



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Seventy-Fourth Session
Rome, 5-6 December 2001

REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

REPUBLIC OF GHANA

FOR THE

NORTHERN REGION POVERTY REDUCTION PROGRAMME



TABLE OF CONTENTS

| | |
|--|------------|
| CURRENCY EQUIVALENTS | iii |
| WEIGHTS AND MEASURES | iii |
| ABBREVIATIONS AND ACRONYMS | iii |
| MAPS OF THE PROGRAMME AREA | iv |
| LOAN SUMMARY | vi |
| PROGRAMME BRIEF | vii |
| PART I THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY | 1 |
| A. The Economy and the Agricultural Sector | 1 |
| B. Lessons Learned from Previous IFAD Experience | 3 |
| C. IFAD's Strategy for Collaboration with Ghana | 4 |
| PART II THE PROGRAMME | 5 |
| A. Programme Area and Target Group | 5 |
| B. Objectives and Scope | 6 |
| C. Components | 6 |
| D. Costs and Financing | 8 |
| E. Procurement, Disbursement, Accounts and Audit | 9 |
| F. Organization and Management | 10 |
| G. Economic Justification | 11 |
| H. Risks | 12 |
| I. Environmental Impact | 12 |
| J. Innovative Features | 12 |
| PART III LEGAL INSTRUMENTS AND AUTHORITY | 13 |
| PART IV RECOMMENDATION | 13 |
| ANNEX | |
| SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT | 15 |



APPENDIXES

| | |
|---|-----------|
| I. COUNTRY DATA | 1 |
| II. PREVIOUS IFAD LOANS TO GHANA | 2 |
| III. LOGICAL FRAMEWORK | 3 |
| IV. COSTS AND FINANCING PLAN | 7 |
| V. ORGANIZATION AND MANAGEMENT | 9 |
| VI. ORGANIZATIONAL CHART | 14 |



CURRENCY EQUIVALENTS

| | | |
|---------------|---|------------|
| Currency Unit | = | Cedi (GHC) |
| USD 1.00 | = | 7 000 GHC |
| GHC 1 000 | = | USD 0.143 |

WEIGHTS AND MEASURES

| | | |
|----------------------------------|---|--------------------------------------|
| 1 kilogram (kg) | = | 2.204 pounds (lb) |
| 1 000 kg | = | 1 metric tonne (t) |
| 1 kilometre (km) | = | 0.62 miles (mi) |
| 1 metre (m) | = | 1.09 yards (yd) |
| 1 square metre (m ²) | = | 10.76 square feet (ft ²) |
| 1 acre (ac) | = | 0.405 ha |
| 1 hectare (ha) | = | 2.47 acres |

ABBREVIATIONS AND ACRONYMS

| | |
|--------|--|
| AWP/B | Annual Work Plan and Budget |
| CBOs | Community Based Organizations |
| CIDA | Canadian International Development Agency |
| DPCU | District Planning Coordinating Unit |
| M&E | Monitoring & Evaluation |
| MLGRD | Ministry of Local Government and Rural Development |
| MoF | Ministry of Finance |
| NDPC | National Development and Planning Commission |
| NGO | Non-Governmental Organization |
| PRS | Poverty Reduction Strategy |
| PST | Programme Support Team |
| RPCU | Regional Planning Coordinating Unit |
| UNOPS | United Nations Office for Project Services |
| UNICEF | United Nations Children's Fund |

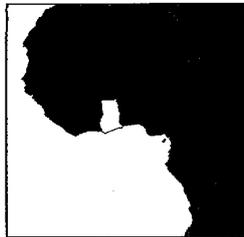
GOVERNMENT OF THE REPUBLIC OF GHANA

Fiscal Year

1 January - 31 December

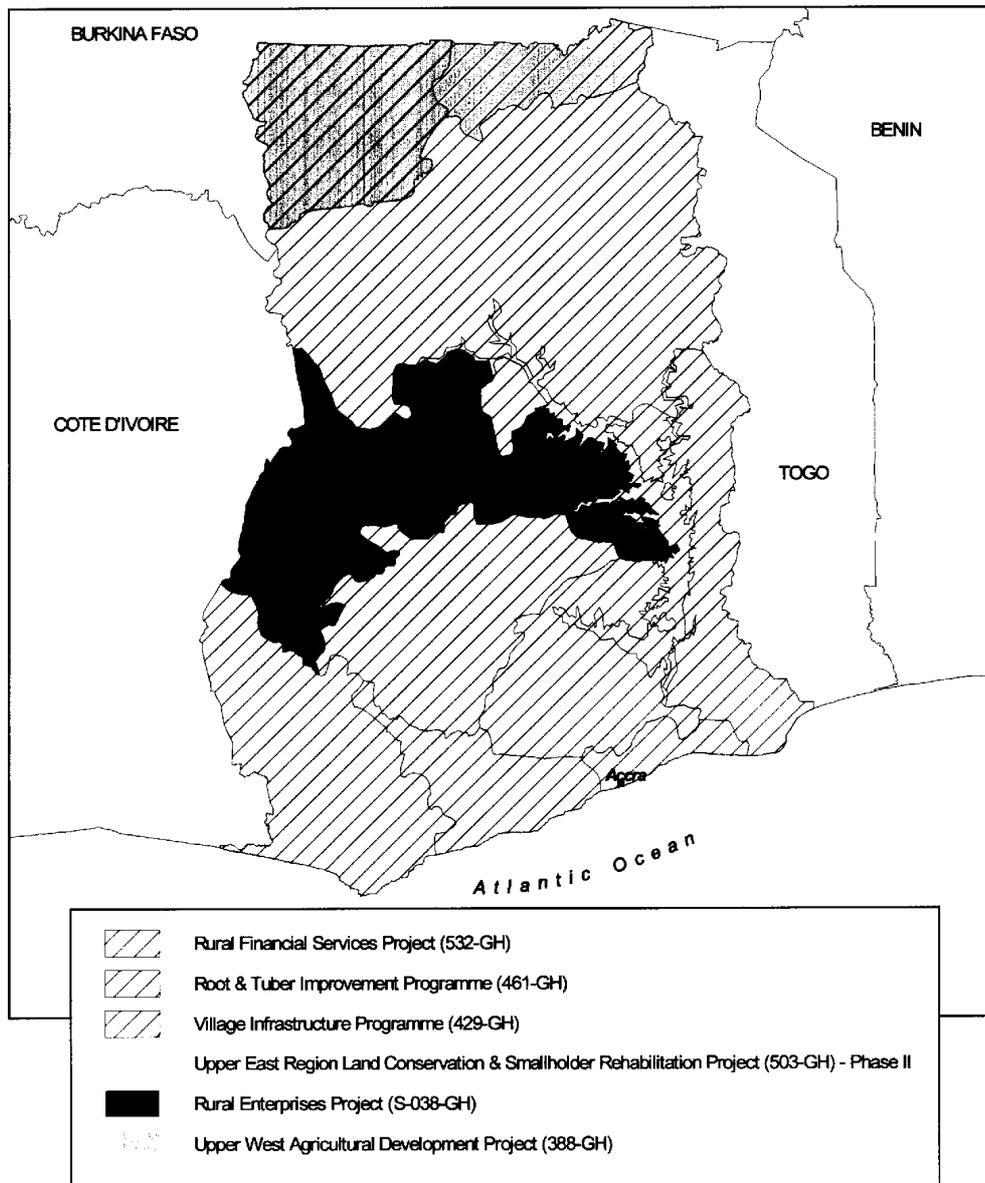


MAPS OF THE PROGRAMME AREA



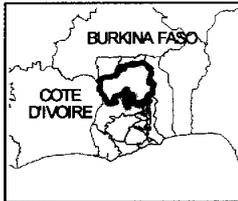
GHANA

Map 1 - Ongoing IFAD financed Projects



Source: IFAD

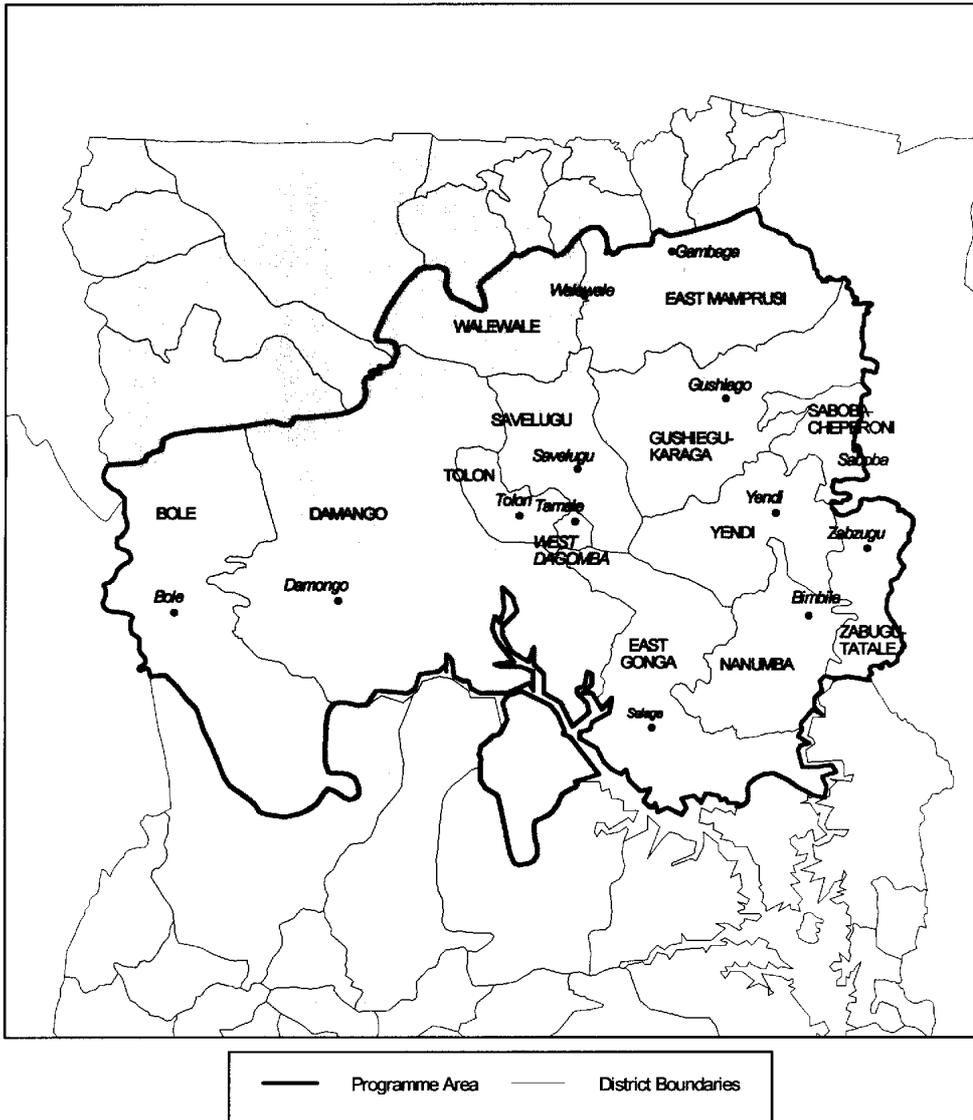
The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.



GHANA

Map 2 - Northern Region Poverty Reduction Programme

Programme Area



Source: IFAD

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.

