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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE

REPUBLIC OF GHANA

FOR THE

ROOT AND TUBER IMPROVEMENT AND MARKETING PROGRAMME

TABLE OF CONTENTS

CURRENCY EQUIVALENTS	iii
WEIGHTS AND MEASURES	iii
ABBREVIATIONS AND ACRONYMS	iii
MAP OF THE PROGRAMME AREA	iv
LOAN SUMMARY	v
PROGRAMME BRIEF	vi
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	7
E. Procurement, Disbursement, Accounts and Audit	10
F. Organization and Management	11
G. Economic Justification	12
H. Risks	12
I. Environmental Impact	13
J. Innovative Features	13
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 FINANCING IN GHANA	2
III. LOGICAL FRAMEWORK	3
IV. ORGANIGRAMME	5
V. PROGRAMME ORGANIZATION AND MANAGEMENT	6
VI. MONITORING AND EVALUATION	12

CURRENCY EQUIVALENTS

Currency unit	=	Cedi (GHC)
USD 1.00	=	GHC 9 150
GHC 1 000	=	USD 0.110254

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

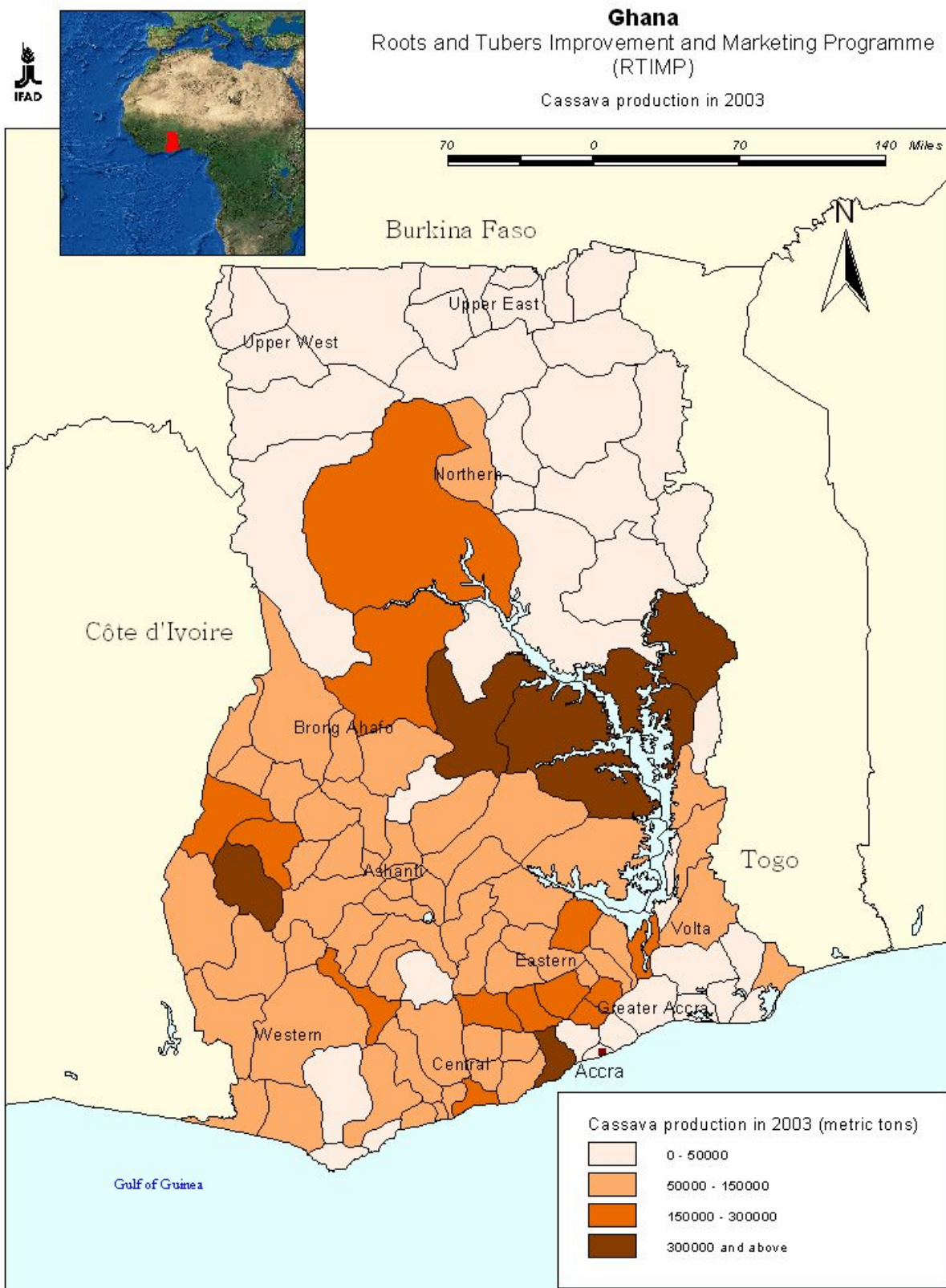
ABBREVIATIONS AND ACRONYMS

AWP/B	annual workplan and budget
IP	implementation partner
M&E	monitoring and evaluation
NPSC	National Programme Steering Committee
PCO	programme coordination office
PDIP	programme development and implementation partnership
PRSP	poverty reduction strategy paper
REP-II	Rural Enterprises Project – Phase II
R&T	roots and tubers
RTIP	Root and Tuber Improvement Programme
TSP	technical services provider

GOVERNMENT OF THE REPUBLIC OF GHANA
Fiscal Year

1 January – 31 December

MAP OF THE 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

ROOT AND TUBER IMPROVEMENT AND MARKETING PROGRAMME

LOAN SUMMARY

INITIATING INSTITUTION:	IFAD
BORROWER:	Republic of Ghana
EXECUTING AGENCY:	Ministry of Food and Agriculture
TOTAL PROGRAMME COST:	USD 27.7 million
AMOUNT OF IFAD LOAN:	SDR 13.05 million (equivalent to approximately USD 19.0 million)
TERMS OF IFAD LOAN:	Highly concessional
COFINANCIERS:	None
CONTRIBUTION OF BORROWER:	USD 3.9 million
CONTRIBUTION OF BENEFICIARIES:	USD 832 200
PARTNER FINANCIAL INSTITUTIONS AND LEASING COMPANY:	USD 4.0 million
APPRAISING INSTITUTION:	IFAD
COOPERATING INSTITUTION:	World Bank

PROGRAMME BRIEF

Who are the beneficiaries? The beneficiaries of the programme will be: (i) 180 000 farmers supplied with new root and tuber (R&T) varieties; (ii) 10 000 farmers and 300 commercial seed growers directly involved in distributing planting material; (iii) 6 000 farmers trained in 200 farmer-field forums, and 400 staff of the Ministry of Food and Agriculture and NGOs as well as farmers trained as farmer-field forum facilitators; (iv) 14 existing R&T processing enterprises, both group-based and private individual businesses, upgraded to good practices centres and to receive around 12 000 farmers, processors and traders; (v) 15 000 processors and other entrepreneurial poor (of whom 80% will be women) trained in business management and marketing; (vi) 5 000 processing ventures benefiting from a matching grant/micro-leasing service to purchase improved equipment; (vii) 200 local artisans benefiting from skills-upgrading and training in the manufacture and maintenance of processing equipment; (viii) 10 000 farmers and 500 processing ventures benefiting from improved markets through 250 tailor-made pilot projects for strengthening market-based linkages between small farmers/processors and larger actors downstream; and (ix) more than 600 groups/organizations of R&T farmers and processors that will be strengthened.

Why are they poor? The beneficiaries are poor because they are subsistence farmers that mostly produce R&T crops, or they are artisanal processors that use basic technologies and lack access to markets. The productivity of their farms and ventures is hampered by their lack of access to: (i) reliable marketing outlets and affordable transportation; (ii) affordable, timely medium-term credit and other financial services; (iii) improved processing equipment; (iv) information on integrated pest management, improved R&T cultivation practices and soil fertility management; and (v) improved planting material. These persons cannot afford to invest in their farms or in processing/transport equipment as most of their income is needed to cover medical bills, school fees, funerals, etc. The land they cultivate may be marginal and not very fertile, and returns to labour are low.

What will the proposed programme do for them? The programme will help the beneficiaries to become full actors in R&T commodity chains, to increase value-formation upstream and negotiate prices and contracts along the chains. It will also facilitate the access of small R&T farmers to improved planting material and knowledge for improved crop husbandry practices, soil fertility management and integrated pest management techniques. For small R&T processors it will promote various lending instruments, including matching grants and micro-leasing, in order that they may access improved processing technologies and upgrade their skills at different stages of the chain. Poor farmers' and processors' access to markets will be increased by improving their marketing and bartering skills and by strengthening the capacity of farmer-based organizations and other trade organizations. The combined effect of these activities will be higher productivity of R&T crops and added value through improved processing, which will lead to enhanced food security and incomes. The programme will foster beneficiary participation in policy dialogue through their organizations and through the creation of an R&T apex body.

How will the beneficiaries participate in the programme? The beneficiaries will be involved in a participatory planning process, including district stakeholders' forums for farmers and business forums for R&T processors. These forums are organized by district agricultural development units, NGOs and other implementation partners, and are supported by an information, education and communications campaign. Other participatory mechanisms, including farmer-field forums, will be used to exchange knowledge and experience and set a pro-poor research agenda. The beneficiaries will be actively involved in strengthening their formal and informal organizations and in creating an R&T apex body, which is expected to carry on many of the development activities after programme closure. Beneficiaries and other stakeholders are key actors in the programme development and implementation partnership.

**REPORT AND RECOMMENDATION OF THE PRESIDENT OF IFAD
TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE
REPUBLIC OF GHANA
FOR THE
ROOT AND TUBER IMPROVEMENT AND MARKETING PROGRAMME**

I submit the following report and recommendation on a proposed loan to the Republic of Ghana for SDR 13.05 million (equivalent to approximately USD 19.0 million) on highly concessional terms to help finance the Root and Tuber Improvement and Marketing Programme. 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 percent (0.75%) per annum. It will be administered by the World Bank as IFAD's cooperating institution.

PART I – THE ECONOMY, SECTORAL CONTEXT AND IFAD STRATEGY¹

A. The Economy and the Agricultural Sector

1. Ghana covers an area of about 239 000 km² and has a population of about 21.0 million (mid-2005), growing at 1.25% per annum. Despite high rural exodus, 63% of the population is still rural and over 80% of the labour force works either in low-return smallholder agriculture or in the informal sector. GNI per capita is USD 320 (2003). Despite significant improvements over the last decade, social indicators remain poor, with 54 years as the life expectancy at birth, adult literacy at 82.7% for men and 67.1% for women, and an infant mortality rate of 59 per 1 000. A positive note is an adult HIV prevalence rate of 3.1%. Ghana is ranked 131st out of 175 countries on the United Nations Development Programme's Human Development Index (HDI) with an HDI rating of 0.568 (2004).

2. **The economy.** Although Ghana is well endowed with natural resources such as arable land, forests and minerals, the economy and public revenue are highly vulnerable to world prices for exports and imports. After growing at an average rate of 4.3% in the 1990s, falling gold and cocoa prices and rising oil prices set off trade shocks that slashed macroeconomic performance, raised budget deficits, lowered exchange rates and stimulated rapid growth of money supply and inflation. Gold and cocoa prices and investments in mining recovered in 2002; GDP growth was 5.4% in 2004 and a similar rate is forecast for 2005. Economic policy priorities include tighter monetary and fiscal policies, faster privatization, better social services, private-sector development as the engine of growth, employment generation and poverty reduction. In 2001, Ghana applied for debt relief under the enhanced Debt Initiative for Heavily Indebted Poor Countries (HIPC); it attained decision point in February 2002 and completion point in 2004. Total debt relief under the enhanced Debt Initiative amounts to USD 3.5 billion in nominal terms.² Ghana is one of the 18 countries for which the G8 finance ministers recently agreed to a 100% debt write-off. Resources made available by debt relief are being allocated for pro-poor expenditures, as outlined in Ghana's poverty reduction strategy paper (PRSP).

3. **Agriculture** contributed 34% to GDP in 2004, services 41% and industry 25%. Cocoa, timber and pineapple are major sources of export earnings along with mining (gold). Cropping is mostly rainfed, small-scale and dependent on low-yielding and fertility-detrimental practices. Most farmers respond to perceived opportunities by planting more areas, thereby triggering sharp swings between expansion/contraction of planted areas, shortages/gluts, good/poor returns, etc. Except for cocoa and

¹ See Appendix I for additional information.

