a chairman who is elected, executive secretary and 4 other members who are elected at the forum. They are responsible for the day-to-day administration. The Council meets quarterly and annually. Elections are held every four years and a person is eligible to

4 Based on interviews with President of ASSI.

5 Based on interview with President of CIBA.

seek re-election for a maximum of two terms. The presidents of all associations are eligible for election to the council. They have regional offices which comprises the regional executives of the associations. CIBA operates under the Ministry of Manpower and Employment.

CIBA's main function is to promote the growth of the various associations. In this connection they design products in the following areas: Skills development, entrepreneurial development, assets and guarantees – inputs support to various associations, social protection – pensions for the informal sector, endowment fund. The pension scheme for the members includes welfare benefits such as provision of high purchase scheme for members. The Endowment Fund includes a *susu* or micro-finance scheme. A feasibility study has been undertaken and the Council is going to start a pilot soon. There is a trust deed and the presidents of the associations constitute the Board of Trustees of the fund. There is a fund manager to administer the fund. The seed money for the endowment fund will come from the pension scheme.

CIBA is affiliated to the Ghana Employers Association (GEA) which provides training for them. They also have an apprenticeship program under the Council of Vocational and Technical Education Training (COVET). CIBA has provided training support to master crafts persons to train 50,000 apprentices by next year. It will provide input support for them to be abreast with modern trends. Government will provide the tool-kits and allowances for the training of the apprentices. One objective of CIBA is to put in place a legal structure at informal sector workplace so that there would be some regulations, for instance in terms of working hours and conditions.

CIBA comprises the following 20 national trade associations including National Associations of Beauticians, Ghana Hairdressers and Beauticians Association, National association of Garages, National Tailors and Dressmakers Association and Cooperative Bakers Association.

CIBA provides services to its members in financial training, business plan preparation, financial analysis and micro-finance and entrepreneurial development.

CIBA also seeks financial support for members from financial institutions. It is providing adequate professional training under the AGOA so that the members could get access to overseas markets. They also imported inputs such as hair dryers, sewing machines, etc. for the members. There are opportunities for members to network. For instance, a program undertaken with Baobao academy provides opportunities for networking. CIBA serves on a number of governmental committees such as the Private Sector Development Committee and the Tripartite Committee.

Some challenges facing CIBA include, access to funding, low level of entrepreneurial development and lack of decent work places for members.

National Association of Tailors and Dressmakers

The National Association of Tailors and Dressmakers was established in 1979 with the role to train apprentices and master craft persons to upgrade their skills. It has a 15-member executive comprising 4 National Executive Council members – president, vice, treasurer and training coordinator- plus 11 regional representatives. The association has 35,000 members and has 11 regional offices including Tema. It has put in place an effective structure to ensure smooth information flow. Under the regions are zones. Information flows from the zonal chairmen through the regions to national then flows back from the national through the regional chairmen to the zones. The zonal chairmen form the regional council while the regional chairmen form the national council. Accra, for example has 56 zones. Their sources of revenue are dues from members and examination fees.

The Association trains about 5,000 apprentices each year and organizes examinations for them and issues certificates of proficiency. It is now collaborating with NVTI to assist in the certification of the apprentices. It has been involved in HIV/AIDS programme with the Ghana Social Marketing Foundation. They have not been able to influence government policy but once in a while "make noise" about the importation of second-hand (used) clothing which is negatively affecting the business of their members. It is obvious that they lack advocacy skills since they have not been able to address this problem. The association is a member of ASSI and CIBA. CIBA has given them some machines. The challenges the association faces include getting machines and a place for the graduate apprentices to operate from, the certification of the apprentices and access to bank loans for members since they do not have assets to use as collateral. The Association would need training for the executives in leadership, management, communication skills, etc. The president also pointed out the need for the members to get some education to improve their academic backgrounds.