REPUBLIC OF GHANA

THE NORTHERN REGION POVERTY REDUCTION PROGRAMME

LOAN SUMMARY

| | |
|---|--|
| INITIATING INSTITUTION: | IFAD |
| BORROWER: | Republic of Ghana |
| EXECUTING AGENCY: | Ministry of Local Government and Rural Development |
| TOTAL PROGRAMME COST: | USD 59.6 million |
| AMOUNT OF IFAD LOAN: | SDR 9.75 million (equivalent to approximately USD 12.3 million) |
| TERMS OF IFAD LOAN: | 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum |
| COFINANCIERS: | None |
| AMOUNT OF COFINANCING: | None |
| CONTRIBUTION OF BORROWER: | The Government of Ghana will provide USD 5.7 million from its Regular National Budget and will endeavour to secure USD 38.2 million from its Common Fund to Support Local Government and from donors |
| CONTRIBUTION OF BENEFICIARY COMMUNITIES: | USD 3.3 million |
| APPRAISING INSTITUTION: | IFAD |
| COOPERATING INSTITUTION: | United Nations Office for Project Services (UNOPS) |



PROGRAMME BRIEF

Who are the beneficiaries? The beneficiaries are the poor and vulnerable poor rural communities of the Northern Region of Ghana, where poverty is widespread. The typical beneficiaries – who constitute 70% of the rural population – are subsistence farming households that cultivate no more than 2 hectares (ha) and have no alternative sources of income; divorced women and woman-headed households whose main activities relate to agriculture; and the elderly and disabled who have no means of support.

Why are they poor? Poverty is associated with high dependence on agriculture and low output-low margin products, subject to an erratic climate, and low productivity of the resource base. The poor cultivate small areas using hand tools, and own few head of livestock or none at all. The constraints they work under have to do with limited availability of labour rather than land, and they are unable to pay for inputs that might increase their productivity. In addition, the poor tend to have many young dependants, few assets or safety nets to protect them against external shocks, and limited access to markets, credit, safe drinking water, health care and education. All this contributes to high levels of malnutrition, disease, disability, early mortality and illiteracy in the Northern Region.

What will the programme do for them? The programme constitutes a partnership between the Government of Ghana and its development partners to address rural poverty by targeting the poorer communities and most vulnerable groups and empowering them to participate effectively in development activities. Activity-based interventions requested by the poor, especially women and other vulnerable groups, will be supported through a flexible community development fund. The programme will also focus on building up the capacity of local government and non-governmental organizations (NGOs) to respond to community priorities.

How will beneficiaries participate in the programme? The beneficiaries will be empowered to make a critical analysis of the constraints they face, identify possible opportunities and needs, and demand and receive support for self-management. To that end, they will participate through five main types of activities: community awareness; empowerment and capacity building; sustainable agricultural development; rural microenterprise and financial support services; and village-level community infrastructure. The programme will also contribute to making a significant improvement in the bargaining capacity of the poor vis-à-vis other stakeholders from the public or private sectors.

How was the programme formulated? Programme formulation/appraisal was undertaken in a highly participatory manner, with substantial contributions from the regional and local governments, NGOs and the private sector, and was reviewed at three stakeholder workshops. A joint assessment of previous government and development partner experience in the Northern Region, and of the scale and causes of poverty, led to a proposal for a programme approach that would harness all government, local and external resources for rural poverty alleviation. IFAD also interacted intensively with both the Canadian International Development Agency (CIDA) and the United Nations Children's Fund with regard to their ongoing and future interventions in the region, and agreement was reached with CIDA on a common approach to rural poverty alleviation and food security in the Northern Region. It was also agreed that CIDA would coordinate its support through the Government's decentralized planning and institutional framework. The Government will take the lead in coordinating the interventions of the various donors and stakeholders involved in the programme. Other development partners consulted included the Department for International Development (United Kingdom), World Food Programme (WFP) and the World Bank. The Food and Agriculture Organization of the United Nations (FAO) participated in both the inception and appraisal of the programme.



**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO
THE REPUBLIC OF GHANA
FOR THE
NORTHERN REGION POVERTY REDUCTION PROGRAMME**

I submit the following Report and Recommendation on a proposed loan to the Republic of Ghana for SDR 9.75 million (equivalent to approximately USD 12.3 million) on highly concessional terms to help finance the Northern Region Poverty Reduction Programme (NORPREP). The loan will have a term of 40 years, including a grace period of ten years, with a service charge of three fourths of one per cent (0.75%) per annum. It will be administered by the United Nations Office for Project Services (UNOPS) as IFAD's cooperating institution.

PART I - THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and the Agricultural Sector

1. **The economy.** The economic reforms launched in Ghana in 1983 led to a reversal of the economic decline that started in the 1970s. In 1994-99, growth in the gross domestic product (GDP) averaged 4.4% per year although, at USD 400, GDP per capita is still low. Meanwhile, high levels of government borrowing have fuelled inflation (40% in 2000), kept interest rates high (45-50%) and tended to crowd out private-sector borrowers. While the rapid depreciation of the Ghanaian cedi in recent years has increased the cost of imports, and weak cocoa and gold prices have reduced government revenues, the new Government, elected in January 2001, has adopted tighter fiscal controls. As a result, inflation is on a downward trend, the cedi has stabilized and Ghana has qualified for USD 2.2 billion of debt forgiveness under the Enhanced Debt Initiative for Heavily Indebted Poor Countries. Aid inflows will continue to be crucial for fighting poverty and in alternating the impact of a negative external environment.

2. **Agriculture** accounts for more than 40% of GDP and employs most of the labour force. Despite its importance, the agricultural sector has lagged behind and is highly volatile as most farming depends on an unpredictable rainfall pattern. In recent years, agricultural production has increased by 4% per year, mainly due to strong expansion in the cocoa and forest sub-sectors. As part of broader economic reforms, the Government has removed food price controls and raised cocoa prices for producers. The situation is less favourable for food crops. The removal of subsidies for fertilizer and other inputs has led, in particular, to a severe drop in the use of fertilizer. With the exception of cassava and millet, yields have not improved over the last decade, and growth in food production is attributed to increases in annually cropped areas.

3. **Rural poverty.** Available data indicate that the overall incidence of poverty in Ghana fell from 52% to 43% during the period 1991-99. However, the decline was not evenly distributed and, in the northern rural savannah areas, poverty increased from 63% to 69% and the poor became even poorer. The depth of poverty throughout the country – the average percentage by which a poor person's per capita expenditure falls below the poverty line – fell slightly from 36% in 1992 to 35% in 1999,

¹ See Appendix I for additional information.



although it increased significantly for people in the northern rural areas, from 42% to 46%. In terms of economic activity, poverty is highest among food crop farmers.

Rural Development and Poverty Eradication

4. **Government policy framework and strategy.** The overall goal here is to achieve equitable economic growth and to accelerate the reduction of poverty within a sustained democracy. Emphasis has been placed on stabilizing the economy, laying the foundations for increased and equitable economic growth, and reducing the geographical disparities in terms of poverty, by, *inter alia*, the provision of social services and measures to reduce extreme poverty. Two aspects of Ghana's Poverty Reduction Strategy (PRS), currently under preparation, are highly relevant to the design of programme. First, the PRS prioritizes government expenditure and savings under debt relief to ensure that essential services are provided to the poor, with special focus on deprived areas. Secondly, effective decentralization is seen as critical to successful implementation of the PRS. As stated in the draft PRS, "A truly decentralised system of governance will facilitate greater participation of the citizenry in the planning and development process, improve accountability in the provision of basic services and provide a more effective framework for targeting resources at vulnerable groups." By the end of 2001, the legal, policy, institutional and financial framework for full operationalization of decentralized governance is expected to be in place.

5. **Institutional framework.** The administrative system is based on the division of the country into ten regions and 110 districts. The local government system comprises four tiers: the Regional Coordinating Council, an administrative rather than a policy-making body, is responsible for reviewing, consolidating and monitoring districts' medium-term plans and annual work plans and budgets (AWP/Bs), and for coordinating public services in the region; the District Assemblies – with two thirds of their members elected and one third nominated by the President of Ghana – are responsible for preparing district development plans and mobilizing of local resources for that purpose; the Area Councils are responsible for harmonizing and prioritizing village development plans and for supporting the development objectives of District Assemblies; and the Unit Committees, which group people living in one or more rural settlement with a population of 500-1 000, are responsible for educating communities, organizing communal labour and planning, and for the implementation and monitoring of self-help projects. The major line agencies relevant to rural poverty reduction – the Ministries of Food and Agriculture, Health and Education – have decentralized most of their functions to the regions and districts and have appointed directors and staff at both the regional and district levels. The Ministry of Local Government and Rural Development (MLGRD) is responsible for coordinating development of the local government system. Various enabling legal instruments have been put in place to operationalize the provisions of the Constitution, including the statutory allocation of development resources from central Government to District Assemblies through the Common Fund. This instrument currently represents 5% of total central Government revenues, but is expected to increase shortly to 7.5%.

6. **Poverty and food insecurity in the Northern Region.** Approximately 70% of the rural population are poor and two thirds of all households are chronically food-insecure for part of the year. Twenty per cent of children under five years of age are severely stunted and 40% are underweight. The underlying causes of poverty and food insecurity are complex and vary in severity from district to district and among and within communities, but there are common elements that are extremely difficult to resolve:

- a narrow livelihood base with high dependence on agriculture and low output-low margin products, subject to an erratic climate and low productivity of the resource base;
- many young dependants, low incomes and savings, few assets to protect against external shocks, and a lack of adequate safety nets;



- slow economic growth, with its attendant adverse effect on the poorest and most vulnerable groups;
- increasing international competition that depresses domestic and external output market prices, coupled with the removal of input subsidies and drastically increased input costs;
- limited access to credit, and high interest rates and levels of indebtedness;
- unravelling of the country's social fabric, increasing crime, conflicts over resource use and ethnic differences;
- weak infrastructure, which limits access to markets, safe drinking water, health care and education;
- governance failures, including poor use of government resources; and
- increased dependence due to government and external aid.

7. **Gender situation.** A number of factors limit women's productivity. Women have little control of, and access to production means and financial resources; about 60% of all near-landless and landless women are completely dependent on petty off-farm activities for survival. Women with access to land are overburdened with agricultural activities, child bearing and household chores. As a result, the health status of women is poorer than that of men; and the prevalence of HIV/AIDS among them is growing more rapidly than among men. Gender bias in policies, programmes and service delivery, including health and education, also hinder women's productivity.

B. Lessons Learned from Previous IFAD Experience

8. Since 1988, IFAD has financed 10 projects in Ghana covering community and commodity-based approaches to agricultural development, rural finance and microenterprise development, and rural infrastructure. Five projects are ongoing: the Rural Enterprises Project, the Upper West Agricultural Development Project; the Upper-East Land Conservation and Smallholder Rehabilitation Project; the Root and Tuber Improvement Programme; and the Village Infrastructure Programme, cofinanced with the World Bank and the German Credit Institution for Reconstruction. A sixth operation, the Rural Financial Services Project cofinanced by the World Bank, was approved in 2000 and is expected to become effective shortly. A proposal to support poverty reduction efforts in the Northern Region was included in IFAD's pipeline following preparation of the Country Strategy and Opportunities Paper (COSOP) in 1998.

9. The key lesson learned from the experience of IFAD and other development partners is that the overall impact on rural poverty of government and development partner interventions in northern Ghana has been disappointing. In part, this is due to the lack of synergy obtained by uncoordinated, piecemeal project support and failure to build up the capacity of local institutions to effectively respond to the needs of diverse communities and target groups. Another lesson learned is that activities initiated by communities and existing interest groups, and provided with judicious support, are more successful and viable. While the Government has established the decentralized structures necessary to ensure broad-based community participation in the development process and more cost-effective resource allocation, what is called for is coordinated support both to fully operationalize the decentralization policies and institutional framework and to ensure community participation in planning, implementation and monitoring and evaluation (M&E).