² Net present value (NPV) = USD 2.2 billion.

cotton, rural commodity chains are underdeveloped and based mainly on the sale of fresh produce. Weak linkages increase the prices of inputs and raw materials and depress those of end-products; governance is weak both within the system (self-regulation) and outside (laws and regulations); and most rural operators lack the information and skills needed to protect their interests and maximize their sales and hence their returns.

4. **Roots and tubers (R&T)** account for about 40% of agricultural GDP and 25% of total GDP. These crops are grown for food and cash throughout Ghana: cassava and cocoyam in the rainforests; cassava, yam and sweet potato in the transition and savannah zones; and *frafra* potato (an indigenous crop) in parts of the Upper-East Region. Production is based mainly on traditional practices and smallholder cultivation. The image of cassava is negative as it is closely identified with the rural poor, yet processed cassava products (*gari*, *fufu*) have strong markets in the rapidly expanding urban areas throughout West and Central Africa. The ability of R&T producers to tap growing markets is, however, hampered by poorly functioning commodity chains. Yam and sweet potato are important crops for food security in the savannah and transition zones, and national, regional and even international markets for these crops are expanding and emerging. Cocoyam grows well in waterlogged areas, where little else can grow. Development opportunities include the production of processed R&T for human consumption and as raw or intermediate materials for industry.

5. **Rural poverty.** Although the overall incidence of poverty fell from 52% to 40% between 1992 and 1998/99, food-crop farmers and the non-farm self-employed generally did not benefit. The incidence of poverty among them fell by only 9% (to 59%) and they represented 75% of all those living in poverty in 1998/99. This gives serious cause for concern because the rural poor account for a far larger share of national poverty than their share in the population, and their poverty is significantly deeper. Poverty is more pervasive in the north (69-88%), where it affects whole communities; in absolute numbers, there are more poor people in the south, where coping strategies are more individualized. Although Ghana is nominally self-sufficient in food and malnutrition rates are less than half what they were in 1991/92 (15% as compared with 35%), the traditional coping strategies of the rural poor are compromised by rising living costs and natural resources degradation.

6. **Rural development and poverty reduction.** The goal of the social and economic development programme known as “Ghana: Vision 2020” (1994) was to make Ghana a middle-income country by 2020 through reducing poverty by means of strong and broad-based economic growth. The first Medium-Term Development Plan 1996-2000 (“Vision 2020 – the First Step”) was followed, in 2000, by an interim poverty reduction strategy paper for the period 2000-2002 and by the PRSP for 2003-2005. The latter aims “to achieve sustainable equitable growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralized democratic environment”, and emphasizes the need for better macroeconomic policies backed by institutional reform; a modern financial sector; better physical and social infrastructure; and good governance. Rural development is perceived as “the point of leverage for national economic transformation” through agro-based industrialization, decentralization, development of the private sector and a new role for the state. The promotion of attitude change is recognized as important, particularly with regard to gender. The Food and Agricultural Sector Development Policy adopted in 2002 aims at strengthening the focus on promoting the private sector as an engine of growth, on helping agro-related producers adapt to rapid structural changes in domestic and world economies, and on fostering more efficient commodity chains by forging linkages between production, storage, preservation and marketing.

7. **Institutional framework.** From an administrative standpoint, Ghana is subdivided into ten regions and 138 districts. The partially-elected district assemblies are the real level of local government; the decentralization of powers to them is well advanced (except with regard to agricultural services) but institutional capacity and human resources still need strengthening. The country’s democratic process is being strengthened: the first democratic transfer of power occurred in December 2000 and the incumbent was confirmed in December 2004. The Ministry of Food and Agriculture is committed to developing the R&T subsector but its strengths lie in technical fields (e.g. selection/multiplication of

planting material). It lacks expertise in policy, economic and marketing issues; pays limited attention to post-harvest stages (processing and marketing); and lacks experience in working with the private sector. Other institutions relevant to the programme include: (i) the Ministry of Environment and Science; the Ministry of Trade, and Industry and its Presidential Special Initiative (MoTI); the Ministry of Private Sector Development; and the Ministry of Local Government and Rural Development; (ii) a range of agricultural research institutes and universities; (iii) rural financial institutions such as rural and community banks and rural branches of commercial banks; (iv) district-level service providers supporting enterprise development (business advisory centres; rural technology facilities; firms and individuals providing business development services; and (v) a large number of NGOs, ranging from small, local operations to international NGOs. Formal and informal village-level organizations, including farmer-based organizations and processor groups (mainly women), could become effective pressure groups and channels for information on and access to markets, technologies and credit.

8. **Gender issues.** Although women have also benefited from economic reforms and development projects, they still have limited access to social services, credit, technology and extension. Girls are less likely to go to school than boys: 41% of all adult women (vs 21% for men) have never been to school; and over half (53%) the households headed by women fall in the poorest quintile. Most rural women are farmers and most of them are also involved in processing and trading: over 95% of the cassava processors are women. They tend to be involved in small-scale, home-bound activities in view of their domestic responsibilities; their returns to investments in cash, time and labour are low; and they find it difficult to enter lucrative markets. Illiteracy limits their access to market information and makes them wary of approaching formal institutions for credit and technical assistance. Thus, they are more likely than men to lack collateral and start-up capital.

B. Lessons Learned from Previous IFAD Experience

9. Since 1988, IFAD has financed 12 interventions in Ghana that have covered community and commodity-based approaches to agricultural development, rural finance and microenterprise development, rural infrastructure, and support to decentralized and pro-poor delivery mechanisms. Total loans amount to USD 136.8 million on highly concessional terms, and about USD 1.0 million has been provided in grants and debt relief for about USD 18 million in end-2000 net present value terms. Five projects (USD 55.2 million) are ongoing: the Root and Tuber Improvement Programme (RTIP); Upper-East Region Land Conservation and Smallholder Rehabilitation Project – Phase II; Rural Financial Services Project (RFSP); Northern Region Poverty-Reduction Programme (NORPREP); and Rural Enterprises Project - Phase II (REP-II).

10. **Main lessons** learned to date include: (i) strong community involvement in planning and implementation is essential for sustainability and impact; (ii) geographical and community-based targeting is feasible in rural Ghana, as there is a substantial uniformity of poverty within rural communities and solidarity mechanisms are stronger; (iii) the delivery of public and private goods should be kept systematically separate; (iv) grants are an effective instrument for delivering private goods to the very poor; and (v) project staff must have strong socio-economic skills that allow them to analyse the feasibility of new technologies, address poverty and gender issues, enable private sector development, etc., and strong management qualities to supervise contracts with services providers. IFAD's more recent projects have therefore focused on promoting appropriate institutional reforms, including decentralization, and on grass-roots participation in decision-making and implementation of local development action. The designs of the three latest projects (RFSP, NORPREP and REP-II) focus more on system-building by supporting policy, regulatory and institutional reforms that will improve rural financial services, foster linkages between the poor and their local governments, and promote the development of rural microenterprises and the private sector.

11. **The interim evaluation** of RTIP conducted by IFAD's Office of Evaluation found that the programme was innovative in concentrating on poor people's crops; over 120 000 farmers had access to improved varieties in 2003, and RTIP was set to reach 720 000 farmers by 2005. Promising technical

results had been obtained (e.g. development, testing, multiplication and distribution of improved planting materials; improved management of soil fertility and integrated pest control; creation of 17 farmer-field schools and training of over 1 500 line department staff). Two major weaknesses of RTIP were: insufficient emphasis on activities that had the potential to increase the incomes or enhance the food security of the poorest rural producers; and limited attention to crucial post-harvest storage, processing and marketing. Following the interim evaluation, the programme development and implementation partnership (PDIP) was set up by RTIP to enhance the voice of key stakeholders, including the poor. The agreement at completion point recommended a second phase with some adjustments: (i) establish zonal offices to guide and supervise fieldwork more closely; (ii) foster linkages between programme and regional monitoring and evaluation (M&E) systems (to be strengthened); (iii) conduct research on soil fertility management; (iv) shift responsibility for multiplying planting material to farmers and commercial seed growers; and (v) focus more on non-cassava R&T. The design of the new programme builds heavily on the findings and recommendations of the interim evaluation, and the PDIP will be mainstreamed within the programme's management processes as a planning and learning tool.

C. IFAD's Strategy for Collaboration with Ghana

12. **Ghana's policy for poverty reduction.** The Government has developed a full-fledged PRSP (paragraph 6) aimed at reducing poverty through economic growth, rural development, expanded employment opportunities and access to public services. Four aspects of the PRSP are relevant to the programme: (i) in compliance with the HIPC Debt Initiative, it accords priority to public spending and savings to ensure that essential services are provided to the poor, especially those in deprived areas; (ii) decentralization is seen as essential to successful poverty reduction; (iii) strong emphasis is given to training in technical and business skills; (iv) increased rural production and employment in agribusinesses and better access by small rural businesses to facilities, support services and legal recognition; and (v) high priority accorded to private-sector development.

13. **Harmonization and alignment for aid effectiveness.** IFAD and 12 other development partners together with the Government prepared a paper on harmonization and alignment in Ghana for aid effectiveness – a common approach for Ghana and its development partners. The paper recognizes that “if Ghana is to receive enhanced assistance to achieve the Millennium Development Goals, business as usual will not do”; and that a step change is required in government leadership, in the use of development resources and in donor practices. Plans are to develop a work programme and a set of mutually acceptable progress indicators along key principles, including: (i) government leadership and ownership; (ii) a PRSP-based M&E system to guide government policy and allocations by development partners; (iii) enhanced predictability of aid flows; (iv) increased use of country systems (budget cycles, procurement systems); (v) enhanced sector coordination; (vi) complementarity and shared resources to boost effectiveness and reduce transaction costs; (vii) increased capacity development; (viii) mutual accountability; and (ix) maximization of untied and unmarked resources. The proposed new programme responds to most of these principles: as a sub-sectoral programme aligned with the PRSP, it will rely on country systems, develop professional and institutional capacity within the public and private sectors, and be carefully coordinated with other interventions.

14. **Relevant poverty-reduction efforts by major development partners** include: (i) the Global Cassava Initiative supported by IFAD and the Food and Agriculture Organization of the United Nations (FAO), the Regional Cassava Marketing Initiative being prepared in support of the New Partnership for Africa's Development initiative; (ii) the IFAD-African Development Bank (AfDB)-financed Rural Enterprises Project – Phase II; (iii) the Agricultural Services Subsector Investment Program, financed by Canada, Denmark, European Union, Japan and the World Bank; (iv) the World Bank-financed Community-Based Rural Development Project for strengthening the capacity of rural populations by improving their productive assets, rural infrastructure and access to key support services; (v) several regional trade initiatives financed by the United States Agency for International Development (USAID), including the Africa Trade and Investment Program, Strengthening Market Information, Trade and

Producers' Organizations in West Africa, and the Trade and Investment Program for Competitive Exports; (vi) several food security projects financed by the Canadian International Development Agency and IFAD in the three northern regions; (vii) the Competitive Agricultural Systems and Enterprises approach sponsored by IFAD, USAID and the International Fertilizer Development Center; (viii) the Department for International Development's technology development and extension work on cassava processing (United Kingdom of Great Britain and Northern Ireland); (ix) the German Agency for Technical Cooperation's Rural Trade and Investment Promotion Programme; and (x) the IFAD-World Bank-AfDB financed Rural Financial Services Project.

15. **IFAD's strategy for collaboration with Ghana.** The design of the new programme is guided by the Strategic Framework for IFAD 2002-2006, the regional strategy for Western and Central Africa and the country strategic opportunities paper (COSOP) of 1998. The COSOP targets smallholders, particularly women and other vulnerable groups, and has three main thrusts: improve food security and arrest environmental degradation; assist resource-poor, subsistence farmers; and enhance income-generating activities. The proposed new programme responds to the important strategic objectives of the strategic framework and the regional strategy by seeking to raise the incomes of the rural poor by diversifying income sources and building up human capital, and addresses all three goals outlined in the COSOP. It also responds to IFAD's recently adopted Private-Sector Development and Partnership Strategy by: involving private sector actors in policy dialogue; fostering investment to support local private sector development; and developing partnerships with the private sector to leverage additional investments and bring knowledge to rural areas. A new COSOP is being prepared in collaboration with the Government, civil society, organizations of rural poor producers, donors, universities and research institutions.

16. **Project rationale.** Despite economic reforms, market liberalization and a reduction of more than 50% in national poverty, rural poverty remains widespread in Ghana. Although human development indicators have generally improved, a recent survey indicated increased child and infant mortality rates. Ghana still has significant disparities in poverty distribution, especially in the north, and the rural poor account for a rising share of the country's poor. Roots and tubers have been identified as a relevant investment for IFAD for the following reasons: (i) these crops can mitigate the vulnerability of asset-poor communities to structural and seasonal food scarcity; (ii) they are largely processed by the poorest segments of the rural poor, particularly women; and (iii) production and processing technologies are generally inefficient, resulting in below-potential productivity and revenues. In addition to upgrading the existing traditional and artisanal commodity chains, small R&T growers should be linked up to selected industries in order both to expand the ability of the latter to absorb fresh and semi-processed R&Ts and to focus on R&Ts that are critical staple foods in the north, i.e. sweet potato, yam and *frafra* potato.