APPENDIX 8

Rural Enterprises Project Data
(GOG/IFAD/AfDB)
Districts with BACs and Carved Out Districts of Rep I & Ii

			Region	Partnership Arrangement		
No.	**Name of District**	**Status**		**District Assembly**	**NBSSI**	**Rural Enterprises Project**
1	Assin North Municipal	Non-Project	Central Region		1	
2	Agona West Municipal	Non-Project	Central Region		1	
3	Upper Denkyira East Municipal	Non-Project	Central Region		1	
4	**Cape Coast Metropolitan**	**Regional Capital**	**Central Region**		1	
5	Abura/Asebu/Kwamankese	REP II	Central Region	1	1	1
6	Ajumako/Enyan/Essiam	REP II	Central Region	1	1	1
7	Asikuma/Odoben/Brakwa	REP II	Central Region	1	1	1
8	Assin South	REP II	Central Region	1	1	1
9	Mfantsiman Municipal	REP II	Central Region	1	1	1
10	Twifo/Heman/Lower Denkyira	REP II	Central Region	1	1	1
11	Akuapim North	Non-Project	Eastern Region		1	
12	Akuapim South Municipal	Non-Project	Eastern Region		1	
13	East Akim Municipal	Non-Project	Eastern Region		1	
14	Kwahu South	Non-Project	Eastern Region		1	
15	Kwahu West Municipal	Non-Project	Eastern Region		1	
16	Suhum/Kraboa/Coaltar	Non-Project	Eastern Region		1	
17	Birim Central Municipal	Non-Project	Eastern Region		1	

No.	Name of District	Status	Region	Partnership Arrangement		
				District Assembly	NBSSI	Rural Enterprises Project
18	Upper Manya Krobo new	Carved out of REP II District	Eastern Region			
19	**New-Juaben Municipal**	**Regional Capital**	**Eastern Region**		1	
20	Asuogyaman	REP II	Eastern Region	1	1	1
21	Birim North	REP II	Eastern Region	1	1	1
22	Fanteakwa	REP II	Eastern Region	1	1	1
23	Kwahu North	REP II	Eastern Region	1	1	1
24	Lower Manya Krobo	REP II	Eastern Region	1	1	1
25	West Akim Municipal	REP II	Eastern Region	1	1	1
26	Tema Metropolitan	Metropolitan	Greater Accra Region		1	
27	Dangme West	Non-Project	Greater Accra Region		1	
28	Ga West Municipal	Non-Project	Greater Accra Region		1	
29	**Accra Metropolitan**	**Regional Capital**	**Greater Accra Region**		1	
30	Dangme East	REP II	Greater Accra Region	1	1	1
31	Hohoe Municipal	Non-Project	Volta Region		1	
32	Jasikan	Non-Project	Volta Region		1	
33	Keta Municipal	Non-Project	Volta Region		1	
34	Ketu South	Non-Project	Volta Region		1	
35	Kpando	Non-Project	Volta Region		1	

No.	Name of District	Status	Region	Partnership Arrangement		
				District Assembly	NBSSI	Rural Enterprises Project
36	**Ho Municipal**	**Regional Capital**	**Volta Region**		1	
37	Nkwanta North	Carved out of REP II District	Volta Region			
38	Kadjebi	REP II	Volta Region	1	1	1
39	Krachi East	REP II	Volta Region	1	1	1
40	Krachi West	REP II	Volta Region	1	1	1
41	Nkwanta South	REP II	Volta Region	1	1	1
42	North Tongu	REP II	Volta Region	1	1	1
43	South Tongu	REP II	Volta Region	1	1	1
44	Offinso North new	Carved out of REP I District	Ashanti Region	1		1
45	Sekyere Afram Plains	Carved out of REP I District	Ashanti Region	1		1
46	Atwima Kwanwoma	Carved out of REP II District	Ashanti Region			
47	Bosome Freho	Carved out of REP II District	Ashanti Region	1		1
48	Afigya-Kwabre	Carved out of REP I District	Ashanti Region			
49	Sekyere Central	Carved out of REP I District	Ashanti Region			
50	Ahafo Ano North	Non-Project	Ashanti Region		1	
51	Amansie Central	Carved out of REP II District	Ashanti Region	1		1
52	Ejisu-Juaben Municipal	Non-Project	Ashanti Region		1	
53	Kwabre	Non-Project	Ashanti Region		1	