10. Investments in smallholder agriculture, such as improved planting material, provision of small ruminants on a credit-in-kind basis and small-scale irrigation, have been largely successful. There is however scope for communities and individual farmers to further enhance the productive capacity of their natural resources and to increase production from a diverse range of crop, livestock and forest-based livelihood activities. This may be done by assisting communities and farmers to take stock of their existing resource use; understand the nature of the problems limiting productivity and production; identify locally appropriate solutions; and determine both to what extent these problems



can be overcome by the community/farmers mobilizing their own resources and the additional assistance (technical/financial) that might be required to deal with problems.

C. IFAD's Strategy for Collaboration with Ghana

11. **Ghana's policy for poverty reduction.** The Government's overriding goal is to reduce poverty through economic growth, rural development, expansion of employment opportunities, and improved access to public services. To that end, the draft PRS and policy framework address: (i) the participation of civil society, the private sector, and non-governmental organizations (NGOs), and the different arms of government and external development agencies; (ii) reforms aimed at promoting a lean, performance-oriented public sector to ensure delivery of quality services and enhance community participation in planning and development; (iii) improved accountability and provision of a more effective framework for targeting resources to vulnerable groups; (iv) improved budgeting and financial management including composite AWP/Bs tied to the Medium-Term Development Plan and Expenditure Framework; (v) improved documentation and control of expenditure, procurement and asset management; and (vi) establishment of a comprehensive system for monitoring and evaluating poverty reduction efforts. The challenge is to effectively operationalize the Government's poverty reduction strategy within the decentralized institutional framework.

12. **The poverty reduction activities of other major development partners in the Northern Region** include support from the United Nations' Children's Fund (UNICEF) for community-based development; European Union and French development assistance for water point development; Canadian International Development Agency (CIDA) support for food security activities and water sanitation infrastructure; Department for International Development (United Kingdom) support for feeder road development; and support from national programmes financed by the World Bank, IFAD and other partners covering research, extension, supply of planting material, community and district infrastructure, and rural finance. To date, fragmentation and weak coordination of external development partner and NGO efforts in support of rural poverty reduction have been major issues. However, from IFAD's discussions with other development partners, particularly CIDA and UNICEF, it appears that there is a willingness to assist the country's regional and district levels to coordinate resource use through the decentralized planning and institutional framework.

13. **IFAD's strategy for collaboration with Ghana**, based on the COSOP of 1998, targets smallholders, with emphasis on women and other vulnerable groups, and has three main thrusts: (i) improving food security and arresting environmental degradation in the northern savannah areas; (ii) assisting resource-poor subsistence farmers in the southern, central and western regions; and (iii) enhancing income-generating activities.

14. **Programme rationale.** A new approach to the reduction of rural poverty is needed if the problem is to be dealt with in an effective manner. Despite past efforts by development partners to reduce poverty, there has been no significant improvement in Ghana's capacity to address these problems. There is a need to strengthen government institutions through rational and coordinated efforts aimed at ensuring an efficient and sustainable institutional framework for addressing poverty and household food security on a long-term basis while also providing for a critical-mass effect. Major support is needed from the private sector, NGOs and community-based organizations (CBOs). The Government's decentralization policy provides a good mechanism for promoting participatory demand-driven development efforts in which the rural poor take an active rather than a passive role. The basic policy and institutional framework is in place and the framework has been operationalized, albeit in a limited way. Government will need to fully operationalize the system, including detailed specification of planning, implementation and monitoring systems, and of ways of monitoring and evaluating the operations of the system so as to meet the goals of poverty reduction. The programme provides an opportunity to operationalize both the decentralization policy and the poverty reduction strategy on a limited basis for focused evaluation and refinement, and will effectively contribute to the



creation of decentralized mechanisms that empower the poor. Experience from NORPREP will be useful in terms of better operation and scaling up of the system on a national scale.

PART II - THE PROGRAMME

A. Programme Area and Target Group

15. The **programme area** encompasses 13 districts covering more than 70 000 km², or about 30% of the country. The region is characterized by gently rolling savannah and low-fertility soils. Rainfall is unimodal, erratic and poorly distributed. Widespread bushfires degrade the vegetative cover and soil organic matter content, and increase vulnerability to erosion. The region contains about 1.9 million people, of whom 1.3 million are rural and live in some 2 500 communities. A typical nuclear household comprises five persons living in a compound composed of three-to-five nuclear families. Women head about 35% of all families. Population density is low (30 inhabitants/km²) but is increasing rapidly and expected to double over the next 15 years. Rural families depend on agriculture for their income. In general, farming constraints have more to do with the limited availability of family labour than with land. Depending on family size, the yearly cultivated area ranges from 0.5 hectares (ha) to 2.0 ha, with the exception of the few families using tractors or animal traction for land preparation. Irrigation is rare, although potential exists along permanent water flows and, to a limited extent, from small dams. Most households keep small ruminants and poultry, and some own cattle.

16. The **target group** is composed of subsistence farming households that cultivate up to 2 ha and have no alternative sources of income; divorced women and households headed by widows; the elderly and disabled; and unemployed youth. These groups represent nearly 70% of the population in rural communities. Some 5-15% of such households is totally dependent on others for their survival. While the remaining 85% do not produce enough, they tend to sell their produce right after the harvest to finance essential purchases, although they are fully aware that they will face food shortages later in the season. These households have no cattle, but they own small ruminants and poultry. In most years, they sell animals to supplement their income. But these measures are never enough to see them through to the next harvest and so they resort to other coping strategies such as reducing the number of meals per day and relying on wild fruit, vegetables and seeds, increasing the consumption of food by-products such as dried yam peel, providing labour to other farmers at the beginning of the farming season, and reliance on international food aid. In view of the long periods of food insecurity, able-bodied young men and, increasingly, young women migrate south in search of employment and many do not return.

17. **Targeting.** Programme design is based on active community participation. It follows that the programme will undertake activities aimed at benefiting all the different groups of the rural population. However, to facilitate targeting of extra resources to the poorer communities and to complement and avoid duplication of external support, Area Councils will be categorized according to incidence and depth of poverty and available support. At the community level, use of participatory/animation techniques will allow communities to identify the more vulnerable categories of the population, facilitate analysis of their specific constraints, stimulate discussion and reach agreement on problem-solving.



B. Objectives and Scope

18. The goal² is to improve the livelihoods and living conditions of poor rural communities, with emphasis on women and other vulnerable groups, through deepening and broadening rural development services and community and individual self-help capacity. The specific objectives are to:

- build the capacity of decentralized local government, civil-society and community organizations to better respond to the needs of the poorest strata of the rural population;
- improve the access of the large rural population, especially women, to resources and services; and
- introduce the operational changes and reforms needed to enhance the efficiency and sustainability of institutions and community service providers in the Northern Region.

19. The design is based on a six-year investment focused on the 2 500 rural communities in the Northern Region. IFAD and other development partner support will be fully integrated into the Government's decentralization policy and institutional framework, and will have two main orientations. First, it will be process-oriented and contribute, with other development partners, to: (i) defining and prioritizing of the programme framework; (ii) strengthening the Government's decentralized institutional framework involving increased participation on the part of poor communities and groups as well as new modalities for resource allocation and coordination of development partners; and (iii) mobilizing additional resources for the overall public expenditure and investment envelope. The community mobilization process is based on the National Development Planning Commission's Guidelines for the Preparation of District and Medium-Term Development Plans, and local implementation experience with community-driven approaches. Second, IFAD and other development-partner support will be activity-based, providing complementary financing to assistance demanded by and targeted at the rural poor and the poorest groups. Interventions will be implemented in concert with other relevant government and development partner/NGO assistance in the districts, and coordinated through the composite AWP/B process.

C. Components

20. Programme components include two broad lines of support: (i) operational support and capacity building to ensure that processes, services and resource flows function effectively; and (ii) a Community Development Fund to finance community-driven action plans.

Operational Support and Capacity Building

21. Capacity building will be implemented through partnerships between government, NGOs/CBOs and private service providers, including: (i) support for training and networking of interdisciplinary teams comprising district staff, interested NGOs and CBOs to enable them to mobilize and train community members, and for initiating and supporting community development and planning; (ii) training for staff, community leaders and beneficiaries to implement and respond to action plans; (iii) strengthening of the district administrations' capacity to manage IFAD and other funds; (iv) strengthening of the regional administration to coordinate planning, and to monitor, evaluate and audit performance and expenditure, and provide technical support to the district administrations; and (v) judicious provision of long- and short-term technical assistance to facilitate programme start-up and impart new skills and innovative approaches, including a programme support team (PST) comprising a chief technical adviser to advise on institutionalization of the community-driven approach and assist in the consolidation and M&E of work programmes and budgets; a human resource development specialist to assist in the assessment of training needs and the coordination of capacity building; and a financial controller and two accountants to ensure proper use

² A logframe analysis of the programme showing the linkages, verifiable indicators and assumptions made is presented in Appendix III.



of government, IFAD and other funds, consolidate financial reports and support the finance offices at the regional, district and lower levels. The PST, which will work under the Regional Planning and Coordination Unit (RPCU), will be expected to mentor its counterparts. In the third year of the programme, the Government and its partners will jointly review both implementation capacity and the need for the PST.

Community Development Fund

22. The Community Development Fund (CDF) will support community and group initiatives included in community action plans prepared at the Area Council level and endorsed by the District Assemblies. The CDF will finance a wide range of activities grouped into four broad categories of intervention: (i) support to vulnerable groups; (ii) sustainable agricultural development and natural resource management; (iii) rural enterprise development and financial linkage support services; and (iv) rural infrastructure and services.

23. **Support to vulnerable groups.** Based on the needs of the vulnerable poor and women's groups, funds will be made available to support existing, and develop additional, resources at the village level to provide targeted training programmes on functional literacy and numeracy, health, HIV/AIDS awareness/prevention, conflict resolution, development of a savings culture, and other issues that limit the opportunities available to vulnerable groups. Traditional community welfare support/safety net activities will be developed for communities and vulnerable groups. As maternal and infant mortality is relatively high in the programme area, emphasis will be placed on primary health services and environmental sanitation.

24. **Sustainable agricultural development services.** Following participatory assessment of communities' land management problems and farm-production levels, support will be provided for an integrated programme of activities to assist groups of farm households to investigate, develop and adopt several locally appropriate and improved land-husbandry practices within individual farm holdings (both upland and wetland), communal grazing and woodland areas, and settlement areas. This will include practices aimed at better integration and intensification of crop and livestock production; resolution of conflicts between farmers and pastoralists; and development of improved management practices.

25. **Rural enterprise development and financial linkage support services.** Resources will be provided at the local government and state levels to assist in: identifying the constraints on and needs of interested enterprise groups and individuals; formulating development plans, including assistance in group formation; market analysis and linkage identification; assessment of financial viability; organizational sustainability; assessment of training and credit requirements; and facilitating links between rural enterprises, including farmer groups, and financial institutions. The programme of technical assistance and capacity building will initiate, and ultimately strengthen, the institutionalization of traditional savings and credit groups, and include the development of links with the formal banking sector. No credit lines will be provided.

26. **Community infrastructure.** Initial activities will support the development or upgrading of safe water supply systems, environmental sanitation, water for livestock, irrigation, health and education facilities, housing for health and education workers, community on-farm storage and processing. At the multi-village level, priority may be given to intercommunity access roads, health, and off-farm storage and processing facilities. Support will also be provided to ensure community commitment and capacity in operation and maintenance. Semi-skilled construction labour will be drawn from within the community in order both to provide additional income for poor groups and impart building skills. For infrastructure projects, such as schools and health facilities, funding and staffing arrangements will need to be confirmed by the District Assemblies for ongoing operation of the facilities.

D. Costs and Financing

27. The cost of building up capacity to implement the community-driven approach and achieving the minimum service and infrastructure requirements in all 13 districts is estimated at around USD 59.6 million over six years. About one third of that amount will be required for capacity building at mainly the district and lower levels and two thirds for the financing of community priorities. A summary of costs by component and cofinancier is given in Tables 1 and 2, respectively.

