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Enabling poor rural people
to overcome poverty

Republic of Ghana
Country Programme Evaluation

Note to Evaluation Committee members

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For: **Review**

Republic of Ghana
Country Programme Evaluation

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ANNEXES

Currency Equivalent

1 Ghana Cedi = 0.64 US$ (July 2011)

Abbreviations and acronyms

AfDB	African Development Bank
AGRA	Alliance for a Green Revolution in Africa
BAC	Business Advisory Centre
CAADP	Comprehensive Africa Agricultural Development Programme
COSOP	Country Strategy Opportunities Programme
CPE	Country Programme Evaluation
DA	District Assembly
DAC	Development Assistance Committee of the Organization for Economic Co-operation and Development
DfID	Department for International Development (UK)
FFF	Farmer Field Fora
GDP	Gross Domestic Product
GHC	Ghana Cedis
GLSS	Ghana Living Standards Survey
GoG	Government of Ghana
GPRS	Ghana Poverty Reduction Strategy
GRATIS	Ghana Regional Appropriate Technology and Industrial Services
GSS	Ghana Statistical Service
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (*the former GTZ*)
HDI	Human development Index
IFAD	International Fund for Agricultural Development
IOE	Independent Office of Evaluation
LACOSREP	Upper East Region Land Conservation and Smallholder Rehabilitation Project (Phase I and Phase II)
MLGRD	Ministry of Local Government and Rural Development
MOFA	Ministry of Food and Agriculture
MOFEP	Ministry of Finance and Economic Planning
MOTI	Ministry of Trade and Industry
MSEs	Micro and Small Enterprises
NGOs	Non-Governmental Organizations
NORPREP	Northern Regional Poverty Reduction Programme
NRGP	Northern Rural Growth Programme
RAFiP	Rural and Agricultural Finance Programme
REP	Rural Enterprises Project (Phase I and Phase II)
RFSP	Rural Finance Support Project
RTF	Rural Technology Facility (REP II)
RMFIs	Rural Micro Finance Institutions
RTIMP	Root and Tuber Improvement and Marketing Programme
RTIP	Roots and Tubers Improvement Programme
UNOPS	United Nations Operations Service
UWADEP	Upper West Region Agricultural Development Programme
WB	World Bank

Ghana

IFAD-funded ongoing operations

Country programme evaluation

12-10-2010

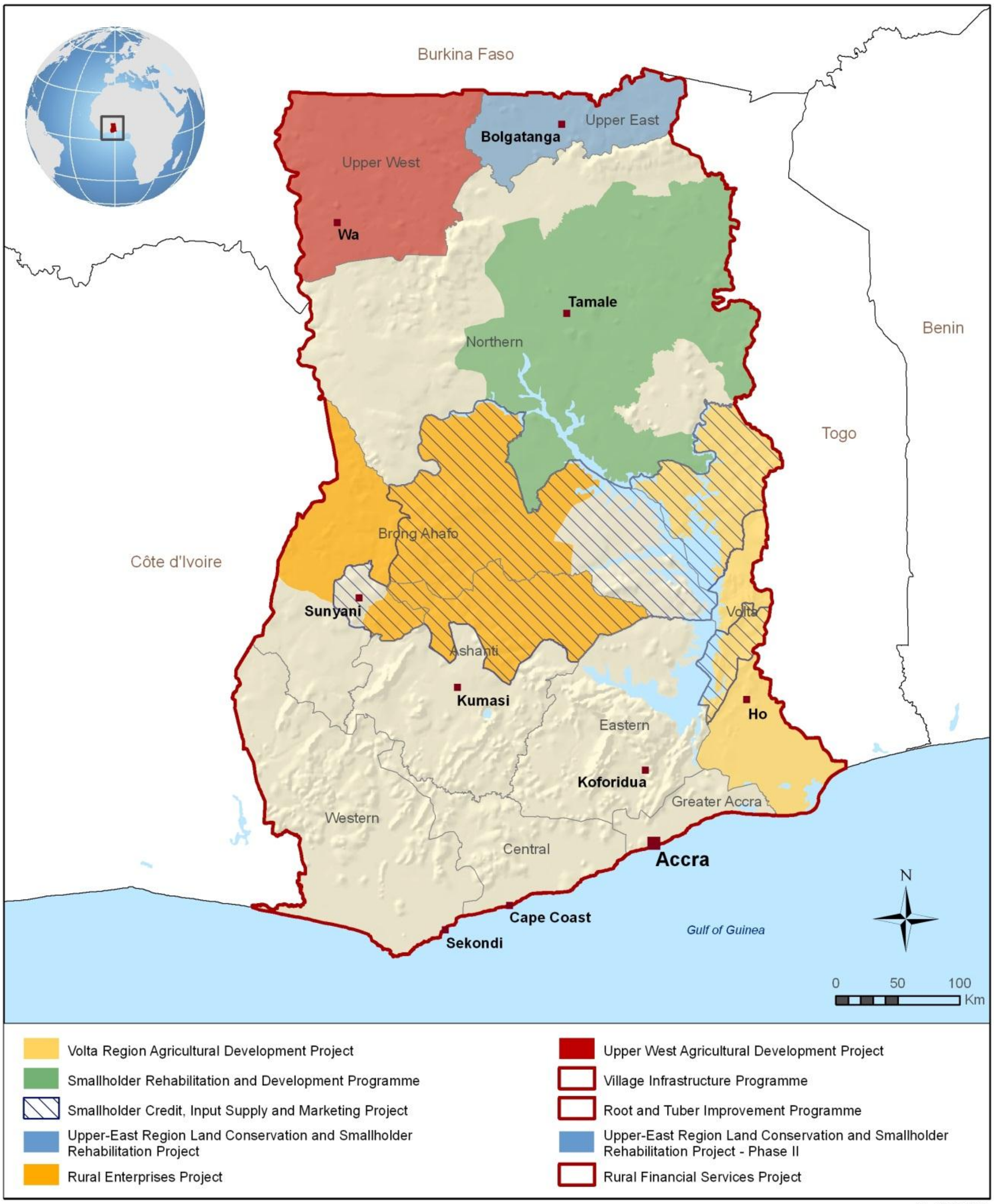
The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD *Map compiled by IFAD*

Ghana

IFAD-funded closed operations

Country programme evaluation



11-10-2010

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IFAD *Map compiled by IFAD*

Foreword

This country programme evaluation (CPE) relates to IFAD's strategy and operations in Ghana since the country strategic opportunities programme (COSOP) of 1998. The main objective of the CPE was to assess the results and impact of IFAD-funded activities in Ghana and generate findings and recommendations to serve as building blocks for the next COSOP. The CPE is based on a review of two COSOPs, six IFAD-funded projects/programmes and nine grants.

Ghana is the largest recipient of the Fund's loans and grants in the West and Central Africa region. Sixteen projects/programmes in Ghana have been approved by the Fund since 1980, for an aggregate of US$675 million and total IFAD financing of US$225 million. Over the last 30 years, thanks to the success of the Economic Recovery Programme implemented by the Government in the mid-1980s and ensuing economic growth, Ghana has been one of the strongest economic performers in Africa and has received strong support from the donor community. The country attained middle-income status in 2011. At the national level, the prevalence of poverty was almost halved between 1990 and 2005/2006. However, this success has been largely achieved in the South where the number of poor fell by 2.5 million, whereas, in the North, the number of poor increased by 900,000 and the poverty prevalence remained practically unchanged.

Compared with the results of past evaluations, the present CPE finds that the performance of IFAD-funded portfolio in Ghana has improved according to most criteria. Highlights of the portfolio are institutional development, support to local governance and agriculture technology transfer. On the other hand, project efficiency will need to be improved as, in several cases, start-up and implementation have been slow. Gaps and flaws in design, coupled with supervision by cooperating institutions and lack of an IFAD country presence until 2010, contributed to efficiency problems.

Over the last decade, IFAD's strategic focus has shifted from smaller, geographically-targeted interventions in poverty areas to countrywide programmes focusing on one sector only. This shift followed the broader economic strategies and policies of past governments to stimulate broad-based growth, and allowed IFAD to concentrate more on institutional development and policy dialogue (notably in rural finance and microenterprise support). On the other hand, by "de-emphasizing" geographic targeting, a consequence of this shift has been to reduce IFAD's investments in Upper West, the region of Ghana with the highest level of poverty (88 per cent) and which, over the last 20 years, has been left behind in terms of economic growth.

This CPE finds that IFAD-supported interventions have been active in fostering innovative approaches in Ghana. These have included products (e.g. money transfer services and new saving products adapted to lower-income clients), technology (e.g. disease-resistant roots and tuber varieties, modern cassava processing equipment), and processes (e.g. matching grants, farmers' field fora extension models, agricultural value chain approaches) that were new in the Ghanaian context. On the other hand, many of these innovations would have benefited from pilot testing or a more detailed foresight analysis prior to being scaled up, which was not done to a sufficient degree. Also, IFAD's past tendency to scale up innovations country-wide by itself without involving other donors has led to the risk of IFAD's limited resources being scattered geographically. The opening of an IFAD country office with an out-posted CPM in 2011 can provide better opportunities for developing partnerships, including partnerships for scaling up successful innovations.

The CPE report includes an agreement at completion point summarizing the main evaluation findings. It also presents the recommendations agreed between the

Government of Ghana and IFAD, together with proposals as to how and by whom they should be implemented.

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Director, Independent Office of Evaluation

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This country programme evaluation was prepared under the responsibility of Fabrizio Felloni, Senior Evaluation Officer, with contributions by consultants Luis Ramírez (consultants' team leader), Dorothy Lucks (micro-enterprises), Teresa Maru-Munlo (rural finance), Patience Agyare-Kwabi (local development initiatives and gender issues), and Sampson Agodzo (agricultural development and infrastructure). William F. Steel, Adjunct Professor, University of Ghana, provided insights on the rural finance sub-sector and prepared a paper on matching grants which provided valuable information to this CPE.

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Executive summary

1. This is the second country programme evaluation (CPE) of Ghana to be undertaken since IFAD began operations in the country in 1980. The first was conducted in 1996. Since then, the Fund has prepared two country strategic opportunities programmes (COSOPs), in 1998 and 2006. The CPE closely reviewed these COSOPs, together with six projects/programmes approved during the periods covered by the COSOPs and nine grants (five global/regional and four country-specific).

2. Ghana is the largest recipient of IFAD loans and grants in the West and Central Africa region. The Fund's first project in Ghana was approved in 1980 and, up to the time of this current CPE, 16 projects/programmes had been approved for an aggregate of US$675 million and total IFAD financing of US$225 million (33 per cent of total costs) through loans on highly concessional terms. IFAD opened a country office in Ghana in late 2010, which is expected to evolve into a hub that will also cover Benin and Togo. A country programme manager (CPM) was outposted to Accra in early 2011.

3. Since the mid-1980s, the success of the Economic Recovery Programme, implemented by the Government and supported by the donor community, has made Ghana one of the strongest economic performers in Africa. The country attained middle-income status in 2011, following almost three decades of robust economic growth. As a result, the prevalence of poverty overall fell from 51.7 per cent in 1990 to 28.5 per cent (from 63.6 per cent to 39.2 per cent in rural areas) in 2005/2006, the latest period for which data are available. The country is thus on track to reduce poverty by half, in line with the relevant Millennium Development Goal. However, this success has been largely skewed in favour of the south of the country, where the number of poor declined by 2.5 million between 1992 and 2006. Meanwhile, in the three regions constituting north Ghana (the Northern, Upper East and Upper West regions), the number of poor actually increased by 900,000. In the Upper West region, the prevalence of poverty remained at the country-high level of 88 per cent between 1991/1992 and 2005/2006, whereas it increased in the Upper East from 67 per cent to 70 per cent.

4. The Government is committed to reducing rural poverty through agricultural and rural development. In the past decade, it has approved key strategic documents both for national poverty reduction and for agriculture sector development. However, the public spending budget for agriculture (measured as the value of expenditures per square kilometre) has been disproportionately low in the north in relation to the Greater Accra region (by a ratio of 1:20). The Government has recently attempted to rectify Ghana's poverty and social development divide by targeting the north and, in 2009, established the Savannah Accelerated Development Initiative (SADI) as part of its overall Northern Development Strategy – a long-term (2010-2030) endeavour to align economic and developmental progress between the south and north. At the heart of the initiative is the Savannah Accelerated Development Authority, which aims to "attract investments to growth corridors in the North". In addition, the Government has increasingly recognized the importance of private-sector investments and of supporting the development of value chains.

Portfolio Assessment

5. The relevance of the portfolio of IFAD-supported projects/programmes has been assessed as moderately satisfactory. The objectives of the portfolio have been well aligned both with Ghana's policies and with IFAD's goals. These policies and goals were reflected in a progressive shift away from smaller, geographically targeted projects/programmes to sector programmes embracing the entire country or interventions targeting a macro region. While this shift has expanded the coverage

of institutional and policy issues, it has reduced investments in the Upper West region, the poorest in the country. Moreover, the design of some project components was weak, lacking specificity in project procedures, client outreach or target groups. For instance, in rural finance, one intervention (the Rural Financial Services Project) envisaged the creation of linkages between rural banks and informal credit and savings groups, drawing on successful experiences in India, but did not sufficiently test and adapt these initiatives to the Ghanaian context. In addition, although the recent drive in project/programme formulation towards value chain development is well justified and in line with Ghana's official strategies, the project/programme designs have not accounted sufficiently for the ingrained production-based skills of project management units and their limited familiarity with private-sector business practices, or for limited experience of emerging small entrepreneurs in the agribusiness sector. Furthermore, in support of decentralization and local governance, while the IFAD-supported Northern Region Poverty-Reduction Programme was relevant in its targeting of marginalized groups in poor areas and focus on participatory planning of local basic infrastructure, IFAD had little previous experience working with decentralization in Ghana. As such, the design of the project made large bets on national capacity to implement a decentralization programme when the Government had not yet fully developed a decentralization policy framework. Finally, all project/programme designs lacked sound monitoring and evaluation (M&E) systems.

6. The effectiveness of the portfolio has been rated as moderately satisfactory owing to variations in results. In rural finance, the most significant results were at the macro and meso levels, where projects/programmes have helped strengthen the regulatory and oversight bodies (Bank of Ghana, Ministry of Finance) as well as the capacity of apex bodies for rural banks and credit unions. From an institutional standpoint, the IFAD portfolio contributed to building up a more solid microfinance subsector. At the micro level, however, access to lending products has not increased according to expectations, particularly for smallholder farmers. The strongest portfolio results were achieved in the area of rural enterprise support. Here, IFAD-funded interventions were successful not only in increasing enterprise numbers, output and profitability, but also in promoting national legislative initiatives that linked support to local government with enterprise development and created opportunities for private-public initiatives to foster microenterprise development. Results in developing value chains were mixed. The goal of working on value chains is well justified, but this approach is relatively new in Ghana and progress has been hampered thus far by the limited familiarity of project staff with the private business environment. When initiatives have focused on existing value chains (e.g. roots and tubers), results have been more encouraging and have allowed for technology upgrading in the processing of agricultural produce. But attempts to set up new value chains (e.g. vegetables) have generated high risks for smallholder farmers and entrepreneurs.

7. The efficiency of the portfolio has been rated as moderately unsatisfactory. The main weaknesses pertain to higher-than-expected unit costs and longer start-up and implementation delays in IFAD projects/programmes compared with those of other international financial institutions (IFIs). Implementation delays reduce economic returns by frontloading costs and postponing benefits. In turn, start-up and implementation delays have been the result of three main factors: (i) design lacunae, such as over-optimistic assumptions regarding the capacity of national institutions and implementation teams, or unclear implementation arrangements; (ii) funding gaps, when expected financial contributions from other partners have not materialized; and (iii) weak traditional supervision arrangements and the absence of an IFAD country office (until 2010), which made it difficult for IFAD to act upon implementation problems in a timely manner.

8. Impact has been assessed as moderately satisfactory overall. The most successful impacts have been on social capital and on institutions and policies. In rural finance, the portfolio has contributed to upgrading the competencies and standards of regulatory bodies, to developing a national policy for microfinance and to professionalizing the subsector. In the area of decentralization, the portfolio has supported local governments (districts) in two ways: first, by developing models of collaboration among communities, local governments and NGOs in planning basic infrastructure geared to very poor and marginalized groups; and, second, by creating space for collaboration among local governments and small private entrepreneurs in fostering microenterprise growth. While the impact on income and assets cannot be determined with certainty because of weak M&E systems at the project/programme level, information from beneficiary surveys suggests mixed results. The impact on the environment includes both positive and potentially detrimental effects, not fully documented or accounted for.

9. Sustainability has been assessed as moderately satisfactory, although here the performance of the portfolio has improved notably compared with past interventions, which reflects increased attention to institutional development. In the area of rural finance, the financial sustainability of microfinance institutions and their apex organizations has improved (particularly for rural banks). Likewise, in rural enterprise support, project decisions to embed public advisory services in district administrations may help ensure the institutionalization of such services. In agricultural value chains, however, public-private partnerships are only now emerging and reveal several flaws, including weak business plan preparation and poor coordination among value chain actors, and will require a major infusion of private-sector experience and business skills before they can become sustainable.

10. Support to pro-poor innovation, replication and scaling up has been assessed as moderately satisfactory. The portfolio has been active in introducing innovative products (e.g. money transfer services and new savings products adapted to lower-income clients), technology (e.g. disease-resistant and higher-yield root and tuber varieties, and modern cassava processing equipment) and processes (e.g. matching grants, farmers' field forum extension models, and agricultural value chain approaches). At the same time, many of these innovations would have benefited from pilot testing, or at least from a more detailed foresight analysis, prior to being scaled up, which has not been done to a sufficient degree. Another potential drawback has been IFAD's tendency to scale up innovations on its own rather than involving other donors, which has led to the risk that IFAD's limited resources could become scattered.

11. Progress in gender equality has been assessed as moderately satisfactory. Projects/programmes have attempted to mainstream gender equality and introduce relevant components, and gender action plans have been developed. While provision has been made for the collection of gender-disaggregated data for monitoring purposes, project/programme reports on gender equality are not sufficiently analytical, thereby posing challenges to translating plans into concrete action to close gender gaps. The most significant achievements pertain to expanding women's access to and control over productive assets, improving women's well-being and easing their workload by facilitating their access to basic services and infrastructure. Progress in strengthening women's organizations, decision-making in the community and representation in local institutions was more limited.

Assessment of non-Lending Activities

12. The performance of non-lending activities is assessed as moderately satisfactory overall, with policy dialogue and partnership-building rated as moderately satisfactory and knowledge management as moderately unsatisfactory.

13. Policy dialogue has received increased attention from IFAD as the portfolio has shifted towards sector-specific national programmes with policy dialogue supported by project/programme components. In the past, owing to the lack of an IFAD field presence, policy dialogue had to be conducted at a distance and filtered through project/programme components. However, with the establishment of the IFAD country office, greater opportunities exist – although current knowledge management capacity is still a constraint. The most significant policy dialogue activities and results have been found in the area of rural enterprise development, where IFAD-funded projects/programmes have helped mould legislative initiatives, thereby creating new instruments for public support to private rural enterprises at the district level. While the strategic objectives of the Government of Ghana and of IFAD have largely been consistent, some discrepancies have emerged over subsidized interest rates. Although policy dialogue in rural finance has sensitized the Government to the distortionary effects of subsidized interest rate programmes, the latter continue to exist. This CPE argues that "matching grants", if properly implemented, can be an effective instrument for policy dialogue by introducing "smart" subsidies that do not distort financial markets.

14. **Partnerships.** IFAD has forged solid partnerships with government agencies at the national and subnational levels, the latter thanks to its support of decentralization. IFAD's assistance has been well integrated into national systems, as shown in the latest survey by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) on implementation of the Paris Declaration on Harmonization. Partnerships have been forged with IFIs such as the African Development Bank and World Bank and have included cofinancing and supervision, generally to mutual benefit. Both organizations were expected to cofinance the latest rural finance intervention (the Rural and Agricultural Finance Programme [RAFIP]) but that did not materialize – which is a matter of concern given the "weight" this collaboration could have brought to policy dialogue. Partnerships between the Government, IFAD and the private sector are emerging and are laudable initiatives. Early implementation experience suggests that working with the private sector calls for a small "cultural revolution", acknowledging that a specific business mentality will be "part" of a partnership, including detailed business planning under different scenarios and mutual responsibilities for investments. This reality has not yet been fully grasped and, in view of Ghana's limited experience in agricultural value chain development, the need to scout for and involve more proactively experienced private-sector partners has been underestimated.

15. Knowledge management was previously hampered by the lack of an IFAD field presence, poor performance of M&E systems at the project/programme level and the absence of any portfolio-wide review. Of the six projects/programmes reviewed by this CPE, only one (the Rural Enterprises Project – Phase II) undertook an impact assessment (albeit in limited form) to follow progress on a set of core indicators. In the absence of focused data collection, information gathering and analysis at the household, community and sector levels, projects/programmes have pursued innovative and previously unexplored activities based more on good intuition than on sound, well-grounded analysis. This has exposed them to unnecessary risks. New project/programme-level knowledge management initiatives are emerging (in rural finance and rural enterprise) and can be further supported through IFAD's country presence.

COSOP Performance

16. During the period covered by this CPE, IFAD prepared two COSOPs, in 1998 and 2006. In terms of relevance, the objectives of the 1998 COSOP fully corresponded to the overarching mission of IFAD to empower the poor, inasmuch as it targeted the regions of north Ghana where extreme poverty continued to be pervasive. At that time, however, the Government's strategy was to accelerate economic growth

by modernizing the agriculture sector but without targeting specific geographic pockets of poverty. Instead, the objectives of the 2006 COSOP were developed in alignment with the Government's policy at that time. The emphasis on geographical targeting was reduced, particularly in the Upper West, the region with the highest prevalence of poverty, a phenomenon practically unchanged in 20 years. And while the COSOP of 1998 was based on an earlier CPE, the 2006 COSOP lacked any strong analytical backing. In particular, the 2006 COSOP did not draw enough on two contemporary evaluations of projects/programmes in the Upper East and Upper West regions. These evaluations showed the difficulties encountered in the north but also pointed out the potential for investments, notably in the Upper West, and provided guidance for concrete and relatively simple interventions. In addition, while the 2006 COSOP emphasized value chain development, an important and well-deserved choice, it did not sufficiently elaborate on the implications of and constraints on shifting towards a value chain development approach. These included the limited familiarity and experience of project staff with private-sector business practices (and to some extent the limited skills of emerging local entrepreneurs) and the need to scout for private agribusiness development specialists. Initial progress has been made in "fixing" existing value chains, but there are challenges to developing new chains. While the limited skills represent a major constraint, this aspect has received insufficient attention.

17. While the 1998 COSOP strategy to target the extremely poor in the north has posted varying results – quite satisfactory in the Upper East but only modest in the Upper West – there are signs that focusing on these areas, notably the Upper West, is not only desirable but also feasible. The 2006 COSOP strategy was far more effective in institutional development and policy dialogue through sectoral and larger programmes, although at the cost of reducing emphasis on the Upper West region.

Summary of the CPE Overall Assessment

Assessment	*Rating**
Portfolio performance	4
Non-lending activities	4
COSOP performance	4
Overall IFAD/Government Partnership	**4**

* Rating scale – 1: highly unsatisfactory, 2: unsatisfactory, 3: moderately unsatisfactory, 4: moderately satisfactory, 5: satisfactory and 6: highly satisfactory

Conclusions

18. Compared with the results of past evaluations, this CPE finds that the performance of IFAD's portfolio in Ghana has improved in terms of most criteria. Highlights of the portfolio are institutional development, support to local governance and agriculture technology transfer. Since 2000, the country programme has shifted from geographically targeted interventions to countrywide programmes focusing on one sector only or on a macro region. This transition has allowed IFAD to devote more attention to institutional development and policy dialogue, with significant results, notably in the area of rural enterprise support and, to some extent, rural finance. On the other hand, this transition has also implied a reduction in IFAD's investments in the Upper West, the region of Ghana that has been left behind in terms of economic growth over the last 20 years. Moreover, project/programme efficiency needs to be improved.

19. IFAD-supported projects/programmes have fostered innovative approaches and features in Ghana, many of which show initial potential for scaling up. Yet, IFAD and its partners have not always analysed the constraints on, or threats to, the introduction of such approaches. For instance, in value chain development, constraints on national implementation capacity have not been sufficiently

recognized and acted upon. And although IFAD has emphasized the importance of scaling up successful innovations, it has tended to rely on its own funds and has not always given priority to engaging either with the Government or with other development partners. The advent of a country presence and the outposting of the CPM since 2011 may help create new opportunities for partnerships, including those that support the scaling up of innovations.

Recommendations

20. This CPE offers the following broad recommendations for IFAD and the Government to consider in developing their future partnership, including the new COSOP and future projects/programmes.

Bolster the next COSOP and the programme with more analytical work

21. As part of COSOP preparation, IFAD should augment its normal procedure of developing strategic and operational choices based on sound analysis of the country's poverty, macro and sector policies by commissioning specific studies, action-research or "intelligence-gathering" work to support major strategic decisions and changes. A priority for the forthcoming COSOP should be to analyse value chain gaps and scout for successful private-public partnership experience, in the region or elsewhere. At the project design level, similar work should help fill knowledge gaps and investigate areas of risk. Systematic data collection and analysis are needed to assess the impact of projects/programmes, including quantitative data on income and food security. All this calls for forging partnerships with expert international specialists and Ghana-based (national and international) social science research institutes.

Strike a balance between sectoral and geographic focus, and build a model for the Upper West

22. IFAD should continue to support subsectoral programmes with countrywide scope but combine them with specific interventions focusing on the north of the country, particularly the Upper West region, and further cooperate with relevant government initiatives (e.g. SADI). IFAD should devise an intervention model suitable for the region. Drawing on the findings of past evaluations, the model should concentrate on: (i) transportation infrastructure; (ii) water management and irrigation; and (iii) existing value chains more suitable for the poor (e.g. tuber cultivation, higher-humidity crops, tree crops, and small livestock such as guinea fowl and small ruminants).

Engage more in partnerships with the Government and donors for scaling up innovations

23. IFAD should seek greater support from other donors, the private sector and the Government, as well as from similar initiatives in the region, for scaling up its most successful innovations, and emphasize the need for pilot testing when introducing new approaches. The CPE recommends three priority areas. One, in recognition that matching grants in rural finance have important potential for policy dialogue in support of micro and small businesses, without distorting the structure of interest rates in the financial market, IFAD and its partners should consider a joint review of the experience with matching grants across IFAD's portfolio, as well as of RAFIP implementation experience, in order to devise more effective, non-distortionary tools to foster agricultural financing. Two, special savings and credit financial products that appeal to the poor, such as *susu* (informal collection) and group lending, should be examined in detail to determine whether they may help improve the coverage of very poor categories. And, three, IFAD should promote the concept of farmers' field forums to support pro-poor technology transfer in agriculture.

Engage in more fruitful partnerships with the private sector

24. IFAD and its partners should first review successful experiences in the Africa region with a view to developing pro-poor value chains and engaging with private-sector operators. IFAD should also explore opportunities for collaborating with the Alliance

for a Green Revolution in Africa, which, although not a private operator, is implementing an integrated programme of seed distribution, soil conservation, education and extension, and market access (encompassing value chain activities) in Ghana, with a substantial private-sector cooperation element.

Mainstream environmental protection in IFAD's strategy

25. The problem of environmental degradation in Ghana is a serious one. Increasing focus and presence in the Northern and Upper West regions implies that interventions will have to cope with a very fragile environment. This CPE recommends that an environmental assessment form part of the next COSOP. This assessment should deal, in particular, with areas of potential negative impact, such as polluting effluents from cassava processing and chemical processing of small enterprises, soil erosion and water-borne disease in irrigation schemes.

Bring to bear the effects of IFAD's country presence and outposted CPM

26. The Fund has recently approved a new business model hinging upon direct supervision, country presence and non-lending activities (policy dialogue, partnership-building and knowledge management). IFAD should use the opportunity of its country office in Ghana and outposted CPM to further support its country programme, including non-lending activities. In terms of knowledge management, it should further mobilize expertise and analytical resources from within Ghana and the region as a whole, both for COSOP preparation and for project design. Its country presence should also contribute to policy dialogue and partnership-building. And, finally, IFAD will need to take advantage of its country presence to support the assessment of results, notably impact, at the project/programme level and make a systematic review of the programme as a whole. This would facilitate better assessment of performance progress, generate evidence of achievements and raise more attention among potential partners.

Agreement at completion point

A. Background and Introduction

1. The Independent Office of Evaluation (IOE) of IFAD conducted a country programme evaluation (CPE) in Ghana in 2010/2011. The CPE had two basic objectives: (i) to evaluate the performance and impact of IFAD's operations in the country; and (ii) to generate lessons and recommendations to inform the next country strategic opportunities programme (COSOP) for Ghana.

2. The agreement at completion point (ACP) reflects the agreement between the Government of Ghana (represented by the Ministry of Food and Agriculture) and IFAD Management (represented by the Programme Management Department) on the main evaluation findings (see section B below), as well as the commitment to adopt and implement within specific timeframes the recommendations included in part C of this document. The ACP contains inputs gathered at the national round-table discussion held on 2 November 2011 in Accra, Ghana. It is noted that IOE does not sign the ACP, although it facilitated the process leading up to its conclusion. The recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions. In addition, this ACP will be submitted to the Executive Board of IFAD as an annex, along with the new COSOP for Ghana.

B. Main evaluation findings

3. This country programme evaluation (CPE) relates to IFAD's strategy and operations in Ghana since the COSOP of 1998. The CPE is based on a review of two COSOPs (1998 and 2006), six IFAD-funded projects/programmes and nine grants. Following the IFAD Evaluation Manual, the CPE has considered three levels of analysis: (i) the performance of the portfolio; (ii) the assessment of the non-lending activities (policy dialogue, partnership building and knowledge management) and (iii) the performance of the COSOP.

4. In terms of portfolio performance, the CPE found that the projects' objectives were relevant but identified shortcomings in the concrete design approaches. In rural finance, attempts to replicate successful experiences from India in linking informal and formal financial organisations were not properly tested and adapted to the local context. Support to decentralisation and local development did not sufficiently take into account the weak decentralisation framework at the time of the formulation. Effectiveness of the portfolio has varied within and between projects. Solid results were achieved in rural enterprise support, not only contributing to increasing enterprise numbers, output and profitability, but also promoting public-private initiatives to foster microenterprise development. In rural finance, the most significant results consisted of strengthening the regulatory and oversight framework for the sector and the apex bodies of rural banks and credit unions, but, at the micro level, access to lending products has not increased according to expectations. Results in developing value chains were mixed, more encouraging for existing value chains (e.g. roots and tubers) but more challenging for new ones (e.g. vegetables): constraints were the low familiarity of project staff with the private business environment and the limited support provided to them.

5. Efficiency was identified as a weaker area of the portfolio, due to higher-than-expected unit costs and longer start-up and implementation delays in IFAD

projects/programmes compared with those of other international financial institutions. This was due to design lacunae, such as over-optimistic assumptions, funding gaps and weak traditional supervision arrangements before the advent of direct supervision by IFAD (2008).

6. The most successful impacts of the portfolio have been on social capital, institutions and policies. In rural finance, the portfolio has contributed to upgrading the competencies and standards of regulatory bodies, developing a national policy for microfinance, and to professionalizing the subsector. In the area of decentralization, the portfolio helped develop models of collaboration between communities, local governments and NGOs in planning basic infrastructure geared to very poor and marginalized groups. The available evidence suggests mixed results on income and assets and both positive and potentially detrimental effects on environment. The work done on strengthening institutions (notably in rural finance and enterprises) is expected to bolster sustainability prospects. On the other hand, public-private partnerships on value chains are only now emerging and suffer from weak business plan preparation and poor coordination among value chain actors, and will require a major infusion of private-sector experience and business skills before they can become sustainable.

7. The portfolio has been active in introducing innovative products, technology, and processes. Yet pilot testing and foresight analysis has not been done to a sufficient extent before upscaling and there has been a tendency of IFAD to upscale innovations country-wide on its own rather than involving other donors, generating a risk of scattering limited resources over a large territory. Projects have attempted to mainstream gender equality and introduce gender action plans. The most significant achievements pertain to expanding women's access to and control over productive assets and improving women's well-being and easing their workload by facilitating their access to basic services and infrastructure. Progress in strengthening women's organizations, decision-making in the community and representation in local institutions was more limited.

8. Regarding non-lending activities, there have been significant results in policy dialogue and partnership-building while knowledge management has been found as a weaker area. Policy dialogue has received increased attention as the portfolio has shifted towards sector-specific national programmes with policy dialogue components. The most significant activities and results have been found in the area of rural enterprise development, helping shape new legislative instruments for public support to private rural enterprises at the district level. Although policy dialogue in rural finance has sensitized the Government to the distortionary effects of subsidized interest rate programmes, the latter continue to exist. Matching grants, if properly implemented, could provide lessons to inform policy dialogue on subsidies in rural finance. In particular, matching grant could provide an example of "smart subsidies" that facilitate access of poor borrowers to financial services but do not distort financial markets.

9. IFAD has forged solid partnerships with government agencies at the national and sub-national levels. Financial partnerships with the African Development Bank and World Bank have generally been to mutual benefit. Both organizations were expected to co-finance the recent Rural and Agricultural Finance Programme (RAFIP) but this did not materialize, potentially reducing policy dialogue "weight".

Partnerships with the private sector are emerging initiatives. Early implementation experience suggests that working with the private sector calls for a small "cultural revolution" and the need to scout for and involve more proactively experienced private-sector partners has been underestimated. Knowledge management was hampered by the lack of an IFAD field presence until 2010, poor M&E systems at the project/programme level and the absence of any portfolio-wide review. In the absence of focused data collection, and analysis at the household, community and sector levels, projects have pursued innovative and previously unexplored activities based more on good intuition than on well-grounded analysis. New knowledge management can be supported through IFAD's country presence, established in early 2011.

10. Finally, in terms of COSOP Performance, the objectives of the 1998 COSOP fully corresponded to the overarching mission of IFAD as it targeted the regions of Northern Ghana where extreme poverty continued to be pervasive. At that time, however, the Government's strategy was to accelerate economic growth by modernizing the agriculture sector but without targeting specific geographic pockets of poverty. Instead, the 2006 COSOP was fully aligned with the Government's broad based growth strategy at that time, while also reducing the emphasis on geographical targeting, particularly in the Upper West, the region with the highest prevalence of poverty, practically unchanged in 20 years. The 2006 COSOP emphasized value chain development, an important and well-deserved choice. It did not sufficiently elaborate on the implications and constraints such as the limited experience of project staff with private sector business practices (and to some extent the limited skills of emerging local entrepreneurs). While the 1998 COSOP strategy to target the extremely poor in the North has posted varying results—quite satisfactory in Upper East but only modest in Upper West—there are signs that focusing on these areas, notably the Upper West, is not only desirable but also feasible. The 2006 COSOP strategy was far more effective in institutional development and policy dialogue through sectoral and larger programmes, although at the cost of reducing emphasis on the Upper West Region.

C. Agreement at completion point

Recommendation 1
Bolstering the next COSOP and the programme with more analytical work

11. As part of *COSOP* preparation, in addition to IFAD's normal procedure of developing strategic and operational choices based on sound analysis of the country poverty, macro and sector policies, IFAD should commission specific studies, action-research or "intelligence-gathering" work to support major strategic decisions and changes. A priority for the forthcoming COSOP should be to analyse value chain gaps and scout for successful private-public partnership experience, in the region or elsewhere, in subsectors relevant to IFAD. At the *project design* level, similar work should help fill knowledge gaps and investigate areas of risk. Finally, systematic data collection and analysis is needed to *assess the impact* of projects and programmes, including quantitative data on income and food security. All this calls for partnerships with international subject matter specialists and Ghana-based (national and international) social science research institutes, and to a far greater extent than observed to date.

Proposed follow-up:

12. The Country Team agrees with the relevance of enhancing data availability for improved management, learning, policy development and scaling up, and several activities have already been initiated: In 2011, the Ministry of Food and Agriculture (MOFA) together with GIZ and IFAD have undertaken a review of Value Chain approaches and models in Ghana. The review outcomes fed into the Joint Sector Review and led to the creation of a Thematic Working Group on Value Chains as part of the Agriculture Sector Working Group. Further, the Joint Country Programme Supervision and Implementation Support mission in November-December 2011 recommended that an in-depth analysis of selected relevant value chains be carried out in 2012 under RAFiP which is expected to provide vital information to the various operators involved in the implementation of NRGP and RTIMP.

13. The Country Programme Management Team (CPMT) will emphasise the need for action research, market and value chain analyses in the new COSOP to ensure that decisions in design and implementation are sufficiently backed by knowledge and relevant intelligence. The CPMT will ascertain that this be anchored in the emerging institutional framework for learning and policy making under CAADP to foster country ownership and effectiveness. The Implementing Agencies will continue to strengthen the project and programme M&E systems to generate quantitative data on income and food security.

Deadline date for implementation:	December 2012
Entities responsible for implementation:	CPMT: MOFA, Ministry of Trade and Industry (MOTI), Ministry of Finance and Economic Planning (MOFEP), IFAD

Recommendation 2
Balancing between sectoral and geographic focus and building a model for Upper West

14. In view of their proven benefits to institutional development and policy dialogue, IFAD should continue to support subsectoral programmes with countrywide scope. However, it should combine countrywide programmes with specific interventions focusing on the north of the country, particularly the Upper West region, and further cooperate with relevant Government initiatives (e.g. Savannah Accelerated Development Initiative). Synergies between geographically-targeted interventions and countrywide programmes will need to be clearly specified.

15. Specifically, IFAD should concentrate on devising an intervention model suitable for the Upper West region. Drawing on the findings of past evaluations, the model should concentrate on: (i) transportation infrastructure; (ii) water management and irrigation (river gardens, water pumping, small dams where feasible); and (iii) strengthening existing value chains more suitable for the poor (e.g. tuber cultivation, higher humidity crops, tree crops, small livestock such as guinea fowl, small ruminants).

Proposed follow-up:

16. The Upper West Region is currently covered by several projects co-financed by IFAD, and most Development Partners are reorienting their activities to focus more strongly on the SADA region.(i) As an immediate step, all ongoing IFAD funded

projects revisit their AWPBs to include specific activities to target the rural poor populations in the Upper West Region, Upper East region, and poverty pockets in other regions, seeking complementarities and synergy. (ii) Supervision and implementation support will focus on the specific needs of the region and strengthen IFAD's leverage as a broker and facilitator for potential public-private partnerships to enhance market access and private investment in the Region. (iii) MOTI will give priority to the Upper West Region, Upper East Region and poverty pockets in other regions in the initial planning and implementation phase and scaling up the district-based MSE support system. (iv) During the COSOP work, including development of the concept notes for the new projects, GoG and IFAD will discuss further the specific needs and opportunities for the Upper West Region, focusing on complementary support to the interventions already operating in the region.

Deadline date for implementation:	December 2012
Entities responsible for implementation:	CPMT: MOFA, MOTI, MOFEP, IFAD

Recommendation 3
Engage more in partnerships with the Government and donors for scaling up innovations

17. IFAD should seek greater support from other donors, the private sector and the Government as well as from other similar initiatives in the region for the scaling up of its most successful innovations. In developing or introducing new initiatives, IFAD and its partners should adopt a more cautious approach based on pilot testing, particularly for approaches new to Ghana. The CPE recommends the following priority areas in this regard. *Matching grants* in rural finance which have important potential for policy dialogue on support to micro and small businesses without distorting the market. In this sense, IFAD and its partners should consider a joint review of the experience with matching grant across IFAD's portfolio as well as of RAFIP implementation experience in order to better devise non-distortionary tools to foster agricultural financing; *special savings and credit financial products* that appeal to the poor, such as "*susu*" collection and group lending, may help improve the coverage of very poor categories. The promotion of the concept of *farmers' field fora* to support pro-poor technology transfer in agriculture is another promising innovation which, however, requires further refining.

Proposed follow-up:

18. IFAD has already started to work more closely with development partners in 2011, which was strongly facilitated by the establishment of a country office with an out-posted CPM. The CPMT will consider key successful innovations that could form the agenda of policy dialogue and joint learning initiatives with in-country partners under the new COSOP.

19. With regard to the proposed emphasis on matching grants and special savings and credit financial products, MOFA plans a review of current practices in the agricultural financing sector, as a priority theme for the analytical work jointly conducted by the GoG, IFAD and potentially other development partners such as KFW (Kreditanstalt für Wiederaufbau) and other members of the Agriculture Sector Working Group. RAFiP should play a key role in view of its mandate. RAFiP should also introduce these topics in the agenda of the Ghana Rural and Micro Finance

Forum, to foster sharing of information and knowledge as well as harmonization. Regarding the concept of the farmers' field fora, MOFA will conduct a review of the experience under RTIMP to assess the potential and possible pathways for scaling up.

Deadline date for implementation: December 2012
Entities responsible for implementation: CPMT: MOFA, MOFEP, IFAD

Recommendation 4
Engage in more fruitful partnerships with the private sector

20. IFAD and its partners should first review successful experiences in the Africa region with a view to developing pro-poor value chains and engaging with private-sector operators. Successful approaches could then be piloted in Ghana, using grants if necessary, so as to garner real-world knowledge and resources from successful private entrepreneurs. IFAD should also explore opportunities for collaborating with AGRA, which, although not a private operator, is implementing an integrated programme of seed distribution, soil conservation, education and extension, and market access (encompassing value-chain activities) in Ghana, with a substantial private-sector cooperation element.

Proposed follow-up:

21. The value chain approach adopted by NRGP is based on a detailed design which has involved private operators. It has also benefited from a small grant programme, in which different models were tested. However, since value chain programmes are driven by private operators, the transfer of approaches to new regions requires close attention to ensure adaptation to the specific context. Also it is important to note that different value chains have different characteristics, based on the type of commodities (staples vs. traditional cash crops, number and level of organization of producers, suppliers, markets etc.). IFAD will review experiences elsewhere in Africa through its knowledge management system for possible introduction in Ghana.

22. Partnership opportunities with AGRA have been explored in October 2010 through a joint field visit with IFAD, AGRA and NRGP. As a follow-up, NRGP has started to develop joint activities with AGRA's implementing agencies, i.e. the International Fertilizer Development Center (IFDC) and the Savanna Agricultural Research Institute (SARI). The 2012 AWPB includes the collaboration with the "Farmer-To Market Project", the "E-Platform" and joint siting of warehouses with IFDC. Also, NRGP is linking the beneficiaries of SARI's "Integrated Soil Fertility Management Programme" to Extension Services and participating financial institutions to allow them access important complementary services and support.

Deadline date for implementation: December 2012
Entities responsible for implementation: MOFA

Recommendation 5
Mainstream environmental protection in IFAD's strategy

23. The problem of environmental degradation in Ghana is a serious one. Increasing focus and presence in the Northern and Upper West regions implies that interventions will have to cope with a very fragile environment. This CPE recommends that an environmental assessment should form part of the COSOP,

even before the subject is dealt with at the project design stage. Building on its findings in this regard, the CPE recommends that such an assessment should also deal with areas of potential negative impact, such as polluting effluents from cassava processing and chemical processing of small enterprises, soil erosion, and water-borne disease in the case of irrigation.

Proposed follow-up:

24. The CPMT will include an Environmental Assessment for the coverage of the COSOP, including the particularities of the Northern Regions, in the preparatory analyses for the new COSOP, which will be deepened in project design.

Deadline date for implementation:	December 2012
Entities responsible for implementation:	CPMT, IFAD

Recommendation 6
Bring to bear IFAD's country presence and outposted CPM

25. For all the foregoing recommendations to be possible, IFAD-supported modalities will need to change. The Fund has recently approved a new business model, which, inter alia, hinges upon direct supervision, country presence and non-lending activities (policy dialogue, partnership building and knowledge management)[1]. IFAD has a very good opportunity to spearhead the new business model in Ghana. It established a country office in 2010, outposted the CPM, which will also facilitate exchanges within the sub-region and engagement in South-South cooperation. IFAD should take the country office and CPM outposting opportunity to further support its country programme, including non-lending activities. In terms of knowledge management, it should further mobilize expertise and analytical resources from within Ghana and the region as a whole, both for COSOP preparation and project design. Country presence should also contribute to policy dialogue and partnerships building, areas to which IFAD will need to devote more attention in future. And finally, IFAD will need to take advantage of its country presence to support the assessment of results, notably impact, at the project level and make a systematic review of the programme as a whole. This would facilitate better assessment of performance progress, generate evidence of achievements and raise more attention among potential partners.

Proposed follow-up:

26. Given the CPE's general endorsement regarding the strategic focus of IFAD's Country Programme for Ghana, the design of the new COSOP will focus on enhancing the effectiveness of IFAD lending in Ghana through increased focus on non-lending activities, including a more proactive engagement in policy dialogue, partnership building and the mobilization of national and regional expertise to back up design and implementation with qualified technical assistance. This has already started with the out-posting of the CPM, and will be further articulated in the new COSOP. Furthermore, the new COSOP will be based on a result framework, which provides a framework for annual programme reviews with focus on results and impact.

[1] http://www.ifad.org/gbdocs/repl/9/ii/ppt/business_model.pdf

Deadline date for implementation: December 2012
Entities responsible for implementation: CPMT, IFAD

Signatures

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Kwesi Ahwoi
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22/2/12
Date:

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Feb. 20, 2012
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Main Report

I. BACKGROUND

D. Introduction

27. This country programme evaluation (CPE) of Ghana is the second since IFAD began its operational involvement in the country in 1980. The first evaluation of the Ghana program at the country level was conducted by IFAD's Evaluation Office in 1996, under the title "Country Portfolio Evaluation." This CPE has been conducted in accordance with the directives of IFAD's Evaluation Policy[1] and follows the core methodology and key processes for CPEs outlined in the Independent Office of Evaluation's (IOE) *Evaluation Manual: Methodology and Processes*.[2]

Table 1: A Snapshot of Operations in Ghana

First IFAD loan-funded project in Ghana	**1980**
Total loans-funded projects approved	16
Total amount of IFAD lending	US$ 225.0 million
Lending terms	Highly Concessional[3]
Counterpart funding	US$ 162.4 million
Co-financing amount	US$ 288.0 million
Total portfolio cost	US$ 675.4
Focus of Operations	Agriculture, rural development, micro-financing, and institutional-capacity building
Co-financiers	World Bank (IDA), Germany KfW, local NGOs, domestic financial institutions, beneficiaries, AfDB, and Gov. of Italy
Total grant amount	*Global and Regional* 5 grants between 2000 and 2010, for a total of US$ 1.4m *Country-Specific* 4 grants between 2000 and 2010, for a total of US$ 3.1m

28. Ghana is the largest recipient of the Fund's loans and grants in the West and Central Africa region. Table 1 provides a snapshot of key data related to the IFAD-supported projects and programmes in the country. IFAD financing represents 33 per cent of total portfolio costs through highly concessional loans.[4] IFAD net disbursements between 2003 and 2008 (the period for which reliable data are available) represented 0.3 per cent of total net ODA disbursement in Ghana and 4.9 per cent of ODA earmarked for agriculture. The latter percentage would be

[1] Revised evaluation policy approved by the Fund's Executive Board in May 2011, see: http://www.ifad.org/gbdocs/eb/102/e/EB-2011-102-R-7-Rev-1.pdf.
[2] http://www.iad.org/evaluation/process_methodology/doc/manual.pdf
[3] IFAD provides loans according to four different lending terms: (i) highly concessional (no interest, 40-year maturity, 10-year grace period, and a 0.75 per cent annual service charge); (ii)) loans on hardened terms (no interest, 20-year maturity, 10-year grace period, and a 0.75 per cent annual service charge); (iii) intermediate terms (an interest rate of 50 per cent of variable reference rate, 20-year maturity, and a 5-year grace period); and (iv) ordinary terms (an interest rate of 100 per cent of variable reference rate, 15- to 18-year maturity, and 3-year grace period).
[4] This includes the third phase of the Rural Enterprise Programme, approved by the Executive Board of IFAD when this CPE was completed.

lower if general budget support that is actually invested in the agricultural sector were considered, but such data is not available.

29. The Government of Ghana has provided 24 per cent of portfolio costs. This is slightly higher than the IFAD regional average of 20.5 per cent in West and Central Africa and in line with other lower-middle income countries in the Sub-Saharan region, with the exception of larger ones (in terms of GDP per capita) such as Côte d'Ivoire (35 per cent) and Nigeria (40 per cent). Co-financing from international organizations, NGOs, beneficiaries, and private-sector entities corresponded to 43 per cent of total project costs, comparable to or higher than other middle income countries in the region (see Table 12 Annex 5). During the first 19 years of IFAD's investments, the largest co-financier was the World Bank / IDA. At present, no on-going project is co-financed by the World Bank: co-financing was initially foreseen for RAFIP but has not materialised. Since 2000, the African Development Bank has become the main co-financier, with a total amount of US$151 million (22 per cent of total costs). Until 2005, project supervision was assigned to either the World Bank or UNOPS. Since 2007, supervision of new and on-going projects was assigned to IFAD, following a new corporate policy on supervision and implementation support.5 Four on-going projects are now under IFAD's direct supervision, and one (NORPREP) is supervised by the World Bank. IFAD out-posted the Ghana Country Programme Manager to Accra in 2011.

E. Evaluation Objective, Methodology, and Processes

30. This CPE has two main objectives: (i) to assess the performance of operations in Ghana ("accountability"); and (ii) to generate a series of findings and recommendations ("learning") that will serve as building blocks for formulating the next Ghana results-based country strategic opportunities programme (COSOP), to be prepared by the West and Central Africa Division of IFAD and the Government of Ghana (GoG). The CPE analysed the performance of three mutually reinforcing pillars of the IFAD-Ghana partnership: (i) the project portfolio of the 2000–2010 period (Table 2); (ii) a set of non-lending activities, including policy dialogue, knowledge management, and partnership building; and (iii) the 1998 and 2006 Ghana COSOPs. The global results of each of the three pillars have been rated on a scale of 1 (the lowest score) to 6 (the highest).6 However, throughout the CPE, the evaluators have made an explicit effort to determine the specific causes that justify those results (the why factor), which is key to generating practical, applicable lessons to promote better results in the future.

31. The CPE examined the first pillar on the basis of the internationally recognized evaluation criteria of relevance, effectiveness, efficiency, rural poverty impact—including impacts on household income and assets, human and social capital empowerment, food security and agricultural activity, natural resources and the environment (including climate change), and institutions and policies—and the other performance criteria specified, including sustainability, gender equality and women's empowerment, and innovation, replication, and scaling up (see definitions in Annex 2).[7] Following the IOE Evaluation Manual, this Ghana CPE covered the past ten years of operations, corresponding to 6 projects (Table 2). Of these, only four were rated across all evaluation criteria because the two most recently approved projects were too recent to be evaluated against all criteria. In addition to the 6 most recent projects, this CPE also reviewed past evaluations of 3 projects approved before 2000 for comparison purposes: (i) Roots and Tuber Improvement

[5] http://www.ifad.org/pub/policy/supervision/e.pdf

[6] 1 (Highly Unsatisfactory), 2 (Unsatisfactory), 3 (Moderately Unsatisfactory), 4 (Moderately Satisfactory),5 (Satisfactory), and 6 (Highly Satisfactory).

[7] Three thematic areas have recently been added to the Office of Evaluation's *Evaluation Manual* to assess gender, climate change, and scaling up. These will be applied to all evaluations effective as of 2011. See document EC 2010/65/W.P.6 of November 19, 2010, approved by the Evaluation Committee in its 65th session on November 25–26, 2010.

Programme (RTIP); (ii) Upper East Region Land Conservation and Smallholder Rehabilitation Programme (LACOSREP-II); (iii) Upper West Region Agricultural Development Programme (UWADEP). This CPE also reviewed 9 grants, including global, regional, and country-specific grants. In addition, it assessed the performance of partners (including IFAD, GoG, and cooperating institutions) by examining how well each partner fulfilled the tasks expected of them in their contribution to the design, execution, supervision, implementation-support, and monitoring and evaluation of the specific projects and programmes.

Table 2: IFAD-Supported Projects and Programmes in Ghana (2000–2010)[8]

Project Name	*Total Cost (US$ mill)*	*IFAD Loan (US$ million)*	*Board Approval*	*Loan Effectiveness*	*Closing Date*	*Status*
RFSP	23.0	11.0	03 May 00	29 Jan 02	31 Dec 08	Closed
NORPREP	59.6	12.3	06 Dec 01	30 Jan 04	31 Mar 12	On-going
REP II	29.3	11.2	05 Sep 02	19 Jun 03	31 Dec 11	On-going
RTIMP	27.7	19.0	08 Sep 05	08 Nov 06	30 Jun 15	On-going
NRGP	103.6	22.7	13 Dec 07	24 Oct 08	30 Jun 17	On-going
RAFIP	41.9	15.0	17 Dec 08	30 Apr 10	31 Dec 16	On-going

32. The CPE examined the second pillar by reviewing the relevance, effectiveness, and efficiency of the combined efforts of IFAD and the Government of Ghana to promote policy dialogue, knowledge management, and partnership building. The CPE examined the third pillar by analysing the relevance and effectiveness of the strategies according to the questions in the manual. The CPE examined the relevance of the strategies against the context, taking into account the existing situation at the time the strategies were elaborated, in 1998 and 2006, and the evolving situation. The CPE examined the effectiveness of the COSOPs by considering whether their strategic objectives were achieved vis-à-vis the results of the projects analysed.