No.	Name of District	Status	Region	Partnership Arrangement		
				District Assembly	NBSSI	Rural Enterprises Project
54	Obuasi Municipal	Non-Project	Ashanti Region		1	
55	Atwima Nwabiagya	REP II	Ashanti Region	1	1	1
56	Bekwai Municipal	REP II	Ashanti Region	1	1	1
57	**Kumasi Metropolitan**	**Regional Capital**	**Ashanti Region**		1	
58	Ejura/Sekyedumase	REP I	Ashanti Region	1	1	1
59	Mampong Municipal	REP I	Ashanti Region	1	1	1
60	Offinso South Municipal	REP I	Ashanti Region	1	1	1
61	Sekyere East	REP I	Ashanti Region	1	1	1
62	Sekyere South	REP I	Ashanti Region	1	1	1
63	Adansi North	REP II	Ashanti Region	1	1	1
64	Amansie West	REP II	Ashanti Region	1	1	1
65	Asante Akim North Municipal	REP II	Ashanti Region	1	1	1
66	Asante Akim South	REP II	Ashanti Region	1	1	1
67	Bosomtwe	REP II	Ashanti Region	1	1	1
68	Jaman North	Carved out of REP I District	Brong Ahafo Region			
69	Kintampo South	Carved out of REP I District	Brong Ahafo Region	1		1
70	Nkoranza North	Carved out of REP I District	Brong Ahafo Region			
71	Pru	Carved out of REP I District	Brong Ahafo Region	1		1
72	Tain	Carved out of REP I District	Brong Ahafo Region		1	

No.	Name of District	Status	Region	Partnership Arrangement		
				District Assembly	NBSSI	Rural Enterprises Project
73	Tano North	Carved out of REP I District	Brong Ahafo Region	1		1
74	Dormaa East	Carved out of REP II District	Brong Ahafo Region			
75	**Sunyani Municipal**	**Regional Capital**	**Brong Ahafo Region**		x	
76	Atebubu-Amantin	REP I	Brong Ahafo Region	1	1	1
77	Jaman South	REP I	Brong Ahafo Region	1	1	1
78	Kintampo North Municipal	REP I	Brong Ahafo Region	1	1	1
79	Nkoranza South	REP I	Brong Ahafo Region	1	1	1
80	Tano South	REP I	Brong Ahafo Region	1	1	1
81	Techiman Municipal	REP I	Brong Ahafo Region	1	1	1
82	Wenchi Municipal	REP I	Brong Ahafo Region	1	1	1
83	Berekum Municipal	REP I	Brong Ahafo Region	1	1	1
84	Asutifi	REP II	Brong Ahafo Region	1	1	1
85	Asunafo North Municipal	REP II	Brong Ahafo Region	1	1	1
86	Dormaa Municipal	REP II	Brong Ahafo Region	1	1	1
87	Sene	REP II	Brong Ahafo Region	1	1	1
88	Ellembele	Carved out of REP II District	Western Region	1		1
89	Sefwi Akontombra	Carved out of REP II District	Western Region	1		1
90	Ahanta West	Non-Project	Western Region		1	
91	Bia	Carved out of REP II District	Western Region			