28. Community contributions are expected to amount to approximately USD 3.3 million. The Government will provide a contribution of approximately USD 5.7 million from its regular budget (of which USD 4.0 million will be used to offset foregone duties and taxes), and will endeavour to secure approximately USD 38.2 million from its Common Fund to Support Local Government and also from other donors. IFAD's loan of USD 12.3 million, equivalent to one fifth of total requirements, will be provided within the context of district AWP/Bs and will match the other allocations. The Government will mainstream the use of all contributions within the consolidated AWP/Bs. IFAD resources to finance the relevant AWP/Bs will be adjusted according to the level of government contributions if necessary. In order to provide for a critical mass of resources to finance community-driven activities, IFAD's approval of each AWP/B will be subject to the Government providing adequate levels of financing for the AWP/B.

TABLE 1: SUMMARY OF PROGRAMME COSTS^a
(USD million)

| Components | Local | Foreign | Total | % of Foreign Exchange | % of Base Costs |
|---|-------------|-------------|-------------|-----------------------|-----------------|
| A. Operational Support and Capacity building | | | | | |
| National level | 0.1 | 0.1 | 0.2 | 33 | - |
| Regional level | 2.1 | 0.6 | 2.7 | 22 | 5 |
| District level | 15.8 | 3.3 | 19.2 | 17 | 33 |
| Sub-total | 18.0 | 4.0 | 22.1 | 18 | 38 |
| B. Community development fund | 25.4 | 10.9 | 36.3 | 30 | 62 |
| Total base costs | 43.5 | 14.9 | 58.4 | 26 | 100 |
| Physical contingencies | 0.1 | 0.1 | 0.2 | 40 | - |
| Price contingencies | 0.9 | 0.1 | 1.0 | 14 | 2 |
| Total programme costs | 44.5 | 15.1 | 59.6 | 25 | 102 |

^a Discrepancies in totals are due to rounding up of figures.

TABLE 2: FINANCING PLAN^a
(USD million)

| Components | IFAD | | Government through Common Fund and Other Donors | | Government Regular Budget | | Beneficiary Communities | | Total | | For. Exch. | Local (Excl. Taxes) | Duties and Taxes |
|--|-------------|-----------|---|-----------|---------------------------|-----------|-------------------------|----------|-------------|------------|-----------------|---------------------|------------------|
| | Amt. | % | Amt. | % | Amt. | % | Amt. | % | Amt. | % | | | |
| A. Operational Support and Capacity building | 5.7 | 25 | 15.1 | 65 | 2.4 | 10 | - | - | 23.3 | 100 | 4 226.5 | 18 360.8 | 695.5 |
| B. Community development fund | 6.6 | 18 | 23.1 | 64 | 3.3 | 9 | 3.3 | 9 | 36.3 | 100 | 10 890.0 | 22 106.7 | 3 303.3 |
| Total disbursement | 12.3 | 21 | 38.2 | 64 | 5.7 | 10 | 3.3 | 5 | 59.6 | 100 | 15 116.5 | 40 467.5 | 3 998.8 |

^a Discrepancies in totals are due to rounding up of figures.



E. Procurement, Disbursement, Accounts and Audit

29. **Procurement** will be undertaken at the community, district, regional and central Government levels in line with government regulations and IFAD's procurement guidelines. Given the large number of small sub-projects spread over a wide geographical area, most procurement packages will be small and local shopping procedures followed. The RPCU will coordinate and monitor procurement, including the bulking of vehicles, machinery, equipment and goods for procurement where appropriate, and when several District Assemblies and communities are involved. For the procurement of goods, contracts in excess of USD 100 000 equivalent will be awarded under international competitive bidding procedures. Contracts for less than USD 100 000 but more than USD 20 000 will be procured through local competitive bidding; and those for USD 20 000 or less will be awarded through local shopping with at least three quotations. For the procurement of civil works, contracts in excess of USD 200 000 equivalent will be awarded under international competitive bidding procedures; contracts for less than USD 200 000 but more than USD 20 000 will be procured through local competitive bidding; and those for USD 20 000 or less will be awarded through local shopping with at least three quotations. For the procurement of consultant services, contracts in excess of USD 100 000 equivalent will be awarded under international competitive bidding procedures; contracts for less than USD 100 000 but more than USD 20 000 will be procured through local competitive bidding; contracts for USD 20 000 or less may be awarded through local shopping with at least three quotations; and those for less than USD 2 000 may be awarded through direct contracting. Any contract for goods or civil works estimated to cost more than the equivalent of USD 50 000, and any contract for consultant services costing more than USD 20 000, will be subject to prior review by the cooperating institution. Contracts for consultants' services and studies will be awarded in accordance with UNOPS guidelines.

30. **Disbursements** for civil works, machinery, vehicles, equipment and consultant services will be fully documented for expenditures on activities costing more than USD 20 000. Disbursements for expenditures of less than USD 20 000 for training, workshops, local salaries and allowances, office supplies and other operating expenses will be made against certified statements of expenditure (SoEs). Disbursements for expenditures costing less than USD 5 000 for sub-projects to be financed under the Community Development Fund will also be made against SoEs. To facilitate timely payment of works, services and supplies and due to Government's inability to prefinance eligible IFAD expenditures, a special account in United States dollars will be opened and maintained by the Government in a bank satisfactory to IFAD. The MLGRD will be the signatory to the IFAD special account. Disbursements from the special account to the programme accounts will be made against approved AWP/Bs and SoEs. Upon loan effectiveness and satisfaction of disbursement conditions, IFAD will deposit USD 1.0 million into the special account, equivalent to IFAD's share of expenditure for six months. Disbursements of IFAD resources are subject to the approval of the AWP/B clearly indicating the sources of funding secured for the programme activities.

31. **Accounts and Audits.** MLGRD, the Regional Coordinating Council and District Assemblies will establish independent programme accounts for all IFAD-financed activities. The accounting systems will be reviewed and standardized in line with government financial instructions and to meet acceptable international standards. Acceptance of the accounting system by IFAD will be a condition for effectiveness. The financial controller will ensure that the agreed accounting procedures are fully implemented. Operations at all levels will be subject to audits carried out in accordance with international standards. The annual financial reports at District Assembly, regional and central Government levels will be subject to audits by acceptable independent external auditors working to international standards. The auditors will examine all expenditures and provide a separate opinion thereon. The audited financial statements will be submitted no later than six months after the end of the fiscal year.



F. Organization and Management

32. Programme implementation will be in line with the Government's decentralization policy, within the decentralized institutional framework. IFAD support will be integrated into each participating District Assembly's development plan and AWP/B.

Institutional Responsibilities of the Programme

33. Overall responsibility for programme management will rest with the MLGRD. In particular, MLGRD will provide policy direction; liaise with the National Development and Planning Commission (NDPC) and the Minister for the Northern Region in respect of medium-term planning and the related AWP/B; and liaise with the MoF with regard to budgeting, timely and adequate provision of counterpart funds, and strengthening of financial management capacity. MLGRD will nominate a senior officer within its Planning, Programming, Monitoring and Evaluation Division as focal point for programme implementation.

34. A strengthened RPCU will coordinate planning and AWP/B preparation, and supervise programme implementation, financial management and progress reporting. The programme will provide a PST, including an experienced planning and M&E specialist to act as chief adviser to the regional coordinating director.

35. Under the supervision of the District Chief Executive, the District Planning Coordinating Unit (DPCU) will be strengthened to assume responsibility for day-to-day programme management, coordinating the preparation of the district AWP/B to incorporate IFAD and other development partner support, progress reporting and M&E. District line agencies, NGOs and the private sector may provide contracting, supply or consulting services, as deemed appropriate and in agreement between the District Assembly and the DPCU. Appendix III sets out the programme's organizational framework.

Coordination

36. A Programme Review and Resource Coordination Committee (PRRCC) will be set up by MLGRD with representatives of MoF, NDPC, Ministry of Women's Affairs, other relevant agencies and the main development partners. The task of the Committee will be to provide policy direction, arrange resource coordination in support of implementing the agreed AWP/B, and to ensure that lessons of experience are used in enhancing the decentralization policy and institutional framework for poverty alleviation on a national level.

37. A Programme Steering Committee (PSC) will be set up in the Northern Region, chaired by the Minister for the Northern Region and comprising, *inter alia*, representatives of MLGRD and the main line ministries, members of the Regional Coordinating Committee (RCC), NGOs, District Chief Executives, and the Regional Coordinating Director as Secretary. The PSC will be responsible for reviewing the consolidated AWP/B, progress and audit reports; providing policy direction; ensuring timely funding; resolving conflicts that hinder programme implementation; and providing recommendations on policies and institutional issues to PRRCC with a view to enhancing the Government's decentralization programme.

38. A Programme Coordinating Committee (PCC) will be set up in each district, chaired by the District Chief Executive and comprising, *inter alia*, members of the District Assembly's Executive Committee, the district departments, representatives of NGOs and chairpersons of Area Councils, with the District Coordinating Director acting as Secretary. The PCC will be responsible for reviewing and endorsing the AWP/B for approval by the District Assembly; reviewing progress and M&E reports; and resolving conflicts that hinder programme implementation.



Monitoring and Evaluation

39. UNOPS and IFAD supervision missions and implementation follow-up on the part of RPCU will ensure that M&E activities are implemented as set out in the AWP/B. A key element of the M&E approach will be to integrate it into the community group planning cycle. Each participating district will undertake baseline studies as an initial activity to rank Area Councils and communities according to standard poverty indices. During each community participatory planning exercise, participatory monitoring and impact evaluation indicators will be designed. Practical indicators to measure the impact of the programme with regard to income, community welfare and rural poverty will be discussed and developed. Special attention will be paid to the programme's impact on women and the landless, near landless and the very poor. Where possible, links will be developed with other organizations, such as UNICEF, that are undertaking nutrition surveys. Thematic studies will be conducted and case studies used to monitor the programme's impact on individual families in the target groups. A programme management information system will be used to collect quantitative and qualitative M&E information on implementation and impact and to include such information in summary reports for the RPCU and supervision missions, annual reports and reviews. A mid-term review scheduled for the third year of implementation will be used to make a preliminary evaluation of the programme and to reorient activities both to meet its objectives and to improve its impact on the target group. A programme completion report will be prepared and submitted after programme completion

G. Economic Justification

40. The programme is expected to harness existing resources, with IFAD funding as a catalyst, to demonstrate how an integrated institutionalized approach to community-driven development may be implemented and replicated across Ghana in order that, in addition to the 280 000 families directly affected by the programme, most of the country's rural poor communities will be able to benefit from it.

41. Benefits from support to sustainable agricultural development are expected in some or all of the following aspects: a growing number of communities where there is a noticeable expansion of land areas managed on the basis of improved land husbandry principles in terms of crop, livestock and tree production; increased availability of better planting material for both production and conservation purposes; more use of cost-effective combinations of organic and inorganic fertilizer; less land degradation; greater food security; and increased incomes from agriculture.

42. A substantial number of rural enterprises are expected to benefit directly from support for rural enterprise development and financial linkages by progressively moving from low-income marginal activities to more dynamic and profitable ventures. Benefits from support for community infrastructure will take the form of wider availability of infrastructure at the community level. This will improve health status and increase access to market information, new skills and safe drinking water, thereby reducing women's and children's workloads and the incidence of water-borne disease. The technical skills of regional and local government staff, combined with capacity building, will lead to empowered, more efficient institutions. At the institutional level, a major potential benefit will be the harnessing of latent, underused skills and resources. In addition to the direct benefits flowing from programme expenditure in the form of short- and long-term contracts, NGOs, consultancy firms and private consultants will benefit from participation in training activities, both as trainees and trainers, and from increased demand for their services from the communities.