PART II – THE PROGRAMME

A. Programme Area and Target Group

17. The **programme will be national in scope**, covering at least 60 districts selected on the basis of the following criteria: significant production and marketing potential; vulnerability to food insecurity and low incomes; presence/absence of other interventions and related prospects for mutually beneficial collaboration; interest in crops other than cassava; and potential for collaboration with REP-II.

18. The **target group** will comprise all small-scale operators in the R&T subsector, be they farmers, processors or traders: (i) asset-poor and food-insecure farm households; (ii) processors using rudimentary manual technologies; (iii) asset-poor traders and R&T labourers with interest and skills to engage in entrepreneurial activities; and (iv) consumers. Women will represent at least half the direct beneficiaries. Medium- and large-scale enterprises engaged in the final processing and marketing of R&T will be involved in the programme if this leads to increasing their ability to absorb the products of small-scale operators.

19. **Targeting.** To a large degree, programme activities will be self-targeting since the R&T subsector is dominated by the rural poor and most forms of support will be too modest to attract the non-poor. Proactive targeting mechanisms will, however, also be put in place to guarantee access by the poorest and to avoid capture by elites. Supported by a strong information, education and communication campaign, the Ministry of Food and Agriculture and the programme's other implementation partners (IPs) will adopt a fully transparent and participatory approach to targeting. Teams of locally posted agricultural extension agents and NGOs will screen interested farmers, processors and traders.

B. Objectives and Scope

20. **The programme's development goal** will be to enhance the food security and incomes of poor rural households in Ghana, with special emphasis on women and other vulnerable groups. Its specific objective is to build up competitive, market-based and inclusive commodity chains for R&T, supported by relevant, effective and sustainable services that are accessible to the rural poor. It will support the emergence both of an inclusive private sector that is deeply anchored in the realities of Ghana (through the development of farmer and processor organizations, market and financial linkages and an apex body for the R&T subsector) and of a stronger public sector capable of improving the policy and regulatory environment and delivering the required public goods (research, infrastructure).

21. Involvement of the private sector will be an important element of the programme strategy, in line both with government policies, including the Presidential Special Initiative on Cassava, and with IFAD's Private-Sector Development and Partnership Strategy. The programme will build up the capacity of private firms and organizations to develop sustainable market-based solutions to demand and supply problems, and address the lack of agricultural extension and business development services and, more generally, of linkages within the R&T commodity chains. The private sector's role will be expanded in critical areas such as the distribution of improved planting material, the manufacture/repair of improved processing equipment, and large-volume absorption of raw and intermediate R&T products.

22. The programme will have an eight-year investment period and six main thrusts: (i) multiplication of planting material, soil fertility and integrated pest management (continuing RTIP's activities), together with upgrading the cultivation practices of R&T farmers; (ii) enhancing the efficiency and quality of processing and marketing; (iii) creating a "pull" factor for boosting production and promoting a better balance of supply and demand; (iv) creating mechanisms to facilitate access by the asset-poor to investment and working capital; (v) supporting professional organizations to enhance participation in policy dialogue, and empowerment of small-scale R&T farmers, processors and traders; and (vi) supporting all the above through a strong information, education and communication effort. The programme will adopt a business development approach and build up the market-based provision of goods and services by private operators. Implementation will be based on flexible and participatory planning procedures, including the organization of frequent consultation meetings (forums) on subjects ranging from the preparation of annual work plans and budgets to the assessment of results and impact.

C. Components

23. Programme design envisages four components: (i) support to increased commodity chain linkages; (ii) support to R&T production; (iii) upgrading of R&T processing and marketing; and (iv) programme coordination and M&E.

24. **Component A: Support to increased commodity chain linkages** aims to build up competitive, market-driven, inclusive R&T commodity chains backed by relevant, effective and sustainable service delivery mechanisms designed to reach the rural poor. Innovative activities will be undertaken to initiate/improve processes, structures and mechanisms – both institutionally and on an ad hoc basis – that can integrate/empower the organizations of small-scale R&T farmers, processors and traders so that they increasingly manage their own development. The five subcomponents are: (i) information, education and communication campaign; (ii) linking small producers to larger markets; (iii) developing

new uses for R&Ts; (iv) strengthening formal/informal organizations of growers, processors and traders; and (v) support to R&T commodity chain partners and policy dialogue. An initiatives fund will finance pilot activities designed to forge/strengthen linkages within the R&T commodity chains. An R&T apex body with a knowledge centre will be developed to take over most programme activities at closure (e.g. information dissemination, policy dialogue, capacity-building for empowerment). These efforts are expected to result in a functional R&T apex body by the time of the mid-term review.

25. **Component B: Support to R&T production** to consolidate and expand RTIP's services to further improve R&T production, yields and quality. The five subcomponents here are: (i) agricultural research; (ii) multiplication/distribution of planting material; (iii) improved cultivation practices; (iv) soil fertility management; and (v) integrated pest management. The existing range of new and indigenous varieties will be expanded and private sector operators will be encouraged to take over service delivery. The main instrument will be farmer-field forums, where farmers and researchers can meet to exchange knowledge and experiences on cultivation practices, carry out varietal selection, etc. Efforts will be made to gradually involve the private sector (e.g. commercial seed growers) in the multiplication and distribution of planting material (including cassava), starting with areas of high R&T production.

26. **Component C: Upgrading of R&T processing and marketing.** Here, the aim is to upgrade processing technologies and the business skills of small-scale R&T processors, especially for existing and new cassava products. Improved storage will likely be a major focus for sweet potato and yam. The component embodies the programme's business development part, contributing to general, private sector development by building up the entrepreneurial and business capacity of small-scale rural operators. The four subcomponents are: (i) identification/transfer of improved technologies; (ii) peer demonstrations in good practices centres; (iii) business development training, including all-important marketing skills and business plan preparation; and (iv) a microenterprise fund to provide matching grants through credit and micro-leasing. The new programme will rely mainly on existing equipment designs.

27. **Component D: Programme coordination and M&E.** Provision will be made for the establishment of a programme coordination office (PCO) at Kumasi and of three zonal offices. The implementation of field activities will be outsourced to IPs willing to cofinance the work and/or to technical services providers (TSPs) under service provision contracts.

D. Costs and Financing

28. Total investment and incremental recurrent costs, including physical and price contingencies, is estimated at USD 27.7 million, including a foreign exchange component of USD 2.9 million (10%). As shown in Table 1, the provision for activities associated with marketing (linkages, processing, etc.) represents 57% of the base costs and that for crop production 27%.

29. The IFAD loan will cover about USD 19.0 million, or 68% of total costs. The Government's contribution is estimated at USD 3.9 million both from the regular budget and from foregone taxes and duties. Beneficiary farmers and processors will contribute the equivalent of USD 832 200 and the partner financial institutions (PFIs) and a private equipment leasing company, USD 4.0 million. The financing plan is given in Table 2.

TABLE 1: SUMMARY OF PROGRAMME COSTS^a
(USD '000)

Component	Local	Foreign	Total	% of Foreign Exchange	% of Base Costs
A. Support to increased commodity chain linkages	5 683.7	98.3	5 782.0	2	22
B. Support to R&T production	5 566.6	1 299.5	6 866.1	19	27
C. Upgrading of R&T processing and marketing	8 651.8	297.3	8 949.1	3	35
D. Programme coordination and M&E	3 258.9	916.9	4 175.8	22	16
Total base costs	23 160.9	2 612.1	25 773.0	10	100
Physical contingencies	525.7	82.2	607.9	14	2
Price contingencies	1 133.9	174.2	1 308.1	13	5
Total programme costs	24 820.5	2 868.5	27 689.0	10	107

^a Discrepancies in totals are due to rounding.

TABLE 2: FINANCING PLAN^a
(USD '000)

	IFAD		Government				PFIs and Leasing Company		Farmers/Processors		Total		For. Exch.	Local (Excl. Taxes)	Duties and Taxes
			Budget		Taxes and Duties		Amount	%	Amount	%	Amount	%			
	Amount	%	Amount	%	Amount	%							Amount	%	Amount
A. Support to increased commodity chain linkages															
1. Information, education and communication	532.3	87.4	-	-	76.4	12.6	-	-	-	-	608.7	2.2	2.5	529.7	76.4
2. Linking small producers to larger markets	2 807.1	99.2	-	-	21.2	0.8	-	-	-	-	2 828.3	10.2	-	2 807.1	21.2
3. Strengthening of formal/informal organizations of R&T	1 733.6	100.0	-	-	-	-	-	-	-	-	1 733.6	6.3	-	1 733.6	-
4. Support to R&T commodity chain partnership and policy dialogue	608.9	96.1	18.8	3.0	6.0	1.0	-	-	-	-	633.8	2.3	20.1	607.6	6.0
5. Commodity chain linkages: coordination	157.7	48.8	134.9	41.8	30.4	9.4	-	-	-	-	322.9	1.2	85.9	206.6	30.4
Subtotal	5 839.5	95.3	153.7	2.5	134.0	2.2	-	-	-	-	6 127.2	22.1	108.5	5 884.6	134.0
B. Support to R&T production															
1. Planting material production and multiplication	2 180.9	72.6	563.9	18.8	232.8	7.8	-	-	25.7	0.9	3 003.3	10.8	685.5	2 084.9	232.8
2. Improved R&T cultivation	637.2	74.4	120.2	14.0	98.7	11.5	-	-	-	-	856.2	3.1	183.7	573.7	98.7
3. Integrated pest management	2 177.8	91.0	133.8	5.6	81.6	3.4	-	-	-	-	2 393.3	8.6	382.8	1 928.9	81.6
4. Soil fertility	832.0	93.3	42.8	4.8	16.7	1.9	-	-	-	-	891.4	3.2	39.6	835.1	16.7
5. Farmer-field forums	207.8	100.0	-	-	-	-	-	-	-	-	207.8	0.8	37.9	169.9	-
6. R&T crop production coordination	157.7	48.8	134.9	41.8	30.4	9.4	-	-	-	-	322.9	1.2	85.9	206.6	30.4
Subtotal	6 193.4	80.7	995.7	13.0	460.2	6.0	-	-	25.7	0.3	7 675.0	27.7	1 415.5	5 799.2	460.2
C. Upgrading of R&T processing and marketing															
1. Transfer of relevant processing technologies	334.0	96.3	-	-	13.0	3.7	-	-	-	-	347.0	1.3	117.0	217.0	13.0
2. Good practice centres	335.1	99.3	-	-	2.2	0.7	-	-	-	-	337.4	1.2	35.6	299.5	2.2
3. Business development skills	706.5	100.0	-	-	-	-	-	-	-	-	706.5	2.6	-	706.5	-
4. Business plan preparation and microenterprise fund	2 336.9	32.6	-	-	22.5	0.3	3 998.4	55.8	806.5	11.3	7 164.3	25.9	-	7 141.8	22.5
5. Processing, business and marketing skills coordination	315.3	48.8	269.7	41.8	60.8	9.4	-	-	-	-	645.8	2.3	171.8	413.2	60.8
Subtotal	4 027.8	43.8	269.7	2.9	98.5	1.1	3 998.4	43.5	806.5	8.8	9 201.0	33.2	324.5	8 778.0	98.5
D. Programme coordination and M&E															
1. Programme coordination office	2 096.5	70.8	739.0	25.0	125.6	4.2	-	-	-	-	2 961.1	10.7	580.9	2 254.6	125.6
2. Zonal offices	806.7	46.8	743.0	43.1	175.1	10.1	-	-	-	-	1 724.8	6.2	439.0	1 110.7	175.1
Subtotal	2 903.3	62.0	1 482.0	31.6	300.6	6.4	-	-	-	-	4 685.8	16.9	1 019.9	3 365.3	300.6
Total programme costs	18 964.0	68.5	2 901.0	10.5	993.4	3.6	3 998.4	14.4	832.2	3.0	27 689.0	100.0	2 868.5	23 827.1	993.4

^a Discrepancies in totals are due to rounding.

E. Procurement, Disbursement, Accounts and Audit

30. **Procurement** will be undertaken by the PCO in line with government regulations and guidelines acceptable to IFAD. Programme implementation will be contracted out to experienced, qualified agencies in the public, private and NGO sectors. This will be done on the basis of contracts for private and NGO agencies, and memoranda of understanding for public agencies. Private sector parties will be selected on the basis of local competitive procedures. NGOs will be selected directly based on specific criteria to be determined at start-up (e.g. field and technical experience, advocacy role, additional resources mobilized). Contracts for consultants' services and studies will be awarded in accordance with guidelines acceptable to IFAD. The procurement of vehicles, machinery, equipment and goods will be bulked where appropriate.