33. While the CPE assessed each of the three pillars individually, it also examined the synergies among the various projects and programmes financed by IFAD in Ghana, including lending and non-lending activities. Accounting for these synergies and building on the performance of the COSOP, the CPE ultimately generated a composite rating and assessment for the overall IFAD-Government partnership. The CPE process involved five successive stages, each one producing specific deliverables. The preparatory stage entailed developing the CPE approach paper in October 2010. The paper specified the evaluation objectives, methodology, process, timelines, and key questions. A CPE preparatory mission visited Ghana from December 5 to December 10, 2010, to discuss the approach paper with key partners. During this stage, members of the GoG and other relevant institutions were invited to form part of a Core Learning Partnership, which is expected to provide guidance to IOE during critical stages of the evaluation process.

34. The desk review stage entailed examining available documentation (official documents, reports of international organizations, and socio-economic literature). Based on this information, IOE prepared project review notes and a consolidated desk review report in January 2011, which was shared with GoG and IFAD's West

[8] RFSP = Rural Finance Services Project; NORPREP=Northern Region Poverty Reduction Programme; REP II=Rural Enterprises Project Phase II; RTIMP= Root and Tuber Improvement and Marketing Programme; NRGP= Northern (Ghana) Rural Growth Programme; RAFIP=Rural and Agricultural Finance Programme.

and Central Africa Division. The main objective of the desk review report was to identify preliminary hypotheses and issues to be analysed during the main CPE mission. During this stage both IFAD and GoG conducted a self-assessment at the portfolio, non-lending, and COSOP levels.

35. The country work stage entailed convening a multidisciplinary team of consultants to visit the country between February 12 and March 16, 2011. The main CPE mission was preceded by a mission focusing on the Project Performance Assessment of the Rural Finance Services Project, which also informed the CPE.9 The team held discussions in Accra with the GoG and other partners. It also travelled to different regions of the country (Ashanti, Northern, Upper East, and Upper West)10 to visit six IFAD-funded projects to review activities on the ground and to hold discussions with beneficiaries (individual interviews, focus group discussion and community observations), public authorities, project management staff, NGOs, and other partners. In addition, the team convened two separate thematic roundtables in Accra to discuss topics related to rural finance and value chain development. The team produced a debriefing note, which was presented at a CPE wrap-up meeting held in Accra on March 11, 2011.

36. During the report writing and comments stage, IOE prepared the draft final CPE report, which was shared with IFAD's West and Central Africa Division, the GoG, and other partners for review and comments. The draft benefited from a peer review process within IFAD. During the communication of results stage, IFAD distributed the CPE to partners of IFAD in the country to disseminate the results of the CPE. IFAD and the GoG also organized a national roundtable workshop during the first week of November 2011 to discuss the results, conclusions, lessons, and recommendations of the Ghana CPE.

Key Points

- This Ghana CPE is the second since the beginning of IFAD operations in 1980. The first evaluation at the country level was conducted in 1996.
- The main objectives of the CPE are to: (i) assess the performance and impact of the operations in Ghana; and (ii) generate a series of findings and recommendations to support formulation of the forthcoming Ghana results-based country strategy opportunities programme (COSOP), to be prepared by IFAD and the Government of Ghana following completion of the CPE.
- The CPE assessed the project portfolio, non-lending activities, and the performance of the1998 and 2006 COSOPs for Ghana. It evaluated the six projects approved by IFAD in the past 10 years and reviewed the existing evaluations of 3 older projects for comparison purposes.
- The evaluation benefited from the inputs and comments of the Government of Ghana, IFAD's main partners in the country, and IFAD's West and Central Africa Division.

II. COUNTRY CONTEXT

A. Overview

37. Ghana is one of 16 nations comprising West Africa, with an estimated population of about 24 million (mid-year 2010). Its 92,098 square miles (238,535 square kilometres) of sovereign land are bordered by Cote d'Ivoire to the west, Burkina Faso to the north, and Togo to the east. Ghana's southern border of 335 miles (539 kilometres) fronts the Gulf of Guinea, a portal South and West to the Atlantic

[9] The Project Performance Assessment (PPA) is a new modality of project-level evaluation introduced by IOE after the 2010 Peer Review of IFAD's Evaluation Function conducted by ECG. The PPA of RFSP is conducted by IOE in consultation with OPEV-AfDB.

[10] In addition, the PPA-specific mission visited the Central and Eastern Region as well as Greater Accra.

Ocean. And although Ghana has no natural harbours along the southern coastline, it has built 2 deep-water ports in Tema and Sekondi-Takoradi, giving the country market access to its trade partners.

38. Ghana has been lauded as a remarkable economic success story in Sub-Saharan Africa. After a decade of robust economic growth, and following a recent review of its national accounts, Ghana attained middle-income status in 2011, well in advance of its 2015 Millennium Development Goal.[11] The country is also on track to cut poverty in half and attain a solid level of domestic food security by reducing malnutrition among the general population. The Government's efforts towards achieving these goals have made the country an attractive destination for project funding from the international donor community.

39. Ghana's success story has not touched its entire population. While successive, freely elected governments can lay claim to cutting poverty almost in half since the 1980s, poverty reduction has slowed in recent years. Moreover, far too many people—even those who are employed—are still subsisting on less than US$1.25 a day,[12] and the poverty-rate gap between rural and urban areas is still quite large, with almost four times as many people living below the poverty line in rural areas (39.2 per cent in 2004–06) as in urban areas (10.8 per cent in 2004–06).

40. National growth did not translate in poverty reduction in the North. The number of poor in the three regions constituting Northern Ghana—covering 40 per cent of Ghana's land area—climbed by 900,000 between 1992 and 2006. In the South, the number of poor declined by 2.5 million during that same timeframe.[13] Moreover, each one of the specific regions constituting Northern Ghana—Upper West, Upper East, and Northern—has a poverty story of its own to tell. Poverty in Upper West is still the most pervasive—at 88 per cent—a level that has not changed in 20 years. Poverty in Upper East, which at 70 per cent is the next highest level of poverty, actually deteriorated in the past 20 years. And poverty in Northern Region, with the third highest level in the country at 52 per cent, is actually at the same level Ghana was countrywide in 1990/91. Poverty is not the only measure of deprivation that shows stark South-North differences—social development indicators are also consistently worse in the North than in the South. For example, Upper West shows by far the highest level of infant mortality, under-age 5 mortality, and acute respiratory infection among children under age 5, among other indicators.[14]

41. Ghana is an agricultural-based country, and the Government recognizes that agriculture growth has a greater impact on poverty reduction than other sectors. The agriculture sector is the "backbone" of the economy, representing more than 30 per cent of GDP in 2010, and employing 63 per cent of the workforce in rural areas. Since the mid-1990s, the Government's poverty-reduction strategy—"accelerated economic growth, fuelled by agricultural growth"—has lifted rural incomes, even if largely in the South. However, acknowledging that the highest percentage of poverty is in Northern Ghana, and that the region contains the highest percentage of both women and men engaged in agriculture,[15] the Government has recently pursued two initiatives targeting the region specifically—the Northern Development Strategy (2010–2030), to reduce the poverty rate in Northern Ghana to one-fifth by 2030, and the Savannah Accelerated Development

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[11] In 2009, Ghana's GDP was estimated at US$754 per capita, classifying it as a low-income country, with the objective of attaining middle-income status by 2015. A change in the methodology of the Ghana Statistical Service to calculate the GDP in early November 2010 yielded a re-estimated average GDP per capita of US$1300.
[12] UNDP-HDR (2010).
[13] World Bank (2011).
[14] *Ghana Demographic and Health Survey, 2008*.
[15] In the three North regions, between 51 and 52.4 per cent of women are engaged in agriculture (the next highest per cent is in Brong Ahafo at 45 per cent, and then Volta at 34.9 per cent). Between 69.5 and 72.7 per cent of men in the three North regions are engaged in agriculture (the next highest is Brong Ahafo at 55.9 per cent, and then Volta at 44.1 per cent).

Initiative (SADI), to align economic, developmental, and human-capital progress between the North and South.

The Economy

42. **Ghana's economy still depends heavily on its agriculture potential**, which is shaped by three different topographical features—coastland, forests, and high-plains grasslands (savannahs)—interspersed throughout five broad geographic regions, each with different land uses (Box 1).

Box 1: A Geographic Description of Ghana, South to North[16]

(a) *The Low Plains*—consisting of a coastal savannah that includes the capital of Accra, and then stretches east to the Accra Plains, where a series of valleys and ridges form a sloping terrain used for the cultivation of staple foods. To the southeast is the Volta Delta, which runs into the Gulf of Guinea and is a low-lying, lagoon-laden region that does, however, support some cultivation of maize, cassava, and copra. The Low Plains also then stretch northward to the Akan Lowlands, where Ghana's river system from Lake Volta congregates, forming basins for cocoa production, and also containing dense forestland.

(b) *Ashanti Uplands*—a plateau region north of the Akan Lowlands, sloping continually upward to the north, where at its southernmost point most of the country's cocoa is produced.

(c) *The Akwapim-Togo Ranges*—running from the west of Accra towards the northeast, covered largely with deciduous forests and supporting small-scale subsistence farming.

(d) *The Volta Basin*—comprising about 45 per cent of the country's land area in the east-central part of the country, formed by the Lake Volta. The region has three distinct climatic zones, each with a different rainy season. The region as a whole supports the cultivation of yams, cassava, maize, and rice, among others, and cattle grazing.

(e) *The High Plains*—a plateau region north of the Akan Lowlands and northwest of the Ashanti Uplands, which supports grain and livestock production.

43. **Economic growth has been remarkable.** The success of an Economic Recovery Programme implemented by the Government in the mid-1980s—and supported by the donor community—has made Ghana one of the strongest economic performers in Africa. Per-capita GDP has grown steadily since then (Chart 1). In the past decade, the Government of Ghana has produced three main national policies for poverty reduction: the Ghana Poverty Reduction Strategy (2003-2005), the Growth and Poverty Reduction Strategy (2006-2009) and the Ghana Shared Growth and Development Agenda (2010-2013). Since 2006, continuous per-capita income growth enabled Ghana to reach Middle-Income Country (MIC) status in 2011, due in part to a reclassification of the national accounts in November 2010, which was required in order to include economic sectors not formerly measured.

44. **MIC status will not lead to a change in Ghana's lending-term eligibility in the near future.** Regarding the World Bank, countries are eligible for soft lending terms on the basis of (i) their relative poverty level and (ii) their creditworthiness.[17] A country's poverty level is determined by its gross national income as measured with the Atlas methodology.[18] The operational cut-off for soft-

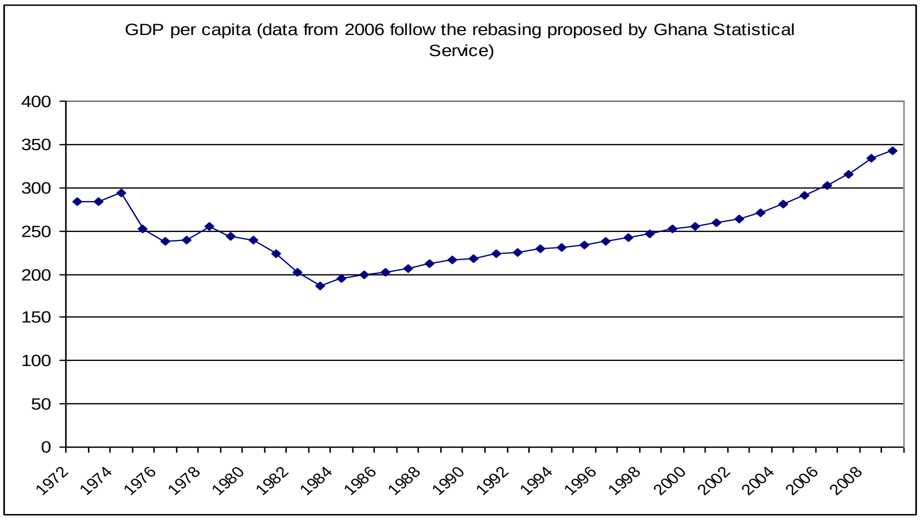
[16] Officially, Ghana consists of six agro-ecological zones (as detailed in Annex 10, Table 14).

[17] World Bank. IDA Country Classification – Eligible Countries. Although Ghana receives its allocation on blend terms (blend terms are for countries eligible for IDA terms, but also eligible to borrow from IBRD on the basis of limited creditworthiness), the country has never borrowed on IBRD terms. See IDA's Non-Concessional Borrowing Policy (NCBP), August 2010.

[18] The Atlas methodology uses a conversion factor to reduce the impact of exchange-rate fluctuations in cross-country comparisons of national incomes measured in US$. The conversion factor for any year is

term lending for FY 2011 is a 2009 GNI per capita of US$1,165. According to the reclassification, Ghana's GNI per capita in 2009 (Atlas methodology) was US$1,190, barely over the cut-off point. Moreover, temporary eligibility for soft lending terms is granted to countries that are above the cut-off but are undertaking major adjustment efforts and are not yet fully creditworthy for ordinary lending terms. Ghana fits this last category, since it has recently suffered some short-term macroeconomic imbalances. As a consequence, it is unlikely that WB borrowing terms will change in the next few years. In the case of IFAD, Ghana's GDP per capita is within the threshold for IFAD's highly concessional terms and IFAD is not envisaging a change in lending terms in the near future.

Chart 1: GDP per capita (constant 2000 US$)



Source: WB Data Bank. http://databank.worldbank.org., retrieved in January 2011.

45. **While the country has benefited from GDP growth, the Government has not always followed prudent macroeconomic fundamentals.** In the 1990s, inflation had reached an annual average of 23.2 per cent, and from 2003–08 remained in double-digits, at 15.4 per cent on average. The years 2006–08 (before the latest presidential elections) saw especially serious macroeconomic imbalances when the country suffered several exogenous shocks—an energy crisis in 2006, droughts and floods in late 2006, and rising world oil and food prices in 2008. Government expenditures grew rapidly during this period, from 31 per cent of GDP in 2005 (with an average of 30 per cent between 2000 and 2005) to 42 per cent in 2008, generating a fiscal deficit of 14.5 per cent of GDP, an inflation rate of 20.6 per cent in 2009, and a depreciation of 50 per cent of the national currency, the Cedi, against the US$. The destabilizing effects of the exogenous shocks had been exacerbated by a sudden closure of Ghana's access to international capital markets in September 2008. However, by the end of 2009, low oil prices, high gold and cocoa prices, and good rains all helped begin to boost the economy. By midyear, the exchange rate began to stabilize, and inflation started to decelerate. In short, Ghana is still vulnerable to short-term exogenous shocks and macroeconomic imbalances.

46. ***Expected revenues from oil extraction in 2011 could exacerbate macroeconomic risks if not managed carefully.*** In December 2010, Ghana began pumping oil from its recently discovered Jubilee oil field off its south-western coast. Production started at 55,000 bbl a day but is expected to increase to 120,000 bbl a day. Enormous windfall revenue is expected. As both research and

the average of a country's exchange rate for that year and its exchange rates for the two preceding years, adjusted for the difference between the rate of inflation in the country and that of G-5 countries (France, Germany, Japan, the United Kingdom, and the United States).

real-world experience indicates, however, revenues from extractive industries can become a resource curse or a resource blessing, depending on how they are managed. There is fear that the Government could risk incurring "Dutch disease"—that the higher oil revenues would appreciate the exchange rate and displace investments in other sectors by reducing the profitability of exports. The risk of losing agricultural competitiveness is thus significant, reducing the potential for agriculture development to alleviate poverty. The Government could also use future expected oil yields to undertake significant short-term borrowing in the present without using that money to invest in its development (something that has plagued other oil-producing countries). Emerging conflicts over the distribution of revenues is still another danger (anecdotal evidence suggests that traditional chiefs in Ghana are already calling for a 10 per cent share of oil revenue, similar to the royalty structure they have from gold). In March 2011, the Parliament of Ghana approved the petroleum management bill. Among its provisions, it established the Ghana Heritage Fund to generate a long-term, alternate stream of income to support public expenditures and as a means of saving for future generations and the Ghana Stabilization Fund as an emergency source of funds at times of budget shortfalls. One of the more controversial elements of the bill was the provision allowing the government to borrow against oil resources.

47. **Infrastructure development has not kept pace with Ghana's rapid rate of economic growth.** The World Economic Forum (WEF) 2010 *Global Competitiveness Index* ranks Ghana's overall infrastructure at #106 of 136 countries.[19] There are three good reasons. One, although Ghana has achieved the highest electrification rate in Sub-Saharan Africa, electric power production has been highly erratic,[20] with electric power consumption per capita actually declining since 2001,[21] despite the high growth in electricity demand. Two, the road infrastructure is also still inadequate.[22] Road density in Ghana is 248km per 1000 sq km, compared with an average of 368 in lower-middle income countries and 1,015 in high-income countries. And while the total road network grew from 39,409km in 2000 to 57,614km by 2005, the percentage of total roads that were paved fell from 29.6 per cent in 2000 to 14.9 per cent in 2006.[23] The implication is that, although the network of feeder roads may have expanded considerably, the road infrastructure necessary to support economic expansion—to deliver inputs (such as fertilizers) to farmers, to transport agricultural commodities to markets, and to ensure that fish and other perishable produce arrive fresh at ports—does not yet exist.[24] And, three, irrigation is expanding at a rate below the rate at which the demand for water is growing. [25] However, it is of interest that the President of Ghana just recently announced renewed intentions to provide an extensive irrigation system for the Accra Plains, a plan that had been on the drawing board since 1984.

48. **Ghana's business environment needs to be upgraded.** Opening up space for *private-sector* growth has been an explicit development objective of Ghana in the past decade. Yet much remains to be done. A 2010 IFC survey on business climate

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[19] Schwab (2010), ed., WEF Global Competitiveness Index.
[20] Wavering between 5.9 trillion and 8.36 trillion kwh from 2003 to 2008 (WDI, 2011).
[21] Falling from 330.363 kwh per capita in 2001 to 243.529 kwh per capita in 2005, before rising again to 267.74 kwh in 2008 (WDI, 2011).
[22]However, the WEF *Index* does rank Ghana #86 of 139 countries in the quality of its road infrastructure.
[23] WDI (2011).
[24] The woeful road infrastructure to ports is particularly unfortunate because the WEF *Index* (2010) rates the quality of Ghana's port infrastructure as #59 of 139 countries.
[25] The World Bank's WDR-AG (2008) indicates that the irrigation coverage rate in Ghana was 0.5 per cent for 2001–03 (as a percentage of arable land and permanent cropland), but these statistics do not seem to count private irrigation inside private land. The report also indicates that irrigated land grew by an annual average of 0.3 per cent from 1990–2003, one of the world's worst averages.

ranked Ghana #92 of 183 economies reviewed, slightly lower than in 2009 (#87).[26] Ghana was ranked #114 of 133 countries in the 2009–2010 Global Competitiveness Index,[27] with a slight fall from the 2008–2010 Index, due to its recent macroeconomic imbalances. While public institutions and governance indicators are considered strong (for instance, Ghana ranked #47 in "burden of government regulations" and #65 in "soundness of banks"), the country lags behind in terms of educational level, health, labour-market efficiency, technological readiness, and innovation. Moreover, of 139 countries, Ghana was ranked in the 2009–2010 index at #108 in "value chain breadth" and at #105 in "ease of access to loans" (Annex 10, Table 11 contains other selected indicators from the Global Competitiveness Index).

49. **Micro and small enterprise (MSE) development is an economic priority.** The Ministry of Trade and Industry (MOTI) has been focusing on private-sector development with the Industrial Policy 2010 and the Second National Medium Term Private Sector Development Strategy (PSDS II), 2010–2015. The PSDS-II focuses specifically on MSE development and on poverty reduction, targeting (i) a 20 per cent real net income increase for rural people and in the three northern and central regions, (ii) more productive agriculture, and (iii) greater non-farm employment opportunities. It also articulates a specific objective to "develop a pool of artisans and tradesmen for the current and future needs of industry."[28]

Agriculture and Rural Development

50. **Agriculture growth has boosted GDP overall and per-capita GDP in rural areas.** By all accounts, Ghana's impressive 4.5 per cent annual GDP growth since 1983 has been fuelled by the agriculture sector, which has grown by 5.6 per cent annually since 2000. Agriculture-led growth has increased not only agriculture incomes but also rural incomes as well.[29] It has also enabled Ghana to be "on track" to meet its MDG of cutting its 1990 poverty rate of 51.7 per cent in half by 2015. In addition to its proportionately high contribution to the nation's exports (75 per cent) and employment (55 per cent nationwide, and 63 per cent in rural areas), this agriculture-led growth in GDP, income, and food security is why the sector is variously called "the backbone" or "the heart" of Ghana's economy.

51. **The contribution of the agriculture sector to GDP growth has declined, and the country is becoming increasingly urbanised.** The relative contribution of agriculture to GDP has fallen from 50 per cent when the ERP was implemented in 1983 to its current level of 31.7 per cent. Moreover, there seems to be an unmistakable drift towards an increasingly urbanized Ghana. Since 1990, the urban population has grown from 36 per cent to 51.5 per cent of the population.[30] And, as Harris (2009) notes, "Labour is increasingly moving (often physically) away from agriculture to activities in industrial, manufacturing, services and construction sectors..." The contribution of sectoral GDP to overall GDP since 2006 reflects this shift—whereas agriculture has fallen, the service sector has climbed from 30.1 per

[26] Ghana ranked poorly in the following indicators: starting a new business (#135 of 183 economies), dealing with construction permits (#153), employing workers (#133), and accessing credit (#113).
[27] Schwab (2010).
[28] Second National Medium Term Private Sector Development Strategy (PSDS II), 2010–2015, p. 4.
[29] Harris (AfDB-IFAD Joint Africa Evaluation working paper, 2009) notes that "rural incomes have increased from US$420/month in 1998/99 to $690/month in 2005/06. Agricultural incomes have grown from US$310/month in 1998/99 to US$575/month in 2005/06."
[30] UNDP-HDR (2010).

cent to 33.1 per cent of GDP.[31] In addition, rural population growth has fallen almost in half since 2001—from 1.01 per cent in 2001 to 0.57 per cent in 2009.[32]

52. **Food and crop production has grown over the period**, but agricultural productivity has stagnated. The agriculture sector consists of three sub-sectors—cocoa, accounting for 14 per cent of agricultural GDP; cereal and root crops, accounting for 63 per cent of sectoral GDP; and forestry, livestock, and fisheries, accounting for the remaining 23 per cent. Although the agriculture sector still relies heavily on its cocoa exports,[33] growth in both crops and cereals has been solid as well. The most recent data indicate that the crop production index rose from an average of 74.9 from 1990–1999 to an average of 110.8 from 2000–2004, and then to an average of 138.4 from 2005–2009. And the food production index rose from an average of 74.8 from 1990–1999 to an average of 111.0 from 2000–2004, and then to an average of 137.6 from 2005–2009. These increases are among the highest rates in the world for that period. However, most increases in Ghana's agricultural production have been due to increases in cultivated area rather than in productivity. In fact, arable land grew from 3.85 million hectares to 4.4 million hectares from 2000 to 2009, an increase of 550,000 hectares; and the percentage of Ghana's land area used for agriculture increased from 62.4 per cent to 68.6 per cent. Poor soil fertility—due to continuous cropping, soil erosion, excessive weeds, pests, and disease, erratic rainfall, lack of credit, irrigation facilities, and improved seeds, and inadequate application of chemical/organic fertilizer—has led to generally low crop yields. Although cereal yields increased from 989 kg/ha in 1990 to 1334.4 kg/ha in 2006, the increase took hold initially in the mid- to late-1990s, and remained at about that level during the period.[34]

53. **The expansion of arable land has taken its toll in environmental degradation.** The expansion in cultivated land has led to land degradation, deforestation,[35] and loss of biodiversity associated with unsustainable harvesting levels in the savannah, compounded by inappropriate farming practices and seasonal wildfires. In fact, the increased pressure from growing human and livestock populations, agricultural expansion, inappropriate farming practices, deforestation, annual bush fires, and the introduction of crop varieties that were replacing indigenous varieties are the major causes of the loss of biodiversity and of natural resource degradation in the savannah zones. The World Bank–led multi-donor Country Environmental Assessment estimated that the annual cost of degradation to the country's accumulated wealth is equivalent to 10 per cent of GDP and reduces the potential for growth by about 1 per cent. (These issues are discussed in greater depth in Chapter IV, Section E on "Impacts.")

Institutional Context

54. Ghana is divided into ten administrative regions comprising 170 districts, each one with a District Assembly (DA) that consists of empowered legislative, planning, budgeting, and service-delivery authorities. The DA authorities have legal personality and the constitutional mandate to act on behalf of the people who elect them. This decentralized organization, however, has faced several limitations and difficulties in its day-to-day functioning.

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[31] Ghana Statistical Service (2010, table 1.1). And it is of interest to note that the UNDP-HDR in 2000 had projected that the then urbanized population of 39.3 per cent would grow to 47.89 per cent by 2015—so clearly Ghana is becoming urbanized beyond expectations, and, moreover, this rate of urbanization is comparatively high among all countries, and higher than the average for SSA.

[32] WDI (2011).

[33] Harris (2009), citing MoFA, 2008, p. 9. As Harris (2009) notes, "In the five years from 2001-05, cocoa production value averaged just 10per cent of total production value but contributed approximately 30 per cent of agricultural GDP growth (Bogetić et al. 2007, 24)."

[34] WDI (2011). However, cereal yields did increase to 1598.1 kg/hectare in 2008 and then to 1,659.8 in 2009—two years in which yields per hectare were higher than ever before. The Ministry of Agriculture (personal communication, Sept 2011) reported yields of 1890kg/ha.

[35] WDR-AG (2008) cited a deforestation rate of 1.7 per cent in Ghana between 1990 and 2005.

55. **Decentralization has proven to be a hesitant institutional process.** In 2003, a National Decentralization Action Plan was at last adopted in Ghana—10 years after decentralization was made law.[36] Four years later, in 2007, a Decentralization Policy Review noted several limitations that still existed with the framework of decentralization reform—most notably, the central government's right to appoint 30 per cent of DA members, and the existence of a non-transparent and inharmonious intergovernmental fiscal transfer system. Moreover, the concept of decentralization starts only at the district level. The regional level—the Regional Coordination Council (RCC) and the regional-level Ministries, Departments and Agencies (MDAs)—is simply an extension of national-level institutions. And even at the district level, the DAs are headed by district chief executives who are appointed by the President of Ghana, and who play a significant role in awarding contracts at the local level.[37] Attesting to the still limited progress at wresting full decision-making autonomy from the federal level, the current Government took steps in 2010 to revitalize the decentralization process by approving a new Decentralization Policy Framework and a National Decentralization Action Plan.

56. **Despite its halting progress on decentralization, Ghana's governance overall is one of the most solid in the SSA region.** Ghana was among the first countries to participate in the African Peer Review Mechanism (2003),[38] which provided several recommendations for public-sector reform and governance (controlling corruption, reforming land policy, and transferring power to decentralized bodies). According to the World Bank database of governance indicators, Ghana made significant improvement between 2003 and 2008 in all selected indicators (voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption[39]). In Ghana, challenges to good governance stem from a number of local conflicts or disputes relating to issues of chieftaincy, particularly in the Northern part of the country, land, access to and distribution of resources such as gold, diamonds and timber, and inter and intra-religious intolerance.

B. Poverty and Social Development Characteristics[40]

Poverty Characteristics

57. **Ghana has made notable progress at poverty reduction, but the rate of decline has slowed.** Ghana is on track to meet its MDG target to reduce the country's poverty level in half by 2015. Poverty, measured by the Ghana Statistical Service at GH¢371 in 2008, has been reduced from 51.7 per cent in 1990 to 28.5 per cent in 2005/06, the latest period for which data are available. Most of this reduction, however, was accomplished between 1991/92 and 1998/99 (Table 3)—12.2 percentage points in seven years—while the reduction between 1998/99 and 2004/06 was somewhat lower—11 percentage points in six years.[41] Although the poverty gap between urban and rural areas has diminished, the percentage of

[36] The Thematic Working Paper on "Community Development, Gender, and Women's Empowerment" provides a detailed discussion of decentralization legislation.

[37] IFPRI (2010b).

[38] A self-diagnostic instrument voluntarily acceded to by members of the African Union with a view toward fostering the adoption of policies, standards, and practices conducive to political stability, growth, sustainable development, and accelerated sub-regional growth.

[39] In 2010, Transparency International ranked Ghana at #62 (best-forming) of 178 countries in its annual corruption perception index.

[40] Annex 10, Table 13 provides some additional indicators of social development not discussed here. They come largely from the UNDP's *Human Development Index* (2010). Ghana's Human Development Index score increased from 0.495 in 2000 to 0.526 in 2008, when the country was ranked #152 of 182 countries and classified as a medium development country. In 2010, however, Ghana fell back into low human development status, with a rating of 0.492, ranked #130 of 169 countries. The Human Development Index (HDI) is a composite measure of deprivations in 3 basic dimensions—a long healthy life, access to knowledge, and a decent standard of living, in addition to basic health, education, and income (poverty) indicators.

[41] The latest year available for poverty rate figures is 2006, even in the most recent (2011) edition of *WDI*.

people living below the poverty line in rural areas in 2004/06 (at 39.2 per cent) was still almost four times that in urban areas (at 10.8 per cent) (Table 3).[42]

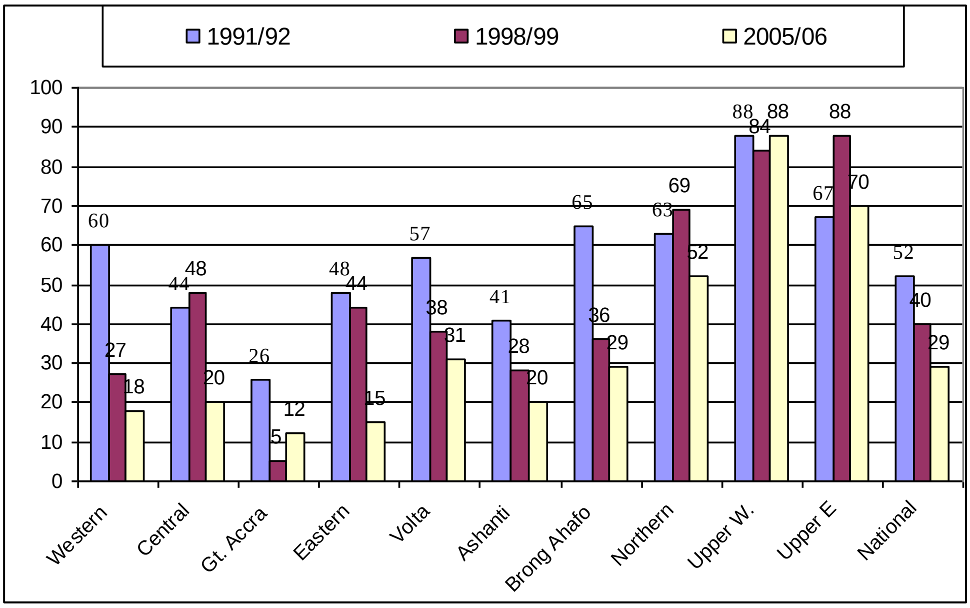
Table 3: Consumption-based urban and rural poverty rates in Ghana (1991–2006)

Region	*Poverty Headcount 1991/92 (%)*	*Poverty Headcount 1998/99 (%)*	**Poverty Headcount 2004/2006 (%)**
National	51.7	39.5	28.5
Urban	27.7	19.4	10.8
Rural	63.6	49.6	39.2

Source: Ghana Statistical Service (2007).

58. **Poverty did not reduce in Upper West and Upper East (Chart 2).** An examination of poverty levels by administrative region shows that despite reducing the poverty rate at the national level, Ghana has not reduced poverty at all in Northern Ghana. Upper West still remained at a poverty count of 88 per cent in 2005/06, which not only continued to be the highest poverty level in the country, but was also the same rate it measured 20 years ago, in 1991–92. Poverty in Upper East, the region with the second highest poverty count, actually deteriorated, from 67 to 70 per cent. And even while the poverty rate in Northern Region has fallen, it actually climbed steeply in the intervening period before reaching its current level of 52 per cent—which is exactly the same rate in Ghana overall in the 1991/92 period. So while Ghana—unlike many other countries in Sub-Saharan Africa—has made some exceptional progress towards achieving MDG poverty reduction targets, the improvement has been in the South.

Chart 2: Incidence of Poverty by Administrative Region



Source: AfDB-IFAD (2009)

[42] Again, as mentioned, 37.6 per cent of all employed people in Ghana are living on less than US$1.25 a day (HDR, 2010).

Social Development Characteristics[43]

59. **The fertility rate is slowly moving in the right direction, but life expectancy is not.** Today, Ghana's population stands at 24.3 million (projected to be 34.9 million by 2030), with a rate of increase at 2.0 per cent and a fertility rate of 4.0 per cent projected for the 2010–2015 period. Both rates are lower than at the start of the decade, although the Ghana's fertility rate is still one of the higher rates among the 160 countries comprising the HDR index. And, as with the poverty gap between North and South Ghana, Upper West has a higher fertility rate (at 5.1 per cent), with Northern Region even higher, at 6.8 per cent.[44] But perhaps one of the tragic indicators of population that might help Ghana keep its growth rate down is its life expectancy of 57.1 years—tragic because it was 57.2 in 1990 (most likely a function of the country's still high rates of disease).

60. **Increased food production, and thus food security, has helped Ghana reduce malnutrition*.*** Besides cutting poverty in half, part of the goal of MDG 1 is cut malnutrition in half. In 1990/92, malnutrition among the general population was estimated at 37 per cent; by 2001–03, it had fallen dramatically to 12 per cent, thus meeting the malnutrition MDG target for the general population.[45] Moreover, the percentage of underweight children under age 5 declined from 27 per cent before 2000 to its most recently calculated level of 13.9 per cent in 2008[46]—although the decline is a recent phenomenon, since the rate was at 25 per cent as late as 2005.

61. **Universal primary education is still behind, and progress on other MDG targets is mixed.** The MDG 2 target—universal primary education—is still languishing at approximately 74 per cent, and the rate of progress since 1990 would mean that Ghana would fall short of universal enrolment by 2015.[47] Ghana's MDG 3 objective to promote *gender equality* is progressing well when measured by the ratio of girls to boys in primary and secondary education (79 per cent in 1990; 95 per cent in 2007) but not by the extent of women empowerment (for which the HDR 2010 did not even rank Ghana), or gender-related development (an HDR-2010 rank of #126 of 155 countries). However, Ghana received a score of 4.0 (on a scale of 1, the low, to 6, the high) in its public policies for gender inclusion and equity in the WDI (2010). Its MDG 4 objective (to cut child mortality by two-thirds) is off target according to measures from two different organizations, although its rate of progress on this measure has improved noticeably since 2000.[48] It has not

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[43] It must be noted that human-development statistics are reported by a wide variety of prestigious organizations, relying on the research expertise and labour of a multitude of dedicated staff. However, statistics for certain years and timeframes do vary, sometimes noticeably, from one organization to another, and in fact within certain organizations themselves. Given UNDP's track record of reporting such indicators each year since 1990 in its *Human Development Report*, this chapter relies on annual versions of this report as much as possible, augmented with information from the World Bank (largely the World Development Indicators).

[44] The Ghana DHS (2010).

[45] IFPRI (2010a).

[46] UNDP-HDR (2000) provides the first figure; WDI (2010) provides the second. IFAD's COSOP 2006, "Logical Framework," indicates that a reduction in malnutrition would be measured by "weight for age." However, "stunting" (low height for age) is a more internationally recognized, reliable, medium- to long-term indicator of malnutrition among children ages 0 to 5, according to the WHO Global Database on Child Growth and Malnutrition. The WDI (2010) provides both sets of measures, with more statistics available for weight than height. But for both measures, Ghana compares favourably both globally and with Sub-Saharan Africa overall. (Annex 10, Tables 15 and 16.)

[47] UNDP-HDR (2010). This figure is "net" primary school enrolment. Figures for "gross" primary school enrolment are above 100 per cent. Since 1990, Ghana has progressed by an average of 1.2 per cent-age points a year, and with a 74 per cent net enrolment rate in 2007 would reach a level of only 83.6 net enrolment by 2015 at the same rate of progress.

[48] According to the UNDP-HDR (2010), Ghana's child mortality rate was 118 per 1,000 in 1990 and 111/1,000 in 2000; it now stands at 76/1,000, and so would fall short of the 2015 target based on its rate of reduction since 2000 (59.5/1,000 versus an original target of 40.1). According to the WDI (2011), Ghana's mortality rate was 120.1 per 1,000 in 1990 and 105.8/1,000 in 2000; in 2009 it was 68.5/1,000, and so would fall short of the 2015 target based on its rate of reduction since 2000

made sufficient progress on MDG 6 (to halt and reverse the spread of HIV/AIDS, malaria, and other infectious diseases such as tuberculosis), and, in fact, the WEF *Index* (2010) ranks Ghana at #118 in AIDS, #128 in malaria, and #109 in tuberculosis among 139 countries.[49] As of 2009, it was far from the target of MDG 5 (to reduce maternal mortality by three-quarters,[50] and to increase the percentage of women with skilled attendants at child delivery). Ghana's progress on its MDG 7 objective (to improve environmental sustainability) is mixed: its high annual deforestation rate of 1.7 per cent was near the same level it was in 1990),[51] and it has made scant progress on the percentage of the population with access to improved sanitation (12.4 per cent[52]); however, it has made excellent progress on the percentage of the population with access to an improved water source (83.8 per cent in 2010, up from 58 per cent in 2000).[53]

62. **As with poverty indicators, Northern Ghana consistently shows the worst social-development results.** It is revealing to note some of the categories on which Upper West and Northern Regions show the *disproportionately* worst results nationwide in Ghana's Demographic and Health Survey: the per cent of the population not exposed to any major media (TV, radio, and newspapers); the fertility rate; school attendance ratios at both the primary and secondary levels; school dropout rates; educational attainment *and* literacy; child mortality, including infant, child, and under-age-5 mortality; acute respiratory infection among children under age 5; severe anaemia among children between 6 and 59 months; the per cent of *both* men and women who agree that domestic violence against a wife is justifiable for one of four specific reasons (including "burns the food" or "argues with him"); the per cent of women who experienced *any* domestic violence since age 15; and the per cent of women whose husband used coercive language or behaviour to control the actions of his spouse. Thus, poverty is not the only human deprivation that people in these regions suffer.[54]

C. Public Policies for Rural Poverty Alleviation

63. **The Government is dedicated to rural poverty reduction through agriculture and rural development, but past strategies have been unable to move agriculture in the North away from rainfall-dependent farming***.* In 2009 Ghana became the tenth African country to sign the compact of the Comprehensive Africa Agricultural Development Programme (CAADP) of the New Partnership for Africa's Development (NEPAD), after a successful series of roundtables on the alignment of the country's agricultural priorities towards the CAADP Agenda. The CAADP sets a goal of annual agricultural GDP growth of 6 per cent and a target of 10 per cent of public budget expenditures to be allocated to agriculture. The World Bank (2011) report on poverty in northern Ghana, based on the 2005–2006 living standard survey data, makes an eloquent case for the economic-development plight of farmers in the region: "Twenty years of rapid economic development in Ghana has [sic] done little, if anything to reduce the *historical* North-South divide in standards of living. […] It is certainly

(43.8/1,000 versus an original target of 40.8, thus indicating a better rate of progress since 2000 than shown by the figures from HDR, 2010).

[49] World Economic Forum (2010). Figures on the spread and incidence of HIV/AIDS in Ghana seem to vary widely. The recent statistics from WDI (2011) indicate that the percentage of the population ages 15–49 with HIV climbed from 0.3 per cent in 1990 to a high of 2.3 per cent in 2000, before beginning its recent decline to 1.8 per cent in 2009. It should be noted, however, that Ghana has been making excellent progress since 2006 on the percentage of children with fever who receive anti-malarial drugs, and steady progress since 2006 on immunizations against measles and DPT among infants age 12–24 months.

[50] At its current progress (a base of 630/100,000 live births in 1990, with the level at 350 in 2008), Ghana would fall short noticeably by 2015—approximately 247/100,000 against a target of approximately 158/100,000.

[51] WDR-AG (2008).

[52] Ghana DHS (2008).

[53] The first figure is from Ghana DHS (2010); the second is from WDI (2011).

[54] Ghana DHS (2008).

developmentally unacceptable to consign another generation of Ghanaians in the North to continue to lag behind developments in the South, especially in light of balanced growth in an age of oil." And, while recognizing that "the majority of Ghana's poor live in Northern Ghana, where the poor are also poorer […] the most striking phenomenon of vulnerability in Northern Ghana […] continues to be the existence of a pronounced 'lean' or 'hungry' season in some parts." The reason for the "hungry season" in Northern Ghana is that it "overlaps with the dry season," meaning that the poor in Northern Ghana are still predominantly rainfall-dependent farmers.

64. **The Government has recently attempted to rectify Ghana's poverty and social-development divide by targeting the North**. In 2009, the Government established the Savannah Accelerated Development Initiative (SADI) as part of its overall Northern Development Strategy —a long-term (2010–2030) endeavour to align economic and developmental progress between the South and North. At the heart of the initiative is the Savannah Accelerated Development Authority (SADA), established with GHcedi25 million in "seed money" (0.1 per cent of GDP) to "attract investments to growth corridors in the North and to ensure that public and private investments are targeted to achieve specific results in Ghana"—that is, both economic and human-capital opportunities. By implementing these programmes, the Government is recognizing the poorest regions of the country. The North has been constrained by a lack of well-planned investments in infrastructure, and agro-ecological conditions in the region are often perceived to be too difficult to support improved agriculture productivity, although experience in neighbouring Burkina Faso suggests otherwise. More important, although growth in the absence of geographic targeting will eventually produce convergence between poor and rich regions, the forces for regional divergence (in favour of rich regions) dominate, and diminish only as countries reach upper-middle income status (per-capita GNI of US$3,595). Assuming Ghana conforms to the global average, even a robust economic growth of 6 per cent per year will not enable it to reach this point for three decades.[55]

Government Budget to Agriculture and Rural Development (ARD)

65. **The Government's ARD budget is in line with CAADP requirements, but the medium-term investment plan for agriculture anticipates a wide investment gap.** As a signatory to the CAADP Compact, Ghana committed to a 10 per cent public budgetary expenditure target for agriculture. In 2009 the public budget on agriculture was estimated at 9 per cent, close to the 10 per cent CAADP target.[56] In addition, a recent study as part of IFPRI's ASTI initiative found that Ghana's spending on agricultural R&D doubled from 2000 to 2008, although the spike was due largely to an increase in salary cost that accounted for 83 per cent of the agricultural research budget of the leading government research organization, the Council for Scientific and Industrial Research.[57] During the CPE focus period (2000–2010), the Government approved key strategic documents for the agricultural sector—the Food and Agriculture Sector Development Policy (FASDEP, phase 1, 2002–2006 and phase 2, 2007–2011) and the Medium Term Agriculture Sector Investment Plan (METASIP 2011-2015)—and set up a coordination group of development partners in agriculture (see Table 4). Discussions on a Sector-Wide Approach (SWAp) programme for agriculture started in 2006 but progress has been slow. Discussions on revamping the SWAp are taking place at present and IFAD expressed interest in participating. METASIP represents the implementation plan for FASDEP II from 2011 onwards. It reflects the CAADP target of 6 per cent annual agricultural GDP growth and an allocation of

[55] World Bank (2011).
[56] "Ghana Country Programme Evaluation," IFAD Desk Review Synthesis Working Paper, January 2011.
[57] ASTI Ghana (2010).

at least 10 per cent of Government expenditures on agriculture. In 2010 the costs to put METASIP into action were estimated at Gh cedi 1.532 billion (approximately US$1.060 billion), with an anticipated 66 per cent funding gap (GhC 1.016 billion or US$0.704 billion). A sub-set of activities were defined as priority investments, for a total cost of Gh cedi 785 million (US$544 million). Among these priority investments, the largest amounts were for irrigation and water management (26 per cent), piloting value chain development (25 per cent), promotion of crop, livestock, and fishery production for cash (16 per cent), and agricultural mechanization (13 per cent).

Table 4: Agricultural Sector – Key Strategic Documents and Coordination System

Document / Coordination forum	**Observations**
FASDEP- I (2002-2006)	Emphasised: human resource development and dissemination, infrastructure development, promotion of specific commodities for markets, improved financial services, cross-cutting issues (gender, land). <u>Key issues:</u> inadequate targeting of poor households,_problem analysis weak and top-down, expected contribution from other Ministries not well defined (WB 2004, FASDEP-II)
FASDEP- II (approved in 2007)	Aims to support both small farmers and large farmers. It introduces the notion of "targeting" as well as "value chain development". Comprises six programmes: (i) food security and emergency preparedness; (ii) increased growth in incomes; (iii) increased competitiveness and enhanced integration into domestic and international markets; (iv) sustainable management of land and environment; (v) science and technology for food and agricultural development; and (vi) institutional coordination.
METASIP (2011-2015)	Implementation Plan for FASDEP-II. Anticipated 66per cent funding gap at approval (2010)
Agricultural Sector Working Group	Set in 2002, co-chaired by the MoFA and an international organization. Holds monthly meetings and an annual joint sector review. The 2010 joint sector review posts overall positive findings but criticizes certain sub-programmes such as block farming,[a] mechanisation centres, fertilizer subsidies, and irrigation. It also identifies gap of MoFA human resources: actual staff 6 600 members, against estimated need of 10 700.

[a] A scheme whereby the state purchases blocks of land to be cultivated by the youth with the state supporting mechanisation, fertilizers and extension. FASDEP = Food and Agriculture Sector Development Policy; METASIP = Medium Term Agriculture Sector Investment Plan. Source: CPE elaboration

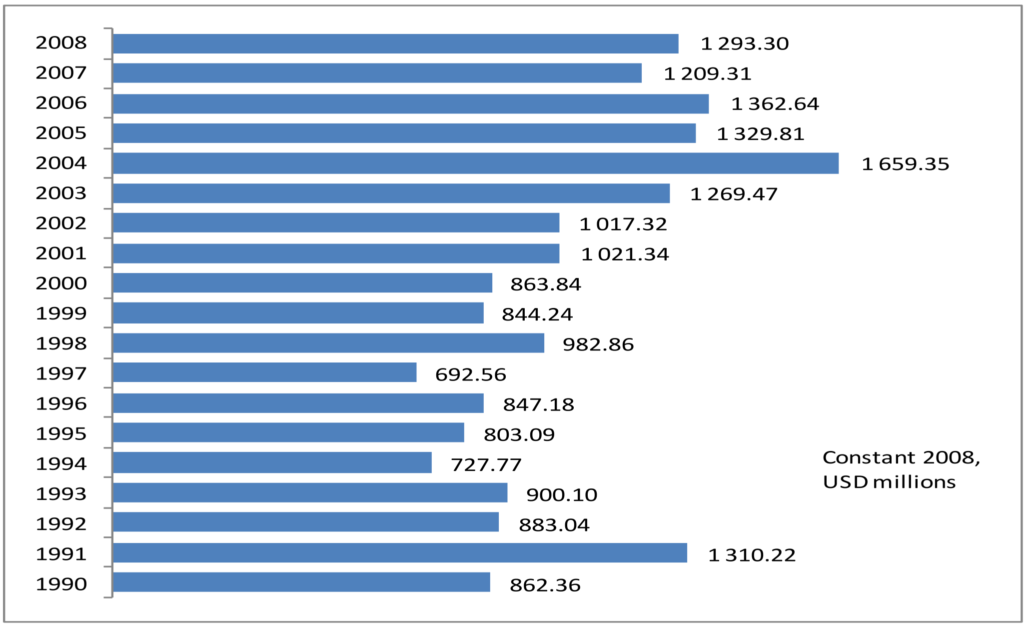
66. **The budget for agriculture, however, has been disproportionately low in the North in relation to allocations to the Greater Accra Region*.*** IFPRI[58] noted that (a) Government expenditures in the sector had risen steadily by an average of about 9.1 per cent annually from 2000–05, (b) Government spending on the sector accounted for an average of about 6 per cent of total Government spending during that period, and (c) Government spending on agriculture ranked third behind spending on the education and health sectors. However, it also noted that, "although real expenditures are increasing, the share spent on the agriculture sector has stagnated," and that "the average annual amount spent per unit area was highest in the Greater Accra region (GH¢ 151.8 per square kilometre)—three times higher than the amount spent in the next tier of regions, Central, Upper East, Volta, and Eastern. The Northern region attracted the least amount (GH¢ 9 per square kilometre)." The continued poverty-rate disparity between the South and North mirrors this budgetary gap.

[58] IFPRI, "Public Expenditure Review of MoFA" (2010a) (the latest year reported was 2005).

Official Development Assistance

67. **Ghana has received a high level of Official Development Assistance (ODA).** The Government's explicit poverty-reduction strategy (the GPRS), solid governance record, and economic reforms have made the country an attractive destination for aid assistance, including project funding, from the international donor community. Total ODA net disbursements between 2000 and 2008 reached about US$11 billion (Chart 3), an average of about US$1.2 billion annually, or about 9 per cent of Ghana's gross national income. The main bilateral donor partners are the United Kingdom, the Netherlands, the United States, Denmark, Canada, Germany, and Japan. The main development multilateral partners are the World Bank, the European Commission, and the Africa Development Fund (part of AfDB group). The United Kingdom is the largest bi-lateral donor, contributing 11.7 per cent of net ODA disbursements. In addition, China, Brazil, and India are emerging as new development partners in Ghana.

Chart 3: Net ODA disbursements to Ghana: 1990–2008



Source: OECD-DAC Statistics

68. **Aid coordination to promote Ghana's development priorities has improved.** The Government has stated its commitment to strengthening a national framework of coordination to receive ODA and accelerate and deepen the implementation of the "Paris Declaration on Aid Effectiveness." The Government has drafted a National Aid Policy (2010) that is soon to be finalized, whereby the Ministry of Finance and Economic Planning would spearhead all negotiations with development partners and play the lead role in aid planning, mobilization, and management. The policy gives preference for general and sectoral budget support.[59] Project aid would be considered based on its sustainability and potential to achieve national development priorities.

69. **Both the World Bank and African Development Bank have provided critical project support in Ghana.** The total amount of *World Bank* projects approved to the agricultural sector during the CPE review period (2000–2010) reached US$885.8 million (Table 12, Chapter IV), about ten times the total amount of IFAD projects approved for Ghana during the same period (US$91.2 million). Of this,

[59] The IFAD Policy on agricultural Sector-wide Approaches (SWAp) precludes engagement of the Fund in direct budget support but allows engagement in some forms of basket funding or project level funding within a SWAp framework

US$5.1 million in World Bank funding went to the rural financial sector, co-financing IFAD's RFSP project of US$11 million. The present total amount of active World Bank projects in Ghana is about US$1.5 billion (March 2011), covering almost all sectors of the economy. The total amount of African Development Bank projects approved to the agricultural sector during the period reviewed by the CPE (2000-2010) reached US$231 million, about 2.5 times the total amount of IFAD projects to Ghana approved during the same period (US$91.2 million). The total amount of all loans approved during this period to Ghana reached about US$1.1 billion. Of this, about US$195.6 million are multinational projects, US$145.4 million are multi-sector projects, US$83.5 are to the private sector, US$117.7 are to the social sector, US$212 million are to the transport sector, US$90 million to the Water and Sanitation sector; and US$42.2 million to a Power System Reinforcement project. Of these, US$5.0 million were to the rural financial sector, co-financing IFAD's RFSP project of US$11 million; US$10 million were to the MSE sector, co-financing IFAD's REP II project of US$11.2 million; and US$61.2 million were to the northern region, co-financing IFAD's NRGP project of US$22.7 million. The present total amount of active projects of the African Development Bank in Ghana reaches about US$855.3 million.

70. **The Alliance for a Green Revolution in Africa (AGRA)*.*** AGRA was established in September 2006 with support from the Bill & Melinda Gates Foundation and the Rockefeller Foundation, with the U.K. Department for International Development (DFID) joining as partner in 2008. With a budget of close to US$400 million, AGRA had approved 116 grants valued at US$83 million in 14 countries as of June 2009, operating across the breadth of the agricultural value chain. AGRA in Ghana has operated integrated programmes in seeds, soils, market access, education and extension, efficient water management, and policy and partnerships, and provided innovative financing to trigger comprehensive changes across the agricultural system. The organization has set three main goals to be achieved by 2020: (i) reduce food insecurity by 50 per cent in at least 20 countries; (ii) double the incomes of 20 million smallholder families (including youths); and (iii) put at least 30 countries on track for attaining and sustaining a uniquely African Green Revolution. These goals precisely parallel those of IFAD. Initial contacts have been made between the two organizations.