43. **Poverty-reduction impact.** It is estimated that about 280 000 families will benefit directly from the community development component and indirectly from better service provision as a result of capacity built at the regional and local government levels. The targeting approach proposed and the interventions initially available to communities under the community development component will ensure that the programme has an impact on rural poverty reduction. The combination of creating



awareness with regard to the benefits of improved functional literacy and basic health care and sanitation, and providing resources to allow the vulnerable groups to gain basic skills and opportunities for groups to work together to develop agricultural or microenterprises, will be of most interest to the poorer sections of the community

H. Risks

44. The community-based participatory approach to rural development involves an iterative process over a relatively long period of time. Any attempt to produce quick results may detract from the importance of ensuring that basic processes are understood and established. At the community level, technical and objective analyses of problems may be superficial, with the result that the participatory planning exercises produce a standard shopping list of externally promoted programme activities rather than options for solving basic problems that can be sustained with the resources of the community. The capacity-building component may be hindered by pressure to speed up implementation of community development activities, particularly infrastructure. Mitigating measures include strong support for capacity-building and extensive training and for ensuring that M&E plans are actively implemented and verified by means of field visits. Supervision and follow-up by RPCU/PST, IFAD and its cooperating institution will be critical. In particular, during supervision, more attention will be paid both to processes and to the assessment of impact and targeting. Another risk is that the complementary funding will be insufficient to finance the planned activities. To mitigate this risk, the availability of a critical mass of funds will be one of the conditions governing the approval of AWP/Bs.

I. Environmental Impact

45. The capacity-building component will have a positive environmental impact by promoting and implementing improved integrated management practices. Environmental assessments will be institutionalized in the development of AWP/Bs for all activities. Sustainable agricultural development activities should have a positive environmental impact in that they will assist rural communities to adopt better land husbandry practices on their farms and on communal grazing and woodland areas. During the participatory planning phase, emphasis will be placed on minimizing the negative impact of the proposed community infrastructure development.

46. Since the potential negative impacts are not irreversible and remedial measures can be easily taken to correct them, the programme is classified environmentally as Category B. However, during implementation, environmental protection measures included in legislation for protection of the environment and natural resource conservation will be monitored to identify other potential environmental problems and conflicts among different natural resource users who might be associated with particular field-level interventions

J. Innovative Features

47. One feature of the programme is the catalytic use of IFAD's contribution to bring together a critical mass of funds from Government and its other development partners, and from communities, for an institutionalized community-driven approach to rural poverty alleviation. Through the programme, IFAD will contribute to pioneering the institutionalization of common processes whereby poor rural communities are empowered to access assistance and manage mini-projects funded from various sources. The framework will also provide the venue whereby IFAD and other partners actively collaborate in maximizing complementarity, synergy and impact in rural development and poverty alleviation. This institutionalization is also a major innovation in terms of planning, delivery approaches and financial management. Careful attention will be given to process monitoring during implementation to ensure accountability and effective learning and for scaling up at both the country and regional levels. Furthermore, the major strategic thrusts of IFAD's support are consistent with its corporate strategy and emphasize both sustainability and the empowerment of the rural poor, particularly women, to increase their access to, and management of, resources, infrastructure and



services, and have the potential for being scaled up. The framework has linked all the processes to provide sustainable linkages, which will continue after external funding comes to an end.

PART III - LEGAL INSTRUMENTS AND AUTHORITY

48. A loan agreement between the Republic of Ghana and IFAD constitutes the legal instrument for extending the proposed loan to the borrower. A summary of the important supplementary assurances included in the negotiated loan agreement is attached as an annex.

49. The Republic of Ghana is empowered under its laws to borrow from IFAD.

50. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

PART IV - RECOMMENDATION

51. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the Republic of Ghana in various currencies in an amount equivalent to nine million seven hundred and fifty thousand Special Drawing Rights (SDR 9 750 000) to mature on and prior to 1 November 2041 and to bear a service charge of three fourths of one per cent (0.75%) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Lennart Båge
President



SUMMARY OF IMPORTANT SUPPLEMENTARY ASSURANCES INCLUDED IN THE NEGOTIATED LOAN AGREEMENT

(Loan negotiations concluded on 4 December 2001)

1. **Programme accounts.** (a) The MLGRD will open and thereafter maintain in a bank accepted by IFAD, two current accounts denominated in cedis for programme operations. One account will receive loan proceeds from the special account (national programme account A), and the second account will receive government counterpart funds (national programme account B). The MLGRD will be fully authorized to operate national programme accounts A and B.

(b) The Government will cause the Regional Coordinating Council (RCC) of the Northern Region to open and thereafter maintain in a bank accepted by IFAD two current accounts denominated in cedis for regional-level programme operations. One account will receive loan proceeds from the special account (regional programme account A), and the second account will receive regional counterpart funds (regional programme account B). The RPCU will be authorized to operate each of regional programme accounts A and B.

(c) The Government will cause the District Assembly (DA) of each district to open and thereafter maintain in a bank acceptable to IFAD two current accounts denominated in cedis for district-level programme operations. One account will receive loan proceeds from the special account (district programme account A), and the second account will receive district counterpart funds (district programme account B). The district coordinating director (DCD) of each district will be fully authorized to operate each of the relevant district programme accounts A and B.

2. **Counterpart contribution.** (a) The Government shall make available to the MLGRD during the programme implementation period counterpart funds from its own resources in accordance with the AWP/B for each programme year (programme AWP/B). For such purpose, the Government shall deposit into national programme account B counterpart funds in cedis equal to the first three months of the national portion of programme implementation called for in the first programme AWP/B, and shall thereafter replenish the national programme account B in accordance with the relevant AWP/B, quarterly in advance.

(b) In addition to the funds provided pursuant to paragraph (a) above, the Government shall also endeavour to secure for each programme year during the programme implementation period such additional funds as may be necessary to meet the total amount called for in the relevant programme AWP/B. As IFAD is providing the loan on the basis of this commitment, it is understood that IFAD may adjust the size and/or scope of the programme, including its own contribution, at any point during the programme implementation period according to the amount of additional financing the Government provides each programme year. Further, if IFAD determines that the amount of financing secured by the Government in any programme year is insufficient to successfully carry out the programme, IFAD may suspend or cancel the right of the Government to request payments under the loan.

(c) The Government shall cause the RCC and each DA to make available during the programme implementation period the respective regional and district counterpart funds called for in the relevant portion of the programme AWP/Bs. For such purpose, the Government shall cause the RCC and each DA to deposit into the regional or relevant district programme account B, respectively, counterpart funds in cedis in such amount as to cover the first three months of programme implementation called for in the relevant portion of the programme AWP/B. The Government shall cause the RCC and each DA to replenish the relevant programme account B quarterly in advance.



3. **Programme funding.** The Government shall endeavour to secure adequate financing to meet programme expenses as called for in the relevant programme AWP/B.
4. **Infrastructure support.** The Government shall ensure that each DA provides for the funding and staffing of schools, health facilities and other relevant activities under the community infrastructure sub-component.
5. **Gender equity.** The Government will ensure that gender equity considerations are integrated into all programme activities during programme implementation.
6. **Resource protection.** The Government shall take all reasonable measures to ensure that existing policies and measures shall be enforced to safeguard natural resources in the programme area.
7. **Tax exemption.** The Government shall exempt from taxes the importation, procurement and supply of all goods, civil works and services financed by the loan.
8. **Conditions of disbursement.** In any programme year, no withdrawals shall be made in respect of expenditures under any category until IFAD has approved the relevant programme AWP/B, each of which shall clearly indicate the source(s) of funding secured for all activities to be carried out during such programme year.
9. **Conditions of effectiveness.** The following are specified as conditions precedent to the effectiveness of the programme loan agreement:
 - (a) a programme steering committee shall have been duly established;
 - (b) the MLGRD shall have duly appointed a focal point;
 - (c) the MoF shall have duly appointed a focal point;
 - (d) the chief technical adviser, the financial controller, the human resource development specialist and the accountants of the programme support team shall have been recruited through a competitive process accepted by IFAD;
 - (e) the programme review and resource coordinating committee (PRRCC) shall have been duly established;
 - (f) the Government shall have duly opened the special account;
 - (g) the national, regional and each DA programme account A and B shall have been duly opened and each of the Government, the RCC and each DA shall have made an initial budgetary allocation of counterpart funds;
 - (h) a draft programme AWP/B, including all programme activities and financing thereto, shall have been submitted to IFAD and the cooperating institution for approval;
 - (i) the programme implementation manual shall have been approved by IFAD in draft;
 - (j) the MLGRD shall have established an accounting system for the programme, accepted by IFAD;
 - (k) the auditor of the programme shall have been duly appointed;



ANNEX

- (l) the programme loan agreement shall have been duly signed, and the signature and performance thereof by the Government shall have been duly authorized and ratified by all necessary administrative and governmental action; and

- (m) a favourable legal opinion, issued by the Government's Attorney General Department or other legal counsel approved by IFAD in respect of the matters set forth in the relevant section of the programme loan agreement and in form and substance acceptable to IFAD, shall have been delivered by the Government to IFAD.

APPENDIX I

COUNTRY DATA

GHANA

| | | | |
|---|------------|--|-----------|
| Land area (km² thousand), 1997 1/ | 228 | GNI per capita (USD), 1999 4/ | 400 |
| Total population (million), 1999 4/ | 18.8 | Average annual real rate of growth of GNP per capita, 1990-98 2/ | 1.4 |
| Population density (people per km²), 1998 1/ | 81 | Average annual rate of inflation, 1990-98 2/ | 28.6 |
| Local currency | Cedi (GHC) | Exchange rate: USD 1 = | GHC 7 000 |
| Social Indicators | | Economic Indicators | |
| Population (average annual population growth rate), 1980-98 1/ | 3.0 | GDP (USD million), 1999 4/ | 7 774 |
| Crude birth rate (per thousand people), 1998 1/ | 35 | Average annual rate of growth of GDP 1/ | |
| Crude death rate (per thousand people), 1998 1/ | 9 | 1980-90 | 3.0 |
| Infant mortality rate (per thousand live births), 1998 1/ | 65 | 1990-98 | 4.2 |
| Life expectancy at birth (years), 1998 1/ | 60 | Sectoral distribution of GDP, 1998 1/ | |
| Number of rural poor (million) (approximate) 1/ | 4.0 | % agriculture | 10 |
| Poor as % of total rural population 1/ | 34 | % industry | 7 |
| Total labour force (million). 1998 1/ | 8.7 | % manufacturing | 2 |
| Female labour force as % of total, 1998 1/ | 51 | % services | 83 |
| Education | | Consumption, 1998 1/ | |
| Primary school gross enrolment (% of relevant age group), 1997 1/ | 79 a/ | General government consumption (as % of GDP) | 10 |
| Adult literacy rate (% age 15 and above), 1998 3/ | 69 | Private consumption (as % of GDP) | 77 |
| Nutrition | | Gross domestic savings (as % of GDP) | |
| Daily calorie supply per capita, 1997 3/ | 2 611 | Balance of Payments (USD million) | |
| Prevalence of child malnutrition (height for age % of children under 5), 1992-98 1/ | 26 | Merchandise exports, 1998 1/ | 1 813 |
| Prevalence of child malnutrition (weight for age % of children under 5), 1992-98 1/ | 27 | Merchandise imports, 1998 1/ | 2 346 |
| Health | | Balance of merchandise trade | |
| Health expenditure, total (as % of GDP), 1990-98 1/ | 4.7 | Current account balances (USD million) | |
| Physicians (per thousand people), 1990-98 1/ | n.a. | before official transfers, 1998 1/ | |
| Percentage population without access to safe water, 1990-98 3/ | 35 | after official transfers, 1998 1/ | |
| Percentage population without access to health services, 1981-93 3/ | 75 | Foreign direct investment, 1998 1/ | |
| Percentage population without access to sanitation, 1990-98 3/ | 68 | | |
| Agriculture and Food | | Government Finance | |
| Food imports as percentage of total merchandise imports, 1998 1/ | n.a. | Overall budget surplus/deficit (including grants) (as % of GDP), 1997 1/ | |
| Fertilizer consumption (hundreds of grams per ha of arable land), 1995-97 1/ | 57 | Total expenditure (% of GDP), 1997 1/ | |
| Food production index (1989-91=100), 1996-98 1/ | 144.1 | Total external debt (USD million), 1998 1/ | |
| Land Use | | Present value of debt (as % of GNP), 1998 1/ | |
| Arable land as % of land area, 1997 1/ | 12.5 | Total debt service (% of exports of goods and services), 1998 1/ | |
| Forest area (km ² thousand), 1995 1/ | 90 | Nominal lending rate of banks, 1998 1/ | |
| Forest area as % of total land area, 1995 1/ | 39.7 | Nominal deposit rate of banks, 1998 1/ | |
| Irrigated land as % of cropland, 1995-97 1/ | 0.2 | | |

n.a. not available.