31. Contracts in excess of USD 100 000 will be awarded through international competitive bidding procedures. Contracts for less than USD 100 000 but more than USD 20 000 will be procured through local or national competitive bidding procedures acceptable to IFAD. Contracts for less than USD 20 000 will be awarded through local shopping with at least three quotations. Any contract estimated to cost more than the equivalent of USD 20 000 for whatever category of procurement will be subject to prior review by IFAD's cooperating institution.

32. **Disbursements** for machinery, vehicles, equipment and consultant services will be fully documented. For expenditures under USD 20 000 for training, workshops, local salaries and allowances, and operating costs, disbursements will be made against certified statements of expenditure. To facilitate timely payment of works, services and supplies and considering the Government's inability to prefinance eligible IFAD expenditures, a special account in United States dollars will be opened in a commercial bank satisfactory to IFAD. Upon loan effectiveness, IFAD will deposit USD 1 million into the special account, equivalent to projected six-month disbursements during an average programme year. Replenishments of the special account from the loan account at IFAD will be by way of withdrawal applications, supported by appropriate documentation or certified statements of expenditure prepared by the PCO, endorsed by the Ministry of Finance and submitted to IFAD's cooperating institution for approval and processing. Withdrawal applications will be prepared by the PCO by taking into account and consolidating zonal offices' withdrawal requests supported by appropriate justifications.

33. The Borrower will open a programme account maintained in Ghanaian cedis in a commercial bank acceptable to IFAD and operated by the PCO as authorized by the Ministry of Finance. The programme account will be that into which the Ministry of Finance will transfer the Government's contributions in advance. From this account, funds will flow to cover the Government's share of expenditures incurred by the programme on the basis of the approved annual workplans and budgets (AWP/Bs). An initial deposit covering the expenditures for the first quarter of programme implementation will be made into the programme account. Each zonal office will open and maintain in a bank acceptable to the Fund a current account denominated in Ghanaian cedis for programme operations in their respective programme zones. Replenishments of these accounts will be effected quarterly in advance on the basis of the approved AWP/Bs and upon receipt of justifications for previous advances.

34. **Accounts and audits.** The PCO and zonal offices will establish independent programme accounts for all IFAD-financed activities. The accounting systems, reviewed and standardized in line with the Government's financial regulations, will comply with acceptable international standards. The PCO's financial controller will ensure that the agreed accounting procedures are fully implemented. Programme accounts and the annual financial reports of IPs/TSPs will be audited annually by acceptable independent external auditors working to international standards; the auditors will examine all expenditures and provide a separate opinion on the special account and statements of expenditure. The audited financial statements will be submitted no later than six months after the end of the fiscal year.

F. Organization and Management

35. The programme will be implemented through the Ministry of Food and Agriculture. A national programme steering committee (NPSC) will provide general policy direction, oversee planning and review progress and impact. Membership of the NPSC will include representatives of ministries, line departments/institutes, NGOs, organizations of farmers, processors and traders, and larger-scale private sector operators.

36. **Day-to-day management** will be entrusted to the PCO based in Kumasi, and the three zonal offices in Tamale (North), Koforidua (South) and Techniman. The PCO will be staffed by a national programme coordinator, six subject matter specialists (commodity chain linkages; production; processing/post-harvest; business development training; credit and M&E; and financial administration) and support staff. A senior staff member with appropriate qualifications and experience will be charged with responsibility for gender issues. The zonal offices will guide/coordinate the activities of IPs/TSPs under the ultimate responsibility and technical supervision of the PCO. One of their main recurrent tasks will be to oversee the participatory planning and M&E of activities, including the organization of regular district-level forums (stakeholders, business clients, etc.). Each zonal office will have two officers (a coordinator and a capacity-building and linkages officer) and support staff. Appointments of all professional staff will be subject to IFAD approval; performances will be evaluated on a yearly basis.

37. **An advisory, planning and learning partnership** will be fostered through the programme development and implementation partnership (PDIP) mechanism (paragraph 11). With a membership comprising key stakeholders and with strong private sector participation, the PDIP will be pivotal in planning, coordination and performance assessment. Sensitivity to the views and priorities of the poor will be enhanced by the district-level forums and annual review meetings.

38. **Fieldwork** will be carried out by two categories of partners: IPs willing to invest in or cofinance activities using their own resources; and TSPs under contract with PCO. Outsourcing will allow the PCO/zonal offices to focus on their core tasks of managing implementation. IPs may be public service organizations, NGOs, research institutions and universities, while the TSPs may include contracted NGOs and private consultancy companies, selected on a competitive basis. Through its district agricultural development units, the Ministry of Food and Agriculture will lead most of the technical aspects of R&T production in collaboration with research institutes, universities and IPs and TSPs. Potential partners will submit detailed proposals specifying proposed methodology, inputs and outputs, M&E procedures, timeframes and budgets. Their performance will be closely supervised and monitored by the PCO.

39. **Research activities** identified by the farmer-field forums will be carried out by research units on the basis of detailed proposals submitted to the PCO. Proposals will be screened on a yearly basis by the PCO in consultation with PDIP and other partners. The International Institute of Tropical Agriculture and other national and international research institutes will provide backstopping as envisaged in a memorandum of understanding specifying: (i) areas where backstopping is needed; (ii) type of support needed; and (iii) costs and financing arrangements. Research performances and results will be reviewed during the mid-term review.

40. **The M&E system** will comply with IFAD's Framework for a Results Management System for IFAD-Supported Country Programmes; it will be participatory and used as a learning, management and planning tool. The logical framework (Appendix III) will guide results-based, objectives-oriented implementation. Internal monitoring of progress by the PCO will be completed and cross-checked using participatory instruments (e.g. annual review workshops, client surveys, etc.). Each IP/TSP will monitor its own performance against the terms of its memorandum of understanding/contract and present the results in quarterly reports. Annual PDIP review workshops that bring key stakeholders together, including poor men and women, will be the main venues for learning, reflection and exchange of

experiences and ideas for discussing progress, identifying problems and solutions, etc. Key milestones will be established along the provisions of the logical framework.

41. **Impact assessment** will involve regular, activity-based assessments, participatory evaluations and special surveys. This responsibility will be out-sourced to a specialized TSP that will conduct a benchmark survey in programme year 1 and follow-up surveys in programme years 4 and 8; monitor fluctuations of prices, margins and profitability of growing, processing and trading R&Ts; conduct special surveys and tracer studies to measure impact on primary clients and stakeholders; and measure environmental impact and compliance with national environmental guidelines. Consideration will be given to engaging a university department.

G. Economic Justification

42. The programme will reduce rural poverty in Ghana by easing the factors that limit the profitability of growing, processing and trading R&T commodities. By the end of the eight-year programme: (i) 180 000 farmers will have received new R&T varieties; (ii) 10 000 farmers and 300 commercial seed growers will be directly involved in the distribution of planting material; (iii) 6 000 farmers will be trained in the 200 farmer-field forums, and 400 staff of the Ministry of Food and Agriculture and NGOs and farmers will be trained as farmer-field forum facilitators; (iv) 14 existing R&T processing enterprises, both group-based and private individual businesses, will be upgraded to good practices centres and enabled to receive around 12 000 farmers, processors and traders; (v) 15 000 processors and other entrepreneurial poor (of whom 80% will be women) will receive training in business management and marketing; (vi) 5 000 processing ventures will benefit from matching grant/micro-leasing services to purchase improved equipment; (vii) 200 local artisans will benefit from skills-upgrading training and in the manufacture/maintenance of processing equipment; (viii) 10 000 farmers and 500 processing ventures will benefit from improved markets through 250 tailor-made pilot projects for strengthening market-based linkages between small farmers/processors and larger actors downstream; and (ix) more than 600 groups/organizations of R&T farmers and processors will be strengthened. The resulting increase in production will be complimented by improvements in other parts of the commodity chain, notably for processing and marketing.

43. Analyses of crop models for predominant roots and tubers (i.e. cassava, yams and sweet potato) show significant increases in benefits for yams (51%), cassava (83%) and sweet potato (approximately 400%). Processing models are equally profitable with an increase in benefits by 200% for *gari* processing groups, and by 115% for a *gari* enterprise. Sensitivity analyses show that the models are quite resilient to increased production costs (e.g. a 20% increase in production costs decreases the benefits by only about 10%). The models are more sensitive to changes in gross revenue: a 20% decrease in market prices yields benefits of between 60% and 80% whereas a 50% decrease in prices would essentially nullify any increase in production. By disseminating information on commodity prices, stabilizing supply and strengthening market linkages, the programme will contribute greatly to reducing the very cyclical nature of prices. The economic analysis shows that an uptake on about 95 000 hectares cropped to roots and tubers will yield an economic rate of return (ERR) of 18%, well in excess of the opportunity cost of capital. A significant decrease in the amount of land cropped to new varieties (more than 40%) is required before the ERR reaches the opportunity cost of capital (set at 10% for this analysis)

H. Risks

44. Component A has a high risk level because the benefits may not be immediately perceived as attractive, and the (larger) operators may not respond immediately with the enthusiasm and commitment needed to foster linkages. A carefully individualized approach, with tailor-made pilot activities prepared by a specialized TSP and financed from the initiatives fund, is expected to overcome these difficulties. Risks attached to Component B are lower because RTIP created a sound foundation of experience and expertise to build on. Putting the distribution of planting on a commercial footing will contribute to

making upstream actors (research and input supply) more responsive to markets. The main risk of component C will be to bring together all the elements for upgrading the activities of existing traditional and artisanal R&T processors in a situation where the price level of the raw material does not provide a clear stimulant for small-scale processing. Working with experienced IPs and beneficiary training in business management will limit the risk.

I. Environmental Impact

45. The programme will not have a major impact on the physical environment. Intensified crop husbandry should curtail past practices of boosting outputs by extending the cropping area; the risks relating to intensification will be addressed through improved soil fertility/pest control management and by establishing a germplasm collection. Environmental impact will be one of the criteria for screening the processing technologies. The issues of job safety, pollution, etc., will be addressed through awareness-building; training; and information, education and communication. The processing technologies promoted under the programme will have a positive effect in terms of health and environment due to reduced fumes inhaled and in the amount of firewood required to produce *gari*. The good practices centres will demonstrate environmentally-friendly technologies such as energy-efficient stoves, chimneys, soak-away systems, using peel and waste for animal feed, etc.

J. Innovative Features

46. The programme has many innovative features. It will: (i) build a mechanism for scaling up results through strategic thinking and partnership-building using the PDIP device; (ii) adopt an integrated commodity-chain approach and fund new, tailor-made linkages within the R&T chains; (iii) use farmer-field forums as its main mechanism for exchanging knowledge on cultivation, soil management, integrated pest management and participatory varietal selection, and for identifying the research needs of small farmers; (iv) build on the social capital already developed by informal and formal groups and organizations of growers, processors and traders, assisting them in creating an R&T apex body that can carry on many of the programme activities at closure; (v) upgrade existing R&T processing and storage businesses as good practices centres for exposure to sound practices for equipment selection, business management, marketing, hygiene and environmental management; and (vi) introduce the matching grant and the micro-leasing mechanisms for financing poor rural entrepreneurs.

PART III – LEGAL INSTRUMENTS AND AUTHORITY

47. 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.