Key Points

- Ghana has been lauded as an economic success—with per-capita income gains that enabled it to achieve middle-income status in 2011, and to be on track of cutting its poverty rate in half and reducing malnutrition over a 15-year period. The most conspicuous shortcoming is the persistence of poverty gaps in the country—both between urban and rural areas, and between the North and South. Poverty is particularly acute in Upper West Region—at 88 per cent, a level that has not changed in 20 years—and the region also shows the worst social indicators in the country.
- Ghana's performance in the area of governance is one of the most solid in the region. Much remains on its economic and social agenda. Its macroeconomic performance must be improved, and its business environment needs to be ungraded. Moreover, although progress on important MDG goals has been positive, progress on universal education, child mortality, maternal mortality, severe disease, and deforestation and improved sanitation has not, and far too many people still subsist on less than $1.25 a day.
- Agricultural sector has been growing by 5.6per cent in the past decade. Much of agriculture growth is due to area expansion rather than yield increase and this also had negative implications for the environment.
- The Government has shown its commitment to addressing this agenda—sound governance, a renewed commitment to its decentralization process, and a recent attempt to rectify the North-South divide by establishing two region-specific initiatives—the long-term Northern Development Strategy (2010–2030) and the

Savannah Accelerated Development Initiative (SADI).
- IFAD has, along with the World Bank and the African Development Bank, provided an important presence among donors in agricultural and rural development. An emerging actor in agricultural development is the Alliance for a Green Africa, active in subsistence crop sectors and with an agenda encompassing research, production, marketing, value chain development, partnership and policy dialogue, all very pertinent to IFAD's areas of intervention.

III. DESCRIPION OF THE COSOP AND OPERATIONS

71. This chapter introduces and describes IFAD's evolving strategy to spur agricultural growth and reduce rural poverty in Ghana, as well as both the projects and non-lending activities that have constituted its two generations of strategies (COSOPs 1998 and 2006). It attempts only to describe strategy and lending/non-lending activities to provide a context for subsequent analysis in Chapters IV, VI, and VII.

A. Evolution of the COSOP: Incorporating Poverty Alleviation into the Government's Economic Growth Policies

72. **IFAD's mission to reduce rural poverty in Ghana has become increasingly aligned with the Government's strategy for agricultural and rural development.** In the early 1990s and into the early 2000s, IFAD's portfolio was a pragmatic effort to help the Government remain focused on attacking poverty at the same time that the Government's primary interest was on building its agriculture sector to foster economic growth while also providing services to meet the basic needs of the poor. Thus, IFAD's strategy during the early period was dedicated largely to ameliorating the extensive levels of poverty that existed in Northern, Upper West, and Upper East Regions, but also supporting the Government's fresh desire to extend income-generating opportunity in rural areas throughout the country. By the mid-2000s, however, the Government released its dedicated poverty-reduction strategy, based on the premise that economic growth in rural agriculture, led by the private sector, would enable Ghana to enhance the progress that it had already made on achieving its MDG target of cutting its country-wide poverty rate in half by 2015. IFAD, adhering closely to the new Government strategy, moved accordingly towards a portfolio that placed less emphasis on geographic targeting at Northern Ghana and greater emphasis on private-sector development covering all regions of the country. [60]

Strategic Objectives

73. **Country strategy for 1988–1998 sought to target severe poverty and to improve income-generating opportunities in the rural sector.** A comprehensive socioeconomic and poverty analysis of Ghana by an IFAD Special Programming Mission in 1988 led to the first country strategy, the precursor to COSOP 1998. IFAD's first set of strategic objectives sought to support the Government's desire to grow its agricultural sector after the transition to free elections and the ERP in 1983, in order to increase food crop production and thus to provide greater national food security and, in turn, raise the incomes of the rural poor. Even before the Government began formulating its five subsequent ARD policy frameworks for Ghana, IFAD was pushing a well-rounded strategy to address what it saw as the pervading dilemmas in the ARD and poverty-reduction nexus: (1) severe poverty, inadequate food security, and acute environmental degradation in the northern regions; (2) inadequate production support for smallholders in the transitional zone to enable them to meet the nation's food requirements more readily, on top of severe poverty among select pockets of the population in this

[60] Annex 3 provides a detailed breakdown of IFAD-financed projects in Ghana from 1980–2010, including funding amounts, co-financing arrangements, and partnership arrangements.

zone; and (3) the dearth of income-generating opportunities overall in the rural sectors of the country.

74. **COSOP 1998 shifted in part toward small business and rural financing to spur agriculture growth nationally, but maintained its strong focus on the North.** In 1996, IFAD's Country Programme Evaluation (CPE) in Ghana found well-performing activities in (i) agricultural technology diffusion, (ii) the potential of irrigation to support staple and cash crops and thus to improve food security; and (iii) the ability of water user associations (WUAs) in Upper East Region to manage and maintain irrigation schemes effectively. The evaluation found varying performance in rural credit schemes, and poor results with pilot initiatives in valley bottom rice and draught animal power, due primarily to faulty design. Overall, however, the CPE suggested that IFAD was risking a geographic dispersion of its investments, sometimes targeting overly vast areas with too limited funds, and thus argued for concentrating on dry savannah zones. With COSOP 1998, IFAD both recognized the increasing importance of agriculture to economic growth[61] and articulated its previous, unofficial strategy and the CPE more clearly and forcefully: (i) targeting the northern regions to expand food security, attack environmental degradation from agricultural practices (including deforestation), and reduce its persistent levels of poverty, including its disproportionate levels compared with the South; (ii) providing broader assistance to smallholders in the transitional zone to enable them to meet the bulk of the nation's food requirements more effectively, while also targeting select pockets of poverty "for specific services"; and (iii) providing appropriate, select support to open up opportunities for income-generating activities in rural areas—those "with pronounced development potential." Its future operations were to continue to emphasize "the Northern, the Upper East, and the Upper West of the Northern Savannah, where the highest incidence of poverty in the country is present," with a focus on "expanding small-scale irrigation and support to community services [. . .] through more participatory approaches [. . .and] more emphasis on rural credit delivery, and a reorientation of targeting."

75. **COSOP 2006 sought to move more towards the Government's vision to tie poverty reduction to economic growth.** Although COSOP 2006 cautioned that "a number of studies had underlined the broad disparities between the north and the south in terms of economic development and well-being, and that there was a strong need to bridge the gap to prevent north-south inequalities from leading to tensions and instability," the COSOP 2006 was more aligned with the four pillars of the Government's national "GPRS-II" poverty-reduction strategy—to promote accelerated, countrywide economic growth led by the private sector. The Government's new poverty reduction strategy—although promising to "leave no one behind" and to diversify and provide sustainable livelihoods for poor people (particularly those dependent on marginal lands) and for rural women and other vulnerable groups—was more of a broad-based approach to poverty reduction, and it marked a major turning point toward the national value chain approach currently at the centre of growth policy for rural areas. IFAD supported this policy fully through four strategic "thrusts":

(i) Achieving sustainable agricultural livelihoods and food security by developing and expanding *demand-driven agriculture systems and food commodity chains* (thus contributing to the GPRS pillar on growth and employment);

(ii) Developing *pro-poor rural enterprises and rural finance* "within the context of" private-sector development (thus contributing to the GPRS pillar on growth and employment);

[61] Agricultural growth had increased from less than 2 per cent in 1983–93 to 4 per cent in 1996, with a 40 per cent contribution to GDP and employing 60 per cent of the workforce.

(iii) Strengthening local institutions and government within a framework of *community-driven development* (thus contributing to the GPRS pillar on vigorous human resource development); and
(iv) Developing a *responsive pro-poor policy and institutional environment* predicated on shared learning and dialogue among stakeholders and development partners (thus contributing to the GPRS pillar on good governance and civic empowerment).

Geographic Priorities—Region-specific targeting gradually shifted toward countrywide targeting

76. In the *pre-COSOP era* (1988–1998), IFAD targeted its funding at the two geographic areas with the highest poverty indicators in the country—Upper East and Upper West—and in the "transitional" zone, where smallholders were growing the bulk of the nation's food supply, but required production support to help them meet the nation's food requirements. It also tentatively targeted the rural sectors of the country overall where income-generating opportunities were in short supply. In the *COSOP-1998 era*, IFAD continued to target the northern part of the country (with on-going project work in Upper East. In the *COSOP 2006 era*, a more pronounced swing toward countrywide action emerged and the strategy did not propose specific geographic targeting although IFAD continued supporting interventions in the North.

Subsector Focus—A continuum of project interventions, with increasing refinement

77. COSOP 1998 cited the following as areas of subsector work—irrigation and water management; market-driven rural finance and credit; agriculture technology upgrades and transfer (high-yielding varieties for vegetables, roots, and tubers); postproduction marketing; the promotion of income-generating opportunities (MSEs); and support for decentralized government and community-level participation. These areas were mirrored but also amplified in COSOP 2006 as a result of the shift toward value-chain development, the Government's advanced progress on decentralization, and the cascading calls for women's empowerment. (Section B provides a detailed breakdown of subsector work in IFAD's current portfolio.)

Targeting Approach—Target-group specifics also shifted between the two COSOPs

78. COSOP 1998 specifically cited the target groups for project activities—food-insecure and resource-poor smallholder families in Upper East, Upper West, and Northern Regions; resource-poor smallholder food-crop farmers in the southern, central, and western regions; and female-headed households in the North and the vulnerable poor in the South (particularly over-age widows with no adult children, and pensioners, rural youths, and the disabled). COSOP 2006 did not mention any target group specifically. COSOP 2006 required a cross-cutting thrust on gender balance: "all implementation partners will need to ensure that their activities take into account the specific requirements of women, encompassing opportunity costs in time, cultural and labour constraints, and appropriate technologies."

Process and Analytical Work to Prepare COSOPs

79. In preparing both the 1998 and COSOP 2006, IFAD broadly consulted with the Government, international organizations active in Ghana as well as NGOs. For the 1998 COSOP, no specific preparatory analytical work was commissioned by IFAD but the COSOP preparation could draw from the findings and recommendations of the CPE conducted in 1996. In the case of the 2006 COSOP, some analytical work

was done on water users associations but no other ad hoc study was conducted to support the main strategic changes proposed, notably the emphasis on value chain and the shift from geographic focus. This point is further discussed under COSOP relevance.

Table 5: Main elements of 1998 and 2006 COSOPs

Key Elements of the strategy	***COSOP 1998***[62]	**COSOP 2006**
Strategic objectives	1. Enhancing food security and arresting environmental degradation in Northern regions 2. Assist smallholders in the transitional zone and select pockets of poverty for specific support 3. Enhance income opportunities through targeted income-generating initiatives	1) achieve sustainable agricultural livelihoods and food security through agricultural development and commodity chains 2) develop pro-poor enterprises and rural finance in an inclusive private sector 3) strengthen local institutions and government using community-driven approaches 4) responsive pro-poor policy and institutional environment through learning and dialogue among partners and stakeholders
Geographic priority	Emphasis on Northern part of the country and address poverty pockets in other areas of the country as well	No strong geographical emphasis in the COSOP although the Northern part of the country is often quoted as the poorer one.
Subsector focus	Support to decentralised governments, irrigation and water management, rural credit, technological transfer (high-yielding varieties), marketing of food crops (vegetables, roots and tubers), diversification of income sources	Food crops and traditional crops, Rural enterprises, rural finance, local development and community-driven development
Targeting approach	1) Food insecure and resource poor smallholders in Upper East, West and Northern Regions 2) resource poor smallholders, cultivating food crops in Southern, central, western regions 3) Women-headed households in the North and vulnerable poor in the South (notably widows).	No explicit targeting approaches / criteria
Gender dimension	No special emphasis except targeting of women-headed households in the North.	Implementation partners to ensure that their activities take into account specific requirements of women, including opportunity costs in time, cultural and labour constraints, appropriate technologies. Prepare integrated country programme action plan. Disaggregate performance indicators by gender.
Country programme mix (loans, grants and non-lending activities)	Two loans. Grants are referred as organizing workshops to capitalize on lessons learned and for testing innovative approaches	The document mentions 2 new loans and "small, grant-funded operations in knowledge sharing, learning, research and policy dialogue".

Source: CPE Elaboration

[62] The 1998 COSOP re-confirms the strategy of the 1998 Special Programming Mission and added sub-sectoral and thematic qualifications.

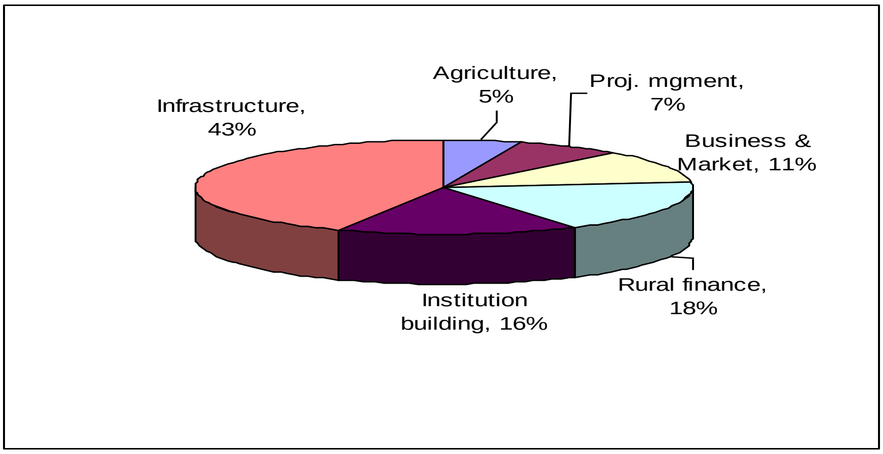
B. The Country Programme Includes a Mix of Lending and Non-lending Instruments

80. IFAD project portfolio and its non-lending instruments support the Government of Ghana policies in the following four main subsectors (see Chart 4):

- *Rural Financial Services*—strengthening the formal and informal components of Ghana's network of rural financial institutions; offering market-driven rural credit to support the business and marketing components of Ghana's emerging agricultural value chains and MSEs.
- *Business, Marketing, and MSE Development*—providing income-generating and commodity-market support for smallholders, processors, and traders as part of the Government's value-chain strategy, as well as business and technology support to generate and strengthen emerging MSEs.
- *Agriculture (includes Rural Infrastructure, Irrigation, and Crop and Soil Technology)*—supporting the construction of feeder roads and small-scale irrigation; and supplying material and information inputs to support food production and marketing (including soil and water conservation).
- *Community Development, Gender, and Women's Empowerment*—supporting the Government's on-going decentralization policy (including local governance and community participation); and promoting gender equality, including opening up business opportunities for women, making financial services more affordable and accessible to women, and empowering women at the community level.

81. In addition, *institutions* are key to all project work, in the form of institutional support, training, local capacity building, policy support and development, and regulatory standards.

Chart 4: Ghana. Distribution of Project Resources by Sub-Sector (2000–2010)



Source: IFAD-PPMS (2001). See Annex 5, Table 1

Lending Portfolio

82. **Older operations.** While the portfolio analysis of this CPE concentrates on the six more recent projects, this paragraph briefly mentions three older projects that have been evaluated in the past and will be referred to in Chapter IV. The three projects are the Upper East Region Land Conservation and Smallholder Rehabilitation phase II (LACOSREP II), the Upper West Agriculture Development Programme (UWADEP), and the Root and Tuber Improvement Programme (RTIP). LACOSREP II was a second phase project targeting the smallest region of the country, where 80 per cent of the population were employed in agriculture and poverty was pervasive. It reflected the Government's recognition that the region had to rely too heavily on rain-fed agriculture, and thus emphasized the emergence

of Water User Associations, dam rehabilitation, and new irrigation technologies, as well as feeder roads. UWADEP was an early project targeted at the most neglected region of the country. IFAD's recognition was that the region had a strong existing demand for dam rehabilitation, potential for Water User Associations, and improved crop production techniques to achieve sustained food security. Although the last two components yielded some promising results, the project was beset by a faulty design and weak management, and IFAD has not intervened specifically again in Upper West. RTIP foreshadowed the COSOP 1998 strategic focus to increase food-crop production—specifically in roots and tubers, which are hardy, soil-tolerant plants that were being grown by 55 per cent of all farming households in Ghana. The intent was not only to promote greater food security and increase the incomes of resource-poor farmers, but also to push these crops toward export markets, and to promote greater diversity in the agricultural sector.

83. **More recent projects.** The lending portfolio closely reviewed by this CPE comprises of 6 projects (Table 6), some belonging to the 1998 COSOP and some to the 2006 COSOP generation. They have a total cost of 284.7 million and IFAD lending of US$91.2 million (see also Chart I for sectoral distribution of costs). These projects contain a mix of interventions that are geographically targeted to a single region (NORPREP) or a macro-region (NRGP), and others that have country-wide coverage and either sectoral (RFSP, REP-II, RAFIP) or commodity specificity (RTIMP). Moreover, some of these projects are in fact a second phase (REP-II, RTIMP, RAFIP) and witness the continuity of action of IFAD in a given sector or area. A third phase of REP (REP III) was under design at the time of this CPE's mission and was later approved by IFAD Executive Board (September 2011).

Table 6: Projects Reviewed by the Current CPE

Project name	***Key features***	**Observations**
COSOP 1998 Generation		
RFSP / Rural Finance Services Project (Effective 2002-2008)	Single sector (rural finance), country-wide coverage.	First IFAD sectoral RF initiative in Ghana
NORPREP / Northern Region Poverty Reduction Programme (Effective 2004. On-going)	Region-specific project combining support to decentralization (district) and community-driven local development initiatives.	First case of IFAD support to decentralization with linkages to community demand-driven initiatives
REP II / Rural Enterprises Project, phase II (Effective 2003. On-going)	Single sector (rural enterprises), country-wide coverage.	Phase 2 of REP. Phase 3 of REP (REP III) is currently under design.
RTIMP / Root and Tuber Improvement and Marketing Programme. (Effective 2006. On-going)	Commodity-specific, country-wide coverage. Expected to focus more on processing and marketing. On-going	Phase 2 of RTIP.
COSOP 2006 Generation		
NRGP / Northern Rural Growth Programme (Effective 2008. On-going)	Macro-regional (North, UE, UW, and 5 districts in Brong Ahafo Region) focus, rural development with new focus on value chain development. On-going	Is active in areas previously covered by LACOSREP II and UWADEP
RAFIP / Rural and Agricultural Finance Programme (Effective 2010. On-going)	Single sector (rural finance), country-wide coverage. On-going	Second phase of RFSP

84. From a substantive point of view, the above projects brought **significant changes to the portfolio**. RFSP, REP-II, and NRGP—marked the turning point toward the next generation of IFAD strategy based on COSOP 2006, one predicated on a more holistic, growth-oriented poverty reduction, dovetailed with the Government's GPRS II and FASDEP II, but one that would moderate, although not eliminate, some of its earlier emphasis on geographic targeting to address the North-South divide.

85. **Whole sub-sector focus on rural and micro finance.** RFSP was the first mono-sectoral, country-wide intervention for rural finance in Ghana. Its scope of intervention encompassed the macro (policy, regulatory), meso (apex organizations) and micro (individual rural finance institution, informal savings and credit groups) levels. In 2010, IFAD launched RAFIP, as a successor to RFSP. While preserving many features of RFSP, RAFIP's will tap into financing agricultural value chains. The first tranche of IFAD's loan for RAFIP has started disbursing, albeit with delays. RAFIP design, in line with IFAD's Rural Finance Policy, emphasises building capacity of rural finance institutions and their apexes, not establishing credit lines. On the other hand, the Government and Parliament of Ghana have expressed concern over the exclusive "capacity building" nature of RAFIP. In their opinion, in some instances demand for capacity building from micro finance institutions has been low and resulted in low disbursement. They have also questioned the assumption of adequate liquidity for lending in the micro finance system (RAFIP is conducting a study on this subject). They have suggested looking into these aspects as well as other instruments such as credit guarantee schemes to encourage further investments in agriculture. From its side, IFAD is trying to intensify its dialogue with Ministries and the Parliament to improve understanding of rural finance principles and good practices A joint review exercise may be timely to take stock of the situation.

86. **New direction towards decentralization.** NORPREP's paramount justification was to field an experiment to support on one hand decentralization (well before Government's first Decentralization Action Plan promulgated in 2003) and community demand driven local development (infrastructure and income generating activities).[63] This was a relatively new area for IFAD.

87. **Introducing the value chain approach.** RTIMP was a follow-up to RTIP, with commodity-specific focus (roots and tubers) and country wide coverage, adding a postproduction focus that had been lacking in the former project. RTIMP introduced for the first time the notion of commodity-chain approach, in order to add value to the agricultural produce. RTIMP aimed at strengthening and developing already existing commodity chains[64]. With a more recent project, NRGP, the focus on value chain was brought to a further step: setting up new commodity chains (as in the case of vegetables). NRGP targeted three regions comprising Northern Ghana in recognition that, although countrywide poverty-reduction efforts were on pace to meet Ghana's MDG of cutting the poverty rate in half by 2015, "most of the reduction in poverty was concentrated in the forest region (both urban and rural)." [65]

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[63] The "President's Report" of NORPREP, was optimistic of Government's commitment toward providing more power at the local community level: "a truly decentralized system of governance will facilitate greater participation of the citizenry in the planning and development process, improve accountability in the provision of basic services and provide a more effective framework for targeting resources at vulnerable groups."

[64] The chain covers the full range of activities and support involved in bringing root and tuber produce grown by farmers in all agro-ecological zones of the country, through the intermediary phase of transformation (small-scale, semi, and industrial processors), to storage at the village or market level, to traders at the village level, and then to final end users.

[65] "Even though the poverty headcount index was smaller in the Northern Savannah region in 2006 than it was in 1998, the national trends in poverty resulted in an increasing share of the poor living in the rural savannah areas. While the rural savannah areas accounted for one-fourth of the population in 2006, it accounted for just over fifty per cent of the poor." *(NRGP Appraisal Report Executive Summary*, p. vii.).

Non-Lending Instruments

88. Non-lending instruments comprise policy dialogue, partnership building, knowledge management, and country programme management activities. These activities, in turn, have been financed by regional, sub-regional, and country-level grants (categorized as a non-lending activity), and by the projects supported with IFAD lending.

89. **Policy Dialogue—toward subsector issues.** IFAD's first set of policy dialogue issues for the agriculture sector in Ghana was generated by IFAD's Roundtable Conference on the (1996) CPE in 1997. The broad elements of policy dialogue envisaged by the COSOP 1998 and 2006 are presented in Table 7. The detailed analysis is presented in Chapter VI. On the whole, IFAD has promoted dialogue to refine policy along the subsector dimensions of its COSOPs.

Table 7: Non-lending activities in the two COSOP periods, by Area

Non-lending Activity	***COSOP 1998***	**COSOP 2006**
Policy Dialogue	(i) Private-sector access to rural markets and agricultural credit (ii) Development of a legal and regulatory framework (water user associations) (iii) Improved technologies as subsidies for fertilisers were being removed (iv) Enhanced district management capacity (v) More rational regulatory framework in the financial sector to improve rural credit.	(i) Legislative framework for water user associations, community- and farmer-based organizations, and (water-based) land tenure (iii) Commodity chain governance (iv) Decentralization and community-driven development (v) Inclusive private-sector development
Partnership building	National: the Government in general is indicated as a partner. Sub-national level (document also refers to district assemblies and to NGOs). International: WB/IDA, AfDB, GTZ, CIDA, USAID, DANIDA but no specific areas of cooperation are identified.	National: the Government in general is indicated as a partner. International: the document mentions some 17 organizations including WB/IDA, AfDB, DfiD, GTZ, USAID, FAO, UNDP and others.
Knowledge Management	Not treated specifically	Regional workshop on community-driven development FidAfrique
Country Programme Management	Not treated specifically	Country Programme Manager (CPM), covering Ghana only, was out-posted to Accra as of February 2011.

90. **Partnership Building—toward inclusiveness.** Chapter VI, Section B provides a detailed account of IFAD's partnership-building activities transecting COSOPs 1998 and 2006. Table 7, here, provides a summary of those relationships. Overall, COSOP 1998 strongly advocated partnerships with international (WB, AFDB) and bilateral donors and with technical assistance agencies, such as GIZ, CIDA, USAID, and DANIDA (but did not specify the exact areas of cooperation), and was adamant about the need to establish "true" partnerships with NGOs and civil society organizations (based on an exchange of experience and ideas, and not just the outsourcing of contracts). COSOP 2006 added a new element—the importance of

partnerships with private-sector operators. And even though COSOP 2006 cited some 17 international organizations as partners or "potential" partners with IFAD (including the World Bank and AfDB), the drift in IFAD partnership building has been toward all "handlers and stakeholders"—at the donor, ministerial, regional, district assembly, and NGO or other social-organization levels. One note of shortcoming, however, pertains to partnership building with UNOPS. Until 2008, contractual agreements with UNOPS had been made to supervise IFAD projects; thereafter, as explained in Chapter V, IFAD shifted to direct supervision of its portfolio (with the exception of NORPREP, supervised by the World Bank). Another cautionary note, as explained in the analysis of value-chain development, partnership building with the private sector requires imparting an understanding of needs and realities between two sectors (donors and business) that will be mutually beneficial.

91. **Knowledge Management—toward broader recognition of IFAD activity. IFAD's** first specific mention of knowledge management endeavours in Ghana came with COSOP 2006, which noted, however, that "information and data exchange had already encompassed microfinance, the MSME sector, root and tuber crops, and Community Driven Development."[66] But COSOP 2006 also cited two prominent initiatives: (i) a knowledge management forum known as the "Programme Development and Implementation Partnership," a colloquium that engenders input and feedback between IFAD and government staff (including technical line agencies), NGOs, civil society, advocacy groups, the private sector, and academia to help maintain IFAD's strategic focus on pro-poor policy and its project flexibility, and (ii) the increasingly accessed web-based information network known as "FidAfrique" (as detailed in Chapter VI), which has snowballed into a knowledge diffusion centre on IFAD activities and upcoming events in Africa.

92. **Grants—toward accessibility and leverage.** Financing for IFAD's non-lending activities is provided by some of the sub-components of its projects and by a smaller parallel financing window providing (i) global/regional grants and (ii) country-specific grants.[67] These grants have been active in the areas of crop and value chain development, policy research, and knowledge management (as detailed in Chapter VI). However, IFAD has not yet adequately provided a research window for accessing their results or benefits.

93. **Country Programme Management—toward IFAD presence.** IFAD's West and Central Africa Division (WCA) is responsible for country programme management. Within WCA, responsibility is vested in a Country Programme Manager (CPM), covering Ghana only, who was out-posted to Accra in February 2011. The CPM is assisted by an IFAD Country Office, established in late 2010 and temporarily hosted in the UNDP building in Accra and staffed with the CPM, as well as a Country Programme Officer and a Country Programme Assistant, both appointed in late 2010. The decision to open a country office in Ghana was taken after a mission undertaken in 2009.[68] The choice of opening a country office in Ghana was made taking into account the size of the portfolio and the gradual shift towards direct supervision. It was also established to focus on direct supervision, knowledge management, policy dialogue and partnership building. In terms of geographic coverage it was also decided that, while initially focusing on Ghana, the office would progressively expand to cover Benin and Togo as well, due to geographical proximity and high potential for thematic synergy. The creation of a "sub-regional"

[66] A "Community Driven Development Decision Tools" set was elaborated in 2009, although the extent to which it should continue to be used as a conceptual framework in project design has not yet been ascertained. http://www.ifad.org/english/cdd/pub/decisiontools.pdf

[67] IFAD provides two types of grants: (i) regional grants and (ii) country-specific grants. The former include small regional grants (not exceeding US$200,000) and larger regional (sometimes in the form of "global") grants (with a financing volume exceeding US$200,000).

[68] See. Sow, Anta (2009) IFAD Ghana Support to Country Programme. Establishment of the Ghana Country Office and Direct Supervision Arrangements, mimeo, IFAD Rome, Italy.

office in Ghana, is expected to provide support to Ghana, and the other two countries in terms of project implementation support and fiduciary aspects, withdrawal applications, and other financial issues.

94. Whereas UNOPS was in charge of supervision of projects until 2007, the country office of IFAD, under the guidance of the CPM, is now responsible for the direct supervision of all projects, with the exception of NORPREP, supervised by the World Bank.

Key Points

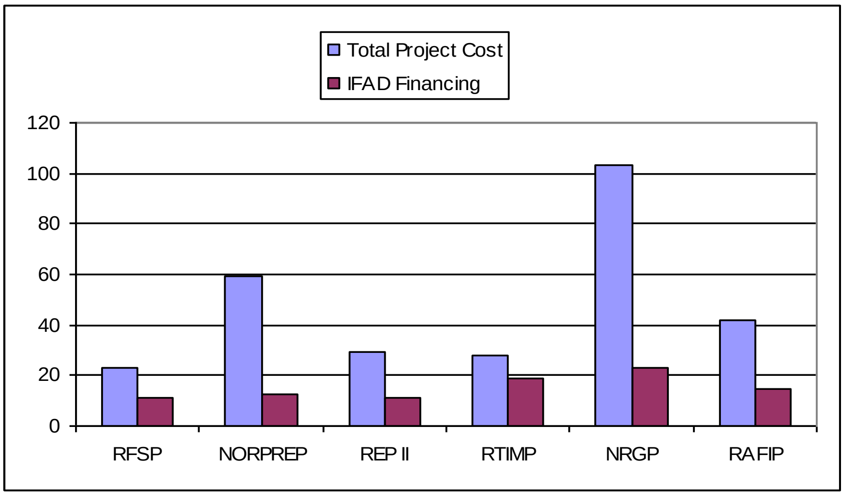
- IFAD's early strategy was to attack the extensive levels of poverty that existed in Northern, Upper West, and Upper East Regions, while also supporting the Government's desire to expand income-generating opportunities to rural areas in the country.
- By the mid-2000s, IFAD moved towards a portfolio that placed less emphasis on geographic targeting at Northern Ghana and greater emphasis on private-sector development covering all rural regions of the country.
- The target groups specified in COSOP 1998 were food-insecure and resource-poor smallholders, female-headed households specifically in the North, and the vulnerable poor in the South. COSOP 2006 did not specify any target group.
- IFAD's on-going project work in Ghana consists of four broad subsectors—agriculture (including rural infrastructure), rural businesses and markets, rural financial services, and community participation and women's empowerment. Institutional development (and gender equality) cut across all projects.
- On-going lending instruments include four projects (NORPREP, RTIMP, NRGP, and RAFIP) focusing on rural enterprises, agricultural value chain development, rural financial services, and support for the three regions comprising Northern Ghana. A follow-up to the successful REP-II (REP-III) was approved in September 2011.
- IFAD's main partner institutions have been the World Bank, the African Development Bank, the United Nations Operations Service, the Ministry of Food and Agriculture, the Ministry of Finance, the Ministry of Trade and Industry, and the Ministry of Local Government and Rural Development.
- IFAD's non-lending activities—policy dialogue, partnership building, and knowledge management—have evolved more slowly than IFAD's lending strategy.
- IFAD did not have country presence until late 2010 when it established a country office with a long term view to expand it so as to provide support to Benin and Togo as well.

IV. EVALUATION OF THE IFAD-SUPPORTED PROJECT PORTFOLIO IN GHANA

A. Characteristics of the Portfolio

95. The components of the Ghana programme, as originally designed (including total costs), were shown in Chapter III. It should be noted that, although infrastructure is the largest component, most of it corresponds to activities undertaken in NRGP and NORPREP, financed in collaboration with the Government of Ghana (NORPREP) and the African Development Bank (NRGP), which carried most of the burden of the infrastructure work (Chart 5). In addition, NRGP and RTIMP contain components in practically all areas—rural infrastructure, agriculture, institutional development, and rural businesses and marketing—with most of the financing provided by IFAD for RTIMP.

Chart 5: Ghana. IFAD-Financed Projects (2000–2010)



Source: IFAD-PPMS (2011) – See also Annex 3

B. Relevance

96. Evaluation of the relevance of the portfolio is based on a detailed analysis of the components of the six projects reviewed by this CPE. The analysis assessed whether (i) the objectives were aligned with Ghana's policies and IFAD's objectives for agriculture and rural development and the needs of the poor; (ii) the project design features were geared toward achieving those objectives.[69]

Insights from Past Interventions

97. While this CPE focuses on a set of projects approved since 2000, a brief summary of findings from the evaluations of three older projects (RTIP, LACOSREP-II, and UWADEP) is in order. These three projects——were described briefly in Chapter III.[70] Their evaluations found that RTIP and LACOSREP II were effective at achieving their objectives, while UWADEP was ineffective overall, suffering both from design flaws and poor management. [71]

98. Despite these varying results, the evaluations yielded three cross-cutting findings and lessons for future IFAD work. First, on the positive side, these older IFAD projects were successful at boosting agricultural production and productivity. The most prominent case was RTIP, which successfully diffused high-yield and disease-resistant R&T crops developed by the International Institute of Tropical Agriculture.[72] Uptake of these varieties was massive, and increases in their yield were high. On the negative side, limited attention was devoted to organising the entire value chain—processing and marketing, as well as the formation of producer organizations—causing a market glut and reducing prices. Marketing problems with horticulture crops was also experienced under UWADEP and LACOSREP II.

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[69] IFAD's *Evaluation Manual, Methodology and Processes, April 2009.*

[70] As already noted in Chapter III, RTIP's experience resulted in its follow-up phase RTIMP, while the follow-up to UWADEP and LACOSREP II was NRGP.

[71] The design of UWADEP was copied from that of LACOSREP without due consideration of agro-ecological differences between Upper East and Upper West Regions.

[72] R&T-specific initiatives have been implemented in other West and Central African countries. Some of these interventions have been captured by other evaluations—the Country Programme Evaluation in Nigeria and the Completion Evaluation of the Roots and Tubers Development Programme in Benin. The Nigeria CPE presents results comparable to those of the RTIP-Ghana evaluation. Increased yields were recorded, thanks particularly to the introduction of varieties that are more highly resistant to pests and diseases. But market access was problematic, as was the economic viability of cassava transformation enterprises, due to high operating costs and low prices for such by-products as *gari*. The Benin evaluation corroborates these findings, adding that "attempts to establish public-private partnerships and gari markets intended to facilitate market disposal have met with broad failure."

99. Second, on the positive side, LACOSREP II made progress on promoting water user associations and assigning user rights to women for parcels of irrigated land. On the negative side, irrigation infrastructure was of poor quality in both LACOSREP II and UWADEP, with serious operations and management issues, particularly in UWADEP. While much of the fault rested with the Ghana Irrigation Development Authority, the evaluations also cited UNOPS (and in part IFAD) for weak supervision and implementation support. Third, credit components in the projects were designed to be subsidised and targeted, with limited incentive for participating rural banks to disburse the credit (they were forced to operate at a loss) and against the principle of supporting financially sustainable institutions, a cornerstone of IFAD's Rural Finance policy. Lessons and recommendations from the evaluations of RTIP, LACOSREP II and UWADEP were available at the time of the design of subsequent projects (RTIMP and NRGP, respectively).

100. **Overall portfolio objectives were aligned with Ghana's policies and IFAD's goals. Targeting progressively shifted from the "poorest geographic areas" to the "entrepreneurial poor."** IFAD's overarching goal, set forth in its Strategic Framework 2007–2010, is to empower poor rural women and men in developing countries to achieve greater income and food security. The portfolio has evolved from targeting the poorest geographic areas towards targeting more the entrepreneurial poor in order to promote the value-chain development that is expected to spur agricultural growth in Ghana. There are some exceptions, however, in the case of NORPREP interventions dedicated to very poor categories and selected components in other projects targeted at poor women (notably for REP II), arguably among the poorest.

101. **Specific sub-sector objectives are aligned with Government strategy and IFAD policies, with two limitations: being thin, and some incomplete designs.** Sub-component designs are generally relevant to IFAD's overarching goals, operational policies, and national strategies and to the needs of the poor. But some subcomponents, particularly in rural financial services and MSE development, cover almost all regions of the country with limited financing volumes, especially in relation to similar components of larger donors.[73] In addition, some subcomponent designs lacked specificity in project procedures, client outreach, and target groups (see further below). All project designs lacked a strong evaluability plan to provide the rigour necessary to draw appropriate lessons from post-project impact.

Relevance of Sub-sector Project Components

Rural Finance—Relevant objectives but flaws in the design

102. **RFSP was relevant at the macro and meso levels.** RFSP was IFAD's first sub-sector–specific project in rural finance in Ghana. The overall design was consistent with IFAD's rural finance policy and sectoral needs.[74] It targeted three tiers—the macro, meso, and micro levels. At the "macro" level, RFSP was to support an enabling policy and regulatory environment to foster sector growth and sustainability. At the "meso" level, it was to increase sector-wide capacity and infrastructure, with special emphasis on "apex bodies" (e.g., the ARB Apex Bank for rural banks; the Credit Union Association; and the Ghana Microfinance Network) to provide capacity building and financial service support to their members.

103. **At the "micro" level, the RFSP design had flaws.** One of RFSP's main objectives was to create linkages between rural banks and informal credit and

[73] In fact, the *Evaluation Manual* suggests that, given its relatively small size, IFAD is to focus on targeting the rural poor and promoting pro-poor innovations in rural areas which can be replicated and scaled-up by other partners, such as governments, donor agencies, and the private sector. The 1996 CPE also warned against "spreading too thin" (see Chapter III).

[74] The RFSP Appraisal contains an excellent, comprehensive, cogent explanation of the problems that were facing rural financing in Ghana.

savings groups, a model applied successfully in India but unknown in Ghana. This approach was not well elaborated in the design: the assumption was simply that, after some training, formal-informal relationships would evolve. Although collaboration with other IFAD projects (NRGP, RTIMP, and REP-II) was envisioned, the design did not specify how such cooperation would be achieved. Finally, the choice of the Bank of Ghana as the implementing agency to oversee components at the micro level was questionable, since its regulatory role could conflict with emerging policies affecting that level.

104. **The design of RAFIP is geared towards achieving relevant objectives, but questions about its implementation remain.** RAFIP, the successor to RFSP, took 16.5 months to become effective (see also "Efficiency"). Part of this delay was due to uncertainties about its implementation, including funding sources that were not addressed at the design stage.[75] The project envisioned three types of technical service providers (training and consulting services to Rural Micro Finance Institutions (RMFIs); technical assistance to agricultural producers and value chains; and business development services to MSEs). Although the availability of technical service providers in the market was tight, the design did not identify available agencies that could provide the services, especially competent training providers and value chain facilitators. This CPE recognises that there are no "out of the shelf" practices to be promoted in Ghana for financing value chains. But the design could have reviewed successful experience in other countries and provided for adaptation and gradual testing in Ghana. In addition, although an important objective was "to increase access to poor and marginalized women and men to a wide range of financial services," the design did not specify how the rural-finance entities that cater specifically to women would be made part of the RMFI network. Following the principles of the "Paris Declaration," the RAFIP design report contains an excellent summary description of all the on-going Government and donor programmes in rural and micro finance and recognizes that all these programmes need to be coordinated, and specifies that the Apex Bank,[76] supported by RAFIP, will play a coordinating role to ensure consistency of methodologies, criteria and terms. But the design of RAFIP does not specify how this coordination will be achieved.

105. **Matching grants are highly relevant instruments, yet project designs did not include sufficient outreach activities to implement them adequately.** Rural finance components were part of four projects geared toward business and market development (REP-II, RTIMP, NRGP, and RAFIP). In each, "matching grants" were to be used to help finance investment costs in addition to an equity contribution by end clients, based on an acceptable business plan. The matching grant is designed to allow poor smallholders and small businesses to slowly become creditworthy[77] without resorting to subsidized interest rates, which distort the market for credit (see Section F, "Innovations"). Matching grants complement Government policies for agriculture-sector growth and rural poverty reduction, and meet IFAD's rural finance principles (see Annex 6, textbox 1) However, IFAD projects had three common limitations: (i) matching grants were designed for the "entrepreneurial poor" with previous business experience, not for new entrants, small farmers, or the "poorest"; (ii) they were designed to be "demand-driven," but designs did not specify adequate "outreach" activities to give many poor (and potentially creditworthy clients) access to information about the grant or assistance in business-plan development; and (iii) the designs did not caution against the

[75] According to the design, co-financing was expected from AfDB (US$4.9m) and from WB (US$7.1m) but neither of the two materialized (see also "Partnership Building" in Chapter VI). At present, parallel financing is expected to come from DANIDA.
[76] The design mentioned many subcomponents to "support" the Apex Bank, but did not specify how that support would be carried out.
[77] Matching grants are envisaged as a "graduated," transitional process, in which the grant proportion is reduced over time as the creditworthiness of the beneficiary improves.

risks of having two separate bureaucracies manage the credit component and the matching grant itself, which can create a timing mismatch between loans and the grants.[78] Each project also had specific flaws.[79]

Business, Marketing, and MSE Development – The introduction of the value chain concept is pertinent but its operationalization has met with challenges.

106. The Government's recent formula for economic growth in the agricultural sector—and thus poverty reduction—is predicated on value-chain development, with a focus on commercial agriculture. The objectives of IFAD projects support the Government's policy goal to develop a market-driven agricultural sector and vibrant private sector. The design of each new project in the sub-sector has also drawn on pertinent lessons from the implementation experience of earlier projects, and has called for synergistic relationships with other sub-sectors, most significantly the rural finance sub-sector, but also with projects that contain either decentralization or agriculture components, or both. And gender issues have been a key design component of business, marketing, and MSE development. IFAD's COSOP 2006 recognizes that a market-driven agricultural sector and a vibrant private sector must also pursue a mix of strategies that "will leave no one behind."

107. **The drive towards value chain development is closely aligned with Ghana's strategies; questions remain about reaching the poorest and about national implementation capacity.** NRGP was designed to overcome market failures constraining value chain development in Northern Ghana, such as weak producer associations, inadequate commodity-chain infrastructure (bulking, processing, and packing facilities), poor agriculture support services, and insufficient access to financing facilities. Given NRGP emphasis on supporting farmers that are already members of producers' groups (thus likely to be comparatively better off), one of the challenges will be to devise approaches to reach out to poorer farmers that are not already members of such groups. NRGP design did not examine the availability of experienced value chain specialists and private sector actors and assumed that project units would be able by themselves to manage the transition towards a new market oriented project approach. Similarly, in RTIMP, a market-based approach was a logical extension given the limited focus on post-production of the previous RTIP project. However, the RTIMP design did not account for the ingrained production-based skills of project management units. The design included strategies to orient production toward markets, such as the media-based Information, Education, and Communications (IEC) programme, and to link producers to project-supported processors, but did not sufficiently address the capacity of project units.[80]

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[78] Project designs called for loans to be approved by banks or other financial institutions, and grants to be managed by other entities (district assemblies, or other ad hoc entities). While the good intention was to avoid confusion about the difference between loans and subsidies, parallel decision-making had the result that borrowers did not receive grants and could not start business activities in time and yet still had to repay loan instalments. Box 2 below, under "effectiveness" shows an additional example of damage done in another case of non-synchronisation of loans and subsidies.

[79] In RTIMP, technical service providers did not have the specific skills necessary to identify viable financial institutions and link clients to them. And while the RTIMP design assumed that a private micro-leasing company would provide leasing facilities worth $500,000, its commitment was not secured before project effectiveness (see "Effectiveness"). The NRGP design flaw was that by the time it was fielded, REP-II and RTIMP had already established relationships with the same participating financial institutions (PFIs) envisioned for NRGP, which may have confused some clients and may have led to the possibility of double funding. The REP-II design weakness was that it did not assess in advance whether the PFIs that were to have access to the matching grant funds (MGFs) complied with BoG requirements for accreditation, or had sufficient capital available for the extent of the loans required. The MGF formula under REP-II called for a 30 per cent grant from project funds, 60 per cent from the PFI, and 10 per cent from the client. These proportions could easily have been adjusted to further reduce the exposure of PFIs and/or to increase the client's creditworthiness.

[80] RTIMP Mid-term Review (2010). Although the RTIMP design notes that "whenever the Programme Coordinator Office feels that it lacks the required expertise, it would engage TSPs under performance-based contracts," the design did not examine the availability of TSPs in the market, did not identify

Agriculture (including Rural Infrastructure, Irrigation, Crops, and Soil) - Relevant infrastructure, including construction with village labour

108. **Relevant components for ensuring yields and food security and disseminating conservation practices**. To enable smallholders to increase their crops, project components in RTIMP, NRGP, and NORPREP were designed to provide an array of relevant production support—irrigation and water management techniques, improved seeds and technologies, research and extensions services, farmer cooperatives and organizations, and soil and pest management technologies and services. In irrigation, project designs called attention to micro and small irrigation schemes, including river pumping, which, given inefficiencies with small-dam irrigation schemes, had been recommended in evaluations of LACOSREP II and UWADEP. And in order to enhance the value chain for both farmers and agro-processors, the NRGP design also called for constructing feeder roads so that produce can be moved from the farm to the various stages of marketing. NORPREP called for investment in potable water, schooling, and sanitation facilities in the community, some of it constructed with village labour, which was relevant because it would satisfy basic needs, as well as enhance ownership and reduce costs.

Local Governance and Decentralization Support—Highly relevant activities under the Community Development Fund, but design flaws in NORPREP

109. **NORPREP targeted the very poor in one of the poorest regions of the country, focusing on basic infrastructure.** The basic goal of NORPREP—"to improve the livelihoods and living conditions of poor rural communities, with emphasis on women and other vulnerable groups" in Northern Ghana—was highly aligned with the overarching poverty reduction objective of IFAD and the Government. The project's Community Development Fund (CDF) was designed to support community and group initiatives that would be prepared in "Community Action Plans" (CAPs) at the Area Council level and endorsed by the District Assemblies (and thus in partnership with the national Government), covering services for vulnerable groups, including water supply, environmental sanitation, small irrigation, health and education facilities, and housing. CAPs would allow communities to mobilize their own resources, supported with technical and financial assistance to resolve locally identified problems, enabling the rural poor to take an active role in their own development. The CPE finds these activities to be highly relevant.

110. **NORPREP had serious institutional design flaws.** Although Ghana's Constitution had promulgated decentralization in 1992, the Government had not implemented a decentralization policy framework when the project was appraised in 2001. Yet, NORPREP was expected to be "fully integrated into the government decentralization policy and institutional framework."[81] IFAD had little previous experience working with decentralization in Ghana but decided to move ahead on its own.[82] As such, the design lost relevance by not seeking "coherence" with the activities of other donors with more experience in decentralization. The design also envisioned US$11 million of financing by IFAD and about US$49 million of co-financing by the Government, most of which was expected to be mobilised from

available agencies that could provide those services, and did not specify whether competent training providers and value-chain facilitators would be available if needed.

[81] IFAD, "Northern Region Poverty Reduction Programme," Appraisal Mission-Africa Division, Report #1326, September 2001. The appraisal report noted that the legal, policy and institutional framework for decentralization was expected to be in place by the end of 2001.

[82] The World Bank and IFAD had co-financed the Village Infrastructure Project. It is not clear why they decided to fund separate follow-ups—the Community-Based Rural Development Programme (WB) and NORPREP (IFAD).

other donors.[83] IFAD went ahead with the project despite an unclear picture of the co-financing commitment, which did not in fact materialize. The design also rested on the assumption that a regional institution, supervised by an international organization without an office in Ghana (UNOPS), would be able to coordinate and manage implementation.[84] These assumptions were unrealistic, and the project suffered from a long delay (25 months) between approval and effectiveness (see "Efficiency") and slow implementation during the initial four years (see "Effectiveness"). IFAD entered into partnership with the World Bank in 2008, seven years after appraisal and four and a half years after effectiveness. NORPREP then became connected with the Bank's Community-Based Rural Development Programme.

Gender and Women's Empowerment—Relevant objectives, but with design shortcomings

111. **Gender mainstreaming has been deployed in all projects, but designs lack specific actions.** The plight of women in Ghana—their second-class status, their sub-par working conditions and wages, and their constricted access to credit and other services to help them move out of poverty—has been chronicled throughout all IFAD design documents. All projects have made an effort to integrate gender issues (discussed in more depth in Section F, and Annex 5, Table 8). However, two common design flaws should be mentioned. One is an absence of specificity about *how* women are to be targeted specifically by projects. Designs for gender mainstreaming are rather generic; gender targeting is unsystematic and sometimes unstructured, and, when guidelines and action plans do exist, no reporting is specified for tracking and verifying gender gaps and achievements consistently in the field. Two, project designs have not moved beyond "sex-disaggregated data" toward meaningful gender-specific analysis.

Monitoring and Evaluation - Overall weak

112. **None of the project designs in the Ghana portfolio includes evaluability plans for impact assessment.** Preparation of this CPE for Ghana clearly revealed the absence of rigorous statistical information for assessing the impacts of IFAD interventions in Ghana on the rural poor. The problem is not of neglect at design but of implementation capacity: design documents have called for baseline data and follow-up surveys, and also linking to other, secondary data sources from survey information gathered by reputable organizations. However, plans for rigorous data collection are practically non-existent and vary from IFAD project to project. At present IFAD has no capacity to rigorously assess the impacts of its projects on household incomes in Ghana.[85]

113. Across the portfolio, relevance is rated as *moderately satisfactory* (4), with one project rated highly satisfactory (REP II), one satisfactory (RTIMP), two moderately satisfactory (RFSP and NRGP), and two moderately unsatisfactory (NORPREP, RAFIP).[86]

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[83] The design assumed that District Assemblies would be able to mobilize about US$48 million from other sources—such as CIDA, UNICEF, and the World Bank—that were in the process of formulating similar projects.

[84] Coordination was assigned to a Regional Coordination Committee (RCC). Management responsibility was given to a Regional Planning Coordination Unit (RPCU). And supervision was handed over to the United Nations Office for Project Services (UNOPS), which did not have an office in Ghana.

[85] Annex 6, Textbox 2, provides a summary of a paper, "Conducting Quality Impact Evaluations under Budget, Time, and Data Constraints," issued by the Independent Evaluation Group of the World Bank (2006), which provides various evaluation designs that can be used to undertake "quality" impact assessments in the absence of a truly randomized, pre-to-post data collection strategy—which it recognizes is "not an option for most development interventions."

[86] Individual project ratings are presented in Annex 7. A synopsis of portfolio ratings is provided in Table 18.

C. Effectiveness

114. This examination of effectiveness addresses three elements: (i) quantitative (as available) and qualitative measures of the extent to which finished projects achieved their objectives, (ii) the extent to which on-going projects are likely to achieve their objectives before their closure, and (iii) factors in the design and implementation of the projects and components that account for their effectiveness.

115. **Overall, the effectiveness of IFAD's current portfolio in Ghana is mixed**. Project activities that have encompassed training, support (business or technology), and capacity building (whether communities, business/farmer organizations, or even individual empowerment, especially women) have been strong suits. However value-chain development—the overriding goal of the Government to stimulate growth of the agriculture sector and overall poverty reduction- is a well justified direction but implementation is still lagging behind. Support to existing value chains (e.g., roots and tubers under RAFIP) has recorded initial progress while attempts to work on new value chains (e.g. vegetables under NRGP) have been more challenging in the initial implementation stages observed by this CPE. There is limited experience on value chain development with project staff and, to some extent, with emerging entrepreneurs who may not fully appreciate investment risks. Project support has not sufficiently incorporated basic commercial investment principles and practices to allow farmers and other private-sector participants to adequately appreciate the risk factors involved.

A Stronger, Healthier Rural Finance Sub-sector with Further Room for Improvement

116. **RFSP has been effective at the meso and macro levels, while the micro level is still too weak to support a buoyant value chain.** RFSP was targeted at all three levels of the rural financial sector—macro, meso and micro. *At the meso level*, the key objective to create the ARB Apex Bank was accomplished. It is now providing several essential services to rural banks, and its success makes it an attractive potential partner and conduit for development funds. Other meso-level efforts to strengthen and encourage the sustainability of the other apex bodies (with training activities and the distribution of good practice manuals) yielded varying results. The Credit Union Association has become much stronger—reporting 87 per cent "financial sustainability" in December 2010, with the number of credit unions increasing from 322 in 2004 to 422 in 2010. Yet the Ghana Microfinance Network, GHAMFIN, is still institutionally fragile (limited staff and far from achieving operational sustainability) and has fragmented membership (see also Chapter 6, "Policy Dialogue").