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Report*, 20002/ World Bank, *Atlas*, 20003/ United Nations Development Programme, *Human Development Report*, 20004/ World Bank, *World Development Indicators database*, 2001

PREVIOUS IFAD LOANS TO GHANA

| Loan | Project Name | Initiating Institution | Cooperating Institution | Loan conditions | Board Approval | Loan effectiveness | Loan closing date | Currency | Approved loan amount | Disburs. (% of disbursed amount) |
|----------|---|------------------------|-------------------------|-----------------|----------------|--------------------|-------------------|----------|----------------------|----------------------------------|
| GH-I-34 | Volta Region Agricultural Development Project | WB/IDA | WB/IDA | HC | 06.05.80 | 08.01.81 | 24.02.89 | SDR | 9,550,000 | 100% |
| GH-S-2 | Smallholder Rehabilitation and Development Programme | IFAD | UNOPS | HC | 03.12.86 | 25.01.88 | 12.06.96 | SDR | 4,400,000 | 94% |
| GH-I-198 | Smallholder Rehabilitation and Development Programme | IFAD | UNOPS | HC | 03.12.86 | 25.01.88 | 12.06.96 | SDR | 5,900,000 | 96% |
| GH-S-19 | Smallholder Credit, Input Supply and Marketing Project | IFAD | UNOPS | HC | 05.12.89 | 01.03.91 | 03.03.99 | SDR | 3,950,000 | 99% |
| GH-I-247 | Smallholder Credit, Input Supply and Marketing Project | IFAD | UNOPS | HC | 05.12.89 | 01.03.91 | 03.03.99 | SDR | 9,100,000 | 100% |
| GH-S-26 | Upper-East Region Land Conservation and Smallholder Rehabilitation Project | IFAD | UNOPS | HC | 01.10.90 | 14.06.91 | 08.05.98 | SDR | 9,200,000 | 100% |
| GH-S-38 | Rural Enterprises Project | IFAD | UNOPS | HC | 02.12.93 | 01.02.95 | 31.03.02 | SDR | 5,550,000 | 79% |
| GH-I-388 | Upper West Agricultural Development Project | IFAD | UNOPS | HC | 14.09.95 | 20.03.96 | 30.09.03 | SDR | 6,750,000 | 65% |
| GH-I-429 | Village Infrastructure Programme | WB/IDA | WB/IDA | HC | 04.12.96 | 02.04.98 | 31.12.03 | SDR | 6,950,000 | 14% |
| GH-I-461 | Root and Tuber Improvement Programme | IFAD | WB/IDA | HC | 04.12.97 | 15.01.99 | 31.12.04 | SDR | 6,550,000 | 42% |
| GH-I-503 | Upper-East Region Land Conservation and Smallholder Rehabilitation Project – Phase II | IFAD | UNOPS | HC | 29.04.99 | 14.01.00 | 30.09.05 | SDR | 8,300,000 | 22% |
| GH-I-532 | Rural Financial Services Project | IFAD | WB/IDA | HC | 03.05.00 | - | - | SDR | 8,200,000 | - |



LOGICAL FRAMEWORK

| Intervention Logic | Key Performance Indicators | Means of Verification | |
|--|--|---|---|
| <p>Goal:</p> <p>To improve the livelihoods and living conditions of poor rural communities, with emphasis on women and other vulnerable groups.</p> | <p>Sector indicators with emphasis on women and other vulnerable groups in the programme area.</p> <ul style="list-style-type: none"> • Reduced number of people living below poverty line and reduced depth of poverty • Reduced number of woman-headed households living below poverty line and reduced depth of poverty • Improved access to social and economic infrastructure • Reduced number of food-insecure households • Reduced number of food-insecure months • Reduced number of malnourished children under five years of age • Reduced infant and maternal mortality | <ul style="list-style-type: none"> • Ghana Living Standards Survey disaggregated by gender and region. • UNICEF nutrition surveys. • Periodic surveys on representative samples of beneficiaries. • Programme reports. | |
| Intervention Logic | Key Performance Indicators | Means of Verification | Critical Assumptions/Risks (to realise Development Goal) |
| <p>Purpose:</p> <p>To deepen and broaden rural development services and community self-help capacity by:</p> <p>i) building up the capacity of decentralized local government, civil society and community organizations to better respond to the needs of the poorest strata of the rural population;</p> <p>ii) improving access to resources and services by the rural population, especially women and other vulnerable groups;</p> <p>iii) introduce operational changes and reforms needed to enhance the efficiency and sustainability of institutions and service providers in the Northern Region.</p> | <p>Outcome/Impact Indicators:</p> <ul style="list-style-type: none"> • Some 2 500 rural communities and their women's and men's interest groups determining resource allocation and actively participating in the assessment, planning and implementation of solutions to their needs • Increased participation of women in key decisions at the community level • Higher levels and proportions of government resources reaching the poorer and more vulnerable groups, including women • Increased skills and capacity of staff in the Regional Administration, 13 District administrations and their sub-units and among NGOs/CBOs to implement community-led rural development activities • Increased rationalization, decentralization and client focus of service providers on rural communities • No of communities and their interest groups satisfied with performance of local government and service providers • Number of infrastructure micro-projects operational and maintained after completion, and planned and actual number of beneficiaries • Proportion of CDFs used each year for each group of activities • Prevention of further, and reversal of current, land degradation • Increased food production • Changes in functional literacy and numeracy rates in the target groups • Increased incomes for farm and micro enterprises | <ul style="list-style-type: none"> • Pre- and post-community needs assessments • Community, local and regional government AWP/Bs • Evaluation reports including evaluation of sample micro-projects and beneficiary/environmental impact assessments • Progress reports • Supervision and mid-term review (MTR) reports • Programme completion report | <ul style="list-style-type: none"> • Political stability maintained • Women have time for, and are able to participate in, training and other CD and programme activities • Gender-related aspects of the programme are implemented effectively • Women and other vulnerable groups can use the skills transferred • Sufficient acceptable training resources are available for community work, particularly with women • Continued commitment by all three tiers of government to put in place effective pro-poor policies and institutions and to allocate an increasing share of technical and financial resources to community-based rural development • Diversity of public/private/NGO service providers available to community • Economic activities offered through NORPREP remain profitable |





| Intervention Logic | Key Performance Indicators | Means of Verification | Critical Assumptions/Risks (to realise Purpose) |
|---|---|---|--|
| <p>Outputs/Results:</p> <p>Output 1. Increased capacity and awareness of rural communities, and differentiated female and male interest groups, to critically analyse their constraints; identify opportunities; prioritize, plan and monitor appropriate social and economic development activities; and source additional support and funding to manage and invest in their own sustainable development</p> | <p>Output Indicators:</p> <ul style="list-style-type: none"> • 2 500 community plans prepared and updated annually • Community plans specifically include higher-than-proportional interventions targeted at poor women and men • Participation levels of poor women's and men's vulnerable groups in planning process and implementation of community group plans • Number of community groups continuing group planning activities and managing implementation of planned interventions • Community contribution and operation of sub-projects • Changes in proportions (funds) of community-identified activities directed to needs of poor women and men • Number and types of activities implemented by different groups • Improvements in community group dynamics to solve differences, mediate conflict • Changes in group leadership style, delegation of responsibility and decision-making processes • Reduced conflict within and among groups, particularly on land tenure issues | <ul style="list-style-type: none"> • Community plans and AWP/Bs • Minutes of, and observations on, group and community meetings • Progress reports • M&E reports • Community self-assessment reports • Supervision and MTR report | <ul style="list-style-type: none"> • Traditional authorities and local elites do not dominate planning process or subvert broad-based participation of poorer groups • Women allowed to participate in planning process • Continuing commitment of Government and development partners to principle of community contribution • Presence of experienced trainers in participatory approaches |
| <p>Output 2. Increased capacity and awareness of national, regional and district government levels to support, monitor and evaluate planning and implementation of community-based rural development and to formulate effective pro-poor policies.</p> | <ul style="list-style-type: none"> • Number of staff trained in participatory skills • No. of Districts that institutionalize community-driven development processes • Number of interdisciplinary teams working with community interest groups • Range of public/private/NGO service providers used by communities • Increased rationalization and decentralization of service provision • Planning, financial management and M&E units at the national, regional and district levels functioning effectively • Improvements in RPCU coordination, technical support and M&E of district AWP/Bs • Timely administration and effective monitoring of flows of funds • Community-based rural development programmes monitored by MLGRD and PRRCC • Changes in national rural development and/or poverty reduction policies led by programme activities or coordination groups | <ul style="list-style-type: none"> • Pre- and updated training needs assessments • AWP/Bs • Memoranda of Understanding /partnership agreements • Partners' performance reports • Progress reports • M&E reports/beneficiary assessments • Audit reports • Supervision and MTR reports and budgets • Reports submitted to cooperating institution and IFAD • Programme implementation and M&E manuals produced • Government policy statements and changes | <ul style="list-style-type: none"> • Willingness of Districts to participate in the programme, adopt the principles, and comply with disbursement conditions • District staff capable of absorbing training and willing to remain with Districts after training • Regional agencies willing to provide technical assistance to Districts and to work in multi-institutional public/NGO teams • Regional administration does not dominate decision-making/service provision and crowd out emerging private/NGO initiatives • Presence of experienced trainers in participatory approaches • MoF staff assigned to oversee financial management • Principles initiated under NORPREP are universally accepted |