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

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

PART IV – RECOMMENDATION

50. 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 thirteen million fifty thousand special drawing rights (SDR 13 050 000) to mature on or prior to 1 May 2045, 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 26 July 2005)

1. **Programme account.** (a) The Government of the Republic of Ghana (the Government) will open and thereafter maintain in a bank, proposed by the Government and accepted by IFAD, a current account denominated in cedis for programme operations. The national programme coordinator and the Financial Controller of the PCO will be fully authorized to operate the programme account and both signatures will be required to make any withdrawal from the account.
2. The Government will cause each zonal office to open and thereafter maintain in a bank accepted by IFAD a current account denominated in cedis for programme operations in their respective programme zone (the “zonal accounts”). The zonal coordinator and the zonal accountant of each zonal office will be the authorized signatories to operate the relevant zonal account and both signatures will be required to make any withdrawal from the account.
3. The Government will make the proceeds of the loan available to the lead programme agency and other programme parties in accordance with the AWP/Bs and its customary national procedures for development assistance to carry out the programme. The Government will in particular ensure that the proceeds of the loan are transferred from the programme account to the zonal accounts as and when required, in accordance with the AWP/B.
4. **Counterpart funds.** The Government will make available to the lead programme agency during the programme implementation period counterpart funds from its own resources in an aggregate amount of USD 3.9 million in accordance with its customary national procedures for development assistance. For such purpose, the Government will deposit counterpart funds in an initial amount of USD 240 000 into the programme account to cover the Government’s cash contribution for the first programme year, and will make budgetary allocations for each fiscal year equal to the counterpart funds called for in the AWP/B for the relevant programme year and make such allocation available to the lead programme agency quarterly in advance by depositing such amount into the programme account. The Government’s counterpart funds will cover office rehabilitation, office rental and a share of operating costs, salaries and allowances for contracted staff incurred under the programme. The Government will for such purpose exempt from taxes the importation, procurement and supply of goods financed by the loan. The Government will ensure that the proceeds of the loan are made available to the lead programme agency in accordance with the AWP/Bs.
5. **Channelling of programme resources.** The Government will transfer available funds and other resources called for in the AWP/Bs to the ARB Apex Bank and Leaseafric Ghana, in accordance with the subsidiary agreements to carry out the microenterprise fund subcomponent.
6. **Microenterprise fund.** The ARB Apex Bank, on behalf of the PCO, will be responsible for implementing the microenterprise fund. The matching grant-credit and matching grant-lease activities under the microenterprise Fund will be carried out by participating financial institutions (PFIs) selected by the ARB Apex Bank in accordance with criteria approved by the NPSC and IFAD. The matching grant-lease will be carried out by the ARB Apex Bank through Leaseafric Ghana. The matching grant-credit and the matching grant-lease will operate in accordance with criteria approved by IFAD and the NPSC and operational guidelines will be set forth in the programme implementation manual, including:

ANNEX

- (a) for matching grant-credit:
 - criteria for credit approval will include a bankable proposal and beneficiary capacity to make 10% equity contribution towards cost of equipment
 - PFIs apply to the ARB Apex Bank on behalf of beneficiaries for matching grants at 30% of cost of equipment
 - PFIs will lend from their own resources the residual costs at 60% of the costs of equipment to the beneficiaries to procure the selected equipments, under the terms and conditions agreed between the ARB Apex Bank and the PFIs;

- (b) for matching grant-lease:
 - criteria for credit approval will include a bankable proposal and beneficiary capacity to make 10% equity contribution towards cost of equipment
 - PFIs apply to the ARB Apex Bank on behalf of beneficiaries for matching grants at 30% of cost of equipment
 - Leaseafric Ghana will provide lease from its own resources no less than USD 500 000 to cover the residual costs, equivalent to 60% of the cost of equipment. Leaseafric Ghana will finance the equipment and deliver to the beneficiaries under the terms and conditions agreed between Leaseafric Ghana and the PFIs acting as lease agents.

7. **ARB Apex Bank subsidiary agreement.** The Government will enter into an agreement with the ARB Apex Bank, which will provide among other things (a) that the Government will transfer available funds to the ARB Apex Bank in accordance with the AWP/Bs and the Government standard arrangements with the ARB Apex Bank for development assistance, if any, the Government being the owner of the funds deposited; (b) the eligibility criteria for the PFIs; and (c) that the ARB Apex Bank declares its commitment to the goals and purposes of the programme and, in furtherance of such goals and purposes, it will undertake to carry out the microenterprise fund activities in accordance with the loan agreement and the credit by-laws which will be annexed to the ARB Apex Bank subsidiary agreement.

8. The lead programme agency will submit a draft of the ARB Apex Bank subsidiary agreement and the credit by-laws to IFAD for its comments and approval before signature and adoption by the NPSC. The credit by-laws will apply to all credit extended by the ARB Apex Bank to the PFIs, including Leaseafric Ghana, and by the PFIs to programme beneficiaries whether financed directly or indirectly by loan proceeds.

9. **PFI subsidiary agreements.** The ARB Apex Bank will enter into agreements with each PFI selected under the programme for the implementation of the matching grant-credit activities. Leaseafric Ghana will enter into agreements with each PFI selected under the programme for the implementation of the matching grant-lease activities. Each PFI subsidiary agreement will provide, among other things, that (a) the ARB Apex Bank will transfer available funds to the relevant PFI as a loan in accordance with the AWP/Bs and the loan agreement; (b) the PFI will declare its commitment to the goals and purposes of the programme and, in furtherance of such goals and purposes, it will undertake to carry out the microenterprise fund subcomponent in accordance with the loan agreement and the criteria and operational guidelines set forth in the programme implementation manual, which will be annexed to the relevant PFI subsidiary agreement; (c) for the matching grant-credit, the credit by-law for application to all credits extended to programme beneficiaries financed (directly or indirectly) by the loan; (d) for the matching grant-lease, the terms and conditions for leasing; (e) the repayment terms of the loan received by the PFI from the ARB Apex Bank will not exceed those of the loan from IFAD to the Government; and (f) the submission of quarterly audit report to the PCO.

10. The ARB Apex Bank will submit a draft of each PFI subsidiary agreement including the credit by-laws to IFAD for its comments and approval before its signature.

11. **Selection and responsibilities of PFIs.** The PFIs will be selected in accordance with criteria approved by the NPSC and IFAD, which are set forth in the programme implementation manual. Each PFI will provide matching grant-credit and matching grant-lease to the target group in accordance with approved eligibility criteria and operational guidelines detailed in the programme implementation manual.

12. **Leaseafric Ghana subsidiary agreement.** The Government and the ARB Apex Bank will enter into a tripartite agreement with Leaseafric Ghana for the implementation of the matching grant-leasing activities under the programme. The Leaseafric Ghana subsidiary agreement will provide among other things, (a) that the Government will transfer, through the ARB Apex Bank, available funds to Leaseafric Ghana in accordance with the AWP/Bs, the Government being the owner of the funds deposited; (b) the eligibility criteria for the PFIs; (c) that Leaseafric Ghana declares its commitment to the goals and purposes of the programme and, in furtherance of such goals and purposes, it will undertake to carry out the matching grant-leasing activities under the microenterprise fund in accordance with the loan agreement; (d) that the contribution by Leaseafric Ghana will be at least USD 500 000 to finance the residual cost equivalent to 60% of the cost of equipment; and (e) the approved terms and conditions of leasing set forth in the programme implementation manual.

13. The lead programme agency will submit a draft of the Leaseafric Ghana subsidiary agreement to IFAD for its comments and approval before signature and adoption by the NPSC. The leasing terms and conditions will apply to all leasing extended by Leaseafric Ghana to the PFIs and by the PFIs to programme beneficiaries whether financed directly or indirectly by loan proceeds.

14. **Suspension.** IFAD may suspend, in whole or in part, the right of the Government to request withdrawals from the loan account in accordance with the general conditions upon the occurrence of any of the events set forth therein or any of the events set forth below provided, however, that if the audit required has not been satisfactorily concluded within 12 months of the financial reporting date set forth therein, IFAD will suspend the right of the Government to request withdrawals from the loan account.

- (a) The subsidiary agreements, or any provision thereof, have been waived, suspended, terminated, amended or otherwise modified without the prior consent of IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the microenterprise fund subcomponent.
- (b) The programme implementation manual, or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior consent of IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the programme.

15. **Taxes.** The loan proceeds will not cover any costs related to taxes on importation, procurement and supply of all goods and services financed by the loan. To that end, the Minister for Finance will issue a tax waiver certificate and/or make annual budgetary provisions for taxes, as appropriate, which will be reflected in the AWP/Bs.

16. **Local user organizations.** The Government will ensure that the programme works with local user organizations that are functioning well and are transparent towards their membership for participation in programme activities.

17. **Programme staff.** Employees of the Ministry of Food and Agriculture may apply for the programme positions; however, if they are selected, they will resign from the Ministry.

18. **Insurance of programme personnel.** The Government will insure key programme personnel against health and accident risks to the extent consistent with its national laws and customary practice.

19. **Gender focus.** The Government will ensure that gender equity considerations are integrated into all programme activities during the programme implementation period. Gender will be mainstreamed into all programme activities and gender imbalance in programme management will be addressed. Throughout the programme implementation period, the Government will: (a) promote the active participation of women in economic and social development; (b) expand women's access and control over fundamental assets such as capital, knowledge and technologies; (c) encourage women to take an active role in all programme activities; and (d) raise greater awareness on gender equality issues among programme staff. For recruitment of programme staff and contracting of programme partners, specific consideration will be given to women candidates and, everything being equal, preference will be given to women.

20. **Pest management practices.** As part of maintaining sound environmental practices as required by the general conditions, the programme parties will maintain appropriate pest management practices under the programme and, to that end, the Government will ensure that pesticides procured under the programme do not include any pesticide either proscribed by the International Code of Conduct on the Distribution and Use of Pesticides of the Food and Agriculture Organization of the United Nations, as amended from time to time, or listed in Tables 1 (Extremely Hazardous) and 2 (Highly Hazardous) of the World Health Organization's Recommended Classification of Pesticides by Hazard and Classification 1996-1997, as amended from time to time. All such pesticides will be approved by the competent Government authorities prior to their use.

21. **Monitoring.** The Government will ensure that M&E under the programme will be used as a management tool to identify problems and make corrections and also to enhance impact by developing systems that are more responsive to beneficiaries needs. To that end, the Government will ensure that the M&E system includes (a) internal monitoring of implementation progress; (b) the participation of stakeholders through a participation process; and (c) impact evaluation through the participatory stakeholder surveys and targeted studies. The M&E specialist of the PCO will be responsible for M&E of the programme at the national level. Implementation partners including technical service providers will be responsible for periodic reporting to the zonal offices.

22. **Conditions precedent to disbursement.** (a) No withdrawals will be made in respect of expenditures under Category V-A, initiative fund, until the selection and eligibility criteria and the operation guidelines have been submitted to and approved by IFAD.

(b) No withdrawals will be made in respect of expenditures under Category V-B, microenterprise fund, until the ARB Apex Bank subsidiary agreement, the Leaseafric Ghana subsidiary agreement and the PFI subsidiary agreements shall have been approved by IFAD; a copy of such subsidiary agreements, as signed by the lead programme agency, substantially in the form so approved and certified as true and complete by a competent officer of the lead programme agency, shall have been delivered to IFAD; the signature and performance thereof by the lead programme agency, the ARB Apex Bank, Leaseafric Ghana and PFIs have been duly authorized or ratified by all necessary administrative and governmental action; and all conditions precedent to the effectiveness thereof shall have been fulfilled.

23. **Conditions of effectiveness.** The following are specified as conditions precedent to the effectiveness of the loan agreement:

- (a) the NPSC shall have been duly established;
- (b) the PCO shall have been duly established;
- (c) a national programme coordinator, the financial controller and the M&E specialist of the PCO shall have been selected by the lead programme agency and approved by IFAD;
- (d) the programme operations and financial manuals and procedures of the programme implementation manual shall have been approved in draft by IFAD;
- (e) the Government will have duly opened the programme account, the special account and the zonal accounts;
- (f) the Government will have made the initial deposit of counterpart funds into the programme account available;
- (g) the auditor of the programme shall have been duly selected;
- (h) written evidence shall have been submitted by the Government to IFAD confirming that the lead programme agency has made available to the programme all assets, including remaining funds of the Root and Tuber Improvement Programme funded by IFAD;
- (i) the 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
- (j) a favourable legal opinion issued by the Government's Ministry of Justice and Attorney General's Department 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), 2003 1/	228	GNI per capita (USD), 2003 1/	320
Total population (million), 2003 1/	20.67	GDP per capita growth (annual %), 2003 1/	3.3
Population density (people per km²), 2003 1/	91	Inflation, consumer prices (annual %), 2003 1/	27
Local currency	Cedi (GHC)	Exchange rate: USD 1 =	GHC 9 150
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 1997-2003 2/	1.9	GDP (USD million), 2003 1/	7 624
Crude birth rate (per thousand people), 2003 1/	31	Average annual rate of growth of GDP 2/ 1983-1993	5.0
Crude death rate (per thousand people), 2003 1/	13	1993-2003	4.3
Infant mortality rate (per thousand live births), 2003 1/	59	Sectoral distribution of GDP, 2003 1/	
Life expectancy at birth (years), 2003 1/	54	% agriculture	36
Number of rural poor (million) (approximate) 1/	n/a	% industry	25
Poor as % of total rural population 1/	n/a	% manufacturing	9
Total labour force (million), 2003 1/	10.35	% services	39
Female labour force as % of total, 2003 1/	50	Consumption, 2003 1/	
Education		General government final consumption expenditure (as % of GDP)	12
School enrolment, primary (% gross), 2003 1/	79 a/	Household final consumption expenditure, etc. (as % of GDP)	77
Adult illiteracy rate (% age 15 and above), 2003 1/	26 a/	Gross domestic savings (as % of GDP)	11
Nutrition		Balance of Payments (USD million)	
Daily calorie supply per capita, 2003 1/	n/a	Merchandise exports, 2003 1/	2 498
Malnutrition prevalence, height for age (% of children under 5), 2003 2/	26 a/	Merchandise imports, 2003 1/	3 250
Malnutrition prevalence, weight for age (% of children under 5), 2003 2/	25 a/	Balance of merchandise trade	-752
Health		Current account balances (USD million)	
Health expenditure, total (as % of GDP), 2003 1/	6 a/	before official transfers, 2003 1/	-1 153
Physicians (per thousand people), 2003 1/	0 a/	after official transfers, 2003 1/	255
Population using improved water sources (%), 2003 2/	73	Foreign direct investment, net 2003 1/	137
Population with access to essential drugs (%), 1999 2/	0-49	Government Finance	
Population using adequate sanitation facilities (%), 2003 2/	72	Cash surplus/deficit (as % of GDP), 2003 1/	n/a
Agriculture and Food		Total expenditure (% of GDP), 2003 1/	n/a
Food imports (% of merchandise imports), 2003 1/	20 a/	Total external debt (USD million), 2003 1/	7 957
Fertilizer consumption (hundreds of grams per ha of arable land), 2000 1/	74 a/	Present value of debt (as % of GNI), 2003 1/	38
Food production index (1999-01=100), 2003 1/	116	Total debt service (% of exports of goods and services), 2000 1/	15
Cereal yield (kg per ha), 2003 1/	1 396	Lending interest rate (%), 2003 1/	n/a
Land Use		Deposit interest rate (%), 2003 1/	14
Arable land as % of land area, 2003 1/	18 a/		
Forest area as % of total land area, 2003 1/	28 a/		
Irrigated land as % of cropland, 2003 1/	0.2 a/		