117. At the macro level, RFSP helped strengthen the regulatory and oversight role of the BoG, providing training to 34 of its staff in international microfinance good practices; the BoG now supervises and rates all rural banks annually. The Ministry of Finance (MOFEP) also now contains a fully-fledged microfinance unit that helps promulgate the agenda of the Microfinance Forum[87] and oversees donor coordination. In 2006, a Ghana Microfinance Policy was developed. Subsidized loans continue under Government programmes. In 2006, the Government set up a new institution under the Office of the President: the Management of Microfinance and Small Loans Centre (MASLOC) to channel subsidised credit. MASLOC started its main activities at a time when Ghana was preparing for elections: results from initial loan disbursements were weak with repayment rates of less than 20 per cent. However, in 2009 new management took over and tried to establish new systems to build a better performing portfolio. Setting up MASLOC did not change

[87] The forum brings together key sector stakeholders twice a year to discuss microfinance and rural finance initiatives and developments; they have not yet engaged in dialogue on policy-specific development and review.

the fact that it operates with government funding and can therefore afford to provide subsidized credit at 10 per cent while commercial rates average 24 per cent. Nevertheless, MASLOC has more recently introduced better practices such as financial literacy, loan appraisal and pursuit of loan payments.

118. At the micro level, RFSP strengthened rural banks and indirectly helped increase the outreach of finance products. Several RFSP strengthening interventions (e.g., computer installation, recruitment of competent staff, and stricter governance and portfolio management) prompted many rural banks to transform their physical structures, or to relocate and/or open up new, more up-to-date offices. This improved *image-building* enhanced the public's confidence and (along with other factors, such as general economic growth) helped increase the number of customers and amount of savings deposits (see Table 8).

119. Yet RFSP was not effective at introducing linkages between informal savings and credit groups and formal financial institutions (banks, credit unions). This approach was new to Ghana, and the inadequate design (which could have been rectified with a pilot rollout first) led to competition, rather than collaboration, between informal and formal institutions. The training providers recruited for the purpose had no relevant experience and little understanding of such linkages.

Table 8: Inferential achievements and under-achievements of RFSP

Achievements	**Under-Achievements**
• **Increased number of Rural and Community Banks (RCBs)—from 115 in 2002 to 127 in 2008, to 133 currently** • **Increased number of credit unions—from 322 in 2004 to 422 in 2010** • **Reduction in the number of "unsatisfactory" banks, from 28 in 2001 to 15 as of 2008 (8 of these are less than 3 years old)** • **80 per cent of RCBs are profitable** • **Improved loan recovery—from an average of 60 per cent to an average of 88 per cent** • **Of 15 RCBs targeted for group lending (*a new product targeting women primarily*), new deposits increased by 42 per cent and the number of borrowers by 24 per cent (*other new products include money transfers and susu savings*)** • **Increased savings in rural and community banks—from 39 million in 2001 to 315 million in 2008 (above the target of 300 million).** • **Increase in total number of rural bank saving accounts—from 1.3 million in 2001 to 3.3 million at the end of 2007 (above the target of 300,000)** • **Increase in total volume of rural banks loans—from Gh cedi 15m to 172 m (below the target of 200 million).**	• Only 24 per cent of training target was achieved (10,687 members of groups were trained) • Only 2 per cent of the target of informal financial organizations accessing credit from RCBs was achieved (33 informal financial organizations) • Only 19 qualified and experienced providers identified • 17 best-practice manuals developed; no evidence that they are being used.

Source: World Bank Implementation Completion Report, March 5, 2009

120. **Financing for income-generating activities under the "matching grant" projects has been limited.** REP II and RTIMP have disbursed very little credit under their credit line and matching grant allocations.[88] The slow disbursement of the credit line, and then of the matching grants, was due to risk-aversion, liquidity constraints of many rural banks, weak loan management, or slow rural-bank accreditation process carried out by the Bank of Ghana (this could have been solved through better synergy with RFSP). Under REP II, there were 4,327

[88] RTIMP has only a matching grant not a credit line. REP II has both credit line and matching grant schemes. A discussion of the matching grant instrument is provided in "Innovation," and in Annex 6, Textbox 1.

borrowers (14 per cent of the original target and 29 per cent of the revised MTR target). The average repayment was 87 per cent (against an industry standard of 90 per cent), and average portfolio at risk of 47 per cent (way beyond the tolerance limit of 10 per cent).[89] RTIMP has disbursed only about 25 per cent of its matching-grant funds thus far in its 4½ -year implementation period, and the matching grant for leasing has not been available at all. Conversely, in NRGP, 2,028 farmers (against a target of 2,000) from a total of 162 Producer Organizations (against a target of 150) received credit from 9 rural banks in the four regions for the 2010 farming season. Because the loans were not yet due at the time of the evaluation, repayment success cannot be assessed. However, the CPE agrees with the last Supervision Report that "many value chain stakeholders, especially farmers, do not sufficiently understand the commercial approach of the programme," and that a shortage of finance has been reported from Rural and Community Banks (RCBs) "due to their own liquidity problems." Another issue emerging from field observations relates to the provision of loans and grants to the same borrowers for the same activities through separate institutional channels that follow different procedures. The non-synchronisation of loans and matching grants (or other forms of subsidy) may result in borrower taking on debt from bank but being unable to complete the investment (because the grant is not made available or is made available too late). In such case the risk is that the borrower may not be able to raise sufficient revenue to repay the debt (see Box 2 and discussion in Section F, "Innovation").

Box 2: A Case of Loans and Grants Managed Through Different Procedures

During its field visits, the CPE mission observed a case of non-synchronisation of loans and fertilizer subsidy. This case does not relate to a "matching grant" provided by an IFAD-funded project but to a nation-wide subsidy scheme. Yet it provides an illustration of what could happen if a loan and matching grant were not well synchronised. A group of 6 farmers in Upper East Region, having successfully farmed rice for more than 10 years, was encouraged to diversify into maize. The incentive was easy access to loans and a good price for the produce. The farmers took a loan to finance land preparation and buy seeds. But the grant to pay for (subsidized) fertilizer, managed by a national Government programme, was delayed, forcing them to delay application of the fertilizer. Their yields were disappointing; the harvest was only 25 per cent of expected output. The farmers were unable to repay the loan, while the bank expected full repayment on the due date. Even though this is just one case, it demonstrates the problems faced by poor farmers when they receive a loan and a subsidy that relate to the same economic activity but are disbursed by two different bureaucracies following different rules.

Source: CPE mission (2011)

Income-Generating Activities

121. **Largely successful micro enterprises but concerns about projects with new value chain activities.** REP-II activities in training, support, and strategy for MSE development have been sound and progressive. In RTIMP, efforts to build farmer and producer-based organizations, and to provide the technology and input that producers need, have largely been successful. In NRGP, however, initiatives to build new value chains have been more problematic in their current initial stages than initiatives to enhance existing chains. In addition, the increased focus on achieving better outcomes from project services by expanding target groups to those who already show signs of income success may not necessarily serve the purpose of assisting the "very poor" and the vulnerable. However, REP-II has been able to reach a significant number of women with project services, and is thus moving

[89] REP II Interim Evaluation Report, August 2010

toward this cross-cutting goal, and it plans to scale up these successful interventions through a third phase.

122. **REP-II has become a model for national MSE policy.** During its implementation, REP-II has been a flagship intervention within the Government's main programme for MSE development and supported major national private-sector policies and initiatives. The activities of the Business Advisory Centres (supporting the business development side of REP-II) and the Rural Technology Facilities (supporting the technology-promotion side) have helped create a competitive rural MSE sector within participating districts. BACs have been the backbone of the project and MSE sector development, creating a solid base of performance that provides an enabling environment for MSEs. Their services are easily accessible and of high quality (improving the design, packaging, and marketing of MSE goods and the business skills of entrepreneurs). However, while the strength of RTFs has been to support Ghana's traditional apprenticeship system, concerns have been raised about their operational costs (also see "Sustainability").

Table 9: REP-II Project Performance Indicators

	Target		*Actual*			Achievement	
Performance indicator	**Appraisal**	**Revised**	**Male**	**Fem.**	**Total**	**Appraisal**	**Revised**
Clients trained [a]	70,000	70,000	30,252	50,200	80,452	115%	115%
New businesses established	40,000	25,000	6,995	10,756	17,751	44%	71%
No. of wage jobs created	90,000	75,000	17,011	25,884	42,895	48%	57%
Apprentices trained	6,000	6,000	4,341	3,500	7,481	131%	131%
Master craftsperson trained	5,000	5,000	2,567	322	2,889	58%	58%
MSEs linked to larger commercial operations & enterprises	10,000	6,250	1,891	3,977	5,868	59%	94%
REDF Amount Disbursed (GhC)	2,000,000	2,000,000			1,759,945	88%	88%
MSE operators receiving loans	30,000	15,000	1,436	2,558	3,992	13%	27%

a. This refers to all types of training not just specific business training.
Source: Report on Project Implementation for First Quarter 2010

123. **However, REP-II outreach was lower than targeted.** For those establishing new enterprises (Annex 5, Table 7), only 48 per cent have adopted a business based on the training they received (or 12,648 of the 26,162 trainees who received business-specific training), meaning that only about one of two trainees has been able to apply the knowledge they have gained through training. The rate of adoption varied considerably for different types of enterprises. The main barrier to adopting a training-related business was the lack of investment capital, although some trainees faced technical and practical barriers to transforming training inputs into business success, such as the difficulty of accessing raw materials in remote areas, or the contraction of a disease in livestock-rearing areas (REP II evaluation). Moreover, new businesses established, jobs created, and loan outreach in REP (as shown in Table 9) have been lower than expected, and, as discussed in "Efficiency," unit costs were correspondingly much higher than expected.

124. **RTIMP has yielded solid production results but has not taken full advantage of its marketing component.** A total of 96,413 farmers (61,029 males and 35,384 females) against a target of 174,400 (or more than half) have received improved planting materials for cassava, yam, cocoyam, and sweet potato, and agreement has been reached to upscale this multiplication and distribution component. RTIMP has also effectively implemented the emerging concept of Farmer Field Fora, in which local producers engage jointly with researchers and extension workers in on-farm field trials, and it has progressed on two activities to upgrade processing and marketing skills. One, 124 fabricators/repairers (122 males and 2 females, against a target of 200) have been trained to upgrade cassava-processing equipment (e.g., self-feeding graters and stainless-steel rectangular roasting pans). And, two, Good Practice Centres—private-sector processors that receive intensive support (equipment grants and so on) in exchange for their hands-on training expertise—have provided instruction to 1,503 small-scale processors (1,129 females and 374 males) in good manufacturing practices. However, RTIMP's efforts at developing market opportunities have been weak; in fact, its component to support commodity chain development has disbursed only 13 per cent of the available budget, due largely to uncertainty about how the funds should be used.

125. **NRGP shows good implementation progress early on, but developing new value-chains has proven challenging*.*** After only two years, many NRGP activities are still at an early stage. The CPE agrees with the December 2010 Supervision Report which cites some areas of progress—cashless credit for value-chain assistance, the strengthening of producer organizations, and the application of soil and water conservation systems for about 100 ha of farm fields. However, business planning for new, emerging value-chain models has notably been weak. In NRGP (and in RTIMP), farmers have collaborated with private-sector operators to invest their time and resources into joint ventures. But many of these ventures have advanced into the field without detailed, practical business plans, putting many of the potential value-chain participants at a high level of risk. The CPE agrees with the NRGP self-assessment that part of the problem has been "due to the low knowledge of the value chain approach by field staff main implementers from MOFA who are still production-oriented. This is being addressed through training and sensitization and the use of Facilitating Agencies."[90]

Agriculture Support—Successful at providing inputs, technology, and infrastructure, with some questions about income-generating activities and infrastructure quality

126. **IFAD's support for agriculture inputs and technology has been a strong suit.** RTIMP's strong production results have been noted. In NORPREP and NRGP, IFAD has collaborated with the Government, the African Development Bank, and the World Bank on infrastructure activities that are providing not only irrigation and feeder roads, but also educational facilities, water and sanitation, and health and market facilities.

127. **NORPREP's Community Development Fund (CDF) has targeted the very poor.** NORPREP's CDF ($36.3 million, for 61 per cent of total funding) was a major collaboration between the Government (US$29.8 million) and IFAD (US$6.5 million). The Fund is accessed by local residents who collaborate on developing Community Actions Plans (CAPs) to decide where funding should be targeted (community social infrastructure; sustainable agricultural development; non-farm enterprise or market development; or support for vulnerable groups). Both the release of funding and community action plan engagement started off slowly, but the pace has since picked up (especially since IFAD entered into a cooperative agreement with the World Bank). This has fostered community engagement and

[90] NRGP PMU Team, Jan. 20, 2011.

empowerment of previously marginalised group, as further explained in the section on impact on human and social capital. As of the end of 2010, NORPREP had achieved 78 per cent of its overall target (Table 10). However, the supervision report and CPE field visits have raised some concerns about the quality of infrastructure.

Table 10: Key achievements of the NORPREP CDF at the end of 2010

Facility	*Target*	*Achieved*	*% achieved*
Educational facilities (classrooms, resource centres, dormitories, teacher's quarter, desks)	93	72	77
Boreholes	169	113	67
Latrines	372	307	83
Health facilities	7	6	86
Markets (stall, grain bank, butcher's shop, corn mill)	4	4	100
Agricultural water facility (dams, dugouts)	4	3	75
Total	**649**	**505**	**78**

Source: NORPREP Database

128. **NORPREP has enhanced the social and human capital of the very poor.** The construction of educational facilities has allowed schools to remain open during inclement weather in Northern Region. An average of 7 rain-out days in 31 of 67 basic schools has been reduced to zero. Absenteeism among children in project schools fell by 55 per cent between 2008 and 2010. Moreover, 9,935 schoolchildren have been provided with basic school accommodations, and 2,950 pupils have been provided with desks/tables and chairs. The construction of boreholes in project communities has reduced the time spent by women in fetching water during the dry season from 2–6 hours to 20–30 minutes. Three of 4 dams have also been completed and targeted as multi-purpose water facilities for dry-season irrigation, domestic water supply, and animal watering. NORPREP also financed 8 subprojects (5 per cent of total CDF funds) targeted exclusively at women, disabled persons, and marginalized groups (e.g., alleged witches' camps).

129. NORPREP has been **less effective with microenterprise initiatives**, due not only to project implementation delays, but also to the lack of income-generating support that had originally been included in the design but was eliminated later on. Of 602 infrastructure facilities constructed by the end of 2010, only 16 (3 per cent) related to rural MSE development. The envisaged link between project investments and other services that could have optimised the benefits for microenterprise development has been missing. For example, in the Nanumba North District, flood roads have been repaired and improved, but the lack of production planning and marketing channel support has prevented local producers from taking full advantage of the improved infrastructure.

130. **In NRGP, irrigation and road construction is an important complement to the community development fund.** Collaboration between IFAD and the AfDB is targeting both irrigation (including soil-water management) and roads (including feeders). NRGP has made some early progress: 115 ha of a target of 4,500 ha have been supplied with pumped irrigation; 20 of 325 WUAs have been formed and are functional; and 154 of 600 km feeder roads at approximately $6 million (NRGP, 2011) have been contracted. NRGP emphasis on pump irrigation aims to promote lower-cost individual initiatives in irrigation for dry season cropping. A concern has been raised for the high cost of roads and their hydraulic structures which might make the targeted km of feeder roads overly ambitious.

131. Across the portfolio, effectiveness is rated as *moderately satisfactory* (4), with two projects rated satisfactory (REP II and RFSP) and two moderately satisfactory (NORPREP and RTIMP). The overall rating takes into account the slow progress made with value chain development, which was one of the main thrusts of COSOP 2006.

D. Efficiency

132. Analysis of efficiency seeks to measure the extent to which inputs are converted economically into results. As such, efficiency analysis requires measuring the benefits and costs of a project or, in the absence of benefit-cost analysis, examining indicators that affect benefits and costs. This CPE assesses the efficiency of four of the six projects reviewed (NRGP and RAFIP are still too new). Of the completed or nearly completed projects (RFSP and REP-II), only the interim evaluation of REP-II offers actual cost data. All projects, however, can be compared with a proper benchmark in terms of indicators of managerial efficiency. The indicators used for this analysis compare months between loan approval and effectiveness after Executive Board approval with the same measure for (i) other loans in the same country; (ii) other loans in the same region; and (iii) similar loans of other institutions, such as the World Bank and AfDB. For REP II, it is also possible to compare planned with actual management costs as a percentage of total costs, and actual unit costs against the original plan at design.

133. **In Ghana, time between the approval and effectiveness of IFAD project is shorter than IFAD regional and global averages.** Implementation delays generate lower economic returns by frontloading costs and postponing benefits. Delays between project approval and effectiveness in Ghana, however, are lower than IFAD delays in general and lower than delays in IFAD's West and Central Africa Region (Table 11). These delays have remained practically constant as an average in Ghana since the first project was approved in 1980. An exception occurred, however, with projects approved between 2000 and 2001 (RFSP and NORPREP). The new government that took office in 2000 decided to review pending projects from all donors before continuing their implementation. Consequently, all projects approved during this period show abnormally higher delays than in any other period.

Table 11: Average Time from Approval to Loan Effectiveness (1980–2010)

IFAD-supported projects in Ghana	**Average time - approval / effectiveness**
Approved 1980-99	11.3
Approved 2000-2001	22.5
Approved 2002-2010	11.1
West and Central Africa Region of IFAD	13.6
All IFAD Projects	12.5

Source: CPE elaboration from PPMS

134. **But IFAD delays between loan approval and effectiveness are higher than those of other IFIs, while IFAD lending is much smaller.** Delays and the amount of lending tend to affect economic benefits in opposite directions, all else being equal. The higher the delay, the lower the expected benefits; and the higher the amount of lending for similar projects, the higher the expected benefits. IFAD projects reviewed by this CPE (approved between 2000 and 2010) show delays between approval and effectiveness that are 30 per cent higher than those of similar projects approved in the same period by AfDB and almost three times higher than those of the World Bank (Table 12). In addition, total lending by IFAD is much smaller than by similar institutions—only 10 per cent and 45 per cent of the total lending to the agriculture sector by the World Bank and AfDB, respectively

(in the same period). For the 2000–2010 period, IFAD is 2.7 times more "inefficient" (in terms of delays per dollar lent) than AfDB and 26.7 times higher than WB. In summary, IFAD is slow at lending little.

Table 12: Months of delay from approval to effectiveness and total lending: IFAD, the World Bank, and the African Development Bank (2000–2010)

Project	***(A) Months of delay***	***(B) Lending (US$ million)***	**(C) Ratio of A/B**
RFSP	20	11.0	1.8
NORPREP	25	12.3	2.0
REP II	4	11.2	0.4
RTIMP	14	19.0	0.7
NRGP	10	22.7	0.4
RAFIP	16.5	15.0	1.1
	Averages	*Total*	
IFAD	14.9	91.2	0.16
WB / IDA agric. loans	5.4	885.8	0.006
AfDB agric. Loans	11.4	204.7	0.06
Comparative ratios			
AfDB/WB	2.1		10
IFAD/ AfDB	**1.3**		**2.7**
IFAD/WB	**2.8**		**26.7**

Source: IFAD Desk Review Synthesis Working Paper, Dec. 2010, African Development Bank Group and Ghana, 36 Years of Development Cooperation, 2009. World Bank data collected during the CPE mission.

135. **Design-stage issues and IFAD's absence from the country explain much of the difference in delays with other IFIs.** The difference in the average delay between approval and effectiveness—almost three times higher for IFAD than for the World Bank—is manifest of: (i) the different preparatory work undertaken by the two institutions before loans are presented to their respective Boards of Directors, (ii) different degrees of conditionality to be resolved before effectiveness, (iii) IFAD's gaps between expected co-financing at project approval and its absence of country presence during most of the period reviewed. In effect, CPE interviews suggest that other IFIs spend more time in preparing a project design before it is presented to the Board for approval. Consequently, other IFIs must resolve fewer conditions before loan effectiveness (and fewer implementation problems) than does IFAD. In addition to the design lacunae, the absence of country presence by IFAD is likely to have played a role, since it is typically more difficult to resolve conditionality or funding gaps from the headquarters rather than in a country office. Interestingly, the WB, which had a representation in Ghana for decades, experienced by far the lowest average delays between approval and effectiveness. AfDB, which did not have a country office in Ghana until 2008, had average delays that were twice as high as those of the WB, although 30 per cent lower than IFAD's (Table 12).

136. **Although all donors experienced delays in 2000-2001, IFAD delays were higher.** In the 2000–2001 period, when delays between approval and effectiveness increased for all donors (because the new Government required a review of the overall lending), IFAD delays (RFSP, NORPREP) were even higher than those of comparable institutions (22.5 months on average, against 12.3 for the WB and 13.6 for AfDB). The CPE agrees with the self-assessment of NORPREP that these delays were due in part to several contentious issues in project design—in particular, giving project implementation responsibility to the Regional Coordinating

Council/Regional Planning Coordination Unit (RCC/RPCU), which was understaffed, weakly motivated, and overloaded with other tasks.[91] The CPE also found that a large financing gap at design, the difficulty of working with decentralized governments in the absence of a policy framework, and the lack of IFAD experience on decentralization issues were major factors. In RFSP, a set of conditionality were still to be met, on top of the Government review. In RFSP, however, project activities progressed well later on despite the initial delay and were completed on time.[92]

137. **Implementation delays were also due to the different financial procedures of co-financing institutions.** REP II, co-financed by the AfDB, is a case in point. This project suffered from important delays in the first two years of implementation due to the different procurement procedures used by IFAD and the AfDB. Financial procurement procedures had been established following the rules adopted under the former IFAD project REP-I, in line with IFAD procurement rules; but these procedures had not been brought into line with AfDB procurement requirements at the design stage. Neither IFAD nor the AfDB had a country office in Ghana at the time, leading to substantial communication difficulties to resolve procurement issues. The problem was resolved by the third year of implementation.

138. **Design weaknesses led to high management costs.** The management costs of REP-II, at 17 per cent of total costs as of June 2010, were in line with the funds allocated for that purpose at design but high in relation to other IFAD projects. The original project design duplicated management functions between a Central Management Unit and the project's Zonal Offices, adding about 30 per cent to project management costs without substantial value added to the management system. In addition, the initial delays of implementation prevented the timely establishment of the RTFs, an important component of the project, causing significant cost reallocations.

139. **Actual unit costs were higher than expected because the number of beneficiaries was lower than expected.** Actual unit costs for training, business development services, and wage-job creation oscillated between 46 per cent and 161 per cent higher than originally targeted, reflecting over-optimistic appraisal estimates. When more realistic expectations prompted a revision of REP II targets downward during implementation, actual unit costs oscillated between 8 per cent lower than at revision for business development services, but still between 46.3 per cent and 78 per cent higher for training and the number of jobs created, respectively (table 13).

[91] Northern Region Poverty Reduction Programme, Programme Support Team, January 2011
[92] IFAD, Rural Financial Services Project Performance Assessment, April 2011. It is worth noting, however, that initial delays tend to reduce the expected rate of return on investments even if activities are accelerated later on.

Table 13: Ghana. REP-II Unit Costs

	Training	*Bus. Dev. Services*	*Wage Jobs created*
Costs	(US$ mill.)	(US$ mill.)	(US$ mill.)
At Appraisal	7.9	12.0	26.4
Actual Delivery	13.3	7.8	26.9
Targets	(thousand)	(thousand)	(thousand)
At Appraisal	70	40	110
Revised	70	25	75
Actual Delivery	80.5	17.7	42.9
Unit Costs	(US$)	(US$)	(US$)
At Appraisal	112.9	300	240
Revised	112.9	480	352
Actual Delivery	165.2	441	627
Increase in Unit Costs	(%)	(%)	(%)
Actual/Appraisal	46.3	47	161
Actual/Revised	46.3	-8.1	78

Source: IFAD, Rural Enterprises Project, Phase II, Interim Evaluation, January 2011

140. **Slow implementation of value chain components.** RTIMP is still on-going. While initial progress in the strengthening of existing value chains has been noted (collaboration with REP II on agricultural produce transformation), the available documentation (mid-term review, December 2010 Supervision Mission Aide mémoire) describes delays in implementation, particularly for those components that relate to marketing and value chain development. Similar problems have been faced by NRGP, bespeaking the difficulties in implementing approaches which are valid but new in Ghana and for which expertise is lacking.

141. Across the portfolio, efficiency is rated as *moderately unsatisfactory* (3), with two projects rated as moderately satisfactory (RFSP and REP), one moderately unsatisfactory (RTIMP), and one unsatisfactory (NORPREP).

E. Impacts

142. **The availability of data is too limited to determine the impact of the portfolio financed by IFAD in Ghana**. The criterion for addressing rural poverty impacts is to determine long-term effects, or all consequences, intended or unintended, direct or indirect, positive or negative, that can be attributed to the programme—that is, those that would have not occurred in the absence of the programme. Although according to COSOP 2006, the IFAD Results and Impact Management System (RIMS) was expected to be mainstreamed into all investment operations, impact analysis is still seriously limited in Ghana due to (i) a weak monitoring and evaluation system, which, although introduced in each IFAD-financed project, is still in an early stage of development; (ii) the absence of a baseline scenario (and thus data) for establishing an adequate counterfactual; and (iii) the fact that not enough time has passed to determine long-term effects, since four of the six projects evaluated are being implemented, and two have just recently been completed. Despite these limitations, some useful information exists from beneficiary surveys conducted for the two completed projects evaluated by IOE—REP-II and RFSP. These surveys have yielded information on several characteristics of beneficiaries, but they cannot be used to determine with confidence whether those characteristics can be attributed to IFAD's Ghana programme, to some other interventions, or simply to the general economic growth of the country.

Household Incomes and Assets

143. **Inferential information suggests a positive impact on the incomes and assets of beneficiaries.** The evaluations of two recently completed projects, RFSP and REP-II, have provided useful inferential information suggesting that the Ghana programme may have generated positive impacts on the incomes and assets of beneficiaries. The project performance assessment (PPA) of RFSP based its analysis on field interviews with beneficiaries and key informants (bank staff), a report on poverty outreach undertaken by GHAMFIN in 2004, a beneficiary assessment report carried out by GIMPA Consultancy in 2006, and a study on the sensitivity of loan sizes to lending rates carried out in 2009.[93] The evaluation of REP-II based its analysis on information obtained from a beneficiary survey that compared relevant characteristics of MSE owners before and after (but not "with" and "without") the project intervention. Both reports suggest increases in household incomes that could be associated with the project activities.

144. **Unstructured interviews with RFSP beneficiaries suggest a positive impact on incomes and assets.** The PPA of RFSP concluded that there was not enough evidence to rigorously demonstrate that the project had contributed to increases in disposable income or total assets. No baseline data on poverty levels were collected at the commencement of RFSP, and none of the institutions interviewed had undertaken a substantive impact study. However, unstructured interviews with beneficiaries indicated that access to financial services had increased the incomes and assets of those who were interviewed.

145. **Savings deposits mobilized by the rural banks and credit unions supported by RFSP have increased.** Although it is impossible to determine causality in the absence of a well-designed impact study of RFSP, observed increases in saving deposits mobilized by the rural banks and credit unions supported by RFSP are an indication that the income of clients, or their propensity to save, has increased. In contrast, S&Ls—which were not supported by RFSP—show a decrease in savings deposits (Table 14).[94] It is clear, in any case, that saving deposits increased under RFSP, particularly among lower-income clients, and it is very plausible that the increase was connected to the "image building" of rural banks and the introduction of new products and services facilitated by RFSP.

Table 14: Savings trends (in million GHc)

	2004	*2005*	*2006*	**2004-2006 % Change**
Rural Banks	1.4	1.8	2.1	50.0
Financial NGOs	0.4	0.4	0.4	0.0
S&Ls	0.3	0.4	0.2	-33.0
Credit unions	0.4	0.5	0.6	50.0
Total Savings	2.4	3.0	3.3	37.5

Source: RFSP PPA and GHAMFIN 2005–2007 Reports.

146. **Lending by rural banks has reached very poor clients but not enhanced agricultural lending.** Available RFSP studies have classified clients of micro finance institutions according to definitions used by the Consultative Group of the Poor (CGAP) based on asset and food security indicators constructed in such way that lower values (particularly when negative) are associated with poorer average clients.[95] Data have been disaggregated by type of rural finance institution. They

[93] Kobina, Annim S. (2009): "Sensitivity of loan size to lending rates: Evidence from Ghana's microfinance sector."

[94] Part of the increase in the saving deposits of the credit unions and/or the RCBs could also reflect the transfer of saving deposits from the S&L institutions.

[95] CGAP defines poverty quintiles on the basis of demographic characteristics, economic activities, footwear and clothing expenditures, food security, economic vulnerability, housing indicators, land

show that rural banks serve a broad band of borrowers, from very poor (a poverty score of -0.76) to the non-poor (a poverty score of 0.974), although not reaching the "extreme poor" (a poverty score below -0.81). Credit unions provide loans mostly to the high end of the moderately poor and the non-poor (poverty scores from 1.057 to 1.167), and similar results were observed for financial NGOs. Conversely, susu[96] collectors seem to reach only those classified as non-poor (Table 15).[97] Interviews conducted by this CPE with both bank staff and clients suggest that rural banks typically lend to rural clients but not for agricultural activities and the 2006 Beneficiary Assessment found that 73 per cent of bank staff perceived that agricultural lending was riskier than other lending types.

Table 15: RMFI poverty outreach

Type of micro finance institution	**Poverty score**
Rural Banks	- 0.76 - +0.974
Financial NGOs	+0.642 - +1.057
Credit unions	+1.057 - +1.167
Susu Collectors	+1.226 and above

Source: A.S. Kobina: Sensitivity of loan sizes to lending rates Evidence from Ghana's Microfinance Sector (2009) [98]

147. **REP II clients experienced significant income increases*.*** The CPE agrees with the self-assessment of the REP-II project that its clients have moved to higher income brackets after four years of project implementation. The numbers show a decrease in the proportion of project clients falling into the lowest income brackets and an increase in the proportion of clients moving to the higher income brackets (Table 16). However, the CPE also concludes that the lack of counterfactual analysis prevents the rigorous conclusion that these increases can be attributed just to the support provided by REP II. In fact, the overall growth of the economy during the period examined (as detailed in Chapter II) and a wide range of interventions by other donors engaging in similar activities may have contributed to these results. Informal interviews with project beneficiaries, however, confirm that beneficiary households have seen income gains under their REP-II experience.

Table 16: Income levels before and after REP-II support

Income Level (GHC)	*Level before support*		*Level after support*	
	Frequency	%	Frequency	%
0-50	926	51.9	720	40.3
51-100	226	12.7	267	15.0
101-200	165	9.2	231	12.9
201-800	464	26.0	553	31.0
801-2660	4	0.2	14	0.8
Total	1785	100.0	1785	100.0

Source: PMU Impact Assessment, 2008

ownership, and ownership of other assets. Nationally, GHAMFIN reports that the poorest quintile falls below an index of -0.76 and the highest quintile is above an index of +0.90.

[96] Susu is an informal way of saving money, whereby a savings collector gathers savings from door to door.

[97] The Kobina (2009) quintile poverty scores are different from those of GHAMFIN: extreme poor = below -0.81; very poor = -0.81–0.19; poor = -0.19–0.71; moderately poor = 0.71–1.10; and non-poor = 1.10–2.40.

[98] Ghana Microfinance Institutions Network (GHAMFIN), *Microfinance Poverty Outreach and Performance Assessment: A Study of Rural Microfinance Institutions and Government Programmes in Ghana* (Accra: GHAMFIN, 2006).

148. **Interviews with REP-II clients show positive results for asset accumulation.** The majority of the 300 clients interviewed by the Interim Evaluation and CPE mission indicated that they had been able to acquire some assets. About 40 per cent of business owners had identifiable increases in assets, such as improved premises, the purchase of a vehicle, or additional stock or business equipment. In addition, approximately 25 per cent of clients had increased their personal assets, such as housing or electronic equipment, and/or had been able to invest in their children's education. In addition, all project clients interviewed indicated that they had opened bank accounts and now save on a regular (monthly) basis.[99]

149. **Impact indications for on-going operations are mixed.** Although no systematic data on income have been collected for NORPREP, RTIMP, and NRGP, some signs indicate that they are having an impact on household incomes. NORPREP, for example, has provided income opportunities through better access to roads, but some investments that were meant to increase income directly (such as market infrastructure and storage facilities) have been unsatisfactory according to community members, who have indicated that the infrastructure design has not successfully addressed their needs.[100] The full impact of NORPREP on income, however, cannot be assessed because these limited interventions that affect income took place too late for the effects to be fully "visible" at the time of this CPE. In RTIMP, a greater volume of agriculture produce and the sale of planting material have enhanced opportunities for increasing household income, but little assessment has been made about whether these benefits will be sustained over time if production continues to increase without additional markets being identified. In this sense, RTIMP is making efforts to identify new markets through promotional activities on radio and facilitating establishment of sale points at the Universities. In the case of NRGP it is still too early to make an assessment.

150. Across the portfolio, impact on household income and assets is rated as *moderately satisfactory* (4), with two projects rated moderately satisfactory (RFSP and RTIMP) and one satisfactory (REP II). The criterion cannot be applied to NORPREP, as explained above.

Human and Social Capital—Promoting the Formation of Human and Social Capital

151. In NORPREP, the construction of schools, water and sanitation facilities, and inter-village roads have obvious human and social capital consequences. The amount of time that women (and girls) have saved in fetching water during the dry season (down from 2–6 hours to 20–30 minutes) has now freed up time for them and their families. More modern educational facilities, tools, and equipment have consequences for trans-generational human capital. The formation of school management committees, parent/teacher associations, borehole user-groups, and Water User Associations creates opportunities for collective action for collaborative social-enhancing aims. Severely vulnerable, socially excluded groups—the disabled, lepers, and alleged witches—have benefited from the construction of facilities. They can participate in community activities and have an opportunity to make their way out of social discrimination. The project has also trained and supported the capacity of users to operate and maintain the structures and facilities—building a sense of self-image and self-reliance that has the ripple effect of greater social cohesion in the local community.

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[99] For instance, one client who is involved in dressmaking and batik tie & dye in the Asuogyaman District, said she is able to save GHc 50 each month, while another client who lives and works at Sefwi-Wiaso as a carpenter and is moving his enterprise to a higher level, is saving an average of GHc 500 a month. This is quite significant given that only one-third of all Ghanaian households have savings accounts, while only 22 per cent of households in rural areas have them (Ghana Living Standards Survey, 2008).
[100] NORPREP Beneficiary Assessment, July 2008.

152. In RTIMP, the IEC campaign has imparted knowledge to a wide range of stakeholders in the R&T sub-sector, leading in one case to a new product line—potaghurt produced by women at Wedaga. RTIMP has also encouraged farmers to establish producer organizations, in which they have been able to raise funds to finance their own activities and achieve a newfound sense of independence. In NRGP, income-generating production support has specifically targeted "women's livestock"—goats and guinea fowls—to enable women to make a more significant income contribution to their families, and, because these are the livestock that do not have to be handed over to their husbands, to begin to break down Ghana's cultural divide between men and women. In REP-II, apprenticeship accreditation not only has imparted skills training to open up new income-generating opportunity, but has also allowed artisans to receive certification; in addition, REP II sponsors around 300 people each year to attend trade shows both in Ghana and overseas, where they engage in a collegial atmosphere for the exchange of ideas.

153. In RFSP, "financial literacy training" as part of innovative group-lending activities—in which people collectively learn how to calculate business profits, for instance—has social gains beyond the project scope. Mission interviews indicated that loan repayments among these group members are higher (above 95 per cent) than among loan recipients in their normal portfolio (88 per cent), which is evidence that the cohesiveness of the group learning process has nurtured a sense of commitment and trust. And, finally, training for the bank staff themselves cannot be overlooked—not only has it helped them build their own skill levels, but it has also given clients confidence in the bank itself, an important image-building step in the community.

154. Across the portfolio, impact on human and social capital is rated as *satisfactory* (5), with two projects rated satisfactory (NORPREP and REP II) and two moderately satisfactory (RFSP and RTIMP); the overall rating takes into account that progress has been made on these ratings from past evaluations.

Food Security and Agricultural Productivity—Improvements According to Anecdotal Evidence

155. RTIMP would be expected to enhance food security and agricultural productivity directly but so too would productivity-targeted interventions in NRGP, which might also eventually increase food security indirectly on a broader basis. NORPREP and REP-II would be expected to affect food security and agricultural productivity indirectly.[101] Without actual measures, however, the impacts of these projects on food security and agricultural productivity are anecdotal and inferential.

156. In RTIMP, many beneficiaries who participated in focus-group discussions in Upper East, Brong Ahafo, and Eastern Regions declared that increased R&T production provided a major source of food security at the household, community, and district levels.[102] Evidence also suggests that RTIMP support for improved planting materials yielded yam varieties with longer shelf lives, allowing farmers to hold off on selling produce until prices rose. Other farmers reported that the extra support they received to improve their agronomic practices increased their yields by more than 100 per cent (against a range of 40 to 60 per cent in the absence of the intervention). In NRGP, farmers in the Gbetouri community of Jirapa District in Upper West, who usually engage in subsistence cropping of millet, sorghum, rice, groundnuts, and *Bambara* beans, received 3 irrigation pumps to cover 40 hectares of both maize seed (also provided by the project) and vegetable seed on the banks of the Black Volta for the dry season. The maize is irrigated once in a 12-day cycle

[101] The Interim Evaluation of REP II provides indirect evidence of likely impact on food security.
[102] Farmer Field Fora participants in Atonsu-Nsuta, Ashanti Region, reported that project support also enabled them to develop better marketing skills, thus also increasing their income from increased production, which they used to meet household needs that used to take money away from household food budgets.

at a rate of 50 mm per irrigation. The vegetable crops are irrigated once a week. Between 70 and 92 per cent yield increases have been reported for the vegetables and up to 2 times for maize. The premium-graded harvested maize seed is sold for GHc 48 per 50 kg, and the funds are ploughed back into next season's farming or go toward meeting some family needs. The grain that is not graded as seed is used to feed the family, and the children are fed on fresh maize during the period.

157. Across the portfolio, the impact on food security and agricultural productivity is rated as *moderately satisfactory* (4), with one project rated satisfactory (RTIMP) and one moderately satisfactory (REP II); the overall rating accounts for the fact that other projects did not have demonstrated results in this area. The criterion cannot be applied to RFSP and NORPREP due to insufficient data.

Environmental Natural Resources and Climate Change – Several Concerns Remain

158. **Improved flood roads.** Despite conflicting scientific evidence about whether the extreme fluctuations between floods and droughts recently in the north are due to global climate patterns or incidental climatic phenomena, the prevalent pattern in most of Northern Ghana is one of excess annual rainfall over the past 30 years (see Annex 5, Table 9).[103] NORPREP responded to "climate changes" by constructing culvert-supported flood roads to improve access to communities cut off by the 2007 floods in Northern Ghana (for example, the Taali-Nyamanyama feeder road).

159. **Dam defects and health hazards.** In NORPREP, two dams with reservoir capacities of 260,000 m^3 (Nkanchina) and 497,630 m^3 (Ekumdi) have been constructed in the Kpandai district. While the dam's irrigation facility has reportedly improved income and household food security among farmers, the Ekumdi dam is beset by extensive seepage at its toe due to structural defects, and by weak O&M activities by the WUA.[104] Dams of the type constructed under NORPREP are prone to risks of water-related health hazards (malaria and bilharzias). In the earlier LACOSREP II project, health campaigns, in collaboration with the Ghana Health Service (GHS), were successfully carried out about the hazards of contracting malaria, bilharzias, and helminthes by those working on the dam sites. NORPREP launched health initiatives although belatedly.

160. **Threats from cassava effluent.** The effluent from cassava processing contains a high amount of cyanide, which can be discharged into the immediate environment directly or through improperly designed soakways. The full environmental impact of cassava-processing activities on soil and water pollution is not known, and thus requires further study. As a way to manage the processing waste, studies have proposed that cassava waste be used as a bioenergy source—a recommendation that was considered in RTIMP during field visits by a team of the Regional Cassava Processing and Marketing Initiative (also see Chapter VI, "Grants") and RTIMP specialists in the Ashanti and Brong Ahafo regions of Ghana in August and September 2010. Assessment of the ignition and flow performance of biomass samples from Ghana (cassava peels, blends of sawdust/wood shavings, and wastewater) was undertaken in laboratories in India and Nigeria, and, based on the outcomes, investment in a gasifier and a biogas plant to produce bio-energy (electricity and bio-gas) has been worked out for a pilot plant in the Asueyi community (Techiman Municipality), which is one of the major cassava producing areas of Ghana (FidAfrique, 2011).

[103] An on-going grant implemented by IFPRI is expected to work on a: "Strategic Partnership to Develop Innovative Policies on Climate Change Mitigation and Market Access". This grant is further discussed in Chapter VI.
[104] The cover grass protecting the slope of the dam is burnt by bushfire; the stones protecting the upstream slope of the dam are being removed; the shoreline of the reservoir is being cropped; and the reservoir catchment area is not being protected.

161. **Three other environmental threats are of concern.** One, both farmers and scientists interviewed during the CPE mission indicated three areas of *soil-related management* that have not been addressed adequately—water availability, plant nutrients (soil fertility), and soil degradation (including overuse of agrochemicals). Two, *river-bank erosion* is a risk in river bank irrigation (e.g., Gbetouri) and may entail vegetation removal from the riverbank, with effects on river ecology, fishing, and boating—including increased sediment in the river channel, causing more severe floods and the loss of trees and vegetation into the river, and further increasing the loss of shoreline and riverbank. NRGP design has included measures expected to address risks.[105] Three, a CPE mission roundtable discussion with Business Advisory Centres and the RTIMP field staff came to the conclusion that there were environmental threats *from industrial waste* discarded by enterprises (including pollution from dyes in fabric preparation and run-off and waste from machinery workshops into water courses) and the deforestation consequences of illegal timber used in carpentry.

162. Across the portfolio, the impact on environment and climate change is rated as *moderately unsatisfactory* (3), with two projects rated moderately unsatisfactory (NORPREP and RTIMP) and one moderately satisfactory (REP II). The criterion cannot be applied to RFSP because there were no environmental activities under this project.

Institutions and Policies—Largely Stronger

163. Many of the institutional and policy accomplishments and effects of IFAD projects were discussed in the section on "Effectiveness"; others are treated under "Policy Dialogue."

164. **In rural finance, RFSP helped strengthen institutions and policies.** RFSP enabled the ARB Apex Bank and the Credit Union Association to improve their reporting and member-inspection activities; the training and capacity building programmes provided by the Apex Bank to its affiliated rural banks improved their reputation and services, helping to increase savings deposits. RFSP helped improve the governance structure of both rural banks and financial NGOs, whereby boards contain members from a variety of management disciplines, thus enhancing specific oversight expertise. A fully-fledged microfinance unit now exists within MOFEP, advancing both the agenda of the Microfinance Forum (discussed in Chapter VI, "Non-lending Activities") and donor coordination; moreover, the banking and supervision division of BoG now has a more effective working knowledge of general microfinance practices such as group lending, and conducts an annual supervision of all rural banks. And, finally, the project helped develop a microfinance policy that, although not officially endorsed by Government,[106] does contain elements that, according to the rural finance practitioners interviewed, are already being applied in practice (further discussed under "Policy Dialogue").

165. **In micro-enterprise development, REP II helped mould policy and legislative initiatives.** REP II helped make BACs an integral, self-financed unit of the District Assemblies, and helped introduce two policy initiatives in the local government system through the Ministry of Trade and Industry (MOTI) and Ministry of Local Government and Rural Development (MLGRD) (discussed in depth in "Policy Dialogue"). It also helped establish a district-level Department of Trade and Industry that will facilitate the development and promotion of small-scale industries

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[105] Such as the creation of buffer zones to be restored with native vegetation of trees, shrubs, herbaceous plants, grasses and other species to promote river bank stability, education of the locals to accept buffers into their land use plans, water points for livestock.

[106] The Ghana Microfinance Policy was endorsed by a stakeholder workshop chaired by the Ministry of Finance in 2006. The Ministry of Finance decided that the Cabinet did not need to approve the Policy formally, because it primarily delineates agreed-upon principles and strategies without budgetary consequences.

in the districts. The initiative has also the potential of strengthening revenue generation for local governments thus contributing to decentralisation.

166. **NORPREP has promoted decentralisation and local governance.** NORPREP has enhanced the institutional capacity of the District Assemblies (DAs), in particular, and, in some cases, the Area Councils and Unit Committees. The participatory planning and improved governance processes have been well accepted by the participating DAs and are now being implemented even in towns not covered by the project. Training in computer systems, procurement, and other governance procedures have also built institutional capacity, and, according to DAs visited in the CPE mission, the new processes are benefiting all district towns and villages, not just those supported by NORPREP investments. The Ministry of Local Government at the central level has expressed interest to draw from the experience of NORPREP. Through the collaboration of NORPREP and the WB-funded Community-Based Rural Development Programme, this may open opportunity for mainstreaming at the national level.

167. **RTIMP has still fallen short of promoting effective agriculture-related institutions.** The Farmer Field Fora actualized under RTIMP have promoted the formation and activation of farmer-based organizations, but the potential of these groups for engaging independently in critical activities—undertaking formal registration or negotiating directly with the market on price—has not yet been harnessed. The project has not made substantial impact at the policy or institutional level, although there is indication that districts are now better aware of the potential of the crop for local economic development. RTIMP envisaged establishing a roots and tubers national apex body. This is still an on-going activity. The project has opted for a bottom-up approach first working on farmers' organizations whose members are graduates of Farmer Field Fora.

168. Across the portfolio, impact on institutions and policy is rated as *satisfactory* (5), with two projects rated satisfactory (RFSP and NORPREP), one highly satisfactory (REP II), and one moderately unsatisfactory (RTIMP).

F. Other Performance Criteria

Sustainability

169. Assessment of sustainability attempts to determine the likelihood that benefits generated by IFAD-supported operations will continue after they are phased out. It involves, as relevant, issues of institutional, technical, financial, and natural-resource sustainability and the continued availability of key services once project support ends. The institutional aspect is crucial in Ghana to enhance the sustainability of benefits.

170. **The financial sustainability of rural banks and their Apex Bank has improved.** The key objective of IFAD's RFSP was to build the architecture of a rural financial network, starting with the umbrella and keystone organizations—relevant units in the Bank of Ghana and MoFEP, and the Apex Bank and related Apex bodies. The network of rural banks seems to be sustainable—on both financial and institutional grounds. On average, rural banks had achieved operational/financial sustainability of 119 per cent and a moderate return on equity of 6 per cent by 2007,[107] and, currently, 80 per cent of the rural banks are profitable.[108] The number of rural banks increased from 115 in 2002 to 133 by the time of the CPE. Discussion is underway at the national level to promote the merger of smaller banks operating within the same geographical zones, as a way to further enhance profitability. *The key sustainability question mark, however, is the Apex Bank*. It

[107] As reported by GHAMIN in 2007.
[108] Association of Rural Banks Apex Bank 3rd Quarter (2010) Report On The Performance of Rural and Community Banks.

could be sustainable depending on whether key decision makers believe that it should exist as a self-sustaining entity or should continue to be funded from the government**.** The CPE mission found evidence of operational self-sufficiency (OSS) (Table 17).[109] Yet the Apex Bank derives more than 60 per cent of its profits from Treasury-bill investment. The Apex Bank is also having trouble recovering costs from the training it provides to the rural banks. Rural bank managers interviewed by the CPE expressed willingness to pay the full training cost, since, having seen positive outcomes in their operational procedures as a result of training, they realize that further investment makes business sense. The financial sustainability of other Apex bodies (GHAMFIN and other representative bodies for rural financial institutions, even the Credit Unions Association (CUA), whose membership grows as credit unions become more successful) is more questionable.

Table 17: ARB Apex Bank -Operational Self-sufficiency trend

Year	*Income (Less grants) GHC*	*Operating Expenses (GHC)*	*Operational Self-sufficiency (%)*
2006	4,331,139	4,938,563	87.7%
2007	6,637,746	6,137,623	108.15%
2008	7,782,772	7,698,699	101.09%
2009	12,567,749	8,960,999	140.25%

Source: CPE calculation from ARB Apex Bank Annual Audit reports

171. **MSE development (under REP-II) seems to have proven its sustainability.** The programme interventions in Micro and Small Enterprise (MSE) support services have been evolving now for the past ten years into a sustainable, government-mainstreamed system of business support. The Business Advisory Centres (BACs) are becoming an internal structure of the District Assemblies (DAs), which, in turn, are assuming full operational responsibility after the fourth year of project support. The beneficiary MSEs have a reasonably high survival rate (estimated at 71 per cent in REP II),[110] and the increasingly robust institutional environment for MSEs through the BAC and trade associations is likely to continue independently. The sustainability of the other supporting entity put in place under REP II— Rural Technology Facilities (RTFs) — presents more risks: RTFs have been expected to serve as training centres and engage directly in commercial activities to achieve cost recovery. This may generate competition between RTFs and the local entrepreneurs they are trying to help. Enhancing sustainability may require a review of the role of RTFs, focusing on the "public good" they offer (e.g. technology transfer) and revisiting ambitions of full cost recovery which may not be realistic.

172. **Value chains are central to the Government's plan for private-sector–led growth, but current implementation practices do not guarantee sustainability.** Early progress on value-chain development has not been as effective as desired. While some private-sector linkages have opened up between rural areas and markets, they are largely in existing value chains, not emerging ones. In REP-II, such linkages have been developed gradually, well-nurtured under BAC coaching until stable enough to be sustained independently. The public-private partnerships under the currently implemented value-chain practices reveal several practical flaws, including weak business case analysis, business-plan preparation, and coordination among value chain actors. Although public-private partnerships are essential, they require an infusion of technical support and business skills before they can become sustainable.

[109] Operational self-sufficiency is the ratio between revenues (excluding grants) and total costs.
[110] Different literature places the survival rate average without business support at between 20 and 60 per cent, depending on the sector and country.

173. **Decentralization: sustainability principles have been distilled in local development practices; questions remain about the quality of infrastructure and O&M funding.** NORPREP and NRGP operate through the District-level and Regional-level structures, particularly the Planning and Coordinating Units at both the district and regional levels. These institutions have been "trained to train" local facility-user groups and intensify project monitoring at the community level as part of their normal duties. Districts have been encouraged to adopt medium-term development plans and Financial and Organizational Assessment Tools to assess their performance. This process has provided a sound basis for further participatory planning in basic infrastructure, and is a microcosm for the sustainability of the local governance structures underpinning Ghana's decentralization initiative. NORPREP has also promoted the preparation of maintenance plans by communities for funding by the district assemblies. User ownership, however, does not ensure sustainability. Key issues also pertain to the quality of infrastructure and to the budget available for infrastructure operation and maintenance. While user associations can deal with minor repairs, major upgrading can easily fall beyond their financing affordability. Similarly, community-based organizations can clean and maintain schools, but cannot guarantee that public funding is permanently available to assign teachers and ensure they actually attend classes.

174. Across the portfolio, sustainability is rated as *moderately satisfactory* (4), with one project rated satisfactory (RFSP), two satisfactory (REP-II and RTIMP), and one moderately unsatisfactory (NORPREP).

Pro-Poor Innovation, Replication, and Scaling-Up

175. Several specific and broader innovations emerged in IFAD projects in Ghana. Some are adaptations to the Ghana context specifically, having been introduced elsewhere; others are scaled-up innovations developed in previous IFAD projects. But many of the innovations—in addition to other non-innovative elements—would have benefited from pilot testing, or at least from a more detailed foresight analysis before up-scaling. Indeed, IFAD's Innovation Strategy (2007) notes that, with any innovation, there is an inherent risk of failure, and hence more careful piloting is required (also reinforced by the Corporate Level Evaluation on IFAD's Capacity to Promote Innovation and Scaling Up, 2010, see Annex 8).

176. **Rural Finance—matching grants are a key innovative concept but implementation issues exist.** Matching grants have been introduced in IFAD's portfolio as a form of "smart subsidy" (non-distortionary, transparent, targeted, capped, and economically justified). The "grant + loan + individual equity" model was born from World Bank/IFAD experience in the Village Infrastructure Programme as a way to provide a lump-sum credit to small investments without subsidizing interest rates. It has been adopted and even up-scaled as a model in later World Bank and IFAD projects (REP-II, NRGP, and RTIMP) to enable poor producers/processors/traders to build their business without distorting the financial market with subsidized interest rates. The track record of matching grants has been characterised by slow disbursement rates, primarily because some confusion surrounds their proper implementation. This CPE considers matching grants to be a pertinent, promising tool that requires more testing and adaptation before further up-scaling. The key issues that should be studied pertain to the bureaucracy surrounding the approval/granting of matching funds, and the liquidity constraints, persisting risk aversion, and asset-liability structure of participating financial institutions (Box 3).[111]

[111] These issues are discussed in depth in Annex 6, Textbox 1, along with the rationale for continuing the application of matching grants when more knowledge surfaces to clarify their utility.