No.	Name of District	Status	Region	Partnership Arrangement		
				District Assembly	NBSSI	Rural Enterprises Project
92	Tarkwa Nsuaem Municipal	Non-Project	Western Region		1	
93	**Sekondi Takoradi Metropolitan**	**Regional Capital**	**Western Region**		1	
94	Aowin/Suaman	REP II	Western Region	1	1	1
95	Bibiani/Anhwiaso/Bekwai	REP II	Western Region	1	1	1
96	Jomoro	REP II	Western Region	1	1	1
97	Juaboso	REP II	Western Region	1	1	1
98	Mpohor/Wassa East	REP II	Western Region	1	1	1
99	Nzema East Municipal	REP II	Western Region	1	1	1
100	Sefwi-Wiawso	REP II	Western Region	1	1	1
101	Wasa Amenfi West	REP II	Western Region	1	1	1
102	Bunkpurugu-Yunyoo	Non-Project	Northern Region		1	
103	Gushegu	Non-Project	Northern Region		1	
104	Karaga	Non-Project	Northern Region		1	
105	Kpandai	Carved out of REP II District	Northern Region	1		1
106	Saboba	Non-Project	Northern Region		1	
107	Tolon/Kumbungu	Non-Project	Northern Region		1	
108	Yendi Municipal	Non-Project	Northern Region		1	
109	**Tamale Metropolitan**	**Regional Capital**	**Northern Region**		1	
110	Bole	REP II	Northern Region	1	1	1

No.	Name of District	Status	Region	Partnership Arrangement		
				District Assembly	NBSSI	Rural Enterprises Project
111	Central Gonja	REP II	Northern Region	1	1	1
112	East Gonja	REP II	Northern Region	1	1	1
113	East Mamprusi	REP II	Northern Region	1	1	1
114	West Gonja	REP II	Northern Region	1	1	1
115	West Mamprusi	REP II	Northern Region	1	1	1
116	Zabzugu/Tatale	REP II	Northern Region	1	1	1
117	Kassena Nankana West	Carved out of REP II District	Upper East Region			
118	Bawku Municipal	Non-Project	Upper East Region		1	
119	**Bolgatanga Municipal**	**Regional Capital**	**Upper East Region**		**1**	
120	Bongo	Non-Project	Upper East Region		1	
121	Bawku West	REP II	Upper East Region	1	1	1
122	Builsa	REP II	Upper East Region	1	1	1
123	Garu-Tempane	REP II	Upper East Region	1	1	1
124	Kassena Nankana East	REP II	Upper East Region	1	1	1
125	Lambussie Karni	Carved out of REP II District	Upper West	1		1
126	Lawra	Non-Project	Upper West		1	
127	**Wa Municipal**	**Regional Capital**	**Upper West**		1	
128	Jirapa	REP II	Upper West	1	1	1
129	Nadowli	REP II	Upper West	1	1	1

No.	Name of District	Status	Region	Partnership Arrangement: District Assembly	NBSSI	Rural Enterprises Project
130	Sissala East	REP II	Upper West	1	1	1
131	Sissala West	REP II	Upper West	1	1	1
				77	**109**	**77**
	Regional Capital					
	REP provides limited support					
	Carved Out Districts of REP without BACs					

Definition of the Evaluation Criteria used by the Independent Office of Evaluation of IFAD

Criteria	*Definition*[a]
PROJECT PERFORMANCE	
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 in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
RURAL POVERTY IMPACT[b]	
	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.
• Household income and 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.
• 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 grassroots organizations and institutions, and the poor's individual and collective capacity.
• Food security and agricultural productivity	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
• Natural resources and the environment and climate change	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment. It also assesses any impacts projects may have in adapting to and/or mitigating climate change effects.
• 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.
OTHER PERFORMANCE CRITERIA	
• Sustainability	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.
• Promotion of pro-poor innovation and scaling up	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.
• Gender	The criterion assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects.
Overall project achievement	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
PERFORMANCE OF PARTNERS	
• IFAD • Government • NGO/Community-based organization	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.

[a] These definitions have been taken from the Organisation for Economic Co-operation and Development/Development Assistance Committee *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IFAD Evaluation Manual (2009).

[b] It is important to underline that the IFAD Evaluation Manual also deals with the "lack of intervention". That is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention "not applicable") is assigned.

IFAD

Enabling poor rural people
to overcome poverty

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