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

1/ World Bank, *World Development Indicators* CD ROM 2005

2/ United Nations Development Programme, *Human Development Report*, 2004

PREVIOUS IFAD FINANCING IN GHANA

Project Name	IFAD Approved Financing (USD '000)	Board Approval	Loan Signing	Loan Effectiveness	Current Closing	Project Completion Date	Cooperating Institution	Project Status
Volta Region Agricultural Development Project (34-GH)	12 500	06 May 80	03 Jun 80	08 Jan 81	31 Dec 88	30 Jun 88	World Bank: IDA	Closed
Smallholder Rehabilitation and Development Programme (198-GH)	12 200	03 Dec 86	27 Apr 87	25 Jan 88	31 Dec 95	30 Jun 95	UNOPS	Closed
Smallholder Credit, Input Supply and Marketing Project (247-GH)	16 600	05 Dec 89	23 Jul 90	01 Mar 91	31 Dec 98	30 Sep 98	UNOPS	Closed
Upper-East Region Land Conservation and Smallholder Rehabilitation Project (457-GH)	12 539	01 Oct 90	23 Jan 91	14 Jun 91	31 Dec 97	30 Jun 97	UNOPS	Closed
Rural Enterprises Project (S-38-GH)	7 670	02 Dec 93	23 Jun 94	01 Feb 95	31 Dec 02	30 Jun 02	UNOPS	Closed
Upper West Agricultural Development Project (388-GH)	10 061	14 Sep 95	13 Nov 95	20 Mar 96	31 Dec 04	30 Jun 04	UNOPS	Closed
Village Infrastructure Programme (429-GH)	10 000	04 Dec 96	21 Feb 97	02 Apr 98	31 Dec 04	30 Jun 04	World Bank: IDA	Closed
Root and Tuber Improvement Programme (461-GH)	9 017	04 Dec 97	12 Feb 98	15 Jan 99	30 Sep 05	31 Mar 05	World Bank: IDA	Completed
Upper-East Region Land Conservation and Smallholder Rehabilitation Project – Phase II (503-GH)	11 595	29 Apr 99	30 Jun 99	14 Jan 00	30 Sep 06	31 Dec 06	UNOPS	Ongoing
Rural Financial Services Project (532-GH)	11 002	03 May 00	25 Oct 01	29 Jan 02	30 Sep 08	31 Mar 08	World Bank: IDA	Ongoing
Northern Region Poverty-Reduction Programme (571-GH)	12 335	06 Dec 01	07 Feb 03	30 Jan 04	30 Sep 10	31 Mar 10	UNOPS	Ongoing
Rural Enterprises Project – Phase II (588-GH)	11 245	05 Sep 02	07 Feb 03	19 Jun 03	31 Dec 11	30 Jun 11	UNOPS	Ongoing
Total	136 764							

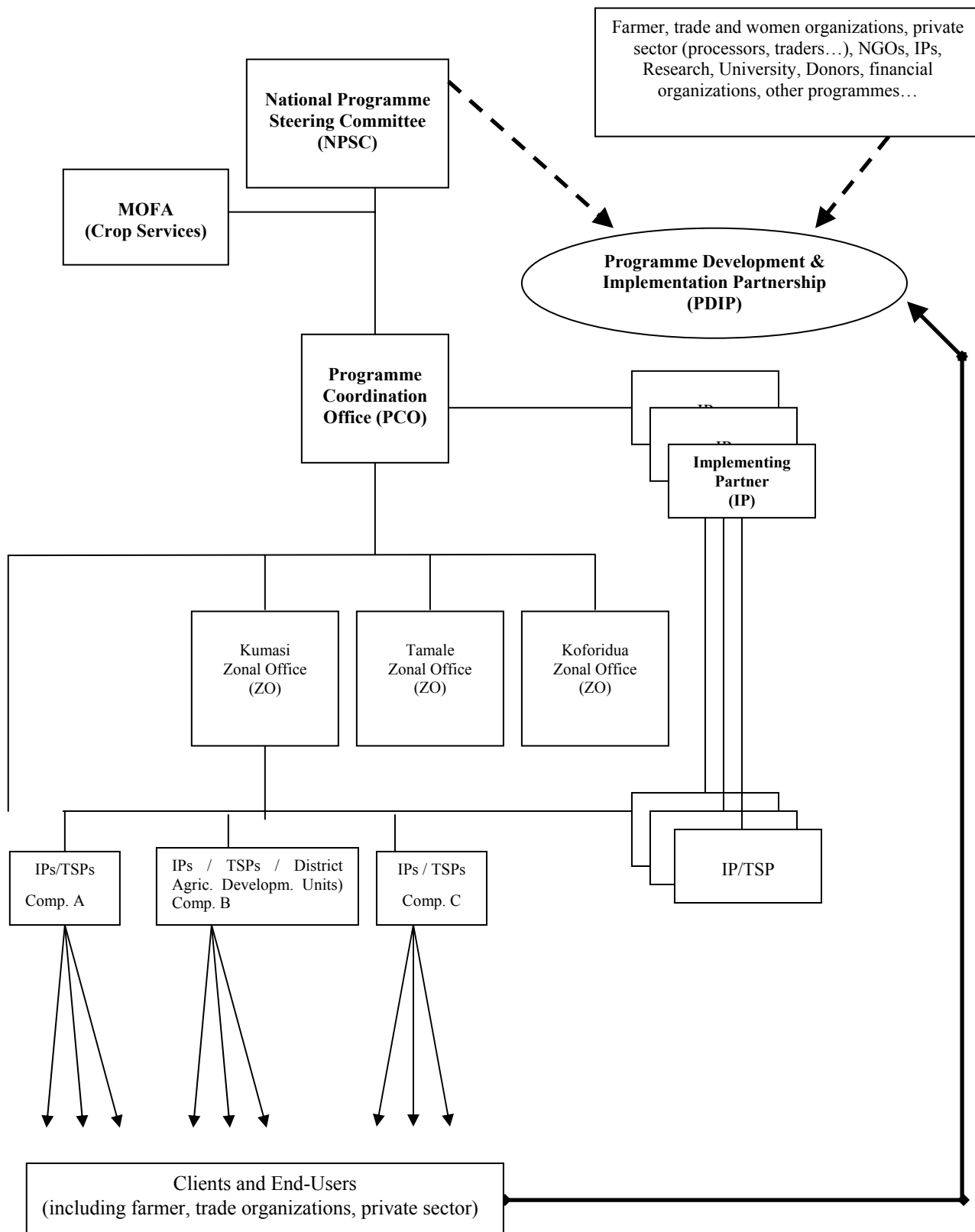
LOGICAL FRAMEWORK

GOAL			
Livelihoods enhanced for the rural poor who rely on roots and tuber for their income and food security.	<ul style="list-style-type: none"> • Increase in income, measured by improvement in household asset ownership index • Reduction in the prevalence of child malnutrition • Reduction in the length of the “hungry season” • Increase in the number of meals per day. 	<ul style="list-style-type: none"> • Benchmark, mid-term and impact assessment surveys 	
PURPOSE			
Competitive, market-based and inclusive R&T commodity chains provide relevant, effective and sustainable services, accessible by the rural poor.	<ul style="list-style-type: none"> • Number of farmers adopting technology recommended by programme (by gender) • Number of farmers reporting production/yield increases (by gender) • Number of full-time employment (jobs) created in root and tuber sector • Number of R&T related enterprises operational after 3 years 	<ul style="list-style-type: none"> • Ministry of Food and Agriculture (MoFA) statistics at programme start-up and key points during implementation • Farmer interviews • Special studies/surveys • Enterprise records 	Integrated root and tuber commodity chain remains pro-poor Constraints to growth of and equitable value added distribution among R&T commodity chains agents successfully addressed
OUTPUTS			
Information, education and communication (IEC) campaigns lead to enhanced awareness of the business and income opportunities in the R&T chain.	<ul style="list-style-type: none"> • Improved “image” of R&T sector • Increase in the number of farmers attending R&T demonstrations • Increase in the sales of R&T products in peri-urban, urban centres 	<ul style="list-style-type: none"> • Focus group interviews • Impact surveys • R&T sales statistics, MoFA 	Small R&T producers, (semi-) processors and traders can be reached through farmer-field forums (FFF), public notices, district assemblies, newspapers and radio/TV and internet
Product-based and tailor-made linkages established between actors in the chain (semi-processor, traders, and “industrial” processor to demand outlets)	<ul style="list-style-type: none"> • Number and scope of pilot activities for R&T linkages implemented • Number of small R&T producers, traders and (semi-) processors involved • Quantity of R&T produce supplied to (semi-) industrial R&T processors 	<ul style="list-style-type: none"> • Focus group interviews • Impact surveys • Enterprise records • R&T sales statistics, MoFA 	Interest among medium and large-scale R&T processors and others to be linked to small producers and (semi-) processors
A more enabling policy framework created to stimulate growth of and equitable value added distribution among R&T commodity chain actors.	<ul style="list-style-type: none"> • Number of PDIP policy-related meetings and number of meetings attended by policy-makers • Number of enabling policies promulgated, by sector • Policy dialogue process put in place • Number and type of legislation/regulations (local or national) in which farmer, microenterprise and other trade organization representatives participate in the drafting 	<ul style="list-style-type: none"> • Minutes of PDIP meetings • Processes documented • Client assessments/stakeholder workshops • Legislative records 	Policy-makers are receptive to R&T agents
Organizations that represent small R&T producers, processors and traders are empowered through strengthened market linkages	<ul style="list-style-type: none"> • Apex board of R&T commodity chains established and working • Number of interest groups established (traders, processors, producers, etc.) 	<ul style="list-style-type: none"> • Minutes of Apex organization meeting • R&T sector group records 	Linkage-driven arrangements transform into genuine organizations representing R&T farmers, processors, etc. Successful multi-stakeholder management of conflicts of interest
Sustainable multiplication and distribution mechanisms supply R&T producers with new planting material that has been developed in a participatory manner.	<ul style="list-style-type: none"> • Ha of incremental crops grown (cassava, yams, cocoyams, sweet potatoes) • % of planting material supplied by the private sector • Number of farmers using purchased planting material • Number of farmers adopting technology recommended by project (by crop, by gender) 	<ul style="list-style-type: none"> • MOFA/extension records • Farmer interviews • FFF discussions 	Fast-track methods for introduction of imported R&T varieties are found