Box 3: Outstanding Issues Regarding Matching Grants

1. **Management by one or two institutions?** Some practitioners argue that matching grants should not be approved and provided by the same institution providing loans because loans should be made based on ability to repay, while grants should be approved according to other characteristics (e.g., poverty status). However, experience shows that a dual approval process may create administrative inefficiency and adverse results (e.g., a loan may be approved by a bank but the grant is denied by the funding source, which would mean that the borrower is unable to purchase key equipment but still has to repay the loan).
2. **Matching grants for working or fixed capital?** There is some consensus that grants would be more suitable for financing fixed capital than for financing working capital. Yet grants for working capital may be justified under public goods considerations (e.g., improved seeds) and with an exit plan.
3. **Financing mismatch for rural banks?** Rural banks' savings deposits are typically of a short-term nature, while credit for micro enterprise equipment is often medium or long term. This creates a financial mismatch between the maturity of assets and liabilities. For this reason, rural banks may still need some dedicated credit line support, with non-distorting arrangements.
4. **Are matching grants facilitating access by very poor clients?** No evidence is yet available and should be the subject of a dedicated study.

Source: Adapted from W.F. Steel (2010), information paper prepared for this CPE

177. **Other rural finance innovations are noteworthy but have been rolled out without prior testing.** One "innovation" has been the introduction of "susu" collection services in rural banks. Susu is a traditional savings system in Ghana, whereby collectors charge a small fee to visit individual businesses each day to gather what owners or employees put aside for savings. Some rural banks introduced susu savings by training staff in the methodology and developed procedure manuals. Another innovation (in Ghana) was the introduction of group lending for MSEs by rural banks, targeting women primarily. More than 15 per cent of rural banks adopted this lending instrument, and more continue to express interest; the adopting banks have reported a repayment rate of more than 90 per cent, above the 80 per cent repayment rate for conventional lending. Last, almost all rural banks have introduced money transfer services in partnership with the Apex Bank and Western Union, making international transfers available. While RFSP promoted these concepts, each rural bank had the option (and the burden) of defining procedures and processes without having the benefit coordinated technical assistance and without pilot testing, which introduces introducing an element of unmanaged risk in adopting innovations. As noted in "Effectiveness," the main expected innovation of creating linkages between informal and formal financial organizations did not materialize due to a lack of pilot testing and a failure to recognize the peculiarity of Ghana's country context.

178. **REP-II has spearheaded innovations in the MSE sector.** The Business Advisory Centres (BACs) and Rural Technology Facilities (RTFs) were innovations introduced under REP I, scaled up in REP II in collaboration with AfDB, and will be scaled up further in REP-III. But REP-II also actualized new ideas. One is the policy initiative for local government implemented through the Ministry of Trade and the Ministry of Local Government —the MSE Sub-Committee which was established within the District Assemblies and has now been scaled up by a directive from the Ministry of Local Government to all District Assemblies. This initiative has led to a new Legal Instrument 1961, outlining the creation of a district-level Department of Trade, Industry and Tourism (both discussed under "Policy Dialogue"). REP-II has also implemented the concept of rotational trade shows, organized by the Project Coordination Unit (PCU) and hosted by alternating districts, which brings commercial opportunities to the area. Another innovation is the industrial estate, developed under a GIZ pilot and adopted by several District Assemblies in

partnership with REP-II. Under the plan, BACs/RTFs are co-located in an area designated as an industrial estate for the purpose of providing local MSEs, particularly artisans, with basic operating amenities, including water and electricity, to engage in productive and collaborative activity. Several other District Assemblies have already allocated land for an industrial estate with likely financing from REP III.

179. **The value chain is an innovation requiring urgent work on the implementation side before up-scaling.** The value commodity chain strategy initiated by the Government and supported by IFAD projects is being acknowledged as a new developmental concept across the country.[112] The model for the value chain approach was developed by GIZ for specific commodities (pineapples, mangos), taking an experimental approach with each commodity. IFAD has scaled up the innovations into entire projects, notably NRGP and in part RTIMP. However, few practitioners have previous experience with value chain development or even market matching and linkages. This unfamiliar territory is leading to rather theoretical implementation procedures that are not directly adaptable to the commodity windows being supported by NRGP—for example, soybeans, maize, and vegetables—and is being accelerated without sufficient risk management. Based on the feedback from private-sector partners during the CPE mission, other programmes, such as the USAID Funded Programme To Increase Private Sector Competitiveness,[113] have already experienced value chain failures. The lesson here is that a more step-wise implementation practice and association with value-chain experts can help control risks.

Box 4: The case of "potaghurt"

In Navrongo (Upper East Region), farmers cultivate sweet potato largely to meet domestic food needs. However, 80 women in Wedaga, Navrongo, developed sweet potato yoghurt (potaghurt) as a value-added enterprise, and RTIMP established a link between the potato farmers and the processors, so as to ensure a guaranteed market for the farmers and a supply of raw material for the processors. The students of the Navrongo campus of the University for Development Studies were the main consumers of potaghurt, but interest by the general public has reportedly grown. Although initial potaghurt sales were strong, the project was expanded without a detailed market assessment, and now the number of new market entrants has outpaced the new market growth. During the mission, one group of women interviewed said that, now, they have to continually find new customers by providing free samples, reducing their income to minimal levels. Another group said they have not yet earned any income from the enterprise.

Source: CPE field visits (2011)

180. **Successful Farmer Field Fora are ready for replication but require better synchronisation with other project activities.** RTIMP can be seen as a broad up-scaling initiative for the adoption of improved R&T varieties, adding a processing and marketing component. The key innovation under RTIMP has been the Farmer Field Fora (FFF), an upgraded version of the Farmer Field School concept applied in the predecessor project, RTIP, which followed successful experiences in Indonesia, the Philippines, Mali, Niger, and parts of East Africa. In the FFF, "horizontal" information and learning exchanges take place among producers, processors, researchers, and extension workers in a colloquial, collegial setting. The farmers and/or processors play an active role in initiating discussion and action, thereby ensuring that their priority issues will be addressed. After discussing indigenous agricultural practices and identifying what works and what does not, they engage in practical demonstrations of possible solutions with the assistance of researchers and extension workers (for example, improved planting

[112] Ghana Value Chain Practitioners Forum, March 7, 2011
[113] USAID/Ghana's Programme To Increase Private Sector Competitiveness Audit Report May , 2007

materials and varieties, soil fertility, and integrated pest management). Constraints and opportunities are identified by the FFF members themselves, becoming a platform for practical hands-on learning. This innovative concept is clearly replicable, and scaling-up is in the project plans. However, the CPE also noted poor synchronisation between FFF and other key project activities, such as the provision of inputs (e.g., seeds or plant cuttings, fertilisers, and pesticides), inhibiting the application of FFF-acquired skills.

181. **Two innovations introduced by NRGP are at an early stage.** One is the "farmer business book," consisting of an information system that records and manages key data on individual farmers, including personal information, partners, organizations, geographic location, training attendance certificates, sales and incomes, and credit and repayment records, to facilitate transactions with buyers and banks. It is expected to make recordkeeping a less onerous task, and to create a ready-accessible credit record for farmers—particularly if information can be stored on a digital device to facilitate filing and processing. The other is the drip irrigation demonstration (Mallam) farm, as part of IFAD's small-scale irrigation technologies and support for a non-traditional export crops initiative.[114]

182. **Pushing the decentralisation process to its next level.** As a specific institutional innovation, a 2006 IFAD implementation support mission in NORPREP led to a request that, in some districts, the project support the opening of a second investment window on a pilot basis at the Area Council level (that is, below the District Assembly in the decentralized structure) to build (i) the capacity of communities for sub-project implementation, (ii) management of the financial resources put at their disposal by the DAs, and (iii) sub-project monitoring. This CPE found signs of support for this approach based on available documentation and interviews. Thus, although funds for implementing sub-projects under the NORPREP CDF would continue to be channelled to DAs as originally planned, part of the funds would also be directly allocated to Area Councils. The initiative has been made possible with collaboration from the Community-Based Rural Development Programme, financed by the World Bank, and there are plans for replication with WB funds.

183. In sum, IFAD has been active both in introducing and up-scaling innovations, with the major limitation that IFAD has not undertaken sufficient "pilot-testing." However, another potential drawback is the tendency of IFAD to decide to upscale on its own. While initiatives to up-scale institutional innovations under NORPREP may be funded by the WB, up-scaling of agricultural technology under RTIP and RTIMP was financed by IFAD only. Moreover, the same is true of rural finance innovations in RAFIP, and will also be the case in REP-III unless other donors are interested in participating (Chapter VI, "Partnerships" discusses this limitation in more depth). New initiatives for upscaling are emerging through an emerging initiative founded by the European Union to developing seed supply chains and through the cooperation with the WB-IDA West Africa Agriculture Productivity programme although the latter mainly focuses on research. Across the portfolio, innovation and up-scaling is rated *moderately satisfactory* (4), with one project rated satisfactory (REP II) and three moderately satisfactory (RFSP, NORPREP, and RTIMP).

Gender equality and women's empowerment

184. While COSOP 1998 did not particularly highlight gender mainstreaming aside from targeting female-headed households in the North, COSOP 2006 specifically notes that gender issues should be integrated into all aspects of project implementation—

[114] The 1 ha drip irrigation portion of Mallam farm is divided into segments: 0.4 ha (pawpaw), 0.2 ha (okra), 0.2 ha (tomato), and 0.2 ha (other crops, such as strawberry, sesame, sweet pepper and hot pepper). To provide better access to the farm, a 4.5 km feeder road from Kokobila to Mallam Farm was awarded by NRGP for construction.

that all implementation partners must ensure that their activities account for the specific requirements of women. COSOP 2006 called for an integrated country programme action plan on gender to be prepared, reflecting the 2003 Corporate Gender Action Plan for IFAD. Performance indicators in projects were also expected to be disaggregated by gender, in which case gender analysis of project outputs is to be undertaken under each IFAD project in Ghana.

185. **Projects have made efforts to mainstream gender equality and to introduce relevant components.** Project audits and gender strategies or action plans have been developed under REP-II, NORPREP, RTIMP, and NRGP. REP-II, for instance, specifically targeted poor, disadvantaged women for its MSE support services. The NORPREP design contained a detailed working paper on gender prepared by a gender specialist, and called for mainstreaming gender into participatory planning, applying gender participatory rural appraisal tools, and orienting trainers for gender-participatory planning.[115] The RTIMP design—whose target group consists of more than half women—called for one of the professional staff to be responsible specifically for promoting the full integration and mainstreaming of gender issues and noted that one of the first activities of RTIMP would be to prepare a Gender Action Plan and organize gender training for its own staff and for the staff of training service providers.[116] NRGP called for appointing a gender specialist, and had focused on small livestock typically owned and managed by women. The design of RAFIP noted numerous times that women would be targeted, but did not say how, nor did it pay adequate attention to the financial institutions whose clientele consists predominantly of women (e.g., credit unions and financial NGOs).

186. **But gender analysis capacity can be improved.** While projects have provided gender-disaggregated data collection for monitoring, they have not matched this process with consistent analysis of data to inform action, with perhaps the exception of REP-II. Reports on gender equality are descriptive and not sufficiently analytical, posing obvious challenges in translating plans into concrete actions to close gender gaps. In particular, a gender analysis of the value-chain approach is clearly called for to identify critical gender issues and gaps to be addressed alongside the overall value-chain development process. This is especially important in Northern, Upper East, and Upper West regions, where traditional, cultural, and religious beliefs define gender roles at all levels, from household to productive levels.

187. **On the ground, the more significant achievements relate to income-generating capacity for women and community infrastructure.** Annex 5, Table 8 provides a comprehensive list of project support for gender and women's empowerment. The 2003 IFAD Gender Action Plan[117] specifies three broad objectives in this area, which can be exemplified here by highlighting the major project achievement in each (without discounting the many other gains made under each project):

(i) *Expand women's access and control of productive assets*—Of five "outcome" indicators in REP-II (new businesses, sustained profits, wage jobs created, links to commercial operations, and active bank accounts), women accounted for between 59 and 67 per cent of the overall success rate; on two other

[115] The tendering for these posts, however, could not be organized by the NORPREP Programme Support Team, but had to be done through a regional tender board, which met only a couple of times a year and which was staffed with engineers who were not competent to evaluate technical bids on Participatory Rural Appraisal (PRA) training. It took from 2005 until 2009 to get the PRA training up and running (see effectiveness).

[116] Later on, RTIMP also made gender involvement an official requisite in its Project Implementation Manual (PIM), with participatory monitoring and impact assessment as part of its *Guidelines for Field Implementation of IPDM Activities* (RTIMP Revised PIM, July 2010, p. 44).

[117] For further details, see the IFAD Corporate Level Evaluation of IFAD's Performance with Regard to Gender Equality and Women's Empowerment.

indicators (clients trained and MSEs receiving loans), they accounted for between 63 and 70 per cent of the overall success rate. In addition, the skills- and business-management training component contained 17,412 female trainees, compared with 10,890 males.

(ii) *Strengthen women's organizations, their decision making in the community, and their representation in local institutions*—NORPREP devolved decision-making for community infrastructure and development to the local level. All stakeholders, including women and vulnerable groups, were to be part of the process. In fact, the various community action plans for group decision-making have ensured that women have become part of an empowered participatory community planning tool. In the Savelugu Nanton District of the Northern Region, in particular, interviews indicated that the project has helped empower and sensitize district assembly officers and community-based development organizations on involving women during community meetings and dialogue.

(iii) *Improve women's well-being and ease their workload by facilitating access to basic services and infrastructure*—As part of several pieces of community infrastructure that benefit men and women alike in NORPREP, the drinking water sub-component is particularly critical to girls and women, who without project support have to trek several kilometres for water. NORPREP has also delivered specific infrastructure and services to people with disabilities (e.g., a school for the deaf and the blind), including special sub-initiatives for women (a girls dormitory for the Savelugu School for the deaf), although this did not constitute the bulk of project support.

188. Across the portfolio, the rating for gender equality and women's empowerment is *moderately satisfactory* (4), with one project rated satisfactory (REP II) and three moderately satisfactory (RFSP, NORPREP, and RTIMP).

G. Overall Project Portfolio Achievement

189. Rating individual projects and a portfolio involves several nuances in each project and performance issues that may vary across criteria and time. Table 18 provides ratings for the overall portfolio of projects considered in this CPE. The overall portfolio ratings presented in the second column are derived from individual project ratings (Table 1, Annex 7). Following standard CPE format, the third column presents the percentage of projects with a rating of moderately satisfactory or higher. The fourth column presents, as a comparison, the percentage of all projects evaluated between 2007 and 2009 in IFAD's Annual Report on Results and Impact (ARRI) with a rating of moderately satisfactory or higher. Comparison should be taken with a grain of salt given that the percentage for Ghana (3rd column) is based on a sample of six projects only (of which two rated only for relevance) while ARRI figures are a worldwide compilation of evaluation results. The fifth column shows average ratings from previous project evaluations (RTIP, LACOSREP II, UWADEP) as a further comparator.

190. **Compared to past evaluations, impact on institutions and policies, sustainability, innovation and gender equality have improved.** The comparison of percentages of ratings of moderately satisfactory or higher between Ghana CPE and the Annual Report on Results and Impact of IFAD's Operations (ARRI, 3rd and4th columns) shows a positive and relatively high coefficient of correlation (+0.68)[118], meaning that high values in one correspond to higher value in the other and vice versa and that the two series seem to exhibit similar patterns. The comparison between current CPE ratings and the average of three previous

[118] The coefficient of correlation analyzes the association of low/high values between two series. In the most perfect case of positive correlation, the coefficient would have a value of +1.0.

project evaluations in Ghana (2nd and 5th columns) is also to be taken prudently but yields some interesting observations. In the majority (but not in all) of cases, ratings are higher for the current CPE. This is the case for effectiveness, impact on human and social capital, and institutions and policies. The increase is particularly dramatic for impacts on institution and policy and, intuitively, it can be associated with the much stronger emphasis that they have received through sector-specific programmes assessed by the CPE. The higher rating for sustainability may also reflect the stronger emphasis on institutions. In the case of innovation and gender, ratings are also higher, reflecting the closer attention they have received in recent times. The rating for efficiency is lower for the current CPE, reflecting high start-up delays for RFSP, NORPREP, and RAFIP (see "Efficiency").

Table 18: CPE Ratings of the Ghana Project Portfolio and Benchmarking

Criteria	Current CPE Portfolio Assessment	% of projects rated moderately satisfactory or higher in Ghana CPE	% of projects rated moderately satisfactory or higher in ARRI 2010[119]	Average previous evaluations[120]
Core performance criteria				
Relevance	4	67%	97%	4.3
Effectiveness	4	100%	77%	3.3
Efficiency	3	50%	57%	4.3
Project Performance	3.7	75%	84%	4.0
Impact on Rural Poverty	4	100%	86%	n.a.
Income & Assets	4	75%	84%	3.7
Human and Social Capital	5	100%	81%	3.8
Food Sec. & Ag. Productivity	4	100%	81%	3.7
Environment & Climate Change	3	33%	54%	2.7
Institutions and Policies	5	75%	86%	2.0
Other performance criteria				
Sustainability	4	67%	65%	3.0
Innovation and Up-scaling	4	100%	95%	3.0
Gender Equality and Women's Empowerment	4	100%	-	3.3
Overall Project Achievement	4	100%	86%	n.a.

[119] The ratings refer to evaluations conducted in the period 2007-2009. This makes comparisons more meaningful with Ghana portfolio because they refer to similar project cohorts.
[120] This is an average of ratings from interim evaluations of RTIP, LACOSREP II and UWADEP.

Key Points

- Relevance is rated as moderately satisfactory. While the overall objectives of the portfolio have largely been aligned with both the policies of the Government of Ghana and the goals of IFAD, they have shifted away from targeting the poorest region (Upper West), without devising alternatives to reach it. Design plans have shown shortcomings, especially those to support decentralization and the transition to value chains.
- Effectiveness varies between projects and sub-sectors, with stronger results in the institutional aspects of rural finance, MSE development, crop production, and the provision of basic infrastructure in the North. Less impressive results are associated with agricultural value chains and financial services at the micro level.
- Efficiency is rated as moderately unsatisfactory. Project disruption, funding gaps, and an institutional absence in the field (until 2010) contributed to start-up delays and raised unit costs.
- Data for a rigorous assessment of portfolio impacts are limited by poor monitoring and evaluation systems in place overall, and by the absence of dedicated impact surveys. The impact results for human and social capital and for institutions and policies are stronger than results for other areas.
- Sustainability is rated as "moderately satisfactory," but this rating has improved since previous evaluations, probably due to a stronger emphasis on institution building.
- Innovations are noteworthy and many have replication potential. IFAD has had the tendency in projects to adopt innovative tools without the benefit of prior pilot testing, and for scaling-up solely by itself, without assurance of co-financing. These tendencies generate unnecessary risks.
- Project documents have increasingly emphasized gender equality issues. However, this narrative focus has not always translated into a detailed analysis of issues and proactive response. The more significant achievements are associated with income-generating support and basic infrastructure for women.
- Compared with previous evaluations, the current CPE shows higher average ratings. The most impressive improvement is associated with institutional impacts.

V. PERFORMANCE OF PARTNERS

A. IFAD

191. IFAD's performance in Ghana can be assessed along three main axes—the quality and process of design, support for implementation and project management, and assistance provided to national counterparts (such as policy issues and partnerships). IFAD deserves recognition for the efforts made to design innovative projects in the rural sector and to draw lessons from past experience. The **innovative potential of all projects** closely reviewed by this CPE is doubtless. In rural finance (RFSP), IFAD collaborated with the World Bank (as a co-operating institution and co-financier) and the African Development Bank (as a co-financier) to strengthen and consolidate the rural financial services network. The co-financing strategy (approximately half IFAD and the other half split about evenly between the Bank and AfDB) helped leverage ample funding for a project whose scale was spread across all three levels of the banking sector affecting the rural poor. Similarly, in rural micro enterprise and roots and tubers development, it is clear that the IFAD project design teams carefully considered lessons from previous phases and incorporated them in subsequent project design.

192. These elements are important. At the same time this CPE acknowledges two **limitations in the project design process: incompleteness and risk exposure**. In general, all projects evaluated by the CPE included different degrees of design incompleteness (see "Relevance") or generalised over-optimism of appraisal estimates (see "Efficiency"). Also, the analysis of efficiency has already

pointed out problems at the start-up phase due to outstanding conditionality problems or funding gaps.

193. As a specific example, RFSP addressed much-needed institutional strengthening at the macro and meso levels in the rural finance sector but fell short at the micro level by proposing a model of linkage between formal and informal financial organizations which was unknown to the country, untested and insufficiently researched. A pilot exercise might have enlightened IFAD and the other development partners on the feasibility and constraints in developing such an approach.

194. NORPREP design provides an extreme example of risk exposure. IFAD had no previous experience working with decentralized governments in Ghana and the country did not have a decentralization policy in place at the design stage. Exposure to risk came from designing a large project (US$60m) rather than starting with a pilot, from the large financing gap at approval phase and from IFAD's decision to proceed on its own, rather than joining another agency with field presence (e.g. the World Bank with which IFAD had co-financed Village Infrastructure Programme). The design also rested on the incorrect assumption that fledgling local and regional institutions (see "Relevance"), supervised by an international organization (UNOPS) without presence in Ghana, could manage the project locally while IFAD would manage it from Rome. Finally, although somewhat late, IFAD entered into partnership with the World Bank in 2008, seven years after appraisal and four and a half years after effectiveness. NORPREP became connected with the Bank's Community-Based Rural Development Programme and project implementation improved considerably.[121]

195. The third axis of assessment pertains to the assistance provided by IFAD to the Government counterpart. The main question pertains to the type of support or facilitation that has been provided by IFAD to project coordination teams in order to manage projects based on new development paradigms, such as value chain approaches. Value chain approaches entail partnering with the private sector and working with more "private sector-like" skills and mentality. It cannot be taken for granted that these skills will be easily available within the public sector and even within IFAD itself (as shown by a recent Corporate Level Evaluation).[122] Specialized technical assistance is required to help introduce these new skills, which would be a gradual process. Yet these aspects were not given strong emphasis at the design stage. IFAD's supervision missions of RTIMP and NRGP have documented problems with value chain analysis and implementation before this CPE. In addition, NRGP's self-assessment has candidly acknowledged that the problem exists. Follow-up measures are being devised in collaboration with IFAD. RTIMP would have required addressing the lack of market orientation earlier in the project. NRGP still has an opportunity for redirection and realism, particularly in practical arrangements for value chain analysis and development.

196. In 2008 IFAD started the transition towards direct supervision of all projects (except NORPREP). While it is perhaps early to provide a full assessment of direct supervision, it is clear that it has exposed the country programme manager to the reality of the field, including implementation constraints. It has also allowed coverage of project sub-components by thematic specialists. This CPE cannot comment on the effects of establishing a country office and out-posting a CPM as these were introduced only recently (late 2010). It is clear that IFAD is making a considerable investment in country presence and even planning to establish a "sub-regional" office in Ghana (see Chapter III end of section B). This investment may contribute to strengthening both portfolio and non-lending activities by providing

[121] This is demonstrate by the higher rate of completion of micro-projects and recognized by supervision missions.
[122] Corporate Level Evaluation on the IFAD Private Sector Policy (2011).

closer review and support at the individual project level as well as at the level of the entire portfolio, eventually including non-lending activities (see Chapter VI). Along this line it is to be noted that, while individual projects may have been subjected to a mid-term review, no comprehensive review has been conducted yet on the entire portfolio (Chapter VI.C).

197. At the portfolio level, IFAD performance is rated moderately satisfactory (4), with one project rated satisfactory (REP II), two moderately satisfactory (RFSP, RTIMP) and one moderately unsatisfactory (NORPREP). This corresponds to an improvement compared to the average of previous evaluations (3.0).[123]

B. The Government

198. As in all partnerships, the considerations made along the three axes to assess IFAD performance are valid for Governmental partners as well. If a project design presents over-optimistic assumptions, it is the prerogative of Government to caution against risks, and if the Government counterpart "owns" a project then it is appropriate to take action so that the same can become effective in a reasonably short delay and implementation hiccups are acted upon. At a general glance, Government interest and commitment has been high for all the IFAD projects closely reviewed by this CPE. The Government has provided policy support (further discussed under "Policy Dialogue") although to varying degrees across projects. Two areas where performance requires improvement are monitoring and evaluation (particularly the latter) and interactions with private sector actors.

199. In the area of rural finance (RFSP), in spite of a very long time lag between project approval and effectiveness declaration, the Government ensured that its portion of the funding was available on time and managed to catch up with the belated start-up. Also, importantly, the Government performed well in facilitating establishment of the Apex Bank, setting up a microfinance unit in MOFEP to facilitate policy to assist with implementation and policy dialogue. Still, the Government continues to support subsidized credit (see also Policy Dialogue).

200. As for rural enterprise (REP-II), the performance of the Government has been satisfactory in that Ministry of Trade has taken advantage of its opportunities to strengthen the MSE sector (even starting from the first phase of REP), and, in particular, by consistently meeting its financial obligations to the project and actually releasing funds exceeding the expected amounts, and by actively pursuing and supporting the process for establishing Business Advisory Centres. The fact that the Project Steering Committee (PSC) is chaired by the Deputy Minister is manifest of the Ministry's interest in the project and the importance attached to it. The PSC has also effectively provided policy and technical direction, meeting every six months as required to review and approve project work plans and budgets. [124] The engagement in policy dialogue and in the institutionalisation of micro enterprise support has been remarkable (see under "Policy Dialogue").

201. As for decentralization and local development (NORPREP), the design assigned overall responsibility for programme coordination to the Regional Coordinating Council and responsibility for day-to-day management to the Regional Planning Coordinating Unit (RPCU) within the Regional Coordinating Council. This arrangement proved to be non-viable and resulted in slow implementation until a solution was found.[125] The available documentation and the self- assessment provided by the project suggest that the Government was not rapid enough in reacting and taking corrective action.

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[123] The average considered here is that of the evaluation of RTIP, LACOSREP II and UWADEP.
[124] The institutions represented in the PSC are MOTI, NDPC, NBSSI, GRATIS, MLGRD, MOFEP, MOWAC, Bank of Ghana, and AGI.
[125] Implementation responsibility was transferred to the NORPREP Chief Technical Advisor (CTA).

202. It is a truism -but a truism worth repeating – that quality of management is fundamental and can make up for design flaws to some extent. The situation found by this CPE appears to have improved compared to the past. Evaluations of older IFAD projects in Ghana identified serious management problems in the case of UWADEP, resulting inter alia in ineffective irrigation infrastructure for large majority of schemes. The UWADEP evaluation noted weaknesses in the design but reckoned that the same could have been dealt with by a stronger coordination team. While both UWADEP and LACOSREP-II faced delays due to under-qualified contractors, LACOSREP- II avoided wasting of funds thanks to a more proactive management team. The current CPE finds the level of commitment of project units to be high. Problems with output quality (infrastructure) have been noted (e.g. in NORPREP), although less worrying than in past projects. Differences exist, though, in the responsiveness to implementation stumbling blocks and in the level of initiatives taken to bring project lessons learned to a broader audience, to the policy level and to expand partnerships. According to these principles, of all the cases reviewed, the most convincing management performance is that of REP-II (see "Effectiveness", "Impact on Institutions", "Policy Dialogue").

203. For all projects (with partial exceptions for REP II) management performance was problematic in terms of monitoring and evaluation systems, particularly for the evaluation portion. This explains why so little information is available on project results and impacts on households and communities. Unfortunately this was also the case for projects having a research component or cooperating with research organizations. This is a shortcoming in the programme as it restricts the opportunities to assess and demonstrate to other potential partners the progress made and the validity of many ingenuous initiatives taken. Finally, across the board there is still limited availability of practical skills and experience in working with private sector actors. In spite of the efforts made, project management is still mainly geared for supply-driven interventions. Again, it is not realistic to expect changes to take place overnight and changes need to be facilitated by IFAD and other partners to a larger extent than has been the case so far. Across the portfolio, the performance of the Government is rated moderately satisfactory (4), with one project rated satisfactory (REP II), two moderately satisfactory (RFSP, RTIMP) and one moderately unsatisfactory (NORPREP). This is higher than the average of previous evaluations (3.3).

C. Cooperating Institutions

204. The World Bank co-funded and supervised RFSP. The project performance assessment of RFSP provides an overall rating of moderately satisfactory for the Bank's performance, based on its limited progress in ensuring quality at entry (poverty reduction dimension in the design) but its supervision was considered satisfactory. In fact, the World Bank was not only a visible but also an active partner, regularly taking part in supervision missions, and collaborating well with IFAD. In RFSP, the Bank prepared a cogent project completion evaluation, which, however, was compromised by the absence of quantitative evidence on several criteria, notably on financial sustainability. In the view of several stakeholders interviewed, as an equal partner, the Bank could have been more informative in work on designing formal-informal linkages and more supportive in policy dialogue with specific activities and technical assistance. The World Bank was contracted to supervise RTIMP in 2007 and 2008, although it was not cofinancing the project. RTIMP was later moved to direct supervision by IFAD (in 2009). In the initial stage, the project suffered from weak financial and administrative management (no computerised accounting system), perfunctory M&E and low disbursement. These issues were identified in the WB supervision reports although they were not solved until after IFAD took over direct supervision. Given the short duration of its supervision, there is limited evidence on the role played by the WB in addressing the above management issues. From 2008, the Bank has also been the cooperating

institution for NORPREP and, since then, the project implementation pace has progressed dramatically.

205. Overall, the performance of the World Bank as a cooperating institution is rated satisfactory (5), with one project rated satisfactory (NORPREP) and one moderately satisfactory (RFSP) and no rating for RTIMP. The overall rating takes into account the contribution of the Bank in revamping NORPREP.

206. UNOPS was the cooperating institution for supervision during the first four years of REP-II. In general, its performance was found satisfactory by the interim evaluation of REP II. The supervision missions provided a useful mechanism for reviewing progress and for addressing design and implementation issues. Nevertheless, there was a greater time lag and more distant relationship with UNOPS than under the current arrangement with direct IFAD supervision. UNOPS was initially responsible for the supervision of NORPREP. The institutional challenges embedded in the project design have been noted as well as some limitations in the responsiveness of the Government. The available documentation conveys the view that UNOPS shared some responsibility in slow processing of withdrawal application and implementation support. This CPE recognises that the past IFAD practice across the board was to have UNOPS as the most frequent cooperating institution. This choice was questionable in the case of NORPREP because UNOPS had no presence in Ghana and a risky and institutionally challenging project such as NORPREP would have required in-country implementation support from the beginning. Overall, the performance of UNOPS as a cooperating institution is rated moderately satisfactory (4) with one project rated moderately unsatisfactory (NORPREP) and one satisfactory (REP-II).

Key Points

- IFAD's performance is assessed as moderately satisfactory, with an improvement compared to previous evaluations. IFAD designed innovative projects but did not always caution against institutional risks. In the drive to value chain development, it did not fully take into account implementation skills constraints at the national level.
- The Government of Ghana displayed strong commitment to IFAD's portfolio and this is shown not only at the project level but also at policy level where there has been availability to engage in a dialogue and particularly in the case of rural enterprise development. Commitment of project coordination units has improved compared to the past. A gap in implementation capacity for the new value chain approach is noted. The Government's performance is assessed as moderately satisfactory, with an improvement compared to previous evaluations.
- The World Bank and UNOPS have been the cooperating institutions. The Bank has shown comparative advantages in terms of country presence and its "weight" in policy dialogue. UNOPS' lack of field presence was a constraint for NORPREP.

VI. ASSESSMENT OF NON-LENDING ACTIVITIES

207. This section reviews non-lending activities as well as grants. Policy dialogue, partnership development, and knowledge management are "non-lending" activities, distinct from typical loan-financed activities, such as physical infrastructure or training support. In Ghana, however, several "non-lending" activities have been components of IFAD loan-funded projects.

A. Policy Dialogue

208. Both the 1998 and 2006 COSOPs defined a set of overlapping policy dialogue objectives (Table 7). At the macro level, the strategic objectives of the Government of Ghana and those of IFAD are largely consistent, with perhaps the exception of the vexing issue of subsidised interest rates. For the rest, IFAD's policy dialogue in

Ghana does not mean engaging in "big principles," but rather finding approaches and models to make those principles work. As IFAD's portfolio has shifted towards sector-specific national programmes, the frontier of policy dialogue has shifted with it. Most policy dialogue has been supported under ad hoc project components. And while projects with a national scope have a potential to make use of IFAD's technical expertise to give candid advice to national authorities, IFAD's area-based projects have found it difficult to push policy dialogue contributions beyond the local level.

209. **"Policy alignment and advocacy for pro poor rural development"—IFAD activities have thus far consisted of a grant to support MOFA in managing the agriculture donor coordination group.** In 2007 IFAD approved a US$200,000 grant to MOFA ("Pro-Poor Agricultural and Rural Development Policies and Advocacy") that has been used to manage relations with the donor community in the agriculture sector and not for policy dialogue specifically. For 2011, however, the grant is expected to co-fund consultations for four studies by IFPRI-Ghana.[126] The grant also supported the establishment and work of the Country Programme Management Team, a partnership forum for dialogue and broader oversight for IFAD country programme implementation. The grant allowed IFAD to contribute, through MOFA, to the coordination group before IFAD established its country presence in 2011.

210. **"Policy dialogue on public-private sector cooperation"—successful at promoting micro enterprises, while still in the initial stages of value chain development.** REP II has promoted a more inclusive private sector and has contributed to significant policy change in support of the micro and small enterprise sub-sector. The creation of the MSE sub-committees, initiated through REP II, was up-scaled via policy discussions with the REP II Board, IFAD, and GoG, mainstreamed MSE promotion within the District Assembly, facilitated the creation of small businesses in the districts and enhanced the revenue generation potential of the District Assemblies, in addition to creating jobs. These efforts resulted in two policy initiatives in the local government system through the Ministry of Trade and Industry (MOTI) and the Ministry of Local Government and Rural Development (MLGRD): (i) the establishment of MSE Sub-Committees within District Assemblies; and (ii) the Legislative Instrument 196 – Local Government (Departments of District Assemblies) Commerce Instrument, 2009. Both have provided legal instruments to support public-private sector collaboration at the district level. The Legislative Instrument 1961 has authorized the establishment of District Assembly departments, including a new Department of Trade and Industry, and is expected to support the development of small-scale industries in the districts. IFAD has been involved in policy discussions with MOTI and MLGRD on a regular basis during the evolution of Legislative Instrument 1961. Agriculture value chain[127] initiatives are another important national and local policy dialogue issue. In cooperation with MOFA, at the national level NRGP has helped establish a Value Chain Practitioners' Forum, creating a venue for consultation between public and private sector actors. This initiative is still in its initial phase and identifying issues rather than formulating specific initiatives.

211. **"Decentralisation"—programme results are emerging but have not yet reached the stage where they can lead to inputs for policy dialogue.** To strengthen local government capacity building, NORPREP has helped introduce new

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[126] To assess the effectiveness of sub-programmes as part of FASDEP II: block farming (a scheme whereby the state purchases blocks of land to be cultivated by youths, and provides support for mechanization, fertilizers, and extension), mechanization centres, fertilizer subsidies, and irrigation. The 2010 Annual Joint Review conducted by the agriculture donor coordination group highlighted these four sub-sectors as problematic.

[127] Value chain development encompasses primary production, processing, consolidation, value addition through secondary processing, packaging, support services, financing, storage, transportation and marketing.

tools and skills at the district and sub-district (area council) levels for supporting participatory, community-based initiatives in planning basic infrastructure construction and monitoring contracts. Moreover, RTIMP has facilitated more effective cooperation between District Agricultural Development Units and District Assemblies on establishing district guidelines to support local farmers. These efforts are an example of incipient institutional innovations, but do not qualify yet as policy dialogue that can be applied more broadly to public policies on decentralisation and local governance. The Ministry of Local Government has expressed interest to learn from the experience of NORPREP and WB-funded Community-Based Rural Development Programme. This may open future opportunities for policy dialogue.

212. **"The regulatory framework for rural finance"—policy dialogue has sensitized GoG to the distortionary effects of subsidised interest rate programmes, although these programmes continue to exist.** Among the main initiatives of RFSP (planned to continue under RAFIP) was the creation of a Microfinance Sector Forum, led by the Microfinance Unit of MoFEP, that would help disseminate good practices in microfinance and open up debate among GoG, rural finance institutions, and Apex Bodies (ARB Apex Bank and the CUA).[128] RAFIP is also expected to support the creation of a forum of key donors in the rural finance sector, similar to the agricultural sector working group. One of the most sensitive topics of discussion has been GoG's continued support for subsidised public credit programmes. Although the Forum engendered discussion about the distortionary effects of public subsidised credit programmes on interest rates, these programmes continue to exist.[129] The governing structure of the Forum, lacking a strong and widely recognised representative of the micro finance industry, has slowed its progress. In fact, experience in both Uganda and Kenya suggests that microfinance dialogue venues that are co-chaired by representatives from both public institutions and the micro finance industry network are more dynamic (i.e., a Government cannot be expected to lead policy dialogue with itself). Although Ghana's Microfinance Institutions Network (***GHAMFIN***) supports information-sharing, it lacks this broader mandate and, in any case, is not financially self-sufficient.

213. **The introduction of "matching grants" in several projects—an innovation in Ghana—should be an opportunity for policy dialogue.** Evidence in Annex 6 suggests the desirability of converting distortionary subsidies (below-market interest rates) into "smart" subsidies (a small start-up credit for new economic activity by the poor, while allowing prevailing lending rates to be market-determined). The application of matching grants needs to be discussed further (see "Innovations") before it can be institutionalized into a policy dialogue instrument. This CPE argues that matching grants may provide an effective instrument worth more than dozens of policy dialogue workshops and consultative meetings on subsidised interest rates. At this juncture, an understanding of and a clear position on matching grants within IFAD is muddled. Unless this issue is clarified and resolved, an important policy dialogue opportunity will be missed.

214. **"The framework for water user associations, community-based farmer organizations, and land tenure"—the CPE could not identify specific policy dialogue activities.** The 2006 COSOP claimed that existing regulations for registering water user associations and community-based organizations were obsolete, particularly the lengthy registration processes, the absence of plans for environmental resource conservation, and their questionable application to poverty

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[128] The Forum was instrumental in shaping the Ghana Micro Finance Policy, approved in 2006 in a national workshop chaired by MOFEP, although not officially approved as a Cabinet document.
[129] Since 2006, subsidized credit programmes have been consolidated in a new institution placed under the Office of the President—the Management of Microfinance and Small Loans Centre (MASLOC). After poor repayment performance initially, MASLOC is now renewing its effort to improve credit discipline.

reduction. It also pledged to build on project experience to articulate land tenure issues from the perspective of the rural poor and to advocate reforms to enable women to secure equitable access to land and water. The CPE could not identify actions in this area, nor could it document the existence of follow-up efforts on lessons learned in a previous IFAD project, LACOSREP II, which had achieved appreciable results in the formation of WUAs and sensitized village chiefs to provide women with access to plots of irrigated land.

215. **Two concerns about future policy dialogue: skills and partnerships**. IFAD's policy dialogue "at a distance," filtered through project components and without a country presence (the situation of IFAD until 2010), rested upon the assumption that government agencies and international development partners (e.g., the WB) would share IFAD's objectives and concerns and provide consistent support to certain goals. This CPE raises two concerns about current and future policy dialogue. First, engaging in policy dialogue requires analytical capacity and technical skills on a level that is not currently available in the IFAD programme (see "Knowledge Management"). Second, IFAD perhaps cannot internalise all such skills and capacities and may need to build partnerships with other organizations (research centres, international cooperation). This strategy for partnership is not clear at present. However, policy dialogue is rated in the "positive zone" as *moderately satisfactory* (4) because, despite these limitations, this area has received increasing attention in Ghana and has been successful in select areas.

B. Partnership Building

216. IFAD has forged partnerships with several entities and along several modalities. Both the 1998 and 2006 COSOPs advocated strong partnerships with Government agencies at both the central and sub-national level (e.g., District Assemblies). The 1998 COSOP strongly advocated partnerships with international (WB, AFDB) and bilateral donors and with technical assistance agencies, such as GIZ, CIDA, USAID, and DANIDA (but did not specify the exact areas of cooperation), and was adamant about the need to establish "true" partnerships with NGOs and civil society organizations (based on an exchange of experience and ideas, and not just the outsourcing of contracts). The 2006 COSOP added a new element—the importance of partnerships with private sector operators.

217. **Partnerships with Government agencies are generally solid at the national and sub-national levels.** At the central level, the main partners have been MOFA, MOFEP, MOTI, and MLGRD. The partnership with Ministry of Trade (MOTI) has opened the door to other partnerships with national agencies, such as the National Board for Small Scale Industries and the Ghana Regional Appropriate Technology and Industrial Services (GRATIS), and has underpinned important policy dialogue. MOFEP appreciates the importance of agriculture to rural development in Ghana and is aware of the support provided by IFAD to the rural and micro finance sub-sectors through RFSP and RAFIP; it is not, however, familiar with IFAD's exact activities in sectors where it lacks field exposure. As such, MOFEP sometimes expresses doubts about the "value for the money" of IFAD's frequent missions to the country, such scepticism could be addressed by simply inviting MOFEP to join selected supervision missions. The Ministry that seems less connected to IFAD's work is MLRGD, the implementing agency for NORPREP, primarily because NORPREP has stronger institutional ties with regional and district authorities than with the capital.

218. **MOFA has been the implementing agency for several projects and is the de facto focal point for broader IFAD programme support functions.** MOFA has been the main recipient of IFAD's financial support, although partnerships with other GoG ministries are now more diversified than before. MOFA is the implementing agency for RTIMP and NRGP, with a focus on value chain development. MOFA has accepted the challenge to enhance collaboration with the private sector and move progressively beyond postproduction to the processing

and marketing aspects of the value chain, an important but still desultory step. When IFAD had no country representation (until late 2010), an arrangement was made with MOFA to allow a senior Ministry staff to serve as focal point and liaison for all matters related to the IFAD portfolio (even for projects outside MOFA's jurisdiction). This helped speed communication between Accra and Rome, although it could not be a perfect substitute for IFAD's presence. One current contention between MOFA and IFAD concerns the role of RAFIP. IFAD sees it as an instrument for capacity building at the three levels of the rural finance sub-sector (in line with its Rural Finance Policy), while MOFA has questioned some assumptions of the design (e.g. sufficient liquidity, proactive demand for training and capacity building by micro finance institutions and their apexes). MOFA has proposed considering credit lines for on-lending (an option that IFAD RF Policy considers with some caution) as well as alternative instruments such as guarantee schemes.

219. **The latest DAC survey suggests that IFAD's assistance in Ghana has been integrated into national systems.** In 2010, the Government drafted the Ghana Aid Policy and Strategy for 2011-2015, specifying that MOFEP spearhead all negotiations with development partners and play the lead role in aid planning, mobilization, and management. Project aid would be considered based on its sustainability and potential to achieve national development priorities. In the agricultural sector, the donor coordination group in 2006 started discussing a Sector-Wide Approach (SWAp) but shelved it between 2007 and 2009 when adoption of the CAADP compact became the top priority; it re-emerged in 2010, with the support of Word Bank and CIDA and with IFAD's interest in participating. Discussion on the SWAp progresses but slowly, also due to heavy workload, concomitant engagements and human resources constraints in MOFA. Even in the absence of a fully harmonized sectoral framework, IFAD's support has generally been well integrated into national systems, according to the latest available survey (OECD-DAC, 2008). The main measures of the OECD-DAC (Annex 5 Table 10) indicate that IFAD was performing better than the UN and the entire community of donors (indicators 2-8), with the exception of aid disbursement predictability (indicator 1).

220. **Growing partnerships at the sub-national level.** IFAD has partnered with both the Regional Coordination Council (RCC) of the Northern Region and District Assemblies in NORPREP, while forging similar sub-national partnerships in NRGP. It is also now holding focus group discussions with key representatives from the RCC Northern Region on emerging issues of local development. Sub-national–level partnerships are strong between REP-II and the District Assemblies, particularly in support of micro and small enterprises, including BACs (see "Policy Dialogue").

221. **Partnerships across IFAD projects in Ghana have been limited in the past, but new experiences are emerging.** In the past, cooperation among IFAD projects in Ghana was limited—notably for RFSP, which tended to run parallel to other IFAD initiatives; also, linkages between the financial services under RFSP and the rural finance components under other projects were weak. In its self-assessment, RAFIP team underlined the need for more cooperation between projects. However, current working arrangements—such as between RTIMP and REP II for roots and tuber crop processing are slowly starting to yield positive results.

222. **Partnership with the World Bank on RFSP and NORPREP yielded varying results.** They worked well in RFSP at the meso/macro institutional and policy level. They worked to a lesser extent in promoting pro-poor lending products for small farmers and creating linkages between informal and formal financial organizations. However, IFAD benefited from a professional relationship with a former WB senior technical advisor in micro finance whose knowledge of Ghana spans over 30 years—still a highly valuable asset and an exceptional case in the entire programme. Co-financing from the World Bank was expected to extend to RFSP's

successor, RAFIP, but the Bank declined to participate in deference to a larger-scale project it is funding. RAFIP is expected to be co-financed by DANIDA, which will have to fill the large shoes left by the expertise of the World Bank. In NORPREP, IFAD and World Bank cooperation struggled from the beginning. The two organizations had co-funded the Village Infrastructure Project from the latter half of the 1990s to the early 2000s. After the Village Infrastructure Project closed, IFAD and the WB proceeded on their own with their respective follow-up projects, NORPREP and the Community-Based Rural Development Programme. IFAD's decision to proceed alone in NORPREP was a risky one. Supporting the decentralisation process in Ghana was not IFAD's strong suit, and it could not react well to implementation hiccups. After several years of slow implementation, where supervision by UNOPS appeared to be inadequate, IFAD asked the World Bank to supervise the project in 2008, and NORPREP became a de facto counterpart to the WB-supported Community-Based Rural Development Programme, which also met a financing gap. The question is: Why not earlier?

223. **Partnership with AfDB has primarily been financial.** The AfDB has co-financed three projects—RFSP, REP-II and NRGP. AfDB was also expected to co-finance the recent RAFIP but, having already invested a large amount in NRGP, it is cautious of embarking on another major investment in the sector before assessing NRGP results. AfDB has also been cautious about investing further in rural finance, following a review of agriculture-credit components in several projects (not only RFSP) which showed difficulties in reaching poor farmers.[130] However, the fact that IFAD and AfDB are now represented in the country can provide more opportunities for substantive cooperation.

224. **Partnerships with NGOs have led to a focus on marginalised groups.** In NORPREP and REP II, partnerships have been established between a wide range of NGOs and religious grassroots organizations. Many of these partnerships have provided "added content"—new ideas and approaches—an improvement over older-generation projects (e.g., UWADEP), where NGO partnerships consisted largely of out-sourcing sub-components without substantive dialogue. In REP II and NORPREP, alliances with NGOs and civil society organizations helped provide a specific focus on marginalised and socially excluded groups, including the deaf, lepers, and alleged witches.

225. **Emerging partnerships with the private sector are a laudable initiative but present risks.** In the past, private sector operators were seen merely as contractors of project sub-components (e.g., the construction of a dam). Active, more engaging partnerships with private enterprises are being newly forged in RTIMP and REP-II, as well as in NRGP's ambitious component to establish new agricultural value chains. Ideally, projects "sponsored" by the Government should provide "public goods" that control the investment risk for farmers, entrepreneurs and project teams. Despite good efforts under NRGP, early implementation experience suggests that working with the private sector requires acknowledging that a specific business mentality will be "part" of a partnership, including detailed, bottom-line business plans under different scenarios, and mutual responsibilities for investments. At the same time, some of the entrepreneurs involved in value chain development may have limited experience and partial appreciation of the risks involved. The example of the recent IFAD-NRGP value chain component for vegetable products shows that this reality is not yet grasped. Financing arrangements and loan negotiations by banks were differently understood by the project and private operators, generating risks of financial losses. Working with the private sector requires a small "cultural revolution" of understanding. The need for engaging with and receiving support from experienced private sector partners may have been underestimated at the design phase. Also, NRGP has not yet forged a formal partnership with the Accra representation of the Alliance for a Green

[130] Aba Amissah Quainoo (2008), *Review of Five Agricultural Development Credit Schemes*, AfDB.

Revolution in Africa which is also working on value chain development for food crops.

226. Overall, the rating for partnerships is moderately satisfactory (4), "positive but also mixed." The CPE notes three concerns for the future: (i) the differing visions of IFAD and MOFA about the role of RAFIP (in line with IFAD's RF Policy); (ii) the absence of two past partners, WB and AfDB, in IFAD's implementation of RAFIP, particularly the Bank's expertise in the financial sector; and (iii) the absence of any strong alliance with a private sector partner that has a proven track record in private sector development.

C. Knowledge Management

227. The 1998 COSOP did not present explicit knowledge management objectives. The 2006 COSOP mentioned two initiatives: (i) the organization of a workshop on community-driven development and (ii) information exchanges between projects in the context of the regional initiative FIDAFRIQUE. The first initiative was pursued in a stocktaking workshop in Accra in 2007. As a follow-up, IFAD elaborated the *Community Driven Development Decision Tools* in 2009,[131] capitalising on IFAD experience not only in Ghana but also in West Africa. The second initiative, FIDAFRIQUE/IFADAFRICA, is a grant-funded project providing web-based information on IFAD loans/grants and upcoming events in Africa. While project managers are aware of the initiative, they have not always used the network proactively to seek expertise to help them resolve issues during project implementation.

228. **The IFAD programme lacks well-performing monitoring and evaluation systems and portfolio-wide review.** Of the six projects considered by this CPE, only one (REP II) had undertaken a limited "impact" survey to follow progress on a set of core indicators. No other projects had conducted a baseline survey at the time of the CPE (RAFIP intends to do so). The absence of quality impact assessment compromises IFAD's learning from project lessons. Instead, project-specific supervision missions yield the most compelling results in the absence of any comprehensive portfolio review. In the last quarter of 2010, supervision of 4 projects became an integrated mission for the first time, still yielding 4 separate aide-mémoires but allowing some cross-learning for the team of consultants. This experience was a new initiative that may open the door for future reviews of the programme.

229. **Several innovative initiatives were conducted without detailed analysis at the household, community, and sector levels.** Although RTIP and RTIMP have collaborated intensively with agricultural research organizations, they have generally ignored efforts to collaborate with socio-economic research institutes at the design and start-up phases to collect information on household consumption and production patterns. Nor have they collected systematic data collection on the value chains in which IFAD planned to intervene. A more "intuitive" approach based on "good and interesting ideas" has been applied without further support of hard data—a lesson that, as early experience in NRGP shows, can pose serious constraints early in project implementation when many risks can be controlled by conducting focused data collection and information gathering in advance.

230. **New project-level knowledge management initiatives are emerging.** In the early stages of REP II, the mid-term review observed that the project was not promulgating lessons from all the innovations being fielded, and so project management developed a communications campaign consisting of informational brochures, a revamped project website, and knowledge stands at public fairs. New initiatives are planned for the RAFIP and NRGP projects. A small sub-component of RAFIP (US$0.8 million) plans to develop and disseminate knowledge at the country

[131] http://www.ifad.org/english/cdd/pub/decisiontools.pdf

level from studies, exchange programmes, and study tours. In NRGP, knowledge sharing and learning is expected to be fostered through M&E, farmer-to-farmer exchanges (within the three northern regions, with Southern Regions and with Burkina Faso), FIDAFRIQUE network, and the IFAD "Rural Poverty Portal" web resource.

231. Finally, the opening of an IFAD country office in Accra, with an out posted CPM, may provide an opportunity for more proactive engagement in knowledge management at the programmatic level, including the documentation of innovations made outside IFAD portfolio, something which has not been done systematically so far. The CPM and the PMUs perceived that direct supervision would provide a greater opportunity for knowledge management because the information gathered during supervision was fed directly into IFAD non-lending and lending activities. Despite some accomplishments, this CPE rates knowledge management realistically as *moderately unsatisfactory* (3), because of weak M&E systems, absence of impact assessment and limited hard data collection, which prevent the assessment of the true impacts of COSOP goals. Although new initiatives are emerging, it is too early to assess them.

D. Grants

232. The process of preparing information on the Grants section was made difficult not only by the paucity of information in the field in Ghana but also by the inadequate extant database on grant funding amounts, implementation status, and outcomes. Annex 4 provides as many statistics as possible within the mission and evaluation timeframe, but some information was unavailable on reported grants. More precise information is available for nine grants financed by IFAD (or by other donors through IFAD) , of which including 4 country-specific and 5 regional ones. The total grant amount for Ghana was estimated at $US 5.5 million, but this is a crude estimate since the portion of regional grants allocated to Ghana is not known in advance.

233. **Four grants for crop and value chain development were linked to RTIMP and/or NRGP.** One grant, "The Regional Cassava Processing and Marketing Initiative (RCPMI)," linked to RTIMP, was to support market information systems (MIS), a manufacturers' equipment survey, and a feasibility study to assess a unit producing pre-cooked, vacuum-packed sterilized cassava chips to be marketed and distributed through a "cold chain" application. As of March 2011, the MIS was still not functional and the study had not been implemented, and there were no signs that RTIMP was benefiting from the grant in "processing and marketing."