| Intervention Logic | Key Performance Indicators | Means of Verification | Critical Assumptions/Risks (to realise Purpose) |
|--|---|---|---|
| <p>Output 3. Social and economic development projects and programmes supported by community and NORPREP inputs to:</p> <p>(i) supporting to vulnerable groups by improving basic life skills and support and extending traditional approaches for poor vulnerable groups</p> <p>(ii) encourage sustainable agricultural practices</p> | <ul style="list-style-type: none"> • No. of participants completing innovative adult literacy and numeracy, health education, HIV/AIDS awareness programmes • No. of village groups assisting disadvantaged community members through traditional services/approaches • Number of technical manuals prepared and made available • Number of staff and farmers trained in different skills • Increased knowledge among farmers and field extension workers of a range of better land-husbandry practices suited to their local area • Evolution of crop yields, farm production and revenues over five years • Diversity of trees/productive species/varieties and farmers'/communities initiatives to tackle problems on-farm and within village area • Increased links between crops, livestock, forestry • Ratio of organic-to-inorganic input use, and nutrient balances • Reduction in the geographic area affected by soil erosion (wind and water) and soil fertility decline • Increased productive capacity within communal rangelands and woodlands | <ul style="list-style-type: none"> • District and RPCU M&E databases • Training course evaluations • Pre-, post-community training needs assessments • Community self-assessment land-husbandry status reports • Technical manuals • Land-husbandry practices catalogue • Photographic record of land degradation reversal • Progress reports • M&E reports • Supervision reports and MTR | <ul style="list-style-type: none"> • Qualified service providers available • Target groups can be sensitized to future benefits of upgrading knowledge and skills • Communities wish to strengthen traditional welfare safety nets • Community ensures that adequate community development resources are allocated to these interventions • District councillors and traditional leaders accept representative community development plans • Heavily subsidized external inputs by one or more tier of government discourage efforts to make better use of organic matter and natural approaches to enhancing soil fertility • Presence of qualified service providers |
| <p>(iii) develop more numerous dynamic and profitable rural enterprises operated by women, men and members of vulnerable groups</p> | <ul style="list-style-type: none"> • Number of enterprises formed/strengthened and disaggregated by gender, wealth strata and business type • Number and quality of business and technology skills training sessions to women and men entrepreneurs • Changes in training courses offered to existing businesses and potential entrepreneurs • Evolution of individual enterprises' financial results • Individual enterprises' organizational sustainability • Loan recovery rates for external credit sources • Level of access to, and use of, formal and informal credit and other services by farmers and microenterprises • Levels of savings mobilization by village women's and men's groups • Impact on the community and sustainability achieved through support to village-level saving and credit associations • Continuing improvements to skills and capacity of community and District staff in rural enterprise development | <ul style="list-style-type: none"> • Baseline surveys • Progress reports by support staff • Systematic entrepreneur self-evaluation of training and other specific support services, such as credit • At regular intervals, sampling of participating and non-participating enterprises, examination of their accounts and interviews of entrepreneurs • Thematic studies • Credit supplier reports • Supervision and MTR reports • Pre-programme and progressive training needs analysis for staff | <ul style="list-style-type: none"> • Government policies avoid introducing distortions, for example, subsidized credit or inputs not accessible to all communities • Government increases its efforts in rural infrastructure investment and maintenance • Presence of qualified service and training providers • Commercial lending rates continue to decline |



| Intervention Logic | Key Performance Indicators | Means of Verification | Critical Assumptions/Risks |
|---|--|---|---|
| (iv) improve social infrastructure with ongoing operation and maintenance (O&M) | <ul style="list-style-type: none"> • Number of relevant technical and O&M manuals prepared and made available • Number and types of microprojects implemented • Proportion of community members needing proposed social infrastructure who directly benefit from each microproject • Proportion of poor vulnerable women and men benefiting from each social infrastructure sub-project • Proportion of community benefiting from social sub-projects • Proportion of engineering staff using community-driven development participatory planning techniques for sub-project development • Proportion of projects where designs are modified to suit community needs/requirements • Percentage of sub-project construction costs recycled within community (through employment and/or using local contractors) • Proportion of sub-projects built by community • Communities knowledgeable on O&M, where support services and spare parts are available and part or all of support is funded • Community maintenance fund established and operational and O&M arrangements for each community infrastructure operating sustainably with secured income flow | <ul style="list-style-type: none"> • Technical and O&M manuals • AWP/Bs and annual reviews of activities • Community self-assessment reports • Progress reports • M&E reports • Supervision reports | <ul style="list-style-type: none"> • Broad-based community participation in priority setting • Community aspirations for social infrastructure can be incorporated into a balanced community development plan that does not restrict other interest group formation, development and consolidation • Communities are willing and able to take on management and financing of O&M • Good technical quality of planning and implementation • Matching funds readily available • Communities absorb training and approach • Engineering consultants, construction supervisors and construction contractors who are sympathetic to community participation in implementation are readily available |

COSTS AND FINANCING PLAN

Expenditure Accounts by Components – Base Costs (USD ‘000)

| | Operational Support and Capacity Building | | | Community Development Fund | Total | Physical Contingencies | |
|--|---|---|---|----------------------------------|----------|---------------------------|--------|
| | Operational Support and Capacity Building at National Level | Operational Support and Capacity Building at Regional Level | Operational Support and Capacity Building at District Level | | | % | Amount |
| I. Investment Costs | | | | | | | |
| A. Vehicles | 34.0 | 136.0 | 807.0 | - | 977.0 | - | - |
| B. Equipment and materials | 16.8 | 95.2 | 1 158.8 | - | 1 270.8 | 5.0 | 63.5 |
| C. Technical Assistance and Studies | | | | | | | |
| International TA | - | 270.0 | 585.0 | - | 855.0 | - | - |
| National TA | - | 948.0 | 936.0 | - | 1 884.0 | - | - |
| Studies | - | 260.0 | - | - | 260.0 | - | - |
| Subtotal Technical Assistance and Studies | - | 1 478.0 | 1 521.0 | - | 2 999.0 | - | - |
| D. Training, workshops and meetings | 52.0 | 587.3 | 9 832.4 | - | 10 471.7 | - | - |
| E. Community Development Fund | - | - | - | 36 300.0 | 36 300.0 | - | - |
| Total Investment Costs | 102.8 | 2 296.5 | 13 319.3 | 36 300.0 | 52 018.6 | 0.1 | 63.5 |
| II. Recurrent Costs | | | | | | | |
| A. Salaries and allowances | 26.4 | 129.2 | 3 839.9 | - | 3 995.6 | - | - |
| B. Vehicles, equipment and office O&M | 84.0 | 240.0 | 2 020.2 | - | 2 344.2 | 5.0 | 117.2 |
| Total Recurrent Costs | 110.4 | 369.2 | 5 860.1 | - | 6 339.8 | 1.8 | 117.2 |
| Total Baseline Costs | 213.2 | 2 665.7 | 19 179.4 | 36 300.0 | 58 358.4 | 0.3 | 180.8 |
| Physical contingencies | 5.0 | 16.8 | 159.0 | - | 180.8 | - | - |
| Price contingencies | | | | | | | |
| Total Project Costs | 229.0 | 2 775.3 | 20 278.5 | 36 300.0 | 59 582.8 | 0.3 | 188.7 |
| Taxes | 21.3 | 76.6 | 597.6 | 3 303.3 | 3 998.8 | 0.5 | 20.9 |
| Foreign Exchange | 74.1 | 620.4 | 3 532.0 | 10 890.0 | 15 116.5 | 0.5 | 75.5 |



**Expenditure Accounts by Financiers
(USD '000)**

| | IFAD | | Government through Common Fund and Other Donors | | Communities | | Government (Incremental Salaries) | | Government (Taxes and Duties) | | Total | | Local (Excl. Taxes) | Duties & Taxes | |
|---------------------------------------|-----------------|-------------|---|-------------|----------------|------------|---|-------------|----------------------------------|------------|-----------------|--------------|---------------------------|----------------------|----------------|
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | | | |
| I. Investment Costs | | | | | | | | | | | | | | | |
| A. Vehicles | 266.6 | 27.0 | 464.6 | 47.1 | - | - | - | - | 255.6 | 25.9 | 986.8 | 1.7 | 690.8 | 40.5 | 255.6 |
| B. Equipment and materials | 319.4 | 23.7 | 881.1 | 65.2 | - | - | - | - | 149.9 | 11.1 | 1 350.4 | 2.3 | 540.2 | 660.3 | 149.9 |
| C. Technical Assistance and Studies | | | | | | | | | | | | | | | |
| International TA | 205.3 | 23.7 | 661.3 | 76.3 | - | - | - | - | 0.0 | - | 866.6 | 1.5 | 779.9 | 86.7 | - |
| National TA | 824.5 | 42.8 | 1 099.7 | 57.2 | - | - | - | - | - | - | 1 924.2 | 3.2 | - | 1 924.2 | - |
| Studies | 76.1 | 28.2 | 194.0 | 71.8 | - | - | - | - | -0.0 | -0.0 | 270.1 | 0.5 | 67.5 | 202.5 | - |
| Subtotal | 1 105.9 | 36.1 | 1 955.0 | 63.9 | - | - | - | - | 0.0 | - | 3 060.9 | 5.1 | 847.5 | 2 213.4 | - |
| D. Training, workshops & meetings | 2 562.9 | 23.2 | 8 468.0 | 76.8 | - | - | - | - | 0.0 | - | 11 031.0 | 18.5 | 1 103.1 | 9 927.9 | - |
| E. Community Development Fund | 6 599.3 | 18.2 | 23 097.7 | 63.6 | 3 299.7 | 9.1 | - | - | 3 303.3 | 9.1 | 36 300.0 | 60.9 | 10 890.0 | 22 106.7 | 3 303.3 |
| Total Investment Costs | 10 854.2 | 20.6 | 34 866.4 | 66.1 | 3 299.7 | 6.3 | - | - | 3 708.8 | 7.0 | 52 729.0 | 88.5 | 14 071.5 | 34 948.8 | 3 708.8 |
| II. Recurrent Costs | | | | | | | | | | | | | | | |
| A. Salaries and allowances | 698.7 | 16.5 | 1 815.8 | 42.8 | - | - | 1 726.8 | 40.7 | - | - | 4 241.3 | 7.1 | - | 4 241.3 | - |
| B. Vehicles, Equipment and Office O&M | 782.2 | 29.9 | 1 540.3 | 59.0 | - | - | - | - | 290.0 | 11.1 | 2 612.5 | 4.4 | 1 045.0 | 1 277.5 | 290.0 |
| Total Recurrent Costs | 1 480.9 | 21.6 | 3 356.1 | 49.0 | - | - | 1 726.8 | 25.2 | 290.0 | 4.2 | 6 853.8 | 11.5 | 1 045.0 | 5 518.8 | 290.0 |
| Total Disbursement | 12 335.1 | 20.7 | 38 222.5 | 64.2 | 3 299.7 | 5.5 | 1 726.8 | 2.9 | 3 998.8 | 6.7 | 59 582.8 | 100.0 | 15 116.5 | 40 467.5 | 3 998.8 |

/a Represents estimated actual disbursement by the Government (incremental salaries)

/b Represents taxes and duties liable to the Government





ORGANIZATION AND MANAGEMENT

A. Overall Programme Organization

1. Programme implementation will be in line with the Government's decentralization policy and the decentralized institutional framework. IFAD support will be integrated into each participating District Assembly's development plan and AWP/B.
2. Overall responsibility for programme management will rest with the MLGRD. In particular, MLGRD will provide policy direction; liaise with the NDPC and the Minister for the Northern Region in respect of medium-term planning and the related AWP/B; and liaise with the MoF with regard to budgeting, timely and adequate provision of counterpart funds, and the strengthening of financial management capacity. MLGRD will nominate a senior officer from its Planning, Programming, Monitoring and Evaluation Division to act as focal point for programme implementation.
3. A strengthened RPCU will coordinate planning and AWP/B preparation, and supervise implementation, financial management and progress reporting. The programme will provide a PST that will include an experienced planning and M&E specialist to act as chief adviser to the Regional Coordinating Director.
4. Under the supervision of the District Chief Executive, a strengthened DPCU will assume responsibility for day-to-day programme management, coordinating preparation of the district AWP/B incorporating IFAD and other development partner support, progress reporting and M&E. Appendix VI shows the programme's organizational chart.