OUTPUTS																																											
Farmers provided with sustainable mechanism for transferring knowledge and requirements on new varieties and improved agronomic techniques.	<ul style="list-style-type: none"> • Number of FFF held • Number of farmers participating in FFF (by gender) • Number of farmers trained (by subject and gender) • Number of farmers attending demonstrations and on-farm trials (by gender) • Reduction in losses due to pests and disease (by crop, by disease) 	<ul style="list-style-type: none"> • Client assessments • PCO records • MoFA/extension records 	Use of predators is effective and environmentally friendly.																																								
Programme is managed effectively and efficiently.	<ul style="list-style-type: none"> • M&E system put in place in programme year 1 • Convergence of APW/B estimates with actual results • Disbursement rate • Timely submission of reports and data 	<ul style="list-style-type: none"> • PCO records • Supervision reports/opinion • Results and Impact Management System (RIMS) reporting 	PCO staffed with well-qualified staff.																																								
<table border="0"> <tr> <td><u>Category</u></td> <td><u>USD '000</u></td> <td><u>Financing</u></td> <td><u>USD '000</u></td> </tr> <tr> <td>Civil works</td> <td>23.5</td> <td>IFAD</td> <td>18 996.6</td> </tr> <tr> <td>Equipment and planting material</td> <td>1 707.5</td> <td>Private sector</td> <td>500.0</td> </tr> <tr> <td>Vehicles</td> <td>1 372.8</td> <td>Farmers/processors</td> <td>165.8</td> </tr> <tr> <td>Specialist services</td> <td>1 868.6</td> <td>Government</td> <td><u>3 900.0</u></td> </tr> <tr> <td>Training, workshops and for a</td> <td>7 801.2</td> <td>Total</td> <td>23 562.5</td> </tr> <tr> <td>Studies and research</td> <td>839.4</td> <td></td> <td></td> </tr> <tr> <td>Funds</td> <td>2 600.0</td> <td></td> <td></td> </tr> <tr> <td>Recurrent Costs</td> <td><u>4 894.4</u></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>23 562.5</td> <td></td> <td></td> </tr> </table>	<u>Category</u>	<u>USD '000</u>	<u>Financing</u>	<u>USD '000</u>	Civil works	23.5	IFAD	18 996.6	Equipment and planting material	1 707.5	Private sector	500.0	Vehicles	1 372.8	Farmers/processors	165.8	Specialist services	1 868.6	Government	<u>3 900.0</u>	Training, workshops and for a	7 801.2	Total	23 562.5	Studies and research	839.4			Funds	2 600.0			Recurrent Costs	<u>4 894.4</u>			Total	23 562.5			<ul style="list-style-type: none"> • President's report • Loan agreement 		
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APPENDIX IV

ORGANIGRAMME



PROGRAMME ORGANIZATION AND MANAGEMENT

A. Programme Organization

1. IFAD's Root and Tuber Improvement and Marketing Programme (RTIMP) will be implemented by a lean PCO within MoFA, the agency that was in charge of the previous Root and Tuber Improvement Project (RTIP). Field operations will be outsourced, whenever possible, to public sector and private sector agencies as TSPs or IPs; their performance will be closely guided and supervised by decentralized PCO offices in north, central and south Ghana. Responsibility for the formulation of implementation strategies and for reviewing progress and policy-making will be vested in an NPSC for implementation purposes, and by the PDIP originally fostered by RTIP. PDIP is evolving from a researcher-dominated group that supports management to a group with a broader composition that may be considered remarkable due to the inclusion of small farmers and processors of roots and tubers, most of them women. The proposed programme foresees the strong involvement of PDIP in the building up of commodity chain linkages and policy dialogue. IFAD's cooperating institution will be the World Bank. Relations between the different stakeholders are illustrated in the attached organization chart and detailed below.

Lead Agency

2. The RTIMP will be based at the MoFA and implemented through the Directorate of Crop Services. Together with the NPSC, MoFA will provide general policy direction and maintain contacts with relevant ministries and private sector stakeholders involved in pursuing the goals and objectives of RTIMP, including NGOs, private sector partners, donors and international financial institutions

Overall Guidance and Orientation

3. An NPSC will be created and charged with orienting implementation strategy, overseeing planning, reviewing progress and impact, and maintaining effective linkages with the implementing agencies of related projects, relevant government services and other stakeholders in the development community. To assure appropriate and timely coordination with other initiatives aimed at promoting the development of farmers and rural agro-processors, the NPSC's membership of about 15 will include representatives of: (i) ministries such as MoFA, Ministry of Environment and Science (MES), Ministry of Trade and Industry (MOTI), Ministry of Private Sector Development, Ministry of Women's and Children's Affairs and Ministry of Finance and Economic Planning (MOFEP); (ii) public agencies and institutions like NBSSI, Ministry of Justice/Attorney-General's Department, the Ghana Regional Appropriate Technology Industrial Service and the Council of Scientific and Industrial Research; (iii) NGOs (two representatives); (iv) groups of farmers, processors and traders of roots and tubers (three representatives); and (v) larger-scale private sector traders/processors of roots and tubers (one to two representatives). NPSC meetings will be chaired by the Deputy Minister (Crops) of MoFA, with RTIMP's PCO as its secretariat. The committee will meet at least twice yearly.

4. The PDIP set up under RTIP will play a major role as an advisory, planning and learning partnership. It comprises all the key stakeholders, including: (i) target group representatives (farmers, processors and traders, many of them women); (ii) representatives of the relevant ministries (MoFA, MOTI, MES, Ministry of Local Government and Rural Development and MOFEP); (iii) NGOs and other private sector organizations operating in the roots and tubers subsector; (iv) private entrepreneurs operating in the root and tuber commodity chain; (v) relevant projects;¹ (vi) research institutes and universities; and (vii) the International Institute for Tropical Agriculture. PDIP was instrumental in

¹ IFAD-financed projects like Rural Enterprises Project, Phase II; Rural Financial Services Project; Upper-East Region Land Conservation and Smallholder Rehabilitation Project; Upper West Agricultural Development Project and Northern Region Poverty-Reduction Programme; other projects such as the World Bank's Community-Based Rural Development Project, etc.

ensuring that RTIP was responsive to the needs of the various stakeholders and open to learning and innovation. For RTIMP, PDIP will create two technical working groups (TWG) to assist the PCO in planning the activities under Component A: one on policy dialogue to review all policy-level issues relevant to the promotion of integrated commodity chains for roots and tubers (e.g. trade issues); and the other with heavy private sector representation to focus on integration of R&T commodity chains and take up the challenge of fostering an apex body representative of all stakeholders actively involved in commodity chains. Work towards the creation of such an apex body for root and tuber commodity chains will need to generate the first concrete results by programme year 4, when a mid-term review will be carried out. The two TWGs will provide solicited and unsolicited advice to the PCO, the NPSC and all other policy-oriented stakeholders on the strategies and interventions to be adopted for implementing RTIMP, especially with regard to Component A.

Programme Management Bodies

5. A PCO based in Kumasi and headed by a national programme coordinator will be in charge of day-to-day operations within the limits of approved AWP/Bs. The national programme coordinator will be assisted by a team of six qualified professionals specialized in: (i) the fostering of commodity-chain linkages for roots and tubers; (ii) production of roots and tubers; (iii) post-harvest handling and processing of roots and tubers; (iv) business development training, marketing and credit; (v) M&E; and (vi) financial administration. A suitably qualified staff member with the necessary experience (perhaps the M&E specialist) will be in charge of ensuring constant attention to gender issues. The PCO will also have two accountants, an officer in charge of the management information system, an administrative officer a secretary and drivers. The PCO team will be recruited on a competitive base. The national programme coordinator will be recruited in time to take part in recruiting the other members of the team. Eligible candidates will have a post-graduate degree or equivalent, five to ten years of experience and strong computer skills. Priority will be given to candidates able to demonstrate an in-depth knowledge of best practices in their technical fields, as well as interest and ability to pursue innovations (e.g. through the Internet). Contracts will be for two years for the national programme coordinator and professional team members: all contracts will be renewable on the basis of annual evaluations of performance. Recruitment of the national programme coordinator and senior officers will be subject to approval by IFAD. Provision will be made for means of transport, equipment, office furniture and operating expenditures. Office premises will be provided by MoFA.

6. **Three zonal offices** will be established at: Tamale, for the Northern, Upper East and Upper West regions, as well as the northern part of Volta Region; Koforidua for Eastern, Central, Greater-Accra Regions, and the southern part of Volta Region; and Techniman for the Ashanti, Brong-Ahafo and Western Regions. These offices will be supervised by, and receive technical backstopping from, the PCO. The zonal offices will guide and coordinate the implementation of programme activities at the field level under the ultimate responsibility and technical supervision of the PCO. They will collaborate closely with MOFA's district agricultural development units (DADUs) and with the field-level units or activities of RTIMP's other IPs. One of their recurrent tasks will be to supervise the planning of activities, especially for components B and C, through the district stakeholder forums and business client forums. They will also be responsible for receiving the monitoring reports from DADUs and IPs based in the zone and forwarding them to the M&E specialist. Each zonal office will employ a coordinator who will serve as the focal point for monitoring activities and a R&T commodity chain officer to assist in the implementation of all field-level activities in the areas of linkages, enterprise development, marketing and credit. Zonal offices will also have basic support staff (one secretary/accountant and one driver). MoFA will provide office accommodation, while the programme will provide transport, equipment, office furniture and operating costs.

Outsourcing of Implementation Responsibilities

7. The PCO will contract organizations or individuals with demonstrable experience in their fields of expertise to fill gaps within its ranks and/or enhance its capacity, thereby allowing the PCO and the

zonal offices to focus on their core task of managing programme implementation. TSPs and IPs will be selected through an open bidding procedure on the basis of clear task profiles and selection criteria, and will respond to calls for tender by submitting a proposal describing the envisaged methodology, required inputs, anticipated outputs, monitoring procedures, time frames and deadlines, and a detailed budget. Their work will be supervised by, and conducted in close collaboration with, the specialist in charge of the relevant component within the PCO and/or zonal office, and will prepare quarterly and annual progress reports in compliance with a standard format developed by the M&E Unit of PCO. Their performance will be closely monitored by the M&E unit, and the PCO will bear final responsibility for the proper execution and quality of their services.

8. **TSPs.** RTIMP's approach and interventions are innovative and ambitious and the PCO will engage the services of the most qualified partners available. The experience acquired by MoFA and its DADUs under RTIP justifies their continued involvement as TSP for RTIMP's component B, which focuses on the production of roots and tubers. Locally-posted agricultural extension agents will have a significant role in field operations and relations with the farmers, including the creation and operation of FFF, etc. Linkages will be fostered or continued with relevant organizations such as the Grains and Legumes Development Board, various research institutes and universities. In districts where there is experience or potential for market-based multiplication and distribution of planting material, commercial seed growers and distributors and/or secondary multiplier-farmers may be engaged as TSPs.

9. **Implementation partners** with strong expertise in non-agronomical fields such as fostering commodity chain linkages, processing and marketing will be engaged to implement Components A (commodity chain integration) and C (processing, marketing, enterprise development and credit), working under the close supervision of relevant specialists within PCO. IPs will be mainly selected through negotiations, for organizations already engaged in the activity and willing to establish a partnership with RTIMP in exchange for additional financial resources; and through an open bidding procedure for consultants and other services providers. Transparent selection criteria will be adopted for analysing IPs' implementation capacity, experience and track record, and advantages in terms of contributing towards the long-term sustainability of the services to be provided. Many, if not most, of the IPs working with the rural producers are likely to be NGOs working in close collaboration with local unit committees.

B. Programme Implementation Arrangements

Planning Procedures (AWP/B)

10. The PCO will implement RTIMP on the basis of approved AWP/Bs prepared in close consultation with clients (farmers, processors and traders), partners (TSPs, IPs) and any other relevant stakeholders (projects, larger-scale operators, etc.). AWP/Bs will be formulated on a component basis as illustrated in the table below. For Component A, the planning of RTIMP activities will be largely based on proposals submitted by IPs and, possibly, other qualified persons or bodies. The proposals will be submitted to the PDIP for discussion and comments. As successfully experimented under RTIP, the activities related to component B will be inspired by the conclusions and recommendations of district stakeholders' forums to be organized by the DADUs in collaboration with NGOs. For Component C, plans will be based on the conclusions and recommendations of business client forums with strong representations from the target group of small scale growers, processors and traders of roots and tubers. The procedure for planning Component C activities will be different for the districts covered by REP-II with a view to creating synergies with the latter.