234. A country-specific grant, "Sustainable Up-scaling of Seed Yam and Cassava Production Systems for Small-Scale Growers in Ghana" (funded by the EU Food Facility), was a response to severely escalating food prices in 2008, seeking to strengthen and modernize planting-material production of cassava and yam to enable smallholder farmers to increase their production and open up income-generating business and employment opportunities for rural families. It was successful, with new technologies being developed and disseminated through the RTIMP project. Still, it is another piece of evidence that production trumps marketing.

235. Another country-specific grant was the "Fast Track Initiative on Partnership for Grains and Oilseed Development (PGOD) in Ghana" provided to ACDI-VOCA, an international NGO, providing expertise in value chain development and analysis, agribusiness, and enterprise development. The grant was to feed into NRGP activities by supporting the cultivation of 3,000 ha of maize and 40 ha of soybean as import substitutes and to garner the support of a range of private sector partners in developing demonstration plots for production specific to export value chains. Although activities did not proceed on time, the lessons learned were fed

into NRGP design. However, it is not clear the extent to which the lessons have affected project implementation.

236. The last, regional grant is the "Potential Use of Cassava Wastes to Produce Energy" (with grant funding provided by the Italian Development Cooperation), still in the developmental stage at the time of the CPE mission. In October, 2010, a "Global Consultation on Cassava as a Potential Bioenergy Crop" symposium was held in Accra; subsequent activities have included a feasibility study to assess a pilot project intended for Asueyi, Techiman Municipality.

237. **IFAD has provided grants for policy research and knowledge management.** IFAD approved a multi-country grant to the International Food Policy Research Institute (IFPRI) for a "Strategic Partnership to Develop Innovative Policies on Climate Change Mitigation and Market Access" in Ghana, Morocco, Mozambique, and Vietnam. The grant will be managed by IFPRI from its Washington DC headquarters. In Ghana; the grant is expected to support NRGP and possibly RTIMP. Available documentation shows strong interest from IFPRI but also its constraints in developing concrete research proposals from its headquarters in Washington, as well as the distance barriers imposed on opportunities for exchanges with national policy makers. Although IFPRI's country office in Accra operates under human resource constraints, the GoG still cooperates with it in fielding background studies and, since 2011, in assessing agricultural sub-sectoral strategies, as a part of the activities connected with the agriculture donor coordination group (see "Policy Dialogue"). Supporting the capacity of IFPRI-Accra and its collaboration with national research institutions might be a longer term option for IFAD.

238. The largest region-wide grant initiative is being fielded trough the FIDAfrique network, called "Promoting Knowledge Sharing and Innovation for Poverty Reduction in Sub-Saharan Africa," which is a management and communication architecture that goes beyond its application in East Africa by providing a "network of people and organizations sharing knowledge and promoting innovation across sub-Saharan Africa"—particularly by "bridging linguistic communities to better connect French, English and Portuguese speaking rural development practitioners through the proposed single network model. The grant recipient is the West Africa Rural Foundation (WARF/FRAO), which FIDAfrique recognizes is "well established in WCA." According to information collected, the main users of FIDAfrique are project staff who can download documents and information from the website and participate in regional workshops and can exchange ideas and experiences.

Table 19: Assessment of non-project portfolio activities

Policy dialogue	4
Partnership building	4
Knowledge management	3
Overall non-lending activities	**4**

Key Points

- The Government of Ghana and IFAD agree on most areas identified for policy dialogue in the COSOPs. The main issues for discussion involve finding approaches and models to make agreed policy principles to work.
- Policy dialogue has been successful at establishing microenterprise and financial sector regulatory policies, but less successful at having the Government adopt the full microfinance policies prepared by the Ministry of Finance and Economic Planning with IFAD assistance.
- Pending issues for policy dialogue include modalities for implementing matching grants, the objectives of the Rural and Agricultural Finance Programme (RAFIP) and

building analytical capacity and partnerships to implement new value chain approaches.
- IFAD has solid partnerships with Government agencies at national and sub-national levels and its assistance has been well integrated into national systems.
- Partnerships with the African Development Bank and with the World Bank have included co-financing and supervision. It is of concern, however, the lack of presence of both institutions in RAFIP
- IFAD's partnerships with the private sector need improvement in order to be successful at implementing new value chain approaches. IFAD has not yet partnered with AGRA, active in similar commodity chains.
- The main pending issues in knowledge management relates to IFAD's weaknesses at establishing a strong monitoring and evaluation system and at associating with socio-economic research institutes to collect information on household consumption and production patterns at the start-up phase of projects.
- The opening of an IFAD country office in Accra, with an out posted CPM provides an opportunity for more proactive engagement in knowledge management at the programmatic level, including dissemination of the information collected in the process of direct supervision.

VII. COSOP PERFORMANCE

A. Relevance

239. In this section, the CPE examines the extent to which the main objectives of the two Ghana COSOPs of 1998 and 2006 were aligned with Government policy and strategy for agriculture and rural development, IFAD's corporate strategic objectives, and the needs of the rural poor. The CPE also assesses the coherence and logic of the country strategies (whether the selection of sub-sector priorities in Ghana was best aligned) to achieve the main objectives presented in the COSOPs. The strategic objectives and key elements of the two Ghana COSOPs were described in Chapter III of this report.

Alignment of Strategic Objectives

240. **The objectives of COSOP 1998 were aligned with IFAD's overarching mission and strategic goals, although at that time the Government did not emphasize geographic targeting.** The objectives of COSOP 1998 fully corresponded to the overarching mission of IFAD to empower the poor, especially since the geographic priorities of COSOP 1998 targeted the regions of Northern Ghana, where extreme poverty continued to be pervasive. These objectives, however, were at variance with the major thrust of Government policy of that time, which sought to accelerate economic growth by modernizing the agriculture sector and strengthening private-sector involvement, without explicitly targeting specific geographic pockets of poverty. In fact, the Accelerated Agricultural Growth Strategy (AAGDS, 2000), the Food and Agricultural Sector Development Policy (FASDEP, 2002), the Ghana Poverty Reduction Strategy (GPRS, 2003), and the National Medium-Term Private Sector Development Strategy (PSDS), 2004–2008, all gave prominence to broad-based (non-geographically targeted) economic growth in agriculture.

241. **The overall objectives of COSOP 2006 were fully aligned with Government policy of that time, but shifted focus away from geographic targeting.** The explicit goal of IFAD's COSOP 2006 was to support the Government's continued, growing emphasis on a market-driven agricultural sector and a vibrant private sector.[132] As such, COSOP 2006, in line with IFAD's corporate strategic framework

[132] The Ghana GPRS-II for 2006–2009, FASDEP-II from 2007, the Second National Medium Term PSDS for 2010–2015, and METASIP for 2011–2015 sought "sustainable" poverty reduction predicated on

of 2007–2010, moved IFAD activities in Ghana towards pro-poor microenterprises, commodity value chain, and rural finances, with the deeper thrust to promote access to markets as a way to achieve sustainable gains in rural income. In the process, however, the specific objectives of COSOP 2006 lost some of their earlier focus on geographic targeting. IFAD moved out of area-based geographic targeting and shifted towards two types of intervention: (i) mono-sectoral programmes covering virtually the entire country (REP-II, RFSP, RTIMP, and RAFIP); and (ii) programmes covering an entire region (NORPREP) or a set of contiguous regions (NRGP).

242. Since 2008, the new Government has acknowledged the need for geographic targeting and is now addressing its regional poverty disparities by pursuing two initiatives focusing on the North: the Northern Development Strategy (2010–2030), which is providing public funding to modernize the agriculture sector in the North (and which is also addressing environmental degradation), and the Savannah Accelerated Development Initiative (SADI), to align economic, developmental, and human-capital progress between North and South Ghana and to reduce the poverty rate in Northern Ghana to one-fifth by 2030.

243. **COSOP 1998 was based on a preceding Country Portfolio Evaluation, while COSOP 2006 lacked strong analytical backing.** COSOP 1998 drew upon the experience from contemporary project appraisal missions and from discussions with several partners (Government, donors, NGOs). Although IFAD did not commission specific analytical preparatory work, the 1998 COSOP drew from the conclusions and recommendations of the 1996 Country Portfolio Evaluation. The 2006 COSOP retained the consultative component (several workshops between 2004 and 2005) and was updated with respect to the sectoral strategies of the time. However it could not draw from a country programme evaluation and was not supported by specific analysis to support key strategic changes proposed. In particular, the analysis was weak in the two following key areas: (i) implications of and constraints to shifting towards a value chain development approach; (ii) lessons learned from two contemporary project evaluations on IFAD’s performance and results in the North.

244. Limited value chain analysis implied that the COSOP did not acknowledge low familiarity of project staff with practical aspects of commodity chain development as well as limited experience of local entrepreneurs. This included basic business analytical skills. The COSOP did not anticipate the need for training and capacity building. On a different matter, the 2006 COSOP did not draw enough from the evaluations of LACOSREP II and UWADEP, both assessing development interventions in the Upper East and Upper West respectively. These evaluations showed the difficulties encountered in the North but also pointed out to the potential for investment, notably in the Upper West and provided guidance as to concrete and relatively simple intervention measures. In particular, the evaluation of UWADEP emphasized the potential of Upper West Region for commercial maize production, tuber cultivation, and diversification into higher humidity crops, tree crops, and riverside gardens. It also alerted to the need of a stronger project implementation team. Reflecting more on these evaluations could have inspired more gradual, simpler initiatives in Northern Ghana.

Coherence of the Main Elements of the COSOP

245. **COSOP 1998 identified target groups on a geographic basis, while COSOP 2006 provided broader categorisation.** COSOP 1998 targeted specific poverty groups.[133] COSOP 2006 referred to target groups in more general terms. For

implementing growth-inducing policies, modernizing agriculture through private-sector–led growth, and focusing specifically on micro and small enterprises (MSEs).

[133] They are: (i) food insecure and resource-poor smallholder families in Upper East, Upper West, and Northern regions; (ii) resource-poor smallholder families engaged primarily in cultivating food crops in

example, it recognized that "rural MSEs can grow if they are supported by services accessible at the community and district levels (…)," but that "there would be a need to set up a facilitation function to improve targeting and ensure better follow-up and monitoring." It also recognized that "preference" should be given to the "more marginalized either by gender, socio-economic, or cultural factors, or the degraded and fragile nature of the ecosystems on which the livelihoods of these people depend." In addition the 2006 COSOP insisted on demand-driven approaches but did not consider that the same would need to be matched by intensive outreach activities. Without these, there is a risk that the "demand" may come only from better informed, wealthier people and communities with better access to information or stronger local leadership.

246. **COSOP non-lending activities included specified objectives, although the synergies between the investment programme and the non-lending activities were not always strong.** The 1998 and 2006 COSOPs identified areas for policy dialogue and partnership building (see Chapter III, table 7), although some areas have not been associated strongly with IFAD's existing investment programme. Policy dialogue about rural markets, agricultural credit and the persistence of subsidies, commodity chain governance, decentralization, and private-sector development is directly connected to the investment programme supported by IFAD. On the other hand, water governance, land tenure, and the legal framework for water user associations correspond to areas where investments have been more limited since 2006. Partnership building includes most of the national and local government institutions and the donor community, but has not explicitly incorporated dialogue with research institutes and national universities, especially to support impact analysis as part of IFAD's monitoring and evaluation framework. In addition, the consultation with some important donor partners does not seem to have been sufficient to convince them to participate in some of the proposed investments (e.g. RAFIP), forcing IFAD to up-scale innovations by itself. Up-scaling without partnership also risk spreading IFAD resources too thin, an issue that the 1996 CPE had already warned against: "the risk of targeting overly vast areas with too limited funds".[134]

247. **COSOP strategies to promote activities that are national in scope increase the potential for policy dialogue, but limit opportunities for geographic targeting.** A sector-wide programme whose activities are national in scope, or a programme that covers a large region or macro-region, has the potential to leverage a larger volume of financing and to open up opportunities for IFAD to use its experience to sway and inspire national policies through policy dialogue. Policy dialogue, however, must be well designed, able to attract a larger volume of financing, and be sound technically. IFAD's countrywide programmes have not always been able to attract larger financial resources (e.g. RAFIP) and have not always been technically strong (value-chain development in NRGP). In addition, experience in Ghana with countrywide growth programmes has been that they have perpetuated rather than reduced the historical North-South divide in standards of living. Conversely, although geographically targeted, area-based projects do not always open up the same opportunities for policy dialogue, targeting a specific poverty-ridden area could have pronounced poverty reduction effects if the activities are well-designed and managed. The current commitment of the Government to the Savannah Accelerated Development Initiative provides an opportunity for IFAD to achieve stronger poverty reduction results in Northern Ghana.

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the southern, central, or western regions; and (iii) female-headed households, especially those in the North, and vulnerable poor individuals in rural households (see Chapter III)

[134] Country Portfolio Evaluation, December 1996.

COSOP programme management

248. **Implementation capacity constraints for new approaches.** COSOP 2006 proposed a value chain approach without cautioning against limited implementation capacity in Ghana. This CPE believes that pursuing the value-chain model is an important shift beyond the almost exclusive focus on production in the past, provided that the activities are well-designed and well managed. This view is also in line with national policies that favour greater participation by the private sector in rural development. At the same time, enthusiasm for new approaches may have downplayed the risks of value-chain development in the country. IFAD has traditionally worked and will continue to work with Government entities. IFAD project staff, as well as IFAD's own staff, mainly consist of civil servants with limited private-sector experience.[135] As mentioned earlier, the CPE agrees with the self-assessment of NRGP about the limited experience and skills of projects staff working on value chains (chapter IV). Additionally, local entrepreneurs may also have limited experience and partial appreciation of risks. Therefore, there is a strong need for training, technical assistance, and capacity building to be provided by experienced private-sector partners (see "Partnerships"). This challenge was not adequately reflected in the 2006 COSOP.

249. **COSOP 2006 did not provide adequately for management of the COSOP strategic objectives.** This CPE highlights a set of *managerial constraints*, such as the absence of IFAD's country presence until 2010 (a constraint to design, start-up support, and implementation follow-up, and, of course, to non-lending activities). With its 2006 COSOP, IFAD started designing programmes with greater complexity that required more continuous presence in the country. Another key constraint pertained to the weak M&E systems, particularly the evaluation part. In effect, although COSOP 2006 recommended that "new solutions to monitoring and evaluation must be devised if the systems are to generate data that will be timely and specific and thus useful to inform decision-making processes," a solution to evaluate IFAD interventions at a programme level has not yet been developed. Moreover, the absence so far of an integrated country programme review in partnership with the Government has been a serious limitation to programme evaluation. The joint supervision missions of late 2010 can represent a first positive step in this important direction. But, to be functional, a programme requires periodic reviews as a whole in addition to project-level missions. On the positive side, project coordination units appeared to be better managed than in the past.

250. Overall, the relevance of the COSOPs is rated as *moderately satisfactory* (4), a composite rating of satisfactory for COSOP 1998 and moderately satisfactory for COSOP 2006 and taking into account of the lower rating for the latter.

B. Effectiveness

251. To evaluate the effectiveness of the COSOPs, the CPE seeks to determine whether the strategic objectives articulated in the COSOPs (see Chapter III) were achieved for both lending and non-lending activities by aggregating findings from portfolio and non-lending assessment and adding overarching considerations.

252. **COSOP 1998 strategy to reduce poverty in the North and arrest environmental degradation has yielded mixed results, but such interventions are feasible.** Past agriculture area-based interventions in Upper East and Upper West (LACOSREP II and UWADEP) yielded very diverse results (Chapter III), but showed that the twin objectives of protecting soil fertility and increasing the income and food security of very poor farmers in the North is possible with properly designed and managed interventions. They also showed that, thanks to the ingenuity of local farmers and some NGOs, many small

[135] The recent IFAD Corporate Level Evaluation on Private Sector Development raises similar observations.

technical innovations were already available for further refinement and replication. At the same time, more recent interventions in local development and support to decentralization (such as in NORPREP) showed that it is also possible to reach very poor and socially excluded groups in the North by providing access to very basic social infrastructure (educational facilities, boreholes, small dams, and latrines).

253. **The operationalization of the value-chain approach, an important objective of COSOP 2006, is just emerging in Ghana and still marred with risks.** It is too early to judge the effectiveness of COSOP 2006 in relation to its value chain objective. The concept is new in Ghana: very few practitioners have previous experience with value-chain development or with market matching linkages. The concept has seen better results in REP-II, thanks to the work of Business Advisory Centres (see "Effectiveness"); it has made some initial progress in already existing value chains (RTIMP), although much remains to be done; and it exhibited weaknesses and risks for emerging value chains in NRGP.

254. **Developing pro-poor rural enterprises and rural finance achieved significant results when supported through dedicated sectoral programmes.** Dedicated sector-wide interventions for rural enterprises (e.g., REP II) were generally successful at supporting basic business skill training, apprenticeship initiatives, and technology upgrading for simple processing. They helped open up new opportunities for public-private sector collaboration at the district level, by testing new institutions such as the MSEs sub-committees within the District Assemblies. These institutions are now recognised by the national law and the Government envisages establishing them all over the country. Likewise, by supporting their first dedicated sectoral programme for rural finance (RFSP), IFAD and its partners helped set the conditions for a more conducive regulatory environment (MoFEP, BoG), more solid apex organizations (ARB Apex Bank, CUA), and more sustainable rural finance institutions (particularly rural banks), with better prepared staff, and introducing products (e.g., saving deposits) that better suit the needs of the poor.

255. **Results were less encouraging when the sub-sector was not the major focus of the project.** Micro enterprise interventions, for example, were less successful within agricultural development projects; and rural finance components performed less well within micro enterprise programmes. This finding also underscores the general difficulties experienced in creating synergies across projects in the IFAD portfolio. However, some good cases are emerging: recent initiatives of cooperation between two programmes, one focusing on micro enterprises (REP II) and the other on roots and tubers (RTIMP) show good practice examples at upgrading the technology for processing agriculture produce and thus add value to the production and facilitate marketing.

256. **Strengthening local institutions and the government within the context of community-driven development is another important achievement of COSOP 2006.** This CPE has highlighted (see "Effectiveness" and "Policy Dialogue") how the IFAD programme has contributed to introducing tools and competencies at the district and sub-district (area council) levels to accompany community initiatives that increase access to basic infrastructure. Much remains to be done, but the programme has taken important steps forward that deserve recognition and further support, even if the modalities of interventions have not been efficient so far.

257. **Reaching poor people and groups: some insights.** This CPE has raised the issue that the new directions and approaches introduced in the 2006 COSOP may pose challenges to reaching very poor clients. Evidence is incomplete, due to weaknesses with M&E systems and the absence of impact surveys, and findings suggest that results vary across different types of interventions. The current CPE raises four points for reflection. First, on the positive side, selected projects

(notably NORPREP and REP II) have dedicated activities to more vulnerable or marginalised groups (including the physically impaired) or to poor women. These activities were appreciated by the main intended users, and were relatively simple and functional. Second, this CPE recognises that targeting the "entrepreneurial poor" may generate spill-over effects on the poorer (e.g., with the creation of unskilled employment) under certain conditions (e.g., entrepreneurship in labour-intensive technologies). Evidence from programme implementation is limited, but figures from REP II show hints of labour-generating effects from small and micro enterprises. However, the available data simply do not provide enough information about types of jobs and whether the jobs were created or had already existed.

258. Third, from a geographic perspective, it cannot be overemphasized that, between 1992 and 2006, the number of poor increased by 900,000 in the North, while decreasing by 2.5 million in the south. Nor that poverty in Upper West—at 88 per cent—is the highest level of poverty in the country, and that it has remained at this level for the past 20 years. IFAD, while emphasising more and more country-wide programmes, has in fact continued to intervene in the North, but has not pursued enough development interventions in Upper West in the past six years. Moreover, findings from this evaluation question the effectiveness of value-chain activities undertaken thus far in the North, which also means that the effects on the very poor are even less likely.

259. Fourth, IFAD-supported projects emphasise demand-driven approaches to foster community "ownership" and sustainability prospects. Thus far, the experience of certain demand-driven activities, particularly matching grants, is that outreach campaigns have been limited, and development initiatives in the area of micro enterprises are more accessible to small entrepreneurs with more experience or who have better access to information. Reaching the poor requires action from the bottom and from the top. The poor are not a homogeneous group: greater attention to their differences and different needs from the beginning could have informed strategies to provide services targeted more narrowly at these needs.

260. Overall, the effectiveness of the COSOPs is rated as *moderately satisfactory* (4), without differentiation between COSOP 1998 and COSOP 2006.

Table 20: Assessment of COSOP Performance

Relevance	4
Effectiveness	4
COSOP Performance	**4**

Key Points

- The objectives of COSOP 1998 were highly relevant—they corresponded to the overarching goal of IFAD to empower the extreme poor by geographically targeting the North, although at that time, the strategies of the Government policy did not include geographic targeting.
- The overall objectives of COSOP 2006 were fully aligned with the Government's Growth and Poverty Reduction Strategy, but reduced their earlier focus on geographic targeting.
- The situation has changed: the Government of Ghana has recently recognized that geographic targeting at the North is necessary, thus aligning its objectives with IFAD's strategy to leave no one behind.
- The 2006 was based on a set of "intuitions", many of which promising but not substantiated by adequate analysis of risks and constraints, particularly for commodity chain development.
- Capacity for monitoring and evaluation (particularly the latter) at the project level has not received enough attention, while reviews at the programme level (including non-lending and strategic issues) have simply not been conducted.
- The effectiveness of the COSOP 1998 strategy to target the extreme poor in the North has posted varying results, quite satisfactory in Upper East, modest in Upper West. In spite of all

limitations, there are signs that focusing on these areas, notably the Upper West is not only desirable but also feasible.
- While some initial progress has been made in "fixing" existing value chains, there are limited advances in developing new value chains. Limitations in skills and experience of staff are the major constraint but the aspect of training and technical assistance has received too little attention.
- The programme has made important steps in the direction of strengthening local economic governance, particularly in the involvement of district and sub-district authorities in participatory planning of basic infrastructure and initiating public-private partnerships for rural enterprise development.
- Cooperation between IFAD interventions has been limited but new encouraging experiences are emerging, notably in the upgrading of technology for processing of roots and tubers produce.
- Evidence about the effectiveness to reach very poor clients is incomplete, but the results can be considered mixed overall.

VIII. OVERALL ASSESSMENT OF THE GOVERNMENT-IFAD PARTNERSHIP

261. Table 21 contains the overall assessment of IFAD-Government partnership. The same is based on (although is not calculated as an average of) the assessment of the portfolio performance, non-lending activities as well as the COSOP performance. All these have been assessed in the "positive zone" and rated as moderately satisfactory and so has the overall IFAD-Government partnership. Key conclusions from the evaluation and recommendations on the way forward are elaborated in the next section.

Table 21: Overall Assessment of the Partnership

Portfolio Performance	4
Non-lending Activities	4
COSOP Performance	4
Overall Government-IFAD Partnership	**4**

IX. CONCLUSIONS AND RECOMMENDATIONS

262. **Overview.** Compared with the findings of past evaluations, the present CPE concludes that the performance of IFAD's portfolio in Ghana has improved in most criteria. Strong elements of the portfolio relate to institutional development, support to local governance and agriculture technology transfer. Interestingly, the first two were not part of IFAD's traditional focus or expertise in Ghana, but have emerged over the past decade as the organization has shifted emphasis to sectoral programmes. On the other hand, portfolio performance has been weaker in terms of project efficiency and impact on the environment and climate change; and, at a broader country programme level, knowledge management has been limited. To some extent, these problems are related to gaps in project design and the absence of an IFAD country representation. A country representation was only established in 2010 and the country portfolio manager (CPM) for Ghana was outposted to Accra.

263. Much of IFAD's success in institutional development can be linked to its transition from geographically-targeted projects to countrywide programmes focusing on one sector only. This transition, which started in 2000, has allowed IFAD to concentrate more on institutional development and policy dialogue (notably in rural finance and micro enterprise support). On the other hand, this transition has entailed a reduction in IFAD's investments in Upper West, the region of Ghana that has been left behind in terms of economic growth over the last 20 years. IFAD and its

partners have not yet established a recognized agricultural and rural development model in Upper West and the findings and recommendations of past evaluations could have been exploited to a larger extent.

264. IFAD has been proactive in introducing innovative approaches in Ghana. While many of them show initial potential for scaling up, IFAD and its partners have not always analysed the constraints on, or threats to, the introduction of such approaches. One outstanding case is the development of value chains, regarding which constraints to national implementation capacity have not been sufficiently acknowledged. Moreover, while IFAD has been keen to scale up successful innovations, it has relied on its own funds and has not always given priority to engaging with either the Government or other development partners.

The Context

265. **Ghana has become a success story, but its success has not yet touched the North.** In the past decade, Ghana's per capita GDP growth has made it one of the strongest economic performers in Africa. Economic growth, along with reclassification of the national accounts, enabled the country to achieve MIC status in 2011, earlier than the original target of 2015. However, the latest available poverty figures indicate that while the number of poor decreased by 2.5 million in the south between 1992 and 2006, it climbed by 900,000 in the Northern, Upper East and Upper West regions. In Upper West, the prevalence of poverty is the highest in the country (88 per cent) and has not changed since 1992. The Government intends to address regional poverty disparities by pursuing two initiatives specifically targeting the north: the Northern Development Strategy (2010–2030), to provide public funding to modernize the agriculture sector in the north (also addressing environmental degradation); and the Savannah Accelerated Development Initiative, to align economic, developmental and human-capital progress between the north and the south and reduce poverty in northern Ghana to one fifth of the population by 2030 (see Chapter II.C).

Evolution of IFAD Strategy

266. **Over the past ten years, IFAD has supported the Government's pursuit of a broader economic agenda and increased its involvement in institutional development and policy dialogue.** The 1998 COSOP for Ghana addressed the extensive prevalence of poverty in the Northern, Upper West and Upper East regions but, since 2000, the new Government's strategy has given priority to private-sector development covering all regions of the country. With the 2006 COSOP, IFAD aligned itself with this strategy, moving away from area-based projects (such as those previously supported in Upper East and Upper West) towards mono-sectoral, countrywide programmes or larger programmes covering several regions (see Chapter VII.A).

267. This stronger emphasis on countrywide sectoral programmes has had a positive effect. IFAD has devoted more attention to the development of institutions, rather than just the provision of services and inputs. For example, IFAD has supported policymaking and regulatory institutions at the central level (e.g. Bank of Ghana, Ministry of Finance), umbrella organizations of financial service providers (apex bodies of rural banks and credit unions), and local governments (e.g. district assemblies and area councils), and has become more involved in policy dialogue. The new sectoral programmes gave IFAD more opportunities to engage in dialogue with central government institutions in order to promote reforms in selected subsectors. This would have been more difficult to achieve through traditional area-based projects, which IFAD and its partners had previously concentrated on (see Chapter VI.A and VII.B), because it is typically challenging for such projects to reach out to policymakers at the central level.

268. **Reduced emphasis on the Upper West.** The advantages of countrywide sectoral programmes have, however, been accompanied by a number of shortcomings. The present CPE notes that, over the past 20 years, national strategies aimed at countrywide growth have disproportionally benefited the south of the country, with limited investment and poverty reduction in the north. IFAD has not ceased to intervene in the north but has reduced the previous emphasis in those regions. In particular, since the mid-2000s, it has reduced investments in Upper West, the region with the highest prevalence of poverty. In addition to limited IFAD interventions in Upper West, there has been no demonstrated effective intervention package for that region. The latest IFAD-financed project focusing on Upper West (UWADEP, closed in 2004) was not well adapted to local agro-ecological conditions, was poorly managed and had limited impact. On the other hand, recognizing Upper West's considerable potential for agricultural and rural development, the evaluation of the project recommended measures aimed at harnessing that potential: notably, investing in transportation infrastructure, irrigation and water management, local specialty crops, and livestock development with a clearer market orientation. The present CPE concludes that although those recommendations were not thoroughly followed up at the time, they are still valid today (see Chapter IV.A; Chapter VII.A and B).

269. **The 2006 COSOP was based on extensive discussions with partners but lacked analysis in crucial areas.** The 2006 COSOP was prepared following a set of consultations and workshops with the Government, international development partners and NGOs, although the participatory approach was not supplemented by adequate technical analysis to support the main changes proposed. The CPE finds that, similar to other COSOPs, analysis was lacking. This was particularly the case of two crucial areas. First, while the COSOP gave prominence to value chain approaches, it did not describe the risks and constraints involved. The CPE concludes that placing emphasis on value chain approaches was most pertinent as previous IFAD interventions had focused exclusively on production and neglected marketing. Yet the 2006 COSOP did not acknowledge that IFAD had limited experience and expertise in working with private-sector operators and that the staff of project coordination units, usually seconded from the civil service, had limited exposure to private business. Second, the COSOP did not sufficiently reflect on simple development packages that could be expected to succeed in the north, particularly in Upper West and Upper East. Evaluations were made of projects in these regions in 2005 and, had they been given more attention, could have provided an empirical basis for IFAD's strategy (see Chapter V.A and VII.A).

Portfolio and Programme Performance

270. **Compared with the results of previous evaluations, the performance and achievements of the portfolio have improved,** as shown by the ratings of this CPE. However, most improvements consist of a rating moving from "moderately unsatisfactory" to "moderately satisfactory", which shows that there is considerable room for further improvement (see Chapter IV.G).

271. **Stronger performance elements are institutional development, support to local governance and agriculture technology transfer.** Progress in institutional development has been one of the major areas of focus and achievement of the portfolio, particularly rural finance, local governance, and agricultural technology transfer. In rural finance, IFAD-supported interventions have successfully upgraded the technical skills and supervisory capacity of the Ministry of Finance and the Bank of Ghana, thus contributing to strengthening the regulatory system. The interventions also introduced the apex organizations of rural banks and credit unions to good international practices and helped them provide training to rural banks and credit unions. This led to better financial performance on the part of individual microfinance institutions and enhanced the

quality of products and services offered to their clientele, including low-income and poor clients.

272. Support to local governments at the district and subdistrict levels helped achieve two goals: districts are starting to engage in participatory planning at the community level, mainly on basic infrastructure development; and district assemblies are starting to engage in public-private partnerships for the promotion of rural enterprises. These district-level experiences have helped mould national legislative initiatives to expand such initiatives all over the country (see Chapter IV.E and G).

273. IFAD-supported interventions have generally benefited smallholders by promoting agricultural technology transfer, particularly through farmers' field fora. This was the case for roots and tubers, for which the disease-resistant planting material that was disseminated helped to generate substantial yield increases. Roots and tubers represent an existing commodity chain. Some progress has been made in strengthening a number of weak links in the chain, such as crop processing and marketing, mainly thanks to the provision of improved processing technology. However, this CPE finds that it has proved to be far more difficult to establish new value chains, as in the case of vegetables or maize. This entailed many more risks, which were not properly addressed.

274. **Efficiency, impact on the environment, and knowledge management show weaker results.** Compared with those of other IFIs, IFAD-supported projects in Ghana are not efficiently managed: the start-up phase from Executive Board approval to effectiveness takes much longer than for rural and agricultural development projects supported by other IFIs in Ghana. The projects tend to run into implementation hiccoughs and actual implementation costs are significantly higher than those foreseen at design. This CPE identifies two root causes. First, incomplete design: this relates to cursory institutional assessments resulting in over-optimistic assumptions with regard to the capacity of national partner organizations as well as donor cofinancing expectations that do not materialise. This happened with regard to support to decentralization, because IFAD intervened alone in the absence of a national decentralization framework and with no strong experience in this particular activity. When designing its ongoing Rural and Agricultural Finance Programme (RAFIP), IFAD had strong expectations regarding the capacity of service providers to create linkages between rural financial institutions and value chains, but did not clearly identify which Ghanaian service providers could accomplish such a challenging task. The second cause is that IFAD did not have a country office in Ghana until 2010. When problems arose during implementation, the follow-up mechanism through UNOPS took far too long to provide a feasible solution.

275. IFAD-supported interventions have promoted both agricultural production and microenterprise activities. There are cases of negative "externalities" on the environment which have not yet been thoroughly studied. For example, effluents from cassava processing have a toxic content and their discharges could well pollute the water table. Some microenterprise activities, such as textile dyeing, may also cause outflows of chemical products, and irrigation activities may lead to soil erosion or introduce water-borne disease (e.g. parasitic infections). All these issues have received limited attention to date, and, as related economic activities are scaled up, this could become an area of major concern.

276. Weak knowledge management relates to three aspects. First, when introducing innovative approaches, products or services, there has been limited analysis of risks and constraints or scouting for relevant experience in the country or region, and little pilot testing. This happened in the case of new concepts such as matching grants; lending and savings products aimed at very poor people; microfinance; or – to a minor extent – farmers' field fora in the area of agricultural development. IFAD

and its partners have relied more on "intuition" and the appealing ideas of individuals, without adequate analysis of the risks involved therein. Secondly, while M&E systems are basic elements of knowledge management, those under the IFAD-supported programme, especially in the collection and analysis of data (quantitative and qualitative) on the impact of interventions. Collecting data is crucial for providing feedback, both to project management and to project sponsors, inasmuch as it can help orient strategies and convince potential partners as to the quality of initiatives. Third, there has been no comprehensive review of the programme's performance and achievements that would encompass project, non-lending and strategic issues (see Chapter IV.A, and F; Chapter VI.C) and, as a consequence, synergies between projects as well as programmatic and strategic aspects have not been assessed systematically by IFAD and its partners.

277. **Partnerships have been broad-based but gaps are emerging.** Strategic partnerships are essential for a small donor in Ghana such as IFAD. The present CPE assesses partnership-building as moderately satisfactory overall, mainly thanks to good relations with the Government, but gaps are emerging with other development partners. In particular, the evaluation questions the wisdom of IFAD scaling up innovations on its own — for example, in roots and tuber development (RTIMP) and in RAFIP. While World Bank and AfDB were expected to participate in the second rural finance sectoral intervention (RAFIP), it now transpires that neither of them will do so (see Chapter VI.B). With limited financial resources available, scaling up by IFAD alone entails the risk of scattering funds in the quest to cover the entire country. It also deprives IFAD of strategic allies endowed with sectoral expertise and "weight" for policy dialogue (see Chapter VI.B). In the case of the third phase of REP, AfDB is likely to be a cofinancier, given that it participated in the negotiation for IFAD's financing agreement in Rome.

278. While its collaboration with the Government has been solid, a further area to be explored is cooperation in the Northern Development Strategy or Savannah Accelerated Development Initiative (SADI). These provide the institutional framework for funding and coordinating development initiatives in the north – both of which are expected to guide major investment programmes in northern Ghana and to realign existing interventions (see Chapter VI.B). The Ministry of Food and Agriculture has envisaged cooperation between IFAD and SADI in the context of NRGP.

279. Progress in collaborating with non-governmental and civil society organizations has helped IFAD to devise specific interventions targeted at vulnerable, very poor and marginalized groups. IFAD has now moved beyond its previous narrow contractual engagements with private-sector contractors towards more authentic partnerships with private enterprises as part of value chain activities. Many of these private enterprises are genuinely interested in working with small farmers, but the reality is that such relationships require a new understanding of investment risks — and on both sides. There are signs that this reality has not yet been grasped, and progress is not sufficient in terms of basic ingredients for public-private partnerships (e.g. preparing bottom-line business plans under different scenarios, and defining mutual responsibilities for investments in a transparent manner). IFAD has started initial contacts with the Alliance for a Green Revolution in Africa (AGRA), which is present in Ghana, involved in similar subsectors and seeking to foster partnerships between researchers, the private sector, public actors and large private charitable foundations (see Chapter VI.B).

280. **The constraints of the traditional support model.** Until 2010, IFAD managed its country programme in Ghana from Rome and relied on a third party (UNOPS) for project supervision. Probably because of the distance involved, certain complexities were not fully appreciated at the design stage and, when implementation problems emerged, IFAD had no country presence to fall back on. As concluded by other CPEs, non-lending activities such as policy dialogue,

partnership building and knowledge management are difficult to deal with by "remote control". The present CPE also finds that a programme evolving towards sectoral interventions, as in Ghana, calls for greater cooperation and synergies between individual operations, which it was difficult for IFAD to ensure without a country presence. As an example, agricultural technology transfer, agricultural produce processing and rural finance are mutually-reinforcing services, and if programmes are able to cooperate, the poor will reap more benefits. In reality, these sectoral interventions have tended to run in parallel with limited synergies. Recent experience (cooperation between REP II and RTIMP in technology upgrading), however, shows that such synergies would be possible if pertinent guidance and support were to be provided by IFAD in consultation with the Government and partners (see Chapter V.A and C; Chapter VI.A and B).

Recommendations

Bolstering the next COSOP and the programme with more analytical work

281. As part of *COSOP preparation*, in addition to IFAD's normal procedure of developing strategic and operational choices based on sound analysis of the country poverty, macro and sector policies, IFAD should commission specific studies, action-research or "intelligence-gathering" work to support major strategic decisions and changes. A priority for the forthcoming COSOP should be to analyse value chain gaps and scout for successful private-public partnership experience, in the region or elsewhere, in subsectors relevant to IFAD. At the *project design* level, similar work should help fill knowledge gaps and investigate areas of risk. Finally, systematic data collection and analysis is needed to *assess the impact* of projects and programmes, including quantitative data on income and food security. All this calls for partnerships with international subject matter specialists and Ghana-based (national and international) social science research institutes, and to a far greater extent than observed to date (see paragraphs 241 and 248).

Balancing between sectoral and geographic focus and building a model for Upper West

282. In view of their proven benefits to institutional development and policy dialogue, IFAD should continue to support subsectoral programmes with countrywide scope. However, it should combine countrywide programmes with specific interventions focusing on the north of the country, particularly the Upper West region, and further cooperate with relevant Government initiatives (e.g. Savannah Accelerated Development Initiative). Synergies between geographically-targeted interventions and countrywide programmes will need to be clearly specified (see paragraphs 240 and 252).

283. Specifically, IFAD should concentrate on devising an intervention model suitable for the Upper West region. Drawing on the findings of past evaluations, the model should concentrate on: (i) transportation infrastructure; (ii) water management and irrigation (river gardens, water pumping, small dams where feasible); and (iii) strengthening existing value chains more suitable for the poor (e.g. tuber cultivation, higher humidity crops, tree crops, small livestock such as guinea fowl, small ruminants) (see paragraph 241).

Engage more in partnerships with the Government and donors for scaling up innovations

284. IFAD should seek greater support from other donors, the private sector and the Government as well as from other similar initiatives in the region for the scaling up of its most successful innovations. In developing or introducing new initiatives, IFAD and its partners should adopt a more cautious approach based on pilot testing, particularly for approaches new to Ghana. The CPE recommends the following priority areas in this regard. *Matching grants* in rural finance which have

important potential for policy dialogue on support to micro and small businesses without distorting the market. In this sense, IFAD and its partners should consider a joint review of the experience with matching grant across IFAD's portfolio as well as of RAFIP implementation experience in order to better devise non-distortionary tools to foster agricultural financing; *Special savings and credit financial products* that appeal to the poor, such as "*susu*" collection and group lending, may help improve the coverage of very poor categories. The promotion of the concept of *farmers' field fora* to support pro-poor technology transfer in agriculture is another promising innovation which, however, requires further refining (see paragraphs 249 and 250).

Engage in more fruitful partnerships with the private sector

285. IFAD and its partners should first review successful experiences in the Africa region with a view to developing pro-poor value chains and engaging with private-sector operators. Successful approaches could then be piloted in Ghana, using grants if necessary, so as to garner real-world knowledge and resources from successful private entrepreneurs. IFAD should also explore opportunities for collaborating with AGRA, which, although not a private operator, is implementing an integrated programme of seed distribution, soil conservation, education and extension, and market access (encompassing value-chain activities) in Ghana, with a substantial private-sector cooperation element (see paragraph 251).

Mainstream environmental protection in IFAD's strategy

286. The problem of environmental degradation in Ghana is a serious one. Increasing focus and presence in the Northern and Upper West regions implies that interventions will have to cope with a very fragile environment. This CPE recommends that an environmental assessment should form part of the COSOP, even before the subject is dealt with at the project design stage. Building on its findings in this regard, the CPE recommends that such an assessment should also deal with areas of potential negative impact, such as polluting effluents from cassava processing and chemical processing of small enterprises, soil erosion, and water-borne disease in the case of irrigation (see paragraph 247).

Bring to bear IFAD's country presence and outposted CPM

287. For all the foregoing recommendations to be possible, IFAD-supported modalities will need to change. The Fund has recently approved a new business model, which, inter alia, hinges upon direct supervision, country presence and non-lending activities (policy dialogue, partnership building and knowledge management)[136]. IFAD has very a good opportunity to spearhead the new business model in Ghana. It established a country office in 2010, outposted the CPM, which will also facilitate exchanges within the sub-region and engagement in South-South cooperation. IFAD should take the country office and CPM outposting opportunity to further support its country programme, including non-lending activities. In terms of knowledge management, it should further mobilize expertise and analytical resources from within Ghana and the region as a whole, both for COSOP preparation and project design. Country presence should also contribute to policy dialogue and partnerships building, areas to which IFAD will need to devote more attention in future. And finally, IFAD will need to take advantage of its country presence to support the assessment of results, notably impact, at the project level and make a systematic review of the programme as a whole. This would facilitate better assessment of performance progress, generate evidence of achievements and raise more attention among potential partners (see paragraph 252).

[136] http://www.ifad.org/gbdocs/repl/9/ii/ppt/business_model.pdf

Evaluation Framework

Criterion	Guiding questions	Sources	Options for presenting the analysis in the main report
	PORTFOLIO PERFORMANCE LEVEL		
Relevance	<u>(i) Relevance of "what"</u> • Consistency of project design with Government policy, IFAD strategy (COSOP), national and local poverty context and needs of the poor. • Adaptation to changing context (if applicable) <u>(ii) Relevance of "how"</u> • Did IFAD study the project context adequately? Did it prepare the components situation sufficiently? Information gaps? • Internal logic of design (look at project logframe): consistent? Gaps? Strong assumptions? • Adopting recognised good practices? Using available knowledge (evaluations, studies)? • Allocating realistic resources?	<u>Documents</u> Gov official strategies (national, sectoral); IFAD COSOP, sectoral policies / strategies; IFAD project documentation (design, MTR, supervision, completion) IFAD / Gov Self-assessment <u>Interviews</u>: CPM, project staff, national sector experts <u>Field visits</u>: may highlight local technical or agro-ecological constraints	For readability sake, one option is to present findings by theme (institutional support, technological transfer, market oriented agriculture …) and use project-specific findings as examples Ratings will be assigned separately to each project
Effectiveness	Consider key project objectives and verify data on their achievement comparing (when possible) actual figures against expected figures (with some caution if the project is not completed). <u>Refer to the detailed project objectives in the design document</u> (e.g. appraisal report). If other unanticipated achievements have been made, these should be considered as well. Take the example of a project whose objective is to provide financial services to people. Measures of achievement may be number of clients of micro finance institution, type of financial services used and degree of satisfaction (e.g. repeat loans) and repayment rates, portfolio quality. For a project disseminating new agricultural practices, measures of effectiveness may be adoption rates. Actual figures may be compared to expected figures (with some caution if the project is not completed) Important to highlight factors that explain achievement and under-achievement	<u>Documents</u> IFAD MTR, supervision, completion reports IFAD / Gov Self-assessment <u>Interviews:</u> project staff, visit to project sites, interviews with beneficiaries, photographic documentation.	As above

Criterion	Guiding questions	Sources	Options for presenting the analysis in the main report
	PORTFOLIO PERFORMANCE LEVEL		
Efficiency	Economic use of resources to produce outputs or results Typical indicators: (i) % project management cost over total project costs (and compare with other projects and countries) (iii) project cost by beneficiary (iii) unit cost of delivering services / product, compare to country or regional benchmark (taking care of special cost related to reaching secluded areas); (iv) critiquing EIRR calculation (v) project managerial efficiency: time between project approval and effectiveness; completion delays, cost over-runs	Documents IFAD project design documents, MTR, supervision, completion IFAD / Gov Self-assessment PPMS database for time between approval and effectiveness Interviews: CPM and project staff (clarify reasons for delays or managerial bottlenecks)	An option is to present the analysis by indicator of efficiency. Ratings will be assigned separately to each project.
Rural Poverty Impact	A few items to be considered across the board: • Attribution / contribution issues: to what extent did the project play a role in the observed changes and how • Coverage: how many benefited • Magnitude: how large are benefits • Beneficiaries: what categories of people benefited and why Household income and assets Collect data, identify patterns for hh income diversification and range of changes Collect data on changes in housing quality, availability of livestock, appliances, durable goods, inventory for microenterprises Collect data on indebtedness if possible Human and social capital and empowerment Observe patterns in changes in social cohesion, functioning of rural poor's organizations Changes in the way the poor interact with authorities Changes in the way certain categories (women, orphans, minorities) interact with others? Food security and agricultural productivity Access to food Evidence on children's nutritional status Reduction in seasonal fluctuation in food availability	Documents IFAD MTR, supervision, completion reports IFAD / Gov Self-assessment Interviews: CPM, project staff, (Surveys: if required) Field visits: observation, individual interviews, focus groups, photographic documentation.	For readability sake, one option is to present findings by theme (institutional support, technological transfer, market oriented agriculture …) and use project-specific findings as examples Ratings will be assigned separately to each project

Criterion	Guiding questions		Options for presenting the analysis in the main report
	PORTFOLIO PERFORMANCE LEVEL		
	<u>Natural resources and the environment</u> Changes in the availability of natural resources (forest, water, topsoil, fish, vegetable cover) Changes in capacity to manage natural resources Changes in exposure to environmental risks (e.g. flooding, landslides) <u>Institution and policies</u> Consider changes in issues such as land tenure and security , protection / regulation of savings for rural poor, access to market, price information		
Sustainability	Consider the main benefits generated by the project and consider a scenario where external resources are going to reduce and terminate. Address questions such as the following: • What has been foreseen in the project design for this situation? • Is there political support at national /local level? • Will there be need for external technical assistance? • Are economic activities profitable? • Will there be resources for recurrent and maintenance costs? • Are there environmental threats?		Consider above option. Ratings to be assigned separately to each project.
Performance of partners	IFAD Government Cooperating institution Cofinancier	<u>Documents</u> IFAD design, MTR, supervision, completion reports IFAD / Gov Self-assessment <u>Interviews</u>: CPM, project staff, Senior Government officials	Present findings by partner: IFAD, the Government, cooperating institution, cofinanciers. Ratings to be assigned separately to each project in each project
NON- LENDING			
Partnership building *Sub criteria: relevance and effectiveness*	Review partnership building (relevance, effectiveness and use of resources) vis à vis COSOP 1998 and 2006 objectives and consider other emerging issues (if applicable) COSOP 1998 <u>National</u>: the Government in general is indicated as a partner. At the <u>sub-national</u> level The document also refers to district assemblies and to NGOs. <u>International</u>: WB/IDA, AfDB, GTZ, CIDA, USAID, DANIDA but no specific areas of cooperation are identified.		Presentation could follow COSOP 1998 and 2006 objectives

Criterion	Guiding questions		Sources	Options for presenting the analysis in the main report
NON- LENDING				
Policy Dialogue *Sub criteria: relevance and effectiveness*	Review policy dialogue (relevance, effectiveness and use of resources) vis à vis COSOP 1998 and 2006 objectives and consider other emerging issues (if applicable)		Documents IFAD design, MTR, supervision, completion reports IFAD / Gov Self-assessment Interviews: CPM, Senior Government officials, project staff	Presentation could follow COSOP 1998 and 2006 objectives
	COSOP 1998	COSOP 2006		
	(i) Private sector's access to rural markets and agricultural credit (ii) development of a legal and regulatory framework (water users' associations) (iii) use of improved technologies in a context characterised by removal of subsidies for fertilizers (iv) promote district management capacity (v) regulatory framework in the financial sector of importance for rural credit.	(i) water user associations, community and farmer based organizations (legislative framework) (ii) water governance and land tenure (iii) commodity chain governance (iv) decentralization and community-driven development (v) inclusive private sector development		
Knowledge Management *Sub criteria: relevance and effectiveness*	Review policy dialogue (relevance, effectiveness and use of resources) vis à vis COSOP2006 objectives and consider other emerging issues (if applicable): Regional workshop on community-driven development - FIDAFRIQUE		Documents IFAD design, MTR, supervision, completion reports IFAD / Gov Self-assessment Interviews: CPM, Senior Government officials, project staff	Presentation could follow COSOP 1998 and 2006 objectives
COSOP PERFORMANCE				
Relevance	*1. Alignment of strategic objectives in the COSOPs* • Consistency of COSOP objectives to IFAD policies and strategic framework • Adaptation to context changes • Is there a real programme in Ghana: are projects and grants consistent with COSOP and working in synergy? • Are there strategic gaps? • Is COSOP formulation conducive to results-based management? *2. Coherence of the main element of the COSOP* • Issues in Targeting • Issues in geographic focus • Lending – non-lending synergies within IFAD programme • Relations with other development partners • Other issues regarding the COSOP ingredients		Documents IFAD design, MTR, supervision, completion reports IFAD / Gov Self-assessment Interviews: CPM, Senior Government officials, project staff, group discussion with national sector specialists	Presentation here may simply follow main topics

Criterion	Guiding questions		Sources	Options for presenting the analysis in the main report
COSOP PERFORMANCE				
	3. Management of the programme • Did the supervision and implementation support arrangements perform well overall? • Is IFAD country presence providing the right type of support to the programme? • Did IFAD learn from past evaluations and from past experience? What type of technical assistance and capacity development support was provided to the national counterpart and was it adequate?			
Effectiveness To what extent have these objectives been achieved?	Assess progress made vis à vis the objectives of COSOPs 1998 and 2006.		Documents IFAD design, MTR, supervision, completion reports IFAD / Gov Self-assessment Interviews: CPM, Senior Government officials, project staff, group discussion with national sector specialists	Presentation could follow COSOP 1998 and 2006 objectives
	COSOP 1998	**COSOP 2006**		
	1. Enhancing food security and arresting environmental degradation in Northern regions 2. Assist smallholders in the transitional zone and select pockets of poverty for specific support 3. Enhance income opportunities through targeted income-generating initiatives	1) achieve sustainable agricultural livelihoods and food security through agricultural development and commodity chains 2) Develop pro-poor enterprises and rural finance in the context of an inclusive private sector 3) strengthen local institutions and government using community-driven approaches 4) responsive pro-poor policy and institutional environment through learning and dialogue among partners and stakeholders		

Definition of the Evaluation Criteria Used by IOE

Criteria	*Definition*[a]
Project performance	
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project coherence in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
Rural poverty impact	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
• Household income and assets	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
• Human and social capital and empowerment	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.
• Food security and agricultural productivity	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
• Natural resources and the environment and climate change	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment as well as in mitigating the negative impact of climate change or promoting adaptation measures.
• Institutions and policies	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
Other performance criteria	
• Sustainability	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
• Promotion of pro-poor innovation, replication and scaling up	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies.
• Gender equality and women's empowerment	Relevance of design in terms of gender equality and women's empowerment. Level of resources of the project dedicated to these dimensions. Changes promoted by the project at the household level (workload, nutrition status, women's influence on decision making). Adoption of gender-disaggregated indicators for monitoring, analysis of data and use of findings to correct project implementation and to disseminate lessons learned.
Overall project achievement	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
Performance of partners	
• **IFAD** • **Government** • **Cooperating institution** • **NGO/CBO**	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.