B. Programme Review and Policy Support

5. A PRRCC will guide the programme at the national level, a PSC at the regional level and a PCC at the District level.
6. The PRRCC will comprise representatives of MLGRD, MoF, NDPC, Ministry of Women's Affairs, and the District Chief Executives and the Minister for the Northern Region. The Deputy Minister of MLGRD will chair the PRRCC and the Director of Research of MLGRD will act as Secretary. The PRRCC will meet at least twice yearly, including once a year in the Northern Region to allow for field visits and interaction with the District Assemblies and communities, and will:
 - review and endorse the AWP/B and transmit it to MoF for final approval;
 - review six-monthly progress and M&E reports and issue directives to improve performance;
 - submit recommendations to the Government on ways to improve the performance of the decentralized system of government; and
 - hold annual consultations with external development partners and organize the use, in a coordinated manner, of resources from development partners, the District Assemblies and central Government.
7. The PSC will be composed of members of the RCC, a representative of the National Council on Women and Development, one representative each from the two NGO networks in the Northern Region, and other persons co-opted as required. The Regional Minister will chair the PSC and the

Regional Coordinating Director (RCD) will act as Secretary. The chief adviser will assist the RCD in briefing the PSC on the programme. The latter will meet on a quarterly basis in rotation around the Districts so as to permit interaction with the District Assemblies and communities, and will:

- review and endorse the District and regional AWP/Bs, ensuring that each District includes satisfactory cash-flow projections and clear indications of funding sources, and that backstopping required from regional and central ministries and agencies is budgeted;
- forward the consolidated AWP/B to MoF with copies to MLGRD and NDPC;
- review progress, M&E and other reports produced by the programme;
- resolve conflicts among ministries, departments and Districts;
- provide comments on quarterly and six-monthly reports prepared by RPCU and forward these to the Minister, MLGRD, with copies to the District Chief Executives for action; and
- ensure timely and appropriate funding of District AWP/Bs.

8. The PCC will be established as a sub-committee of each District Executive Committee. It will comprise all District Executive Committee members, District departmental heads, two District Assembly members, two representatives of NGOs/CBOs, and two representatives of communities at the Area Council level (not members of Area Councils or Unit Committees), of which one will be a woman. The PCC may co-opt persons to serve on the Committee as it deems necessary. The District Chief Executive will chair the PCC and the District Coordinating Director will serve as Secretary. The PCC will meet on a quarterly basis and:

- review and endorse the AWP/B and submit it to the District Assembly for approval;
- review and comment on progress, audit and M&E reports and submit them to the District Assembly;
- monitor implementation progress and resolve conflicts among technical departments; and
- review periodically, and make proposals for strengthening, the District Assembly's management capacity.

9. The existing District Assembly committees will carry out the functions specified under the Government's decentralization policy. In addition, each District Assembly will confirm with the development partners their contributions to implementation of the approved district AWP/B, and ensure timely submission of their AWP/Bs to the RCC for endorsement and transmittal to MoF, MLGRD and NDPC.

C. Executing Agencies and Responsibilities

Central Level

10. The MLGRD's Planning, Programming and Monitoring Division will backstop programme planning and M&E and liaise with supporting central ministries. The Minister will nominate a senior officer of the division to work full-time on the programme. The officer will ensure timely preparation, review, approval and distribution of the AWP/B, and programme progress and M&E reports; coordinate and follow up submission of disbursement requests to the IFAD focal point in MoF; follow up the release of the Government's counterpart contribution, as appearing in the AWP/B, with all development partners; and assist the RPCU in ensuring effective coordination of the programme.

11. The MoF will operate the Special Account, ensure timely disbursement to the Programme Accounts, monitor use of the proceeds, and provide training and backstopping to the regional and District finance offices to ensure efficient financial management.



Regional Level

12. The RPCU will be strengthened by provision of technical assistance, training for planning officers, and logistical support. It will coordinate programme execution, reporting and M&E; backstop and train officers at the District level for timely preparation, processing and submission of the AWP/B and progress and M&E reports to RCC; and review and consolidate District AWP/Bs, progress and monitoring reports into the regional AWP/B, as well as programme reports highlighting achievements in meeting targets set in the AWP/B, including an analysis of variances, constraints and remedial action required. Terms of reference for the PST are given in Annex 3. The chief adviser will lead the process of consolidating District AWP/Bs, coordinating with all financiers of the District plans and preparing of progress and M&E reports acceptable to all development partners. The financial controller and the two accountants provided to support the District finance offices will ensure training of regional and District-level finance officers in procurement, financial management and reporting using standard charts of accounts to facilitate the consolidation of accounts and timely submission from District Assemblies of disbursement applications. The financial controller will monitor the operation of the Programme Accounts and use of the proceeds. The human resource and development (HRD) specialist will coordinate capacity-building in close consultation with the Human Resource Development and Management Division of MLGRD, including an annual training needs assessment and definition of training programmes for the staff and clients of the departments/divisions/units involved in the programme. The HRD specialist will produce a database of institutions that can provide training. A good part of the training will be carried out by teams drawn from government services but most will require support from external agencies (e.g. NGOs, University of Development Studies, Institute of Local Government Studies, etc.).

13. Regional departments will provide technical backstopping, supervision and training to their respective District staff. The Regional Technical Team (RTT) will review progress on a monthly basis and provide a concise progress report for the RCD with a copy to the DCDs. The RTT will undertake six-monthly joint field supervision and submit a report to the RCD and DCDs.

District Level

14. The DCD, under the supervision of the District Chief Executive, will be responsible for day-to-day management of the programme at the District level. The DCD will ensure timely preparation and submission of the AWP/B, progress and M&E reports. As head of the District administration, the DCD will ensure that the various departments carry out their programme responsibilities. The DCD will be a signatory to the Programme Accounts and will supervise use of the proceeds. He/she will be accountable for financial transparency, timely procurement and submission of requests for disbursements and Programme Account replenishment, and for adherence to the Government's and development partners' procurement and disbursement procedures.

15. The DPCU will prepare the AWP/B, progress and M&E reports, and coordinate the training programme in close collaboration with RPCU and other District departments. The accountants provided under the programme will support DPCU in preparing the AWP/B. A District Planning Team (DPT) comprising staff from technical departments and at least two NGO representatives, as well as training and logistical support, will contribute to strengthening the capacity of DPCU.

16. District technical departments will carry out their normal functions, with training and logistical support provided under the programme. In particular the Community Development and Cooperative Department has experienced staff at the regional and District levels and will spearhead the mobilization of communities and groups and train them to undertake self-reliant economic development activities. All departments will work closely with NGOs, CBOs and private-sector agencies, which complement their efforts.



17. The District Technical Team (DTT) will review implementation progress on a monthly basis and agree on a coordinated monthly programme of action as a basis for performance evaluation. The DTT will produce a monthly report not exceeding ten pages for submission to the DCD with copies to the respective departmental heads. The DTT will undertake quarterly joint field supervision and reporting for information and follow up by the DCD and departmental heads.

18. **NGOs, CBOs and private-sector agencies.** To undertake capacity strengthening at the District level and to facilitate animation at the community level, NGOs will complement the DPT. One of the key strategies of the programme is to involve NGOs as development partners rather than solely as service providers. To that end, NGOs will be selected on the basis of their local knowledge, experience in activities of interest, expertise in participatory and community animation and planning, negotiation and conflict management, gender analysis, implementation, and their availability of resources to complement programme resources. Preference will be given to local NGOs, if available. In addition, the programme will provide supplementary funds and assistance to NGOs/CBOs involved in rural infrastructure development to improve their capacity and scale of activities. The programme will also mobilize development and commercial banks and other financial intermediaries to extend credit to economic groups.

D. Annual Work Programme and Budget Process

19. The AWP/B process will follow the NDPC's planning guidelines, which emphasize a participatory demand-driven approach with forward and backward consultations during the various stages of synthesis and consolidation.

20. The planning process will start at the community level with the assistance of an interdisciplinary animation/facilitation team. Trained technical teams and NGOs will subsequently assist communities and groups to further develop their action plans, and with arrangements for implementation, community contributions to development, operation and maintenance, and M&E by the communities/groups. Each community action plan will be synthesized at the Unit Committee and Area Council levels and integrated into the District AWP/B for approval by the PCC and the District Assembly in each District. Each approved District AWP/B will be submitted to the PSC at the regional level prior to consolidation by the RPCU and submission for approval by the national-level Programme Review and Resource Coordination Committee. The programme AWP/B will then be submitted for approval by UNOPS, IFAD and other development partners.

21. The main elements of the planning process are summarized in Table 1.

Table 1: Annual Work Programme and Budget Process

| Step | Procedure |
|-------------|---|
| i. | Animation/facilitation team mobilizes communities and groups to identify their problems, options and strategies, and define a prioritized plan of action (7-10 days/community). |
| ii. | Technical teams building on first step draw up plan of action with indicative input-output coefficients and costs for community sub-projects, e.g. agriculture, water development for domestic use and irrigation (4-8 weeks/AC). |
| iii. | Unit Committee reviews and synthesises community plans for effective use of resources and adherence to national policy. For example, a cluster of communities may each demand a given social infrastructure without considering operation costs and ability to fully use the facilities. In the process of synthesising, communities may be grouped to make use of the same facility. The Unit Committee will discuss its views and rationalization with community representatives who will brief their members. This process of consultation will be pursued until agreement is reached. Community proposals aggregated into Unit Committee programme of action. |
| iv. | Review and further synthesis at the Area Council level going through the same process of |



| Step | Procedure |
|-------|---|
| | consultation and rationalization to produce the Area Council plan of action (steps iii & iv, 21 days). |
| v. | District Sector technical teams review Area Council plan of action to ensure consistency and feasibility. |
| vi. | Sector plans developed by technical teams submitted to DPCU, which will work with District planning team to produce draft AWP/B (steps v& vi 21 days). |
| vii. | Draft AWP/B submitted to PCC for review and endorsement. |
| viii. | PCC endorsed draft AWP/B submitted to District Assembly for consideration. The latter discusses plan with development partners and agrees on financing package. Final AWP/B prepared by DPCU, including projected cash flow and financing plan. |
| ix. | Approved AWP/B submitted to PSC for approval. RPCU prepares consolidated AWP/B, indicating portion for IFAD support. |
| x. | Regional Minister submits programme AWP/B to PRRCC chaired by Deputy Minister of MLGRD. PRRCC discusses AWP/B with development partners to conclude financing arrangements. |
| xi. | Final AWP/B with agreed financing plan and cash flow projections forwarded to MoF for approval. |
| xii. | MLGRD forwards copy to IFAD, the cooperating institution and other development partners for approval. |
| xiii. | IFAD/cooperating institution approves AWP/B. Eventual objections forwarded to MLGRD for resolution. |
| xiv. | Approved AWP/B endorsed by development partners forwarded to Northern Region and constituent districts for implementation. |

E. Implementation of Sub-projects

22. **Development of detailed funding proposals.** Following approval of the District AWP/B at the District level, each department concerned with a given sub-project will assist the community to develop the sub-project profile into a detailed funding proposal, including engagement of a consultant if required (NGO, line agency, consulting firm or individual). Sub-projects will range from simple to complex. For simple projects, preparation of the detailed funding proposal should be straightforward as the group undertaking the sub-project may already exist, and much of the information required may be at hand. For more complex sub-projects, group formation may be required, further detailed information collected, feasibility studies undertaken and/or site investigations conducted.

23. **Funding agreement between communities and the District Assembly.** The beneficiaries forward their detailed funding proposal through the Area Council to the District Assembly, which becomes the basis of the agreement between the beneficiary group as owner of the sub-project and the District Assembly as the financier. A funding agreement is drawn up and signed between the beneficiary group and the District Assembly, and witnessed by the Community Development Association and Area Council.

24. A wide range of sub-projects will be eligible for funding under the CDF, varying in cost from USD 100 to more than USD 100 000. Experience with the Village Infrastructure Programme indicates that the most costly investments identified by communities concern infrastructure serving the community at large ('public goods'), which may provide revenues to the District Assemblies, and semi-private infrastructure geared to providing paid services to groups and/or individuals. With a view to providing standard procurement procedures for larger sub-projects but to streamline the process for smaller ('public goods') sub-projects, two different approaches to procurement are proposed: one for sub-projects costing more than USD 2 000 and one for sub-projects costing less than USD 2 000.



ORGANIZATIONAL CHART