APPENDIX V

Steps in Planning of RTIMP Activities

Component A	Component B	Component C	
Commodity Chain Integration	Production of roots and tubers	REP-II districts	Non-REP-II districts
PCO selects IP/TSP to implement Component A in specific zones, regions or areas	DADUs contact AEAs and NGOs contact UCs to obtain proposals for Component B activities	Zonal office screens existing studies for relevant Component C activities (e.g. metal workshops for technology transfer, processors that could be upgraded to good practice centre)	IP/TSP uses participatory rural appraisal and/or secondary data to identify potential Component C activities
IP/TSP screens existing commodity chains for existing/potential linkages of interest for asset-poor producers and processors	DADU/Zonal Office presents possible Component B activities at district stakeholders forums. Zonal office/DADU/NGOs prepare district AWP/Bs	RTIMP and REP-II Zonal Offices organize business client forums to present and discuss possible activities under Component C	Zonal office/IP/TSP present possible activities for Component C to BCF, in which participating banks (PBs) are present
IP/TSP writes proposal for pilot activities to initiate/ strengthen commodity chain linkages and forwards it to PCO	Zonal office consolidates district AWP/Bs and forwards them to PCO	Zonal offices of RTIMP and REP-II, together with business advisory Centres, rural technology facilities (RTFs), and PBs, prepare district/regional AWP/Bs and forward them to PCO	Zonal office/IP/TSP, together with PBs, prepare district/regional AWP/Bs and forward them to PCO
PCO with assistance from PDIP (working group) selects pilot projects to be funded and forwards the resulting AWP/B to cooperating institution/IFAD	PCO compiles RTIMP's AWP/B on basis of district AWPBs, presents it to PDIP for comment, then forwards it to cooperating institution/IFAD	PCO compiles RTIMP's AWP/B on basis of district/regional AWP/Bs, presents it to PDIP then forwards it to cooperating institution/IFAD	PCO compiles RTIMP's AWP/B on basis of district/regional AWP/Bs, presents it to PDIP then forwards it to CI/IFAD
Start of implementation: IP/TSP assists farmers/ processors to negotiate fair contracts for supply of fresh produce and/or intermediate products	Zonal office/DADU/IP prioritize activities, assign timelines and initiate implementation	Zonal offices of RTIMP and REP-II, together with business advisory centres (BACs) and RTFs, prioritize activities, assigns timelines, implementation starts	Zonal office/NGO/TSP prioritize activities, assign timelines and initiate implementation
Implementation: IP/TSP assists farmers/ processors to organize and deliver root/tuber produce/ intermediate products as agreed	Implementation: - selection of commercial multipliers/ distributors - organization of FFF - selection of researchers	Implementation: - RTFs initiate technology transfer to local workshops - BACs organize groups - IPs/TSPs conduct business development training - IP support for business plan preparation	Implementation: - TSP initiates technology transfer to workshops - TSP organizes groups. delivers business development training - IPs support business plan preparation
		Zonal office/BACs assist with execution of business plans, micro-projects	ZONAL OFFICE/IP assist with execution of business plans, micro-projects, links with PBs
IP/TSP provide regular technical backstopping & conflict intermediation	Zonal office/DADU/IPs/TSPs continue implementation	BACs/TSPs facilitate links with REP-II credit line and rural finance institutions	
PCO and PDIP (working group) evaluate experience and replicate if successful	<i>Annual district/regional-level Review Workshops</i> to review and assess performances of RTIMP as a whole and of IPs/TSPs individually		

Workshops and Consultative Forums

11. **Review workshops** will be organized every year to review performance and progress and to review and approve activities proposed for the following year. These workshops will be a major venue for learning, reflection and exchanges of experience and ideas. Inputs to them will include: (i) reports on the proceedings and recommendations of district-level forums (see below); (ii) representatives of primary stakeholders (farmers, processors, traders); (iii) staff of MoFA and other TSPs/IPs, including NGOs and PBs; and (iv) key informants such as NGOs, private sector representatives and researchers. The PCO will review the workshop conclusions and recommendations and incorporate them into the draft AWP/B for RTIMP that will be submitted to the NPSC for approval in November of each year. The approved AWP/B will then be forwarded to the cooperating institution and IFAD for no-objection.

12. **Stakeholders' forums and business client forums at the district level.** To ensure that the views and priorities of poor farmers, processors and traders of roots and tubers are systematically and periodically ascertained, the PCO will organize a series of district-level forums in order to generate inputs for the formulation of the forthcoming AWP/B for RTIMP. The aim is to ensure that the selection of planting material, extension activities, processing equipment, and training are truly demand-led. These district stakeholder forums (DSF) and business client forums will be organized by the DADUs and DAs/REP-II, respectively, in close liaison with the zonal facilitators and under the supervision of the PCO.

Supervision

13. The cooperating institution will be responsible for supervising RTIMP on behalf of IFAD. The supervision missions will focus on physical progress, management performances, impact assessment and financial control (procurement, disbursement, financial management and control) and overall programme management efficiency. The cooperating institution will also monitor progress with respect to RTIMP's goals and objectives. It will make recommendations for PCO, IPs/TSPs and the NPSC. The World Bank will be the cooperating institution.

Research

14. **National institutions/universities.** Information gathered from the DSFs, and especially the FFFs (e.g. those for participatory varietal selection), will form the basis for research activities to be funded by RTIMP. Interested research institutions and universities will submit proposals describing proposed methodology, inputs and outputs, suggestions for monitoring of the research, a time frame and detailed budget. After a first selection, the DADUs will incorporate the shortlist of the most relevant proposals into the draft district AWP/B for the following year. The PCO, assisted by a small team of experienced researchers, will review the proposals and budgets and adjust them for inclusion in the AWP/B for the whole of RTIMP. Adaptive research will be conducted mainly on-farm or *in situ* and make use of the demonstrations and on-farm trials initiated by the farmers and processors in the context of the FFF.

15. Within the CGIAR system, the **International Institute of Tropical Agriculture (IITA)** in Ibadan (Nigeria) is mandated to carry out research and development on roots and tubers, including the development and testing of intermediate agro-processing equipment. IITA was also a strategic partner in the development of planting material under RTIP. Under RTIMP's Component B, IITA will continue to provide backstopping for: periodic sanitization of planting materials every three years; germplasm delivery, including its new generation of cassava varieties; use of tissue culture facilities; and molecular level characterization. At start-up, PCO and IITA will draw up a memorandum of understanding specifying the exact areas where IITA backstopping is needed; the form of backstopping needed; and the incremental costs of providing it over and above the funding it already receives from IFAD. IITA's performances and the results of its backstopping efforts will be reviewed during mid-term and review alternative arrangements may be considered.

Gender Mainstreaming and Targeting

16. **Gender mainstreaming** will be integral and central to the implementation process at all levels and in all respects. Gender-specific concerns will be integrated with all the topics addressed during capacity-building; all reports and M&E activities will be required to provide gender-disaggregated data and the latter will be mainstreamed into the management information system (MIS); the IEC campaign will emphasize gender awareness and sensitivity. Gender awareness and expertise in gender-sensitive promotion of development will be a criteria for recruiting partner IPs/TSPs and consultants. Although processing and marketing are dominated by women, special care will be taken to ensure that they are not bypassed in favour of men. The onus of ensuring that this is the case will be placed on the PCO.

APPENDIX VI

MONITORING AND EVALUATION

1. Monitoring and evaluation is crucial for enhancing the efficiency and effectiveness of implementation. The M&E system of RTIMP will be based on IFAD's *Framework for a Results Management System for IFAD-Supported Country Programmes*. It will be participatory and used as a learning, management and planning tool. The logical framework will support a results-based and objective-oriented approach to implementation. The elements of the system are: (i) internal monitoring of progress based on the quantitative and qualitative indicators in the logical framework; (ii) participatory M&E through intensive stakeholder participation; and, (iii) impact evaluation through participatory stakeholder surveys and targeted studies.

A. Overall Responsibilities and Procedures

2. The M&E specialist within PCO will be responsible for the M&E process. She/he will prepare user-friendly formats for collecting the information systematically, and conduct both initial training and regular skills *upgrading* of all staff involved in M&E. She/he will establish and update a database using the secondary data and qualitative information that may be useful for impact assessments at the national level (e.g. livelihood standard measurement survey). She/he will consolidate information from the field and write quarterly and annual progress reports on all aspects of RTIMP implementation as recorded in the MIS, including the financial aspects. The progress reports will be reviewed by the PCO and sent by the national programme coordinator to the chief director of the lead agency for submission to the NPSC for discussion and comment. The NPSC will meet twice yearly to review the AWP/B on the basis of the progress reports and make suggestions for any adjustments to targets. Any such changes will be validated by the cooperating institution and/or IFAD.

3. **Key milestones** for Component A (support to increased commodity chain linkages) will include the number and type of end-users buying intermediate root and tuber products and the organization of a prototype supply chain. An important milestone for component B (support to crop production) will be the release of new varieties, the extent to which the genetic base is broadened, and beneficiary satisfaction with the tested technologies and practices. A key milestone for component C (upgrading of processing, business and marketing skills) will be the number and kind of prototypes for *equipment* and storage structures that increase returns to labour and incomes and that are acceptable to clients.

B. Internal Monitoring

4. Each TSP and IP working under contract with the PCO will be responsible for monitoring its own progress against the terms of its contract and submit quarterly progress reports directly to PCO/M&E. The M&E specialist within PCO will combine this information with that from the participatory exercises to produce quarterly progress reports and annual progress reports. The progress reports will focus on deliverables and describe physical progress, procurements and expenditures made, gender and other characteristics of clients, etc. Internal monitoring activities will be conducted under the guidance and supervision of the zonal offices and the PCO M&E specialist. The TSPs/IPs will collect the information using *simple* monitoring forms; the latter will be collected and compiled by the zonal office coordinator and forwarded to the PCO M&E specialist. The quality and timeliness of reporting by the TSP/IP will be one of the criteria for assessing their performances prior to contract renewal.

C. Participatory M&E Exercises

5. Activity-based participatory assessments will be organized frequently to allow all stakeholders, including and especially the small-scale farmers, processors and traders, to discuss the interventions, approaches and progress of RTIMP. These assessments may be organized by TSPs/IPs and/or by the contractual partner tasked with the responsibility for impact assessment (see below). The district-level forums (stakeholders' forums and business client forums) will play an important role in participatory

APPENDIX VI

monitoring, becoming the main source of the information needed to monitor the extent to which the programme is generating real benefits and obtain suggestions on needed or desired adjustments. As seen in the appendix on organization and management, they will be organized by the district-level offices of MOFA and/or the district assemblies in the districts also covered by the IFAD-financed Rural Enterprises Project, Phase II. In both cases, the organizers will work in close liaison with the zonal offices and under the supervision of the PCO. A range of participatory instruments will be adopted.

6. An annual project review workshop will also be organized in October/November of each year, to discuss the experiences of the past year, review progress, identify constraints to be addressed and work out the adjustments to be made for the following year. This review, which will be the main venue for learning, reflection and exchange of experiences and ideas, will be attended by the members of the PDIP and by representatives from all relevant stakeholders, including the TSPs and IPs, representatives from public institutions and the private sector (see appendix on organization and management for details). The M&E specialist within the PCO will write up the proceedings of the meeting describing the discussions and the recommendations made during the workshop. A copy of the proceedings will be forwarded to MOFA and the NPSC to inform them of decisions on key policy, institutional and financial issues. The recommendations will be reflected in the AWP/B for the following year.

D. Impact Assessment

7. RTIMP will contract a specialized TSP to conduct an ongoing process of independent evaluation of results and impact. The TSP will be contracted through a tendering procedure open to any public or private-sector entity with a proven track record in the execution of surveys and targeted studies and with the capacity to cover the lifetime of the programme. Specialized research institutes and universities will be considered. Continuity of management and core staff will be an important criteria for selection and renewal of contracts..

8. The TSP will conduct a full range of surveys and studies: (i) benchmark surveys in programme years 1, 4 and 8, to collect data on the baseline situation and to prepare for mid-term review and programme completion. As envisaged by RIMS, the questionnaire will collect gender-disaggregated data on: physical, financial and human assets; social capital and empowerment (availability and strength of grass-roots organizations; access to information and knowledge; bargaining power in the marketplace); food security (production and consumption, frequency and magnitude of seasonal food shortages) and livelihoods (technologies and practices; cropped area, yields and production mix; farm and non-farm income); (ii) continuous monitoring of price fluctuations and margins in the commodity chains for roots and tubers and the publishing of an annual report on their evolution; (iii) continuous monitoring and updating of crop budgets for roots and tubers; (iv) special impact surveys and tracer studies designed to measure RTIMP's impact on its primary clients and stakeholders (e.g. effectiveness of different media for information, education and communications); and (v) measurement of environmental impact and compliance with national environmental guidelines. All relevant stakeholders, including and especially RTIMP clients, will be actively involved in the above.

9. An initial contract for one year (covering the benchmark survey) will be renewable, subject to satisfactory performance, for a further three years in order to include the benchmark survey prior to mid-term review. If performances are endorsed by the review, the contract will be renewed for the rest of the programme period. A long-term contract that opens up interesting opportunities for providing students with a chance to do real fieldwork and analysis is expected to be attractive to many academic institutions. In the interests of transparency, the memorandum of understanding between the PCO and the TSP will describe in detail both the mutual understanding of the task involved and all the administrative, financial and logistical arrangements (e.g. transport for field work, use of computers). The PCO's M&E specialist, with the full support of the national programme coordinator and cooperating institution, will be responsible for the supervision and strict enforcement of the terms of both the memorandum of understanding and the service contract.