[a] [a]These definitions have been taken from the IOE Evaluation Manual, as well as in the Action Plan for the Implementation of the Findings and Recommendations of the Peer Review of IFAD's Evaluation System (EC 2010/65/W.P.6), pages 17-20.
http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf
http://www.ifad.org/gbdocs/eb/ec/e/65/EC-2010-65-W-P-6.pdf

List of IFAD financed projects in Ghana, 1980-2010

	Project Id	Project Name	Project Type	Total Project cost	IFAD current Financing US$ million	Cofinancier approved amount US$ million	Government Counterpart approved amount US$ million	Board Approval	Loan Effectiveness	Project Completion Date	Current Closing	Cooperating Institution	Project Status
1	34	Volta Region Project	AGRIC	49.8	12.5	WB / IDA = 29.5	7.8	06 May 80	08 Jan 81	30 Jun 88	31 Dec 88	World Bank: IDA	Closed
2	198	Smallholder Rehab. & Dev.	PGMLO	16.8	12.2		2.755	03 Dec 86	25 Jan 88	30 Jun 95	31 Dec 95	UNOPS	Closed
3	247	Smallholder Credit	CREDI	21.16	16.6	Beneficiaries = 1.620	4.6	05 Dec 89	01 Mar 91	30 Sep 98	31 Dec 98	UNOPS	Closed
4	457	LACOSREP I	AGRIC	15.039	12.539	WFP = 0.5	2	01 Oct 90	14 Jun 91	30 Jun 97	31 Dec 97	UNOPS	Closed
5	466	REP	RURAL	9.302	7.67	Domestic Fin. Inst. = 0.451	1.181	02 Dec 93	01 Feb 95	30 Jun 02	31 Dec 02	UNOPS	Closed
6	477	UWADP	AGRIC	11.316	10.061	Beneficiaries = 0.51	0.745	14 Sep 95	20 Mar 96	30 Jun 04	31 Dec 04	UNOPS	Closed
7	1002	VIP	RURAL	60	10	Beneficiaries =3.5; Germany KfW = 6.6 ; WB/ IDA = 30.1	9.8	04 Dec 96	02 Apr 98	30 Jun 04	31 Dec 04	World Bank: IDA	Closed
8	1053	RTIP	AGRIC	10.109	9.017	Beneficiaries = 0.059	1.033	04 Dec 97	15 Jan 99	31 Mar 05	30 Sep 05	World Bank: IDA	Closed
9	1124	LACOSREP II	AGRIC	13.886	11.595	Beneficiaries = 0.843; NGOs local = 0.341	1.107	29 Apr 99	14 Jan 00	30 Jun 06	31 Dec 06	UNOPS	Closed
10	1134	Rural Finance Services Project (RFSP)	CREDI	22.961	11.002	Domestic Fin. Inst. = 0.457; beneficiaries = 0.61; AfDB = 5.011; WB / IDA = 5.133	0.748	03 May 00	29 Jan 02	30 Jun 08	31 Dec 08	World Bank: IDA	Closed
11	1183	NORPREP	RURAL	59.584	12.335	Beneficiaries = 3.3	43.949	06 Dec 01	30 Jan 04	30 Sep 11	31 Mar 12	World Bank: IDA	On-going

	Project Id	Project Name	Project Type	Total Project cost	IFAD current Financing US$ million	Cofinancier approved amount US$ million	Government Counterpart approved amount US$ million	Board Approval	Loan Effectiveness	Project Completion Date	Current Closing	Cooperating Institution	Project Status
12	1312	RTIMP	RURAL	27.688	18.964	Beneficiaries = 0.832; Domestic Fin. Inst = 3.998	3.894	08 Sep 05	08 Nov 06	31 Dec 14	30 Jun 15	IFAD/IFAD	On-going
13	1390	NRGP	RURAL	103.553	22.725	Beneficiaries = 3.699; Domestic Fin. Inst = 4.608; Private Sector (local) = 0.936; AfDB = 61.215	10.37	13 Dec 07	24 Oct 08	31 Dec 16	30 Jun 17	IFAD/IFAD	On-going
14	1428	RAFIP	CREDI	41.857	14.992	Beneficiaries = 7.529; Domestic Fin. Inst = 2.337; AfDB = 4.935; Italy = 1.512; WB/IDA = 7.140	3.412	17 Dec 08	30 Apr 10	30 Jun 16	31 Dec 16	IFAD/IFAD	On-going
	SUM			492.4	193.4	200.0	98.8						

All IFAD loans are provided on highly concessional terms.

Source: PPMS (August 2010)

Available Information on IFAD-funded Grant Activities in Ghana

	Grant[a]	Organization	Total Costs (US$ mil.)	IFAD contri-bution	Dates	Project Synergy	Observations
1	Building Inclusive Financial Sectors in Western and Central Africa (R)	United Nations Capital Development Fund	6.79	999,000	September 2006 (3 years)		**Ghana not included among African nations**
2	The Regional Cassava Processing and Marketing Initiative (RCPMI) (R)	Italian Government (Italian Development Cooperation)	1.3		7/2008	RTIMP	Cassava market info. system (CMIS); equipment manufacturer/sales assessment; feasibility study of production plant to make vacuum-packed cassava chips
3	Strategic Partnership to Develop Innovative Policies on Climate Change Mitigation and Market Access (R) (IFAD Grant No. 1072-IFPRI)	International Food Policy Research Institute (IFPRI)	3.5	3.0	Grant Agree-ment — 2/2009	NRGP & RTIMP	
4	Sustainable Upscaling of Seed Yam and Cassava Production Systems for Small-Scale Growers in Ghana (C)	EU/Food Facility	0.494 euros 1.1	0.135 euros		RTIMP	Plan for RTIMP to meet the escalating costs of food in 2008
5	Potential Use of Cassava Wastes to Produce Energy (R)	Italian Development Cooperation.	0.2			RTIMP	"Global Consultation on Cassava as a Potential Bioenergy Crop," Oct. 2010 (Accra); feasibility study completed for a pilot to be launched in Asueyi, Techiman Municipality
6	Regional Initiative to Support M&E (R)	African Rural Foundation/ PROSUME	1.4 mil.				Workshop, Accra, 12/4-5/07;
7	Sorghum-Millet [b]	CYMMIT					
8	Regional Initiative in 'Scouting and Sharing (R)		0.26	0.135	3/26/07		
9	FIDAfrique Network: "Promoting Knowledge Sharing and Innovation for Poverty Reduction in Sub-Saharan Africa" (R)	Africa Rural Foundation (WARF/ FRAO).	3.9	2.5	2008–2010		Knowledge management and communication
10	Support to Pro-Poor Agricultural and Rural Development Policies and Advocacy Project (C)		0.2	0.2	2007 (1-year delay) (scheduled to end in 12/09 but extended to 12/10); $100,000 left in budget	MoFA	To support development partner coordination desk at MoFA; enhance missions and workshops
11	Fast Track Initiative on Partnership for Grains and Oilseed Development (PGOD) in Ghana (C)	ACDI/VOCA		0.2	06/05/08	NRGP	Response to the escalating costs of food in 2008.

[a](C) = grant is country-specific to Ghana. (R) = region-wide grant.
[b]No information found on this grant

Supplemental Tables to Chapter IV

Table 1. Distribution of project resources by component/subcomponent

Component/ Subcomponent	LACOSREP II	NORPREP	NRGP	RAFIP	REP-II	RFSP	RTIMP	Total (US $)	Percent-age
Business and Marketing									
Business development				4,749,600	13,525,326		706,454	18,981,380	6%
Market information/study			7,738,566					7,738,566	3%
Marketing inputs/outputs							347,018	347,018	0%
Microenterprises							7,164,338	7,164,338	2%
Subtotal								**34,231,302**	**11%**
Rural Financial Services									
Credit					394,389			394,389	0%
Rural financial services	2,320,105		1,126,424	27,682,354	889,295	21,333,500		53,351,678	18%
Subtotal								**53,746,067**	**18%**
Subtotal								**47,379,908**	**16%**
Subtotal								**128,201,821**	**43%**
Agriculture									
Pest management							2,393,307	2,393,307	1%
Seed prod./multiplication							3,003,288	3,003,288	1%
Soil and water conservation			3,548,658					3,548,658	1%
Technology development	2,045,154						207,823	2,252,977	1%
Technology transfer					2,067,864		2,084,997	4,152,861	1%
Subtotal								**15,351,091**	**5%**
Management									
Management/coordination	1,875,917		4,020,840	335,347	5,252,591		5,977,461	17,462,156	6%
Communication				832,564			608,650	1,441,214	0%
Monitoring & evaluation			841,926	146,598				988,524	0%
Subtotal								**19,891,894**	**7%**
Total	**13,886,120**	**59,582,794**	**103,553,046**	**41,855,914**	**29,274,233**	**22,961,000**	**27,688,976**	**298,802.083**	

Table 2. BoG rural bank ratings

	2001	2002	2003	2004	2005	2006	2007	JUNE 08
Satisfactory	87	91	103	107	105	106	110	112
Unsatisfactory	28	24	12	12	16	15	15	15
Total	**115**	**115**	**115**	**119**	**121**	**121**	**125**	**127**

SOURCE: *BoG Report, 2009*

NOTE: The specific indicators used in arriving at the satisfactory / unsatisfactory ratings include capital adequacy, asset quality, earnings and liquidity ratios.

Table 3. Number of profitable rural banks as of September 2010

	No. of Banks	Percentage
Profitable	107	80.50%
Non Profitable	26	19.50%
Attained minimum capital adequacy	110	82.70%
Not attained minimum capital adequacy	23	17.30%

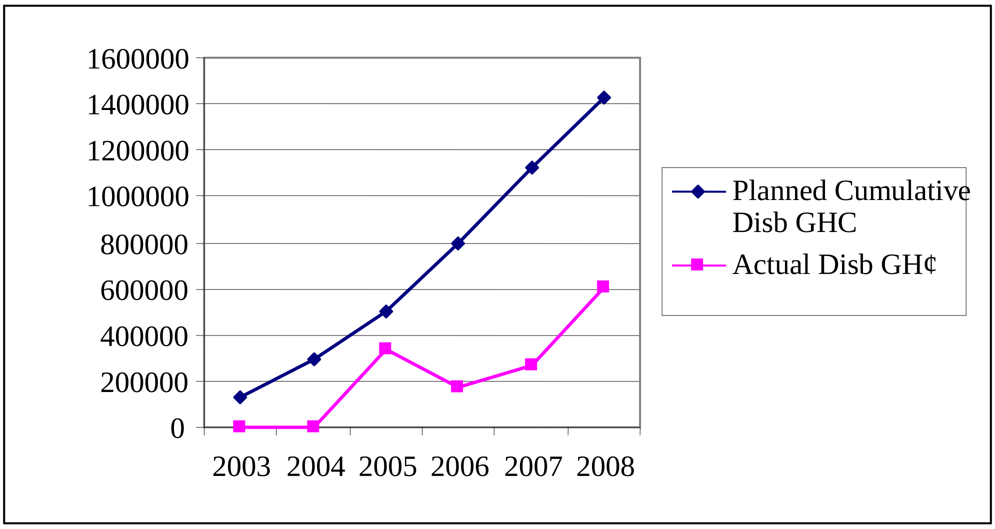
SOURCE: *BoG.*

Table 4. Participating financial institutions loan report, March 2010

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

SOURCE: REP-II Interim Evaluation, derived from Bank of Ghana data, March 2010.
The IE notes that The Bank of Ghana data is more recent and hence supersedes the March 2010 REP II report data.

Figure 1. Performance of the Rural Enterprise Development Fund disbursement



SOURCE: Bank of Ghana data March 2010.

Table 5. Summary of REDF Loan Balances

	MSE Activity	Amount Disbursed GHC	% Total	No. of Loan Clients Male	Female	Total	Female
1	Agro - Processing	278,795	15%	114	855	969	28%
2	Primary Fabrication & Repair	155,990	8%	141	1	142	0%
3	Traditional Crafts	50,126	3%	48	61	109	2%
4	Service Enterprises	1,188,996	63%	691	2,046	2737	67%
5	Non - Farm Forest Products	204,718	11%	355	89	444	3%
	Total	1,878,625	100%	1349	3052	4401	69%

SOURCE: REP-II IE report (August 2010).

Table 6. Original Targets for RTIMP

1. 180,000 to receive improved R+T varieties — half adopt them.
2. 10,000 farmers + 300 commercial seed growers and distributors would be involved in tertiary multiplication and distribution of planting materials.
3. 6,000 farmers would be trained through 200 FFF (120 FFF cassava; 40 FFF yam; 40 sweet potato and fra fra potato) in improved cropping, soil management, etc.
4. 400 people trained as FFF facilitators — 160 MoFA staff, 120 farmers, and 120 NGO staff.
5. 15 existing R&T processing enterprises or individuals would be trained as GPCs — to receive 900 visits by groups of R&T farmers, processors, and traders (10,000–13,500 persons).
6. 15,000 processors and other "entrepreneurial poor" — 80% women — trained in business orientation, business management, and marketing.
7. 5,000 processors (groups or individuals) would receive a matching grant.
8. 200 local artisans have skills training to make, maintain, and repair processing equipment.
9. 10,000 R&T farmers + 500 processors (groups or individuals) having stronger markets as a result of 250 pilot projects [IEC] of market-based linkages.
10. Over 600 groups of R&T farmers and processors strengthened, trained, etc.

SOURCE: RTIMP Appraisal Report, section IX, January 2006.

Table 7: Adoption rates for REP-II training by business type

No.	Type of Training	No. Trained	No. Adopting	Adoption Rate
1	Cocoa Husk Processing	117	115	98%
2	Cassava Processing(Gari, etc)	534	455	85%
3	Garment Designing and Finishing	1,006	806	80%
4	Manicure & Pedicure / Beauty Care	1,446	1,132	78%
5	Palm Oil Processing	270	199	74%
6	Fish Hatchery	130	95	73%
7	Fish Processing	286	203	71%
8	Beekeeping	2,895	1,762	61%
10	Guinea Fowl Rearing	1,143	655	57%
11	Beads Production	353	189	54%
12	Baking and Confectionary	1,398	698	50%
13	Leather Works	340	167	49%
14	Batik Tie & Dye	1,794	804	45%
15	Salt Iodization	42	18	43%
16	Soap Making	7,390	3,043	41%
17	Grasscutter rearing	3,056	1,131	37%
18	Pomade, Powder, etc.	1,776	611	34%
19	Snail farming	377	123	33%
20	Mushroom cultivation	345	102	30%
21	Rabbit Rearing	260	64	25%
22	Food Hygiene	172	38	22%
23	Orange Juice Processing	82	2	2%
24	Others	844	206	24%
25	Sericulture	26	-	0%
32	Palm Kennel Revitalisation	30	-	0%
Total		26,162	12,648	48%

Source: PCMU data June 2010. From REP-II IE, August 2010

Table 8: IFAD Project support to gender and women's empowerment

Component Area	IFAD Projects	Critical IFAD Project Actions in Support of Gender Mainstreaming and Women's Empowerment (any or all projects noted in previous column)
Gender Mainstreaming Stipulated by COSOP 2006	NORPREP REP-II NRGP RTIMP	• Mainstreaming of gender into project actions and activities highlighted • The requirement that partners incorporate gender equality in project implementation clearly stated
Gender Policy and Action Plans, including validation and sensitization	NORPREP RTIMP NRGP REP-II	• Projects Gender Audits conducted • Gender Strategy and Action Plans developed/drafted, including increased & equitable access to productive resources • Gender Action Plan has been commenced at the district level, and some lobbying is currently on-going for national buy-in • Annual Work Plans and Budgets (AWPBs) and special innovations have been piloted (for example, the functional literacy scheme for women). A report on this scheme has been generated and circulated among partners. • NORPREP, in particular, engaged the services of a gender specialist at the initial implementation of the project • NRGP is commended for its on-going engagement of a specialist with clear gender equality targets.
Disaggregated Data	NORPREP RTIMP REP II NRGP	• Conscious disaggregation of data in all project information • Needs assessment and prioritization • Project planning and implementation
Women's Empowerment	NORPREP NRGP REP II	• Needs assessments and prioritization, including women's and children's needs • Gender-sensitive CAPs implemented • Project planning & implementation engendered
Financial Inclusiveness	RFSP RAFIP (Design)	• Rural Banks—sex-disaggregated savings and loan data • Financial literacy training and solidarity group techniques • Targets to raise the overall proportion of female clients in RMFIs to above 50%, both by scaling up the microfinance initiative to introduce best-practice methodologies in RCBs (which have the lowest overall percentage of female clientele among RMFIs), and by expanding the role of FNGOs (which largely target women, at 92%). • Savings and loans disbursements disaggregated
Gender / Women's-Specific Projects	NORPREP REP II NRGP RTIMP	• Witches Camp Projects • Savelugu School for the Death dormitory • Community Infrastructure Development—CBOs / WATSANS / WUA / SMC • Good Practice Centres • Gender sensitization for communities • Women's Empowerment Programmes • RTIMP support for a group of women with a grant to construct and fence a gari processing centre at Damango. Known as *Kanyetiwale* Cassava Processing Centre; the women process up to 6 MT of cassava weekly into 1.72 MT of gari • REP-II District of Sekyere South: Marketing Support Training (males: 150, females: 350), district of Asutifi: Palm Oil Processing (males: 1, females: 24), district of Asante Akim South: Training in Credit Management (males: 8, females: 82).

Table 9: Rainfall pattern in Northern Ghana

Region	30-year average (1971-2000)	2007	2008	% change of 2008 over 30-year average	% change of 2008 over 2007
Northern	1155	999	1223	5.9	22.4
Upper East	912	1320	902	-1.1	-31.7
Upper West	1022	1089	1171	14.6	7.5
3 Northern Regions	1030	1136	1099	6.6	-3.3

Source: Compiled from MoFA (2008).

Table 10: Indicators of Progress on Paris Declaration – Ghana

Indicator	**IFAD in Ghana 2007**	**UN in Ghana 2007**	**Total Aid in Ghana**		**Remark**
			2005	**2007**	
1. Aid disbursement predictability (proportion of estimated aid flows that have been actually disbursed)	41%	117%	96%	94%	IFAD performing less favourably
2. Coordinated Technical cooperation out of total Technical cooperation	100%	39%	40%	74%	IFAD performing more favourably
3. Aid disbursed using national public finance management system	100%	6%	62%	51%	
4. Aid disbursed using national procurement systems	100%	9%	52%	56%	
5. Aid disbursed under a form of programme-based approach	100%	47%	53%	69%	
6. Coordinated donor missions out of total missions	100%	76%	20%	39%	
7. Coordinated donor analytical work out of total analytical work	100%	88%	40%	60%	
8. Number of Project Implementation Units that are external to existing country institutional and administrative structures	0	4	45	16	

Source: OECD- DAC 2008 Survey on Monitoring the Paris Declaration – Ghana Country Chapter

Table 11: Ghana. REP II Unit Costs

	Training	Bus. Dev. Services	Wage Jobs created
Costs	(US$ mill.)	(US$ mill.)	(US$ mill.)
At Appraisal	7.9	12.0	26.4
Actual Delivery	13.3	7.8	26.9
Targets	(thousand)	(thousand)	(thousand)
At Appraisal	70	40	110
Revised	70	25	75
Actual Delivery	80.5	17.7	42.9
Unit Costs	(US$)	(US$)	(US$)
At Appraisal	112.9	300	240
Revised	112.9	480	352
Actual Delivery	165.2	441	627
Increase in Unit Costs	(%)	(%)	(%)
Actual/Appraisal	46.3	47	161
Actual/Revised	46.3	-8.1	78

Source: IFAD, Rural Enterprises Project, Phase II, Interim Evaluation, January 2011

Table 12 Percentage of government funding and cofinancing of total IFAD portfolio in selected lower-middle income countries Indicators

	% of Gov. Funding as a part of total portfolio cost	Cofinancing and beneficiary contributions
Angola	9%	46%
Cameroon	22%	40%
China	49%	13%
Congo (Republic of)	23%	20%
Côte d'Ivoire	35%	31%
Egypt	34%	21%
Ethiopia	14%	47%
Ghana	**20%**	**40%**
India	23%	43%
Lesotho	16%	2%
Nicaragua	13%	52%
Nigeria	40%	33%
Pakistan	56%	21%
Senegal	20%	35%
Vietnam	13%	12%
Yemen	21%	46%
IFAD Global	27%	34%

Source: IFAD-PPMS 2011

Supplemental Text Boxes to Chapter IV

Textbox 1

Innovative Ideas Take Time to Mature into Effective Instruments

High interest rates, liquidity and asset constraints, weak loan-appraisal skills, short-term deposit and long-term loan imbalances, collateral risks, marginal profitability—these are the lending supply constraints facing small banks anywhere. But they are especially daunting to rural community banks and FNGOs in providing business loans to the entrepreneurial hopeful in poverty-prone regions, especially in agriculture ventures — those to whom a small investment in technology or equipment can make the difference in the success of a small business enterprise. A subsidy, therefore, may be justified to offset the financial market imperfections.

While the preferable scenario would be to let the market take its course—with banks making prudent loans backed by educated credit appraisal and full information outreach to credit applicants—this process would be an evolving one that could take years. Rural development projects trying to move people out of poverty don't have that luxury of time.

An Innovative Alternative to Subsidized Credit—The "Matching Grant+Credit"

Donors and governments traditionally met the input-financing needs of the rural "entrepreneurial poor"—whether smallholders, small processors, or MSEs—by subsidizing them, either by targeting money directly to clients or making it available through financial entities for on-lending. These subsidies can be market-enhancing by filling the gap between (1) the smallholder who needs (the subsidized) money to support his or her business because he or she lacks "collateral" in the form of a credit history and (2) the rural small bank that needs to make loans to turn a profit but whose tight liquidity makes it averse to making loans given a prevailing culture of delinquent or defaulted repayments. However, subsidized credit is "distortionary"—it drives profit-centred rural banks out of the lending market, and it undermines market-determined interest rates at the commercial level (also opening the door to black-market lending by those who can obtain subsidized credit and then re-lend it at less than market rates). At the same time, poor beneficiaries who simply cannot afford to borrow at prevailing market interest rates have no sense of commitment to repay "government money," and are thus unable to build their creditworthiness.[138]

To bridge the disconnect between the inability of targeted beneficiaries to afford loans at market interest rates and the disinclination of rural banks to move beyond subsidization toward commercial lending, project management in the IFAD/World Bank–supported Ghana Village Infrastructure Programme and its successor, the Community-Based Rural Development Programme, developed what is now known as the "matching grant+credit" concept [139] This innovative concept was driven largely by bloated retail interest rates of more than 40 per cent in Ghana (with inflation hovering between 20 and 25 per cent), which made debt-servicing costs prohibitive. Purchasing Treasury Bills (that paid 30 per cent) had become a riskless opportunity for the banks, much better than lending,

[138] Repayment hazards with subsidized credit are well known, due largely to the fact that the borrower believes that the on-lent money is merely another form of welfare support from the government. In fact, IFAD's REP-I encountered this repayment problem, which in turn meant that the REDF credit component implemented under REP-II actually started out with less money for credit to PFIs for on-lending—just $1.058 rather than the $2 million slated to be made available under the Fund.

[139] William Steel, now adjunct professor, ISSER, University of Ghana, was the originator of the concept, and was associated with the project as a consultant. Professor Steel has recently contributed a paper to this CPE to explain both the origin and concept of the matching grant+credit. Much of the remainder of this textbox is a paraphrase and excerpt of the paper— "Use of 'Matching Grants' to Enhance Access to Credit by Targeted Clients: Note on Principles, Design and Implementation in IFAD Projects in Ghana." Draft April 24, 2011. Professor Steel's paper is available upon request.

particularly to farmers and rural MSEs. One alternative—interest-rate subsidies—whereby the Government wanted to impose a ceiling on the interest rate on credit provided through the projects, and to direct the credit through the rural banks would have violated the financial-sector policies of both IFAD and the World Bank, and was inconsistent, in any case, with current work to enhance the capacities and sustainability of the rural banking system.

The more judicious, innovative arrangement—the matching grant—resolved the conflicting requirements—"retaining a subsidy component (based on eligibility criteria) to make the net cost of the asset affordable to farmers and linking it to their equity (savings) contribution. The matching grant would reduce the cost of the investment and lower the amount that had to be borrowed, and hence the debt service burden." As such, the "entrepreneurial poor had a way to work toward their creditworthiness, and rural banks had a greater incentive to accept the risks of lending to them. The subsidy component would decrease and disappear as the beneficiary's creditworthiness would improve over time.

The principles underlying the matching grant+credit programme were based on the guidelines for "smart subsidies, "as articulated by the World Bank [140] operational policies for financial intermediary lending:

- *Transparency*—because the grants are an inviting vehicle for rent-seeking and political favouritism, "subsidies should be designed to minimize the scope for political interference and administrative allocation."
- *Target-effectiveness*—grants should be based on whether the applicant's personal characteristics meet the criteria for beneficiary eligibility; loans should be appraised according to the repayment ability of the borrower, including the expected return on the investment.
- *Cost-effectiveness*—grants must be "economically justifiable" as a cost-effective strategy for reducing poverty; that is, the financial package must be "affordable" to the beneficiary (a loan would not be affordable if the interest rate of the loan is higher than the rate of return of the investment)
- *Cost-efficiency*—the cost to administer the grant must not be excessive, including the time interval between application and approval.
- *Non-distortionary "subsidization"*—grants must minimize the impact on market prices; this means applying the subsidy to the cost of the asset, not to the interest rate (which is the price of money)."

In Ghana, the matching grant+credit concept as applied first under Village Infrastructure Programme / Community-Based Rural Development Programme was not in fact free from "political interference and administrative allocation," nor was it time-efficient. Because the "communities eligible for Project support included wealthier as well as poor farmers and entrepreneurs . . . the scope of activities that could qualify for financing was fairly wide." So a decision was reached to establish a District Grant Committee in each participating District to review and approve applications for grant eligibility. Although the PFIs were to approve the loans first before sending them to the Grant Committee, the loans that had already been processed and ready for PFI action were delayed in some Districts because a Grant Committee had not been convened, while in others the Grant Committee "had the impression that they could choose grantees and push them forward for loans under the Project, and hence introduced some tendency to politicize the process."

> *"The separate institutional mechanism for grants had been found to delay implementation and to foster political interference."*

Growing Pains—Slow Take-Up Rates Despite More Specific Targeting

[140] World Bank (1998), Operational Policy OP8.30, "Financial Intermediary Lending."

The concept that was applied in subsequent IFAD projects—REP-II, RTIMP, and NRGP—was designed to unify the grant/credit process and the flow of funds (consolidated under the Apex Bank) in order to mitigate the risk of political interference—*but also by narrowing the eligibility criteria for the grants to more "specific beneficiaries and conditions being targeted by the projects."*

- *REP-II* **—** BACs were to provide training to potential beneficiaries and then make a recommendation about their eligibility for the grant. BACs and PFIs were to collaborate in identifying potential clients for both training and financing, and BAC officers were to be trained in screening the viability and likely creditworthiness of clients.
- *RTIMP* **—** Eligibility for MEF matching grants was to be limited to the producers and processors who were beneficiaries of the project and also belonged to a Producer Organization; later on, it was recommended that RTIMP should also coordinate more closely with REP to rely on the client-oriented services provided by BACs.
- *NRGP* **—** The beneficiaries targeted by NRGP—vulnerable and women's farmer groups, smallholder, and seed producers in the Northern Ghana—were to undergo training/capacity building and meet business-development criteria to access matching grant funds.

Final verification of whether the applications that were approved and submitted by the PFI conformed to the eligibility criteria has resided with the Apex Bank, maintaining the "unity" of the application and approval process.

However, despite the narrowed targeting criteria—and despite meeting the other criteria for "smart subsidies"—the take-up rates for the matching grants under each of these projects have been disappointing. Evaluation documents and supervision reports have all blamed lagging disbursement on the following: (i) the insufficient liquidity of rural banks (caused, in particular, by an imbalance between deposits and long-term lending); (ii) the continued "risk-aversion" of rural banks toward clients' repayment ability (based particularly on their bad experience with previous loan losses); and (iii) the inability of many rural banks to comply with BoG accreditation standards.

Supervision missions from IFAD have correctly responded to this situation by recommending that the formula for dividing matching-grant "obligations" (currently a 60-30-10 per cent split for IFAD-PFIs-beneficiaries) be weighted less heavily for PFIs. Moreover, they have recommended that the BACs pioneered under REP-II be even more proactive in supporting the preparation of business plans, loan applications, referrals, and follow-up, thus fortifying the working relationship between the PFIs and the beneficiary borrowers.

But confusion about what the matching grants actually entail remains, which, combined with the slow take-up rates of matching-grant funds for the three projects, has led to some frustration among IFAD officials about the current arrangement for funding the matching-grant process and then releasing those funds to PFIs and beneficiaries. Some suggest (as in the REP-III documentation) that responsibility for managing matching-grant funds should be transferred away from the Apex Bank and given to a neutral independent managing entity (maybe an NGO). However, in the "Lessons for IFAD" that follow, Professor Steel makes a strong case for retaining the current arrangement. And he notes one item that should not be overlooked in any such discussion:

"Although the Government of Ghana has a general policy of not interfering in financial markets, it still retains the directed, subsidized credit schemes through the various Ministries (using funds from the Highly Indebted Poor Countries programme) and the Micro and Small Loans Scheme (MASLOC) under the Office of the President." As such, although District officials cannot direct the flow of project matching-grant funds to certain recipients, they "may publicly make pronouncements that they have brought funds to the District under those projects, and [that] people should go to the Rural Banks/PFIs to obtain the funds" . . . leading recipients to perceive that those very projects are making "free Government money" available to beneficiaries. Moreover, "Project Officers who have not been properly trained in the grant+credit methodology (as often happens due to turnover), and even some Rural Bank Managers, may not understand the distinction between their responsibilities for loan decisions and risk-bearing under these projects and the various MASLOC and Ministry schemes."

"The ARB Apex Bank has a somewhat delicate position in this context. It is a privately-owned (by the Rural Banks) independent institution—but it was established with substantial funding from the Government (through the Rural Financial Services Project), and MOFEP and BOG have representation on its board. Thus there is influence from Government, but this is indirect and technical, and it has functioned effectively without direct political intervention. Nevertheless, it has not been in a position to refuse to handle lines of credit administered by various Ministries and MASLOC, for which the recipients are often pre-determined. The delicate balance is that it thus has acted as a conduit for certain politically-directed credit; but the grant+credit methodology has established an alternative format in which it has been able to shield the retail institutions from political interference."

Lessons for IFAD—Patience and "Tweaking" Will Be Key

In the REP-III QE Panel Report, February 2011, ¶20, Issue 3.5, "Rural Financial Services," recommends that the "MGF should be used as an investment for MSE operators to procure appropriate equipment *independently* from loan decisions by PFIs. While REP-II arrangements will be continued, the CPM accepted the rationale for separate agencies for loans and grants . . . through linkage with RAFIP."[141] However, the CPE believes that RAFIP, with its new directive "to stay focused in undertaking only activities that are directly contributing to achieving its objectives" (Supervision Report) should in fact address one of the areas of weakness that its original design document noted—"rural small- and micro-enterprises can grow if supported by services accessible at community and district levels including adequate business development and financial services, training and technology development. There is therefore a need to set up a facilitation function to improve targeting, ensure better follow-up and monitoring" (p. 11). The CPE translates this to mean that, as one of its areas, RAFIP should target the weak appraisal, loan scheduling, and monitoring capacities of the PFIs—and it should build on the following lessons noted by Professor Steel:

- Training and *retraining* must be undertaken systematically at all levels (local authorities, project staff, PFIs, and beneficiaries) to enable a credit programme to support project objectives fully. It is important that project and BAC staff be initiated and trained rigorously in both the fundamentals and nuances of appraising creditworthiness, and in continuing to work methodically with PFIs to identify the types of clients who are likely to benefit productively from loans, both in applying their loan-backed input and in generating income to repay the loan on schedule.

[141] The document also notes that the "redesign [of the MGF] is necessary so as to avoid any distortion of the on-going institutional development and inclusive financial sector development approach in Ghana."

- Pressure to push for higher take-up rates (including by project staff eager to achieve disbursement targets) must be mitigated by the longer-term and more constructive goal to "harmonize" a graduated grant process that reduces the need for grants as part of an exit strategy, so that clients become accustomed to taking loans at commercial rates. "In this balance, it is the PFIs that have the most to gain from phasing out the grant component, since they only earn income on the loan portions."

- The joint administration of the matching grant is critical to ensuring the simultaneous, time-efficient availability of grants with loans. Moreover, the parallel administration of the grant and credit by ARB Apex Bank has provided cost-efficiencies in terms of reporting and administrative procedures. Other projects with separate grant mechanisms (for example, for fertilizer, as in the case of a nation-wide subsidy scheme for fertilizers discussed in Box 2 of the main report (Chapter IV) have encountered difficulties when the grants are delayed but the loan has been granted; "clients are then indebted but unable to implement the investment until all funds are disbursed."

- Unifying the matching grant under one roof avoids distortions as long as the targeting criteria for eligibility are sufficiently narrow and well-defined. "Nevertheless, an important improvement to the design would be to establish a system of periodic independent ex post random audits to verify that grant recipients indeed [meet] the stated criteria and [understand] that the loan [is] in fact a loan from the PFI to be repaid, not part of the grant.

- Finally, an emerging lesson is that "Ghana's financial markets, particularly for RCBs, remains sufficiently constrained in terms of term funds and transformation capability, and even in terms of liquidity available for agricultural and enterprise lending, that capitalization/matching grants intended to make investment loans more affordable to project clients still need to be accompanied by longer-term credit lines to make sufficient credit available to clients to achieve project objectives."

Again, the CPE believes that RAFIP can be a critical supplement for maintaining the current configuration of matching-grant funding and disbursement. As its design document notes, "Rural small- and micro-enterprises can grow if supported by services accessible at community and district levels including adequate business development and financial services, training and technology development. There is therefore a need to set up a facilitation function to improve targeting, ensure better follow-up and monitoring."

> *"The integrated management of grants and credits has worked efficiently and is well understood by all parties. Insisting that another agency administer the grant element separately on this mechanism would lead to suspension of the process of approving grant+credit applications just at a time when most of the projects have addressed the constraints on disbursement and these components are starting to move."*

Textbox 2

A Cautionary Note about the Impacts of IFAD Projects

In an ideal world, assessing the impacts or effectiveness of project interventions would rely on evaluation methodologies of the highest rigor—those that can compare the outcomes for two groups—a treatment and a control group—selected totally at random (whose personal, geographic, and other measurable characteristics and behaviour are as similar as possible), each of which containing as many but a like number of individuals as possible. The treatment group would be the one to receive the intervention services, and the other not. All indicators of the characteristics of interest would be measured at the same time before the intervention began, and both groups would be followed and measured over a similar timeframe, and assessed at similar intervals.

In the developing world, random designs are simply not feasible—primarily because project designers and operators would consider it unfair to deny services to a set of individuals who might obviously need them. But another reason pertains to time, cost, and data collection constraints. For example, programme budgets may not be able to accommodate the number of professionals needed to track individuals and apply such a rigorous design. In other cases, projects may not be able to fit a randomized design into a project schedule. In still others, it may be difficult, simply, to find enough people in rural, undeveloped areas to constitute reliable and valid control groups.

A paper by Michael Bamberger, sponsored by the Independent Evaluation Group and the PREM Network of the World Bank, discusses the nature of the "trade-offs between evaluation rigor and the budget, time, and data that are available for evaluation."[142]

Pertinence to IFAD

The paper, which should be a required reading for all programme or project managers and evaluators, makes a strong case for "quality impact evaluations" in the developing country setting, as a "powerful tool for learning what works, what does not, and the reasons why. . . . A growing number of developing countries also recognize the benefits from evaluation." But to be considered a "quality" impact evaluation, it must:

1. "Develop a set of indicators that can meaningfully and reliably define and measure project inputs, implementation processes, outputs, intended outcomes, and impacts.
2. Develop a logically sound *counterfactual* presenting a plausible argument that observed changes in outcome indicators after the project intervention ends are in fact due to the project and *not to other unrelated factors, such as improvements in the local economy or programmes organized by other agencies*.
3. Determine, in accordance with accepted statistical procedures, whether a project has contributed to the intended impacts and benefited a significant proportion of the target population."

The main lesson here for IFAD is that researchers and technicians *not* trained in economics sometimes work under the mistaken belief (as specified in the second criterion above) that impacts on project participants—especially increases in household income and assets—are simply due to the effects of a specific project itself, and not, say, to an improved macroeconomic environment, or even, say, to the actual motivation and behaviour of a participant him or herself. The tendency to ascribe a project intervention to the positive outcomes exhibited by participants in that project is of course a natural inclination of human nature to find the glass half full. But those who are trying to determine what works, and for whom, would do well to approach their evaluation assignment as dispassionately as possible—and, of course, in the absence of a randomized evaluation design, to search for and then to examine the numbers and the facts, to see how they can fit into an evaluation design that is most appropriate.

In fact, Bamberger illustrates an array of ways to strengthen analytical designs—reconstructing baseline data, using secondary data, assigning propensity or gain scores to improve data, using pipeline sampling, applying regression discontinuity design, and relying on other econometric gymnastics that, again, might be necessary under data collection constraints. In fact, the thrust of his paper is that six evaluation designs are available in relation to the budget constraints that may be facing an organization as it tries to assess the impacts of an intervention.

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[142] "Conducting Quality Impact Evaluations under Budget, Time, and Data Constraints." Independent Evaluation Group, The World Bank, 2006. A more complete treatment is provided in Michael Bamberger, Jim Rugh and Linda Mabry. 2006. *Real World Evaluation: Working under budget, time, data and political constraints*. Sage Publications

Four of them he calls "acceptable" impact evaluation designs:

1. *Pre-Test to Post-Test Control Group Design*, consisting of a project group and a randomized or nonrandomized control group—which can assess what would have happened to the project population had the project not been implemented (the "counterfactual"). This design is the most robust for assessing impacts, and is obviously the most expensive.
2. *Delayed Pre-Test to Post-Test Design with a Comparison Group,* in which a planned evaluation is delayed for any number of reasons. This design will yield modest savings, because it will shorten the time period during which a consultant will have to be paid.
3. *Pre- and Post-Intervention Project Group and Post-Intervention Only Comparison Groups*—which can yield 25 per cent savings in data collection costs, and whose design can still ensure a reasonable degree of analytic rigor.
4. *Post-Intervention Project and Comparison Groups with No Baseline Data*—which can yield cost savings of up to 50 per cent. This design is widely used but, still, a post-intervention control group *can* be obtained. As a case study example, Bamberger cites a study of gender and time-use impacts of the Ecuador cut-flower industry (based on cross-sectional data).

Again, these four analytical designs are acceptable for yielding impact measures that can support a rigorous evaluation. However, he goes on to specify two more designs which "do *not* qualify as sound *impact* evaluation designs"—but are included because "of their popularity, and because if used with appropriate caveats can potentially provide *some insight* into project effects."

5. *Pre- and Post-Intervention Project Group ("Reflexive") Comparison* (with potential cost savings of 50 per cent)—a widely used design that does not, however, provide a logically sound counterfactual, because without a comparison group, it operates on "usually improbable (heroic) assumptions that there were no time-dependent changes at play, or that the characteristics and behaviour of individuals being compared are exactly similar," without any attempt to ensure that they are even broadly similar.
6. *Post-Intervention Project Groups without Baseline Data or without a Comparison Group* (cost savings of 75 per cent or more)—the weakest design and, "although widely used to estimate project effects, cannot be considered as producing rigorous, even qualitative estimates of project impacts."

IFAD's appraisal and design documents reviewed by the CPE in Ghana resemble cases 5 and 6, that do not provide a counterfactual (REP II) or which do not have a base line case and/or counterfactual (RFSP) something which has made the work of CPE Ghana very challenging.

Project Level Rating Tables

Project Level Rating Tables

Table 1 – Ratings of Projects Reviewed by Current CPE

Portfolio Assessment	**RFSP**	**NORPREP**	**REP II**	**RTIMP**	**NRGP**	**RAFIP**	***Overall Portfolio***
Relevance	4	3	6	5	4	3	4
Effectiveness	5	4	5	4			4
Efficiency	4	2	4	3			3
Project Performance	4.3	2.7	5.0	4.0			3.7
Impact on Income & Assets	4	n.a.	5	4			4
Impact on Human and Social Capital	4	5	5	4			5
Impact on Food Sec. & Ag. Productivity	n.a.	n.a.	4	5			4
Impact on Environment & Climate Change	n.a.	3	4	3			3
Impact on Institutions and Policies	5	5		3			5
Impact on Rural Poverty	4	4	5	4			4
Sustainability	5	3	4	4			4
Innovation and Upscaling	4	4	5	4			4
Gender Equality and Women's Empowerment	4	4	5	4			4
Overall Project Achievement	4	4	5	4			4
Performance of IFAD	4	3	5	4			4
Performance of Government	4	3	5	4			4
Performance of Cooperating Institution (UNOPS)		3	5	n.a.			4
Performance of Cooperating Institution (WB)	4	5		n.a.			5

Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory;

Table 2: Ratings of Previous Projects

	RTIP	LACOSREP II	UWADEP	Average
Relevance	4	5	4	4.3
Effectiveness	4	4	2	3.3
Efficiency	6	3	4	4.3
Project Performance	4.7	4	3.3	4.0
Impact on Income & Assets	3	5	3	3.7
Impact on Human and Social Capital	3	5	3.5	3.8
Impact on Food Sec. & Ag. Prod.ty	4	4	3	3.7
Impact on Environment & Climate Change	1	5	2	2.7
Impact on Institutions and Policies	3	2	1	2.0
Impact on Rural Poverty				
Sustainability	4	3	2	3.0
Innovation and Upscaling	3	4	2	3.0
Gender Equality and Women's Empowerment	2	6	2	3.3
Overall Project Achievement	4	n.a.	n.a.	
Performance of IFAD	3	4	2	3.0
Performance of Government	5	3	2	3.3

Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory;

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CPE Ghana Approach Paper (January 2011)

Introduction

1. As decided by the Executive Board
2. [1], in 2010-2011 the IFAD's Office of Evaluation (IOE) will undertake a country programme evaluation (CPE) of the cooperation between the Government of Ghana and IFAD. A CPE is conducted prior to the preparation of a new cooperation strategy in a given country. The Ghana CPE will be conducted within the overall provisions contained in the IFAD Evaluation Policy[2] and follow IOE's methodology and processes for CPEs as per the Evaluation Manual.[3]

Country Background

3. Ghana is a Western African country, bordering with Cote d'Ivoire, Burkina Faso, Togo, and the Atlantic Ocean. It has an estimated population of 24 million at mid-year 2010, 50 per cent rural. Population is growing at 2 per cent (2008) down from 2.8 per cent at the beginning of the 1990s. The Ghanaian population is projected to reach 31.8 million by mid-2025. The total fertility rate reduced from 5.3 births per woman at the beginning of the 1990s to the current 4.0 but remains high. The density of Ghana's population, although not high in absolute terms (101 people per sq km) is twice as high as the regional average for Western Africa, 51 people per sq km (PRB and WB 2010). From an agro-ecological point of view, the country can be divided in three zones: the rain forest (mean annual rainfall 2200mm), the transitional zone (mean annual rainfall 1300mm) and the savannah (mean annual rainfall 1000mm).

4. Ghana is reputed as one of the stronger performer in terms of **economic growth** in the West-Africa sub-region and in the entire continent. Economic reforms since the mid-1980s resulted in a shift from economic recovery to growth. Real GDP grew at an average of 4.8 per cent in the 1990s and accelerated to 6 per cent from 2003 to 2008. In both periods GDP grew at a faster rate than population leading to a per caput GDP growth of 3.7 per cent between 2003 and 2008 compared to 2.2 per cent in the 1990s. While public policies have fostered growths, they have not put under strict control other macroeconomic aggregates, such as inflation that has remained in the two digits, 15.4 per cent on average from 2003 to 2008, down from an annual average of 23.2 per cent in the 1990s. Trade balance is structurally in deficit, with a record of 3.9 billion in 2007. Traditional exports, cocoa, gold and natural resources still account for half of GDP. Tourism and remittances (the latter estimated at 15-20 per cent of GDP) are increasingly a source of foreign currency. In 2008 a highly expansionary fiscal policy (connected with the presidential elections) generated a deficit of 14.5 per cent of the GDP which destabilised the economy, raising the inflation and causing a major depreciation (-50 per cent) of the national currency, the cedi, against the US$.

5. Ghana expects to benefit from oil extraction in the Western Region planned to commence in 2011. Revenue from oil extraction, even if significant (estimated at 6-7 per cent of GDP) is expected to be short lived, peaking over 5-6 years of production and then declining. Challenges for Government are good governance of oil revenues so that they do not displace investments in other sectors ("Dutch disease") and development priorities and prevention of conflicts over natural resources.

6. Ghana's GDP was estimated at US$754 per capita in 2009 and the country was thus classified a low income country with an objective of attaining middle income status by 2015. In early November 2010, due to a change in the methodology of the Ghana

[1] EB/2009/98/R.2, p.54.
[2] Available at: http://www.ifad.org/evaluation/policy/new_policy.htm
[3] http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf

Statistical Service to calculate the GDP, the average GDP per capita was re-estimated at US$1300. According to this re-calculation, Ghana would be classified as a middle-income country

7. Notable progress has been made in **poverty reduction** (national poverty line): from 50.0 per cent (1991-92) to 39.5 per cent (1998-99) to 28.5 per cent (2005-06) at the national level. Poverty in rural areas declined from 63.6 per cent (1991-92) to 49.6 per cent (1998-99) to 39.2 per cent (2005-06). Poverty prevalence is highest in the Northern part of the country (Northern, Upper East and Upper West Regions), which is characterised agro-ecologically as "rural savannah" (Table 1), but poverty rates have declined in these areas too: from 1991-92 (73 per cent) through 1998-99 (70 per cent) to 2004/2006 (60.1 per cent).

Table 1: Consumption-based Poverty rates by locality in Ghana (1991-2006)

Region	Poverty Headcount 1991/92 (%)	Poverty Headcount 1998/99 (%)	Poverty Headcount 2004/2006 (%)
National	51.7	39.5	28.5
Urban	27.7	19.4	10.8
Rural	63.6	49.6	39.2
Accra	23.1	4.4	10.6
Urban Coastal	28.3	31.0	5.5
Urban Forest	25.8	18.2	6.9
Urban Savannah	37.8	43.0	27.6
Rural Coastal	52.5	45.6	24.0
Rural Forest	61.6	38.0	27.7
Rural Savannah	73.0	70.0	60.1

Source: Ghana Statistical Service (2007)

8. At the same time, the fruits of growth have not been shared equally: the national Gini coefficient[4], an indicator of inequality, rose from 0.381 in 1992 to 0.408 in 1999, up to 0.428 in 2006. Progress on child malnutrition has been limited: national prevalence of stunting (low height-for-age) as a measure of malnutrition for children aged 0-5 years first increased from 31.3 per cent in 1999 to 35.6 per cent in 2003 and then reduced to 28.1 per cent in 2006. Life expectancy has even slightly reduced from 57.3 years in 1990 to 56.6 in 2008, pointing to issues of weak health coverage.

9. Ghana's Human Development Index increased from 0.495 in 2000 to 0.526 in 2008 when the country was ranked 152 of 182 countries and classified as a medium development country. In terms of achieving the Millennium Development Goals (MDGs), Ghana is on track to meet targets under MDG 1 (eradicate extreme poverty), MDG 2 (universal primary education), MDG 3 (promote gender equality), MDG 4 (reduce child mortality), and parts of MDG 6 (combat AIDS, malaria and other diseases). It is not on track to achieve targets under MDG 5 (maternal mortality) and MDG 7 (environmental sustainability).

10. According to the classification of the World Bank Development Report on Agriculture (2008), Ghana is an agriculture-based country.[5] The **agricultural sector** accounted for 33.5 per cent of the GDP in 2008, down from 44.8 per cent in 1990. Agricultural sector growth has been both significant and higher than the population growth but slower than overall GDP growth. In fact the agricultural GDP grew at 3.5 per cent per annum between 2003 and 2008, against 3.2 per cent in the 1990s (compare with overall GDP growth as described above). The average arable land per person has

[4] The Gini coefficient takes values between 0 (total equality) and 1 (total inequality).
[5] In agriculture-based countries, agriculture accounts for about a third of overall economic growth and most poor people live in rural areas.

remained almost constant at 0.18ha in the same period, due to an increase of cultivated area. Less than 2 per cent of land is irrigated, limiting land productivity.

11. In 2009 Ghana became the tenth African country to sign the Comprehensive Africa Agricultural Development Programme (CAADP) Compact after a successful series of round table on the alignment of the country's agricultural priorities towards the CAADP Agenda.

12. Other indicators point to more modest results in the agricultural sector. The agriculture value added per worker between 1990 and 2008 increased at an annual average of only 0.8 per cent, while the livestock production index at 0.9 per cent. Cereal yields increased from 989 kg/ha in 1990 to 1327.5 in 2008 (annual average growth of 1.8 per cent per year) but this did not improve in a significant way since the end of the 1990s. Important challenges exist in terms of environmental degradation, particularly relating to reducing forest cover: from 32.8 per cent of total land area in 1990 to 23.2 per cent in 2007 (FAO 2010). The World Bank-led multi-donor Country Environmental Assessment estimated that the annual cost of degradation to the country's accumulated wealth is equivalent to 10 per cent of the GDP and reducing the potential for growth by about 1 per cent.

13. In 2009 the public budget on agriculture was estimated at 9 per cent, close to the 10 per cent target set by the New Partnership for Africa's Development.[6] Regarding research and development in agriculture, a very recent study found that Ghana's spending on agricultural research and development doubled from 2000 to 2008, although the spike was largely due to increase in salary cost that accounted for 83 per cent of the agricultural research budget of the leading government research organization, the Council for Scientific and Industrial Research (ASTI 2010).

14. The main strategic documents of the agricultural sector are the Food and Agriculture Sector Development Policy (FASDEP) and the Medium Term Agriculture Sector Investment Plan (2011-2015). A draft National Aid Policy is about being finalized by the Ministry of Food and Agriculture.

15. In terms of **infrastructure** development, Ghana has achieved the highest electrification rate in Sub-Saharan Africa but power supply is now not reliable due to the high growth in electricity demand. Transport and communication infrastructure are in a poor state to cope with recent economic growth and expansion of basic service delivery. Road density in Ghana is 248km per 1000 sq km, compared to an average of 368 in lower-middle income countries and 1,015 in high income countries.

16. Ghana's performance in **governance** is one of the most solid in the SSA region. From 1992 to 2008, Ghana has gone through five successful elections and, in two cases, handing over of power to another political party. Ghana was among the first countries to participate in the African Peer Review Mechanism (2003)[7] which provided a number of recommendations in public sector reform and governance (control of corruption, land policy, and transfer administrative and financial power to decentralized bodies). According to the World Bank data base of governance indicators, there has been a significant improvement in all the indicators selected (voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption). In 2008 Ghana was classified in the "yellow area" (50^{th} to 75^{th} percentile) according to almost all these indicators.

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[6] Ghana Ministry of Food and Agriculture, personal communication.

[7] A self-diagnostic instrument voluntarily acceded by members of the African Union in view of fostering the adoption of policies, standards, practices conducive to political stability, growth, sustainable development and accelerated sub-regional growth.

17. Corruption continues to be an issue, although the Corruption Perception Index (CPI) for Ghana has improved since 2003.[8] Other challenges to good governance in Ghana stem from a number of local conflicts or disputes relating to issues of chieftaincy, land, access to and distribution of resources such as gold, diamonds and timber, and inter and intra-religious intolerance. Ghana has experienced a proliferation in small arms over the past 15 years.

18. Opening up space for **private sector** growth has been an explicit development objective of Ghana in the past decade. Yet much remains to be done to improve business environment in the country. A 2010 IFC survey on business climate ranks Ghana 92nd out of 183 economies reviewed, slightly lower than in 2009 (87th).[9] Ghana is ranked 114th out of 133 countries in the Global Competitiveness Report 2009-2010 (World Economic Forum 2010), with a slight fall from the 2008-2010, due to the recent macroeconomic imbalances. While public institutions and governance indicators are considered strong, the country lags behind in terms of educational level, health, labour market efficiency, technological readiness and innovation.

19. Among the opportunities offered by the regional context are the Economic *Community of West African States* (*ECOWAS*), particularly the on-going effort to set a common external tariff and custom facilitation measures. Partnerships agreements with the EU and USAID West Africa Hub are also expected to foster regional integration.

20. **National strategies for poverty reduction**. The first Poverty Reduction Strategy of Ghana was approved in 2002 (GPRS I), aiming at generating growth, controlling inflation, and targeting the poorest and most vulnerable in the society. The second Poverty Reduction Strategy (GPRS II) was approved in late 2005, covering the period 2006-2009. GPRS II was based on three main pillars: private sector competitiveness (among other sectors this includes agriculture, natural resources and infrastructure), human resources development (inter alia education and health) and governance and civic responsibility. After the GPRS II a new Medium Term National Development Framework (MTNDF) – the Ghana Shared Growth and Development Agenda 2010-2013 was approved. The framework outlines the development policies and strategies that will guide the management and development of the economy between 2010 and 2013. It places emphasis on human development, transparent and accountable governance, infrastructural development in support of agricultural modernisation, natural resource development, particularly oil and gas, private sector development, ICT, housing and energy for accelerated employment creation and income generation for poverty reduction. It captures environment climate change.

21. **International cooperation in Ghana.** For many years Ghana has received high level of Official Development Assistance (ODA) with an increase in net disbursements since 2001 (Figure 2). Total ODA between 2000 and 2008 was over US$9 billion, an average of US$1 billion per annum), or 8.6 per cent of Ghana's Gross National Income. Ghana has many development partners, the main partners in terms of financial contributions in excess of US$50 million are the United Kingdom, the Netherlands, United States, Denmark, Canada, Germany and Japan (bi-laterals) and the World Bank, the European Commission and the Africa Development Fund. The United Kingdom is the largest bi-lateral donor, contributing 11.7 per cent of net ODA disbursements. China, Brazil, India are emerging as new development partners in Ghana. It has been of special importance for Government of Ghana to strengthen the national framework for receiving ODA and actively participate in the international drive for increased aid effectiveness as seen by the 2008 'Accra Agenda for Action', elaborating the Paris Declaration principles.

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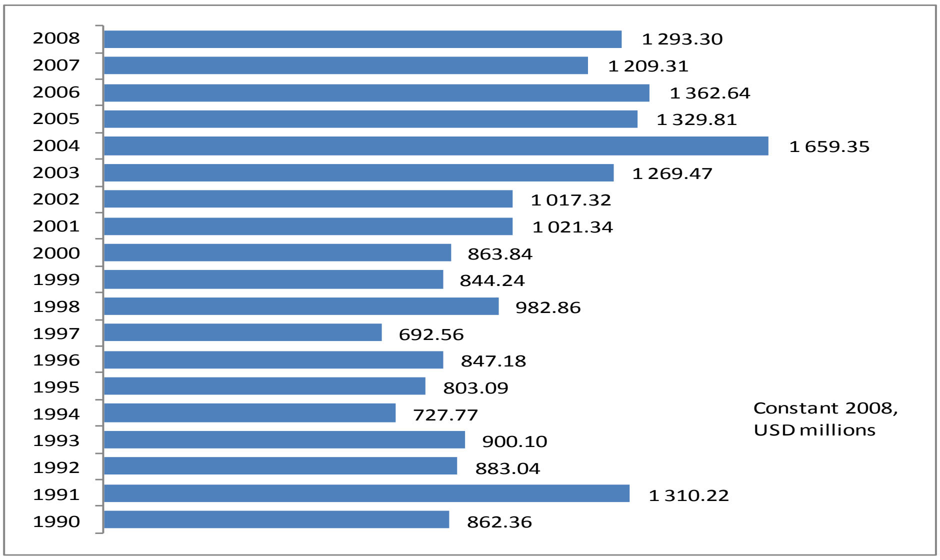
[8] Transparency International 2009 measures Ghana's CPI as 3.9, compared to 3.3 in 2003 and classifies Ghana 69th out of 180 countries in 2009.

[9] Ghana was performing poorly in the following indicators: starting a new business (135th of 183 economies), dealing with construction permits (153rd), employing workers (133rd) and getting credit (113th).

Table 2: Net ODA disbursements to Ghana: 1990-2008



Source: OECD-DAC Statistics

22. A group of 16 development partners representing 95 per cent of aid disbursements (including IFAD) signed the Ghana Joint Assistance Strategy G-JAS in 2007, with the intention of improving alignment of development assistance with Ghana's development priorities and serving as a framework for the Paris Declaration. In 2009, an independent mid-term review of G-JAS observed that while G-JAS does have merit, development partners should be better guided by the government's preferences and the National Aid Policy that is being developed by the Government.[10]

23. Ten development partners are signatory to the Multi-Donor Budget Support (MDBS). MDBS payments are divided into base payments (for predictability of aid flows) and performance payments linked to Government achieving policy triggers defined in the Performance Assessment Framework. The MDBS disbursements averaged $300 million between 2004 and 2006. An evaluation of the MDBS found that the impact of the MDBS was most noticeable in the education sector which received significant increases in budget allocation, while the effects in the health sector were not as discernible.[11] The evaluation recommended that the MDBS be redesigned to focus harmonising aid and lowering transaction costs and that conditionality for disbursements be changed as it inhibited constructive open dialogue between the government and development partners.[12]

Overview of IFAD's Operations and Evolution of the Country Strategy

Projects

24. IFAD approved its first project to Ghana in 1980. Since then, 15 projects were approved for a total cost of US$492.4 million and a total IFAD financing of US$193.4 (39 per cent of total costs) through highly concessional loans.[13] Ghana is the largest portfolio

[10] Cox, M and MacCarthy, M. (2009) Ghana Joint Assistance Strategy (G-JAS) Mid-Term Review.

[11] Signatories are Netherlands, DFID, Denmark, Germany, European Commission, World Bank, France, Switzerland, Canada and African Development Bank. Observers are UNDP, UNICEF, IMF, JICA and USAID.

[12] Overseas Development Institute and CDD-Ghana: Joint Evaluation of Multi-Donor Budget Support to Ghana, June 2007.

[13]There are four types of lending terms: (i) special loans on highly concessional terms, free of interest but bearing a service charge of three fourths of one per cent (0.75per cent) per annum and having a maturity period of 40 years, including a grace period of 10 years; (ii) loans on hardened terms bearing a service charge of three fourths of one per cent (0.75 per cent) per annum and having a maturity period of 20 years, including a

of IFAD in the West and Central Africa region in terms of financing. Yet, IFAD net disbursements between 2003 and 2008 represent 0.3 per cent of total net ODA disbursement in Ghana and 4.9 per cent of ODA earmarked for agriculture, although the latter percentage is likely to be lower if general budget support that is invested in the agricultural sector is considered.

25. The Government of Ghana has provided counterpart funds for an amount of US$98.8m (20 per cent of total project costs, in line with the IFAD regional average of 20.5 per cent). Co-financing from international, organizations, NGOs, beneficiaries, private sector entities corresponded to US$200.0m (40 per cent of total project costs. During the first 19 years of IFAD's investments, the largest co-financier was the World Bank / IDA. At present, no on-going project is cofinanced by the World Bank: cofinancing was initially foreseen for RAFIP but has not yet materialised. Since 2000, the African Development Bank became the main cofinancier with a total amount of US$81 million (16.5 per cent of total costs and 40.5 per cent of overall co-financing).

26. Until 2005, project supervision was assigned to either the World Bank or UNOPS. Since then, supervision of new and on-going projects was assigned to IFAD, following a new corporate policy on supervision and implementation support.[14] Four on-going projects are now under IFAD's direct supervision. IFAD is in the process of out-posting a Country Programme Manager to Accra.

Other regional activities and grants

27. In addition to the main loan portfolio, IFAD has a parallel financing window based on two types of grants: (i) regional grants and (ii) country-specific grants. According to the information received from WCA and documentation retrieved, there were few grants with activities in Ghana.[15] They included: (i) a regional grant to UNCDF for "Building Inclusive Financial Sector in Western and Central Africa" for a total amount of US$990,000 (to be shared among several countries); (ii) a series of regional grants for the FIDAFRIQUE regional knowledge sharing and management initiative; (iii) a small grant (US$200,000) to support the Development Partner Coordination Desk of the Ministry of Food and Agriculture (MOFA) for pro poor policy dialogue and advocacy, (iv) a small grant (US$200,000) to the NGO ACDI-VOCA for public-private partnership for grains and oilseed development; (v) a grant to IFPRI for a strategic partnership, part of which is implemented in Ghana; (vi) although not a "grant" according to IFAD's classification, supplementary funds from the Italian Government have been allocated to the West and Central Africa region for support to cassava processing and marketing, with specific initiatives in Ghana.[16]

Evolving strategy: COSOPs

28. The first COSOP for Ghana was prepared by IFAD in 1998. Until that time, the strategic orientation in the country had been provided by a *Special Programming Mission* of 1988. The 1998 COSOP benefited from a Country Programme Evaluation, conducted by IFAD's Evaluation Office in 1996. Among the main lessons learned from the 1996 CPE, the COSOP highlighted the importance of not spreading the portfolio too thin on large geographical areas and of simplifying project design, avoiding too many components and partner institutions. The 1996 CPE had also cautioned against the use

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grace period of 10 years; (iii) loans on intermediate terms with a rate of interest per annum equivalent to 50 per cent of the variable reference interest rate, and a maturity period of 20 years, including a grace period of 5 years; (iv) loans on ordinary terms with a rate of interest per annum equivalent to one hundred per cent (100 per cent) of the variable reference interest rate, and a maturity period of 15 to eighteen 18 years, including a grace period of 3 years.

[14] http://www.ifad.org/pub/policy/supervision/e.pdf

[15] In IFAD, there are two types of grants: (i) regional grants and (ii) country-specific grants. The former include small regional grants (not exceeding US$200,000) and larger regional grants (with a financing volume exceeding US$200,000).

[16] Reference has also been found to a regional grant to CYMMIT on Sorghum and Millet development although it remains to be determined whether specific activities have been developed in Ghana.

of NGOs just for the sake of following development fashions and recommended more selectivity in selecting NGOs according to comparative advantages as well as more involvement of traditional authorities on one hand and private sector operators on the other. The CPE had also recommended geographical targeting of poor villages and communities and inclusive approaches within each community, so as to avoid creating social conflicts. As for rural finance, an important lesson learned pertained to providing a sound competitive context for several financial institutions (commercial banks, rural banks and credit unions) and linking savings groups to rural financial institutions. For interventions focusing on irrigation, the 1996 CPE had recommended creating or supporting existing water users associations to ensure sustainability and brokering an agreement between beneficiaries and traditional community authorities to solve land tenure issues. From a managerial perspective, the importance of supporting management information systems at the national and regional level was stressed by the CPE. These national and regional capacities could later be tapped in national programmes and project operations.

29. The 1998 COSOP stated three strategic objectives, namely: (i) enhancing food security and arresting environmental degradation in the Northern part of the country; (ii) assisting smallholders in the transitional zone[17] and selected poverty pockets and (iii) enhancing income generation opportunities (Table 3). Emphasis was devoted to the Northern part of Ghana (including the Upper East, Upper West and Northern Regions), due to higher prevalence of poverty, although the COSOP did not exclude the possibility of funding projects with national coverage and catering for other poor areas in the country. The COSOP referred to the decentralisation process and the devolution of power to district as an opportunity for IFAD's operations whereby the Fund could be supporting district level governments.

30. In terms of sub-sectors of intervention, in addition to the support to decentralization, the 1998 COSOP highlighted irrigation and water management, rural credit, the importance of introducing higher-yield crop varieties, as well as giving more attention to marketing of agricultural produce, as well as income diversification (including non-agricultural activities). The 1998 COSOP also identified areas for policy dialogue. They included the promotion of private sector's role in rural development, strengthening the regulatory framework for rural credit services as well as the legal framework for community-based institutions, notably water users' associations (Table 3). An update of the COSOP was foreseen in 2000 but is not documented in the files.

31. The latest COSOP was approved by IFAD in 2006.[18] Compared to the previous, this COSOP maintained emphasis on agricultural development as a means to achieve food security and on local development and support to decentralised governments. It insisted more forcefully on rural microenterprises, rural finance and on private sector involvement. It set pro-poor policy dialogue as an explicit objective for IFAD. It added new features including the attention to commodity chains as a means to foster agricultural development.

32. The 2006 COSOP acknowledged the emphasis of previous programming for the Northern part of Ghana but insisted less on geographic targeting and more on country-wide sub-sectoral programmes, probably in view of establishing clearer linkages with

[17] One of the three main agro ecological zones of Ghana, together with the rain forest and the savannah.

[18] This was before the introduction of results-based COSOP requirements in 2007, whereby new COSOPs (in this case "P" stands for Programme not Paper) have to follow a stricter set of requirements in terms of the analysis (identification of sectoral issues, SWOT matrix, mapping of potential partners' activities, target group identification), process of COSOP formulation (consultation with potential partners, follow-up on recommendations from a CPE if available), and results-based management (new-generation COSOPs have a results management framework which also shows their alignment with national sectoral strategies).

policy dialogue and reform objectives. Sectoral priorities of the 2006 COSOP did not change significantly.

33. Areas of policy dialogue were similar to those identified in the previous COSOP, with increased focus on commodity chain development, private sector involvement, and land tenure, the latter as a result of promising experience reaped in the Upper East region. Community-driven development was singled out as an approach to be mainstreamed. In terms of partnership with international organizations, the 2006 COSOP mentioned not less than 17 possible partners including WB/IDA, AfDB, DfiD, GTZ, USAID, FAO, UNDP and many others.

34. The 2006 COSOP identified the regional platform of FIDAFRIQUE as a tool for knowledge management and dissemination of good practices and, as a specific theme for knowledge management, it foresaw the organization of workshops centred on the community-driven development approaches.[19]

35. In terms of financing instruments, allocations from IFAD to Ghana were planned to come from loans for an amount of 70-80 million in the forthcoming 6-7 years, in addition to small grants for agricultural research and policy dialogue whose financial amount was not estimated in the COSOP.

Table 3: Main elements of 1998 and 2006 COSOPs

Key Elements of the strategy	COSOP 1998	COSOP 2006
Strategic objectives	1. Enhancing food security and arresting environmental degradation in Northern regions 2. Assist smallholders in the transitional zone and select pockets of poverty for specific support 3. Enhance income opportunities through targeted income-generating initiatives	1) achieve sustainable agricultural livelihoods and food security through agricultural development and commodity chains 2) Develop pro-poor enterprises and rural finance in the context of an inclusive private sector 3) strengthen local institutions and government using community-driven approaches 4) responsive pro-poor policy and institutional environment through learning and dialogue among partners and stakeholders
Geographic priority	Emphasis on Northern part of the country and address poverty pockets in other areas of the country as well	There is no strong geographical emphasis in the COSOP although the Northern part of the country is often quoted as the poorer one.
Subsector focus	Support to decentralised governments, irrigation and water management, rural credit, technological transfer (high-yielding varieties), marketing of domestic food crops (vegetables, roots and tubers), diversification of income sources as a means to natural resource protection	Food crops and traditional crops, Rural enterprises, rural finance, local development and community-driven development
Main partner institutions	National: the Government in general is indicated as a partner. See Table 5 for sub-national and international partners	National: the Government in general is indicated as a partner. See Table 5 for sub-national and international partners
Targeting approach	1) Food insecure and resource poor smallholder families in Upper East, West and Northern Regions 2) resource poor smallholder families in cultivating food crops in Southern, central, western regions 3) Women-headed households in the North	No explicit targeting approaches / criteria

[19] Workshop and analytical inputs on this subject resulted in the IFAD's Community Driven Development Decision Tools (2009): http://www.ifad.org/english/cdd/pub/decisiontools.pdf

	and vulnerable poor in the South (particularly widows).	
Gender dimension	No special emphasis except targeting of women-headed households in the North.	Gender aspects in implementation: all implementation partners will need to ensure that their activities take into account the specific requirements of women, including opportunity costs in time, cultural and labour constraints, appropriate technologies, etc An integrated country programme action plan will need to be prepared. Performance indicators to be disaggregated by gender.
Country programme mix (loans, grants and non-lending activities)	Two loans. Grants are referred to for organising workshops to capitalise on lessons learned and for testing innovative approaches	The document mentions 2 new loans and "small, grant-funded operations in knowledge sharing, learning, research and policy dialogue".
Country programme management	The document mentions issues of remuneration of national staff involved in project implementation. It also refers to problems of counterpart funding in the early-mid 1990s	Country programme development and implementation partnership (involving government, NGOs, private sector, academia) Focus on scaling up successful interventions and approaches. Keep into account gender issues during implementation. Mainstream the Results and Impact Management System (RIMS) to all investment operations. Devise "new solutions to monitoring and evaluation".

Evaluation Objectives and Methodology

36. The objectives of the CPE are to assess the performance and impact of IFAD operations and generate findings and recommendations that will provide a basis for the next country strategy in Ghana to be prepared between IFAD and the Government.

37. The CPE will be conducted in line with the Evaluation Manual[20] and will include three levels of analysis: (i) the portfolio of projects of IFAD; (ii) non-lending activities (partnership building, knowledge management, and policy dialogue); (iii) performance at the programme level (COSOP performance).

38. In terms of the assessment of the portfolio of projects, the following criteria will be considered:

Relevance: this includes two parts: (i) consistency of project's *goals* with IFAD's strategy, Government strategies and policies, needs of the intended project users and local poverty situation; (ii) adequacy of the project *approaches,* such as adaptation of the project design and components to local conditions, adherence to recognised standards (if applicable) and provision of realistic resources.

Effectiveness: achievement of project's primary objectives (as presented in the design documents) or other un-anticipated achievements.

Efficiency: economic use of resources in order to achieve certain outputs or results, with reference to established benchmark and alternative options.

Rural poverty impact: changes that have occurred in the welfare of people and their community, whether positive, negative, direct, indirect, intended or non-intended, with special focus on 5 impact domains (household impact and net assets, human and social capital and empowerment, food security and agricultural productivity, natural resources and the environment and institutions and policies)

[20] English version: http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf

Sustainability: the likelihood that benefits generated by a development intervention will continue with a reduced external support and will be resilient to threats.

Promotion of pro-poor innovation, replication and scaling up: the extent to which IFAD has facilitated the introduction of innovative[21] approaches and opportunities and constraints to the replicability of such approaches.

Performance of partners: assessment of the contribution of the Government authorities, IFAD, cooperating institutions and co-financier to the formulation, execution, monitoring, supervision and implementation support and evaluation.

39. Analysis will be provided for each criterion. Ratings will summarise the CPE judgement on that criterion based on evidence. An overall assessment and rating will also be provided on project performance. [22] Findings may be grouped by sector or theme (for example agricultural technology transfer, micro enterprises, gender) when this adds value to the analysis (cross-project comparison and learning), helps improve readability and helps address cross-cutting issues. A special section on gender, summarising cross-cutting findings will be presented in the part of the report.

Time line and operations to be included

40. According to the IFAD Evaluation Manual, country programme evaluations cover a period of about 10 years. In the present case, it is proposed that the CPE focus on IFAD's operations and strategy from 2000 thus encompassing some operations approved under the 1998 COSOP as well as those approved under the 2006 COSOP.

41. In the past IOE conducted several evaluations in Ghana: (i) a country programme evaluation in 1996; (ii) an Interim Evaluation of the Rural Enterprises Project in 2001; (iii) an interim evaluation of the Roots and Tuber Improvement programme in 2004; and (iii) an interim evaluation of the Upper West Region Agricultural Development Programme as well as of the (iv) Upper East Region Land Conservation and Smallholder Rehabilitation Programme in 2005. These evaluations relate to operations that started before 2000. Interestingly, follow-up project phases were undertaken the period of CPE focus. For this reason, the above evaluations will be used as references to better understand the evolution of IFAD's programme in Ghana.

42. Since 2000, IFAD approved the following six projects: (i) Rural Finance Services Project (RFSP); (ii) Northern Region Poverty Reduction Programme (NORPREP), (iii) the Rural Enterprises Project (REP) - Phase II; (iv) the Root and Tuber Improvement and Marketing Programme (RTIMP); (v) the Northern Rural Growth Programme (NRGP); and (vi) the Rural and Agricultural Finance Programme (RAFIP).

43. The "evaluability" of the above projects will vary with their implementation stage. For projects that became effective by 2003 (RFSP, NORPREP and REP II), it can be reasonably expected that all the evaluation criteria may be applied. For RTIMP, effective in early 2006, only a part of the evaluation criteria may be applied. For projects that became effective since 2008, it is likely that only the criterion or relevance can be applied, although selected insights on other criteria might emerge. REP II has received a specific project evaluation in 2010 and the CPE will draw from this evaluation for analysis and ratings (Table 4).

[21] The Evaluation Manual defines innovativeness with reference to the project context. For example an approach, a practice or technology (say a soil fertility protection technique or a higher yield cattle breed) may be considered innovative if new to the project area, even if already available in another country or in other regions of the same country.
[22] In line with practices of multilateral institutions, IFAD applies ratings on a 6-point scale: : 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory.

44. *Addressing attribution issues*. Attribution of observed changes to a project is often problematic. For example, data may point to significant increases in household assets of children's nutrition but this may also be due to exogenous factors, not influenced by the project (e.g. falling prices of certain household assets; a general economic upturn; households receiving remittances). The CPE may address the attribution issue by:

(i) helping explain the logic chain from project actions to immediate results and impacts;
(ii) considering rival explanations by probing for alternative factors during all interviews, and reassessing the plausibility chain;
(iii) conducting selected interviews with non-beneficiaries that share key characteristics (e.g. socio-economic status, livelihood, farming system) and may help understand what could have happened without the project (counterfactual).[23]
(iv) helping explain the logic chain from project actions to immediate results and impacts;
(v) considering rival explanations by probing for alternative factors during all interviews, and reassessing the plausibility chain;

Table 4: Projects to be considered by the CPE and expected coverage of evaluation criteria at the project-level

	Rural Finance Services (RFSP)	*Northern Region (NORPREP)*	*Rural Enterprises (REP II)*	*Root and Tuber Improvement and Marketing (RTIMP)*	*Northern Rural Growth (NRGP)*	*Rural & Agr. Finance (RAFIP)*
(Year of effectiveness)	(Oct 2001)	(Feb 2003)	(Feb 2003)	(Jan 2006)	(Sep 2008)	(Apr 2010)
Criteria						
Relevance	Yes	Yes	Analysis and ratings from a dedicated project evaluation	Yes	Yes	Yes
Effectiveness	Yes	Yes		Selected Issues	No	No
Efficiency	Yes	Yes		Yes	?	No
Impact	Yes	Yes		Selected Issues	No	No
Sustainability	Yes	Yes		Selected issues	No	No
Innov. replic. & scaling up	Yes	Yes		Yes	?	No
Performance of partners	Yes	Yes		Yes	No	No

Regional and country technical assistance grants

45. As explained above, in addition to its loan portfolio, IFAD also has grant-funded activities in Ghana. Given the limited number of grants with activities in Ghana, it is suggested that all the 6 identified grants be reviewed by the CPE. In particular, the UNCDF will be reviewed in the context of rural finance activities, the FRIDAFRIQUE grants will be considered as knowledge management tool, the grants on cassava will be considered along with IFAD loan investments in this sub-sector. The grant on pro-poor policy dialogue and the IFPRI grant will be reviewed under non-project activities. The grant to ACDI-VOCA will be considered under public and private sector partnerships.[24]

Non-lending activities

46. Analysis of non-lending activities will encompass initiatives such as partnership building, policy dialogue and knowledge management. Achievements and synergy with the lending portfolio will be assessed. Both the 1998 and the 2006 COSOP had objectives for partnership building and policy dialogue and the 2006 COSOP foresaw some knowledge management activities (Table 5). The objectives of the two COSOPs will be adopted as a reference for the CPE. A question to be considered by the CPE pertains to

[23] IFAD Evaluation Manual, p.15-16.
[24] Information is currently being sought for any specific activities in Ghana of a CYMMIT regional grant on sorghum and millet. If activities can be traced in Ghana, the same can be considered in the CPE.

the mix of instruments and resources that have been available to pursue non-lending goals. Analysis and ratings will be provided in line with the Evaluation Manual.

47. As IFAD plans to establish a country office in Ghana, an important question pertains to the performance in the area of policy dialogue and partnership building as well as the opportunities that are arising for IFAD and that should be considered in the next programming phase. This would be reflected also in the final recommendations.

Table 5: Objectives of non-lending activities in the latest two programming periods

NON- LENDING	***COSOP 1998***	**COSOP 2006**
Partnership building	National: the Government in general is indicated as a partner. At the sub-national level The document also refers to district assemblies and to NGOs. International: WB/IDA, AfDB, GTZ, CIDA, USAID, DANIDA but no specific areas of cooperation are identified.	National: the Government in general is indicated as a partner. International: the document mentions some 17 organizations including WB/IDA, AfDB, DfiD, GTZ, USAID, FAO, UNDP and others.
Policy Dialogue	(i) Private sector's access to rural markets and agricultural credit (ii) development of a legal and regulatory framework (water users' associations) (iii) use of improved technologies in a context characterised by removal of subsidies for fertilizers (iv) promote district management capacity (v) regulatory framework in the financial sector of importance for rural credit.	(i) water user associations, community and farmer based organizations (legislative framework) (ii) water governance and land tenure (iii) commodity chain governance (iv) decentralization and community-driven development (v) inclusive private sector development
Knowledge Management	Not treated specifically	Regional workshop on community-driven development FIDAFRIQUE

Programme-level analysis

48. A further, more aggregated, level of analysis is the performance of the COSOP.[25] This requires a different type of assessment. While in the portfolio assessment the analysis was project-based, in this latter section, the evaluation will consider the overall objectives of the programme. While linkages obviously exist between individual projects and the overall programme, the latter is not necessarily equal to the sum of the former and discrepancies may be found (the "micro / macro paradox").

49. The focus will be on the 1998 and 2006 COSOPs. Both of them had a set of strategic goals that can be used as a point of reference for programme-level analysis of the CPE, taking into account changes in strategic emphasis between the 1998 and 2006 COSOPs (Table 6). In particular, the CPE will assess relevance and effectiveness at the strategic level, following the general guidance in the Evaluation Manual and the specific guidance in Annex 1 (Evaluation Framework) of the present approach paper. The programme level analysis should also consider other achievements that may have been made at the programmatic level even if they are not explicitly mentioned in the original COSOP goals. A section on gender issues and how they have been dealt with in the programme will also be presented.

[25] It is to be noted that the "P" of COSOP stands for "programme" in this case, not for "paper" and the analysis is not limited to the review of a document.

Table 6: Overall programmatic objectives of IFAD in Ghana

COSOP 1998	**COSOP 2006**
1. Enhancing food security and arresting environmental degradation in Northern regions **2. Assist smallholders in the transitional zone and select pockets of poverty for specific support** **3. Enhance income opportunities through targeted income-generating initiatives**	1) achieve sustainable agricultural livelihoods and food security through agricultural development and commodity chains 2) Develop pro-poor enterprises and rural finance in the context of an inclusive private sector 3) strengthen local institutions and government using community-driven approaches 4) responsive pro-poor policy and institutional environment through learning and dialogue among partners and stakeholders

50. While the above are general themes and while innovation is a criterion applied at the portfolio analysis level, it is important to address the question of innovation also at the strategic level: has IFAD been able to introduce, test, diffuse, and upscale innovative approaches in Ghana? While IFAD's financial contribution is small in Ghana in the agricultural sector, it can become crucial if the Fund can be innovative or address areas that are underserved by other organizations.

51. Given the increasing importance of general and sectoral budget funding in Ghana, another item to be explored by the evaluation relates to the opportunities for IFAD to be involved in sectoral budget funding, along with traditional project by project approaches.

52. Gender is an additional theme that cuts across the criteria and sectors and a specific section on achievements in terms of gender equality[26] will be provided, given that the 2006 put emphasis on gender issues in implementation, foresaw the preparation of a country gender action plan and the disaggregation of performance indicators by gender.

53. At the conclusion of the analysis, ratings will be provided for relevance of the IFAD programme in addressing its stated goals and causes to poverty, and effectiveness in attaining those goals.

54. The programme-level analysis may also be an opportunity to summarise findings on broader sectoral or thematic issues. Table 7 presents a set of provisional sectoral issues extrapolated from the 1998 and 2006 COSOPs that are anchored in national priorities. These themes may be further articulated upon or re-elaborated during the course of the evaluation. They may be used as a reference to analyse progress made by IFAD in tackling broader issues that are relevant to rural development in Ghana.

[26] Rather than separating women and men, the gender equality approach is built on women and men having better opportunities for greater productivity and greater influence in decision-making. It treats women not only as producers, but also as citizens, and is the approach officially adopted by the United Nations and by the organization for Economic Co-operation and Development.

Table 7: Provisional sectoral issues (from COSOP 1998 and 2006)

Theme	IFAD's interventions and relation to national priorities
A. Agricultural technology	• Technology transfer for improved practices to conserve soil and crop-livestock integration and distribution of higher yield crops (mainly roots and tubers) • Tapping existing opportunities in irrigation development and rehabilitating past irrigation schemes • Soil protection techniques This is a sub-strategy to achieve food security and income increase through agricultural development, and to respond to modest yield progress in the 1990s, to the need of using irrigation opportunities more effectively and protecting soil fertility (a very acute problem in the Upper East Region).
B. Rural enterprises, Inclusive private sector participation in rural development	• Developing rural enterprises to process agricultural products as well as non-agricultural enterprises as a means of diversification towards off-farm income • Value chain development • Contract farming opportunities • Reforming rural financial institutions This is in line with the emphasis accorded by the Government of Ghana to the private sector and markets in its latest GPRSs as a measure to support growth.
C. Support to local development approaches	• Support to the capacity of decentralised governments • Community-driven development approaches linked to local government support This refers to new opportunities with the decentralization process in Ghana for poverty reduction.
D. Institutional change for rural development	• Supporting selected sub-sector policy formulation • Legislative framework on water users' associations, community based organizations • Support to micro and small enterprise sub-committees in District Assemblies • Access to land and water for agriculture Institutions matter for rural development and the COSOPs draws on IFAD's experiences and conducive institutional factors.

Conclusions and recommendations.

55. After completing its analytical part, the report will provide conclusions and recommendations. Conclusions are not simply a synthesis of findings from the analysis. They present a storyline of the report, logically correlated to findings but adding value to findings by highlighting consequences and implication of findings, further exploring proximate explanation of findings (the "why question") and highlighting a selected number of higher-level issues that reader should take away from the report.

56. Conclusions will lead the way to recommendations, which are forward-looking propositions aiming at building on existing programme strengths, filling strategic or operational gaps and improving the performance and development results of IFAD. The CPE will try to keep the recommendations to a manageable number, avoiding redundancy, prioritising them and devising them in an action oriented form, so as to facilitate their adoption by IFAD and its partners.

The evaluation process.

57. The evaluation will start with a structured *desk review* of project and non-project and strategic issues to be conducted by IOE. This will entail preparing a desk review report, using the standard criteria in the Evaluation Manual. The desk review will allow for a very preliminary analysis also highlighting knowledge gaps and questions that need to be addressed in the process of the evaluation. The desk review will be shared with WCA and thereafter with the Government for their observation before the main mission.

58. A *preparatory mission* will be conducted by IOE to the country. The objective of this mission will be to meet the main IFAD partners (see paragraph 56 for further discussion), explain the objectives, methods and process of the exercise and elicit their views on specific questions, issues and concerns that should be reflected in the CPE, including the identification of any potential "sensitive" issue that may later emerge in the CPE. The preparatory mission will be an opportunity to familiarise with the programme and a very short visit (1 day) to 1-2 selected project areas may be scheduled, if deemed useful in preparation for the main mission. It will help refine evaluation questions and identify key informants to be interviewed during the main mission. The preparatory mission may also be taken as an opportunity to select and recruit national consultants.

59. Given the usual challenges in assessing impact, depending on the secondary data already available, ad hoc performance and impact assessment exercises may be required prior to the main mission. Such exercises could concentrate on RFSP and NORPREP and perhaps on some aspects of RTIMP given that these projects are likely to have reached a "maturity" stage where some impact aspects can be assessed. The decision whether to conduct an impact assessment exercise before the main mission and the scope of such exercise (ranging from community level qualitative case studies to primary data collection) will depend on the evidence that is already available. A decision will be taken at the time of the preparatory mission.

60. Cooperation opportunities are being defined with the Office of Evaluation of AfDB (OPEV) for a joint project performance assessment focusing on RFSP, a project that received funding from IFAD and AfDB.[27]

61. WCA and the Government will be requested to conduct a *self-assessment* exercise. The self-assessment will focus on: (i) three projects: RFSP, NORPREP and RTIMP[28]; (ii) non-lending activities; and (iii) strategic-level dimensions, using the criteria in the Manual. The exercise is expected to result in a short report and should be kept simple so that it can be completed in a reasonable time frame. In order to facilitate the exercise, IOE has prepared a proposed format for the self-assessment exercise (Appendices 4.a and 4.b). WCA and the Government may decide to either conduct a joint or separate self-assessment exercise resulting in a single report. The self-assessment should be completed before the beginning of the main evaluation mission, so that the results may be reviewed and discussed during the same. The CPE will refer to the self-assessment and, when required, explain the reasons for any discrepancy in judgement and in ratings.

62. A main *evaluation mission* will be fielded for 4-5 weeks. It will combine interviews in the capital, as well as field visits to project areas in order to verify preliminary findings of the desk review, of the self-assessment (and of primary data collection exercises, if previously conducted). Thematic discussion groups may be organised in the capital to cover special thematic or strategic question that necessitate inputs from a variety of actors. At the end of the mission, an Aide Memoire with emerging findings will be

[27] OPEV is currently conducting a review of AfDB's completion report of RFSP.

[28] A self-assessment of REP II has already been conducted in the context of the dedicated project evaluation.

prepared and presented to the Government, WCA and other partners in a wrap up meeting. The presence of the IFAD country programme manager at the wrap up meeting is essential.

63. The day after the wrap-up meeting, the evaluation team will hold a one-day data analysis and report writing internal workshop to agree on: (i) the techniques to be used in, processing, aggregating and displaying data obtained from different sources (interviews, focus groups, surveys, documents) to arrive at findings and conclusions; (ii) how to organise technical working papers from the consultants so that information can be more easily extracted in view of the preparing the main report and following the requirements of the Evaluation Manual.

64. The *report writing phase* will follow and will include the drafting of thematic technical working paper and the main report. The draft main report will first be shared with the Lead Evaluator and thereafter submitted to an internal peer review in IOE. The peer review will include two steps: (i) reviewing the evidence base and robustness of the analysis and (ii) assessing that conclusions and recommendations flow from the findings, address the main emerging issues and avoid redundancies.

65. A revised report will be shared with WCA and after receiving and incorporating their comments will be transmitted to the Government for their review. The draft report will also be shared with cofinanciers and other organizations as required. The report will be revised independently by IOE and audit trails will be prepared to explain how comments were taken into consideration.[29] The report will be then finalized by IOE and a national roundtable workshop will be organized in Accra soon after.

The Core Learning Partnership

66. A standard feature in IFAD evaluations, the CLP will include the main users of the evaluation who will provide inputs, insights and comments at determined stage in the evaluation process. The CLP is important in ensuring ownership of the evaluation results by the main stakeholders and utilization of its recommendation, by ensuring that evaluation questions reflect their priorities and that their knowledge and views can be shared in the process. The CLP will be expected to (i) provide comments in the approach paper; (ii) reviewing the desk review findings (IFAD-WCA and Government); (iii) conduct a self-assessment (IFAD and Government); (iv) reviewing and commenting the draft CPE report; (v) review and comment preparatory material for the roundtable workshop (issue paper) and participate in the final workshop.

67. On a tentative basis, the following persons will be members of the CLP. The list will be finalised at the conclusion of the preparatory mission.

- Mr Kwesi Ahwoi, Minister of Food and Agriculture and IFAD Governor
- Ms Angela Dansson, Deputy Director, Ministry of Food and Agriculture
- Ms Mary-Anne Addo, Director External Resources Mobilization, Ministry of Finance and Economic Planning
- Ms Lydia Essuah, Assistant Director, Ministry of Local Government and Rural Development
- Mr Kofi Larbi, Acting Chief Director, Ministry of Trade and Industry
- Mr Kobina Amoah, Head of Microfinance Unit – RAFIP, Ministry of Finance and Economic Planning

[29] Written comments from the Government, from IFAD and other partners will be carefully reviewed by IOE. IFAD's Evaluation policy provides that IOE will immediately rectify all factual errors, inaccuracies and information gaps that may be brought to its attention. Disagreements on judgments will be treated case by case and may be presented in the final report as dissenting notes. To ensure transparency, IOE will prepare an audit trail showing how comments have been taken into consideration.

- Mr Roy Ayariga, National Programme Coordinator - Northern Rural Growth Programme
- Mr. Akwasi Adjei Adjekum National Programme Coordinator, Root and Tuber Improvement & Marketing Programme
- Mr. K. Attah-Antwi, Project Coordinator - - Rural Enterprises Project – Phase II
- Mr Mohammed Ahmed, Programme Coordinator - Northern Region Poverty Reduction Project
- Mr Luciano Lavizzari, Director IFAD's Office of Evaluation
- Mr Mohamed Béavogui, Director, IFAD's West and Central Africa Division
- Mr Ulaç Demirag, IFAD Country Programme Manager, Ghana
- Mr Fabrizio Felloni, Senior Evaluation Officer, IFAD's Office of Evaluation

Agreement at Completion Point

68. In addition to the members of the CLP, other actors will have to be engaged at different steps of the evaluation, including stakeholders of IFAD's programme as well as other external informants. These actors include major cofinanciers of IFAD (WB, AfDB), major bilateral agencies in Ghana, such as Canada and GTZ. This will help explore issues related to donor coordination, including budget support. The importance given by IFAD to private-public partnership warrants establishing contacts with entrepreneurs in relevant sub-sectors. Emphasis on the support to decentralization means that local elected bodies (not just the local administration) should be in the scope of interviews. Security issues and conflicts in the Northern part of the country should be taken into account. This means that special interviews may have to be arranged with partners to be identified in the course of the evaluation process (starting from the preparatory mission). Interactions with project beneficiaries and grassroots civil society associations will be conducted, as per standard CPE practice. Finally it will be worthwhile to arrange strategic thematic discussions in the capital with national high-level national sector specialist. The preparatory mission will be instrumental in identifying the above partners and key informants.

69. According to the IFAD Evaluation Policy, evaluations conclude with an Agreement at Completion Point, a document presenting the main findings and recommendations contained in the evaluation report that the Government and IFAD agree to adopt and implement within a specific timeline. The ACP will be prepared after the roundtable workshop so that it can benefit from the outcomes of the discussion. IOE is only responsible for facilitating the process leading to preparation of the ACP and, to that end, will prepare a first draft thereof. The full draft ACP will be first sent by IOE to the relevant regional division of the Programme Management Department (PMD). PMD will review the first draft, and if it finds it suitable, inform IOE accordingly. IOE will then be responsible for transmitting the draft ACP to the government by fax (with a copy to PMD) for its review and comment[30]. The responsibility for the timely completion of the ACP rests ultimately with the IFAD management and the concerned Government. In particular, ACPs should be signed within three months of the date of the evaluation learning workshop. The ACP will be signed by the Government of Ghana and the IFAD's Associate Vice President for Programmes. It will be included in the final published report.

Evaluation Team

70. The Director of IOE will have the overall oversight of the CPE. The Lead Evaluator, Mr Fabrizio Felloni, will be in charge of designing the methodology, recruiting specialists, exercising quality control and managing the overall exercise. The IOE will be ultimately responsible for the contents of the evaluation report and the overall evaluation process.

[30] The covering note should draw the attention of the government to 'objections', if any, by PMD to any of the findings and/or recommendations contained in the ACP.

Mr Felloni will be supported by Mr. Mark Keating and Mr. Luigi Cuna, Evaluation Officers, and Ms Lucy Ariano, Evaluation Assistant.

71. The main field mission will be conducted by a team of independent and external specialists under the responsibility and supervision of IOE. The team will include an international lead consultant, Mr. Luis Ramírez, an economist with previous experience in the region as well as in Ghana and country programme evaluation experience at IFAD. The lead consultant will be accompanied by 2-3 additional specialists (at least one national) with at least one national specialist. The team is expected to be able to cover the main thematic areas indicated in Table 7 and will thus require the following expertise: (i) agricultural development (to cover agricultural technology transfer, irrigation, soil protection); (ii) rural finance; (iii) micro enterprise, private sector development and value chains (iii) local development including land access and regulatory issues for community-level organizations. The general conflict of interest rules for IOE consultants will be applied to the team.[31]

Communication and dissemination events and products

72. A CPE roundtable learning workshop will be organised in the capital at the conclusion of the evaluation process. This learning event will allow a broader number of stakeholders, beyond the core learning partnership to discuss the results and the recommendations of the evaluation and their implication for the future collaboration of IFAD in the country. This will be an important step before the Government of Ghana and IFAD can sign the Agreement at Completion Point.

73. The final report (about 55 pages main text in English), including the ACP, will be distributed in hard copies to partners in Ghana, posted on IFAD's public website as well as on other websites maintained by the UN Evaluation Group, the Evaluation Cooperation Group, the OECD-DAC Evaluation Networks, as well as other relevant websites. IOE will also elaborate shorter (2-page) documents that are more reader friendly and cater for a broader audience: (i) an evaluation profile (summarising key findings) and (ii) an evaluation insight (dedicated to a single theme).[32] Other ways to disseminate results may include: a 1-minute video interview to the consultants' team leader and team evaluator to be posted as a blog in IOE's webpage, *ad hoc* seminars and publications in specialised journals, as required.

[31] Evaluation Manual, Annex 6.
http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf

[32] The profile is a 800 -word brochure capturing the main findings and recommendations. The insight focuses on one key learning issue emerging from an evaluation, with the intention of raising further attention and debate around the topic among development practitioners.

Table 8: The Evaluation roadmap

Activity	**Date**
Draft approach paper shared for peer review within EO	Oct 1
IOE Peer Review approach paper	Oct 8
Approach paper shared with WCA	Oct 13
WCA Comments on approach paper	Nov 3
Revised approach paper shared with Government	Nov 11
Gov comments approach paper	Dec 1
Preparatory mission to Ghana	Dec. 6-10
Approach paper finalised	Dec. 22
Self-assessment by WCA and Gov	Dec 10 – 25 January 2011
Desk review report shared with WCA for comments	January 18 2010
Revised desk review report shared with Government for comments	February 4, 2011
Main mission	**Feb 12 – March 12, 2011**
First draft report sent to IOE	May 10, 2011
Submission to IOE peer reviewers – part 1 main report	May 30, 2011
Peer review – part 1 main report	June 10 2011
Peer review process – part 2 conclusions & recommendations	June 24
Draft report shared with WCA	July 8
Comments by WCA	August 4
Revised report shared with Government	August 25
Mission to Ghana to discuss comments with Government (to be confirmed) and prepare workshop	Early September
Comments from Government	September 23
CPE National Roundtable workshop	November 3-4
Finalise CPE agreement at completion point	End November 2011

Supplemental Tables on Ghana Country Context

Table 1: GNI and GDP Per Capita, According to the UNDP-HDR (2010)

	1980	1990	1995	2000	2005	2006	2007	2008	2009	2010
GNI per capita (constant 2008 US$PPP)	1,060.3	952.2	1,017.6	1,100.1	1,275.1	1,355.5	1,360.0	1,322.2	2,350.4	1,385.5
GDP per capita (2008 PPP US$)	1,065	971	1,039	1,134	1,292	1,345	1,392	1,463	1,494	1,533

SOURCE: UNDP-HDR (2010).

NOTES:
GNI per capita (constant 2008 US$ PPP) = the "sum of value added by all resident producers in the economy plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad, divided by midyear population. Value added is the net output of an industry after adding up all outputs and subtracting intermediate inputs. When expressed in purchasing power parity (PPP) US$ terms, it is converted to international dollars using PPP rates. An international dollar has the same purchasing power over GDP that the U.S. dollar has in the United States."

GDP per capita (2008 PPP US$) = the "sum of value added by all resident producers in the economy plus any product taxes (less subsidies) not included in the valuation of output calculated without making deductions for depreciation of fabricated capital assets or for depletion and degradation of natural resources. Value added is the net output of an industry after adding up all outputs and subtracting intermediate inputs. When expressed in US$ terms, it is converted using the average official exchange rate reported by the International Monetary Fund. An alternative conversion factor is applied if the official exchange rate is judged to diverge by an exceptionally large margin from the rate effectively applied to transactions in foreign currencies and traded products. When expressed in purchasing power parity (PPP) US$ terms, it is converted to international dollars using PPP rates. An international dollar has the same purchasing power over GDP that the U.S. dollar has in the United States."

Other recent per-capita GDP figures: *$1,609, ranked #154 of 182 countries* (IMF, 2010, Economic Outlook Database); *$1,511, ranked #137 of 162 countries* (World Bank 2009–WDI); *$1,320* (WDI 2010**)**; and *$1,463* (HDR, 2010).

Table 2: Average Annual Sectoral GDP Growth

	1990–2000	2000–2008
Total	4.3%	5.6%
Agriculture	3.4%	3.5%
Industry	2.7%	7.4%
Services	5.6%	6.7%

SOURCE: WDI (2010)

Table 3: Average Annual Sectoral GDP Growth, 2006–2009

	2006	2007	2008	2009 (provisional)
Agriculture	4.5	2.5 (–3.6 for cocoa)	5.2	6.2
Industry	9.5	5.0	8.1	3.8
(Electric & Water)	(24.2)	(–17.1)	(19.6)	(9.0)
Services	6.7	10.0	9.2	4.6
(of which Govt. Services)	(5.7)	(9.2)	(9.8)	(3.0)
(of which Wholesale/Retail)*	(7.5)	(10.7)	(10.2)	(10.7)
(of which Financial Services)				
GDP Less Net of Individual Taxes	6.6	5.7	7.4	5.0
GDP in Purchaser Value	6.4	5.7	7.3	4.7

SOURCE: Ghana Statistical Service (2010).
*Wholesale and Retail trade also includes business in restaurants and hotels, as well as tourism.

Table 4: Composition of GDP Contribution (in "purchaser value") (11,672 billion of cedis in GDP) — #s do not sum to 100%

	2006	2007	2008 (revised)	2009 (provisional)
Agriculture	35.6	34	33.5	32.3
Industry	26	25.3	25.3	25.1
Services	30.1	32	32.6	33.1
Of which Govt Services	36	38.8	39	38.6
Of which Financial Services.	14.8	14.6	14.7	15
Of which Wholesale/Retail*	23.4	22.4	22.6	22.2

SOURCE: Ghana Statistical Service (2010)

*Wholesale and Retail trade also includes business in restaurants and hotels, as well as tourism.

Table 5: Output Growth in Value-Added

		Agriculture		**Industry**		**Services**	
1990–2000	2000–2008	1990–2000	2000–2008	1990–2000	2000–2008	1990–2000	2000–2008
4.3	5.6	3.4	3.5	2.7	7.4	5.6	6.7

SOURCE: Ghana Statistical Service (2010).

Table 6: Structure of Output

				Mftg		*Services*	
1995	2008	1995	2008	1995	2008	1995	2008
39%	33%	24%	25%	9%	6%	37%	41%

SOURCE: Ghana Statistical Service (2010)

Table 7: Government Expenditures (millions of cedis)

	2007	2008	2009 (provisional)
1.2.			
1.3. Total Recurrent	3,228.00	4,468	4,904
(i)			
(ii)	2,787.99	3,789.36	3,872.00
on-Interest Expenditures			
(iii)	440.01	679.18	1,032.32
(iv)			
nterest Payments	322.19	481.93	773.50
	117.82	197.25	258.82
Domestic			
External (due)			
1.4.			
1.5.			
1.6. Total Capital Expenditures	1,630.22	2,481.16	2,425.73
1.7. Domestic-Financed	903.80	1,564.77	799.11
1.8.			
1.9. Other Cash	511.10	1,002.92	383.70
Foreign-financed from HIPC/MDRI			
	726.42	916.39	1,626.62
1.10. Total Expenditures and Net Lending (recurrent + capital)	5,245.23	7,228.56	7,330.05

SOURCE: Ghana Statistical Service (2010), table 3.3.
NOTE: Under Recurrent Expenditures, the categories "wages and salaries, goods and services, transfers, and Reserve Fund" are excluded here. Under Capital Expenditures (Domestic-Financed), figures only for "other cash" expenditures are included (excluded are the Education Trust Fund, the Road Fund, Petroleum-Related Fund, and District Assembly Common Fund). Also excluded here are "net lending amounts, which were less than 1 million cedis. The total Columns include the expenditures for all these excluded items.

Table 8: Selected Revenues and Grants

	2007	2008	2009
Total Revenue and Grants (in cedis)	4,051,964,248	4,839,395,269	6,047,685,720
% from Income and Property Tax	23.2	25.9	28.4
% from Taxes on Domestic Goods	11.7	9.2	5.5
% from Import Duty	13.4	14.0	12.3
% from VAT	20.6	22.5	21
(1)	40.4	38.3	37.3
omestic	59.6	61.7	62.7
External			
Grants	21.2	17	18.2
Amounts (in millions of cedis)			
Project Grants	348.3	410.5	543.9
Programme Grants	196.3	257.2	328.9
HIPC Assistance	142	95.2	96.2
MDRI Assistance	170.7	66.9	62.2
World Bank			
AfDB	108.3	0	0
	53.4	50.9	54.8
	9	16	7.7

SOURCE: Calculated from Ghana Statistical Service (2010), Table 3.4.

Table 9: External Government Debt by Broad Creditor Category

	2006	2007	2008	2009
1.10.2. Total	**2,177.2**	**3,590.4**	**4,035.1**	**4,211.7**
Multilateral	1,326.9	1,667.9	2,028.3	
Bilateral	732.0	992.6	1,168.2	2,052.6
Commercial	118.4	929.8	838.5	1,302.3
				856.8

SOURCE: Ghana Statistical Service (2010), Table 3.5 (derived from data provided by the Bank of Ghana).

Table 10: Trade Balance

	Trade Deficit (millions of US$	Export Growth (millions of US$
2006	-2,789	3,735
2007	-3,851	4,223
2008	-4,465	5,270
2009	-2,078	5,901

SOURCE: Ghana Statistical Service (2010), table 2.3.

Table 11: Selected Ghana Rankings from Global Competitive Index

The World Economic Forum's Global Competitive Index (2010) ranks Ghana (among 139 countries) along the following dimensions:

- *Incidence of malaria: #128*
- *Incidence of tuberculosis: #109*
- *Incidence of HIV/AIDS: #118*
- *Infant mortality: #110*
- *Life expectancy: #117*
- *Primary school enrolment rate: #125*
- *Secondary school enrolment rate: #111*
- *Tertiary education enrolment rate: #117*

Table 12: Food Exports and Imports (in millions of cedis)

	2006	2007	2008	2009
Exports				
Food and Beverages, Primary	1,017.6	852.5	1,178.6	1,586.2
Food and Beverages, Processed	194.9	237.3	150.7	179.9
Imports				
Food and Beverages, Primary	94.0	128.8	245.5	216.3
Food and Beverages, Processed	476.2	682.4	860.3	884.0

SOURCE: Ghana Statistical Service (2010).

Table 13: Selected Social Development Indicators

	1980	1990	1995	2000	2005	2009	2010
Malnutrition: % under–age 5 who are underweight		27 (HDR90)	27 (HDR95)	27 (HDR00)	25 (HDR05)		WDI: 13.9 (2000–2008)
Under–Age 5 Mortality (per 1000)		118 (HDR10) 146 (HDR90) 120.1 (WDI,11)	110 (HDR10) 110 (HDR95) 109.8 (WDI,11)	111 (HDR10) 105 (HDR00) 105.8 (WDI,11)	88 (for 2003) (HDR10) 95 (HDR05) 83.8 (WDI,11)	68.5 (WDI,11)	76 (HDR10) 76 (WDI 2010)
Maternal Mortality (per 100,000, during childbirth or within 42 days after)		630 (HDR 2010) 1,000 (HDT90) – 4th worst of all countries	540 (HDR10)	500 (HDR10) 210 (HDR00)	400 (HDR 2010) 210 (reported); 540 (adjusted) (HDR05)	350 (for 2008) (HDR10)	
Adult Literacy (HDR 2010)				57.9	63.4	65.8 (2008)	67.3
Combined gross enrolment rate for any given level of school (HDR 2010 database)	47.6	43	42.4	46.2	50.3	56.5 (2009)	57.1
Primary school completion rate		63 (WDR-AG08)			72 (WDR-AG08) 80.1 (World Bank2010)	76.5 (WEF 2010) 86.3 (World Bank2010)	
Gender Parity in Primary		79			94	98 (WDI 2008)	

and Secondary School (Ratio of Boys to Girls)							
Primary School Enrolment Rate (Net)		54				73.9 (HDR10) 72 (for 2007) (World Bank, 2010)	
Secondary School Enrolment Rate		34				49 (for 2007) World Bank, 2010)	
HDI Index (2010 HDR) (see note)	0.363 0.384	0.399 0.417	0.421 0.439	0.431 0.450	0.443 0.463 0.502 (HDR)	0.459 0.526 (HDR 2009)	0.467 0.492
Rank				(129/177)	(138/177)	(152/182) — medium develop-ment country	(130/169) — low develop-ment country
% below $1 or $1.25/day			44.8 (1998–99)(WDR-Ag 2008)	39.1 (1998-99) (WDI 2010)	30 (2006)		30
% below $2/day			78.5 (1998–99) (WDR-Ag)	63.3 (1998–99) (WDI 2010)		53.6 (2006)	
Life Expectancy at Birth (HDR 2010)	53	57.2	59.1	57.9	56.5	56.6	57.1
Urban Pop/Rural Population		68% (R) 36.4% (U)	65% (R)	39.3 [U] – projected to grow to 47.8 by 2015	45.4 (U) – projected to grow to 51.1 by 2015		51.5 (U)

NOTES:
The Human Development Index (HDI) is a composite of deprivations in 3 basic dimensions—a long healthy life, access to knowledge, and a decent standard of living, in addition to basic health, education, and income (poverty) indicators. First # reported here is from the 2010 HDR database; the second is from the HDR data Map at http://hdr.undp.org/data/map.

Table 14. Agro-ecologic regions of Ghana

Zone	***Rainfall (mm)***	***Portion of total area (%)***	***Length of growing season (days)***	***Dominant land use systems***	***Main food crops***
Rain forest	2,200	3	150-160 (Major Season); 100 (Minor season)	Forest, plantations	Roots, plantain
Deciduous forest	1,500	3	150 – 160 (Major Season); 90 (Minor season)	Forest, plantations	Roots, plantain
Transition zone	1,300	28		Annual food and cash crops	Maize, roots
Guinea savannah	1,000	63	180-200	Annual food and cash crops, livestock	Sorghum, maize
Sudan savannah	1,000	1	150-160	Annual food crops, livestock	Millet, sorghum
Coastal savannah	800	2	100-110 (major season); 50 (minor season)	Annual food crops, livestock	Roots, maize

Source: FAO AQUASTAT (2005)