

PCR EVALUATION NOTE

1. Basic Project Data				
Country:	Ghana	Project SAP Reference:	P-GH-H00-001	
Project Title :	Rural Financial Services Project			
Sector :	Agriculture & Agro-Industry		Appraisal	Actual
Theme		Project Costs (MUA)	16.97 million	
Amount cancelled	Nil	Loan (MUA)/	3.58 million	3.58 million
PCR Date		Co-financing/IDA UA IFAD GOU Beneficiaries	3.71 million 7.50 million 0.84 million 1.34 million	
PCR Evaluation Note Date	January 2011	Board Approval Date		11.10.2000
Partners		Signature Date		
		Effective Date	30.11.2001	27.03.2002
		Project Completion Date	31.12.2006	31.12.2007
Project Officers (Names)	Designation (HQ or FO)	From (mm/yy)	To (mm/yy)	
MR. E. G. TAYLOR-LEWIS	Sector Director	2002		
Mr. C. R. SPENCER	Division Manager	2002		
Mrs. M. W. KARURI	Task Manager	2002		
MR. J. LITSE	Regional Director	2007		
MR. A. ABOU-SABAA	Sector Director	2007		
Mr. D. KEITA	Division Manager	2007		
MR. P. BOAHEN	Task Manager	2007		
Evaluator/consultant: Judith OFORI		Peer Reviewer/Task Manager: T. Foday.		

2. Project Description (summary from Appraisal Report including addendum/corrigendum or loan agreement)
<p>a. <u>Rationale and Expected Impacts:</u> The project is the result of the Government of Ghana's (GoG) effort to tackle the lack of financial services in the rural areas which has been a major constraint to increased and sustained development of the rural areas. The GoG recognised that developing the rural financial institutions, and harnessing the resources available in the rural areas would provide the much-needed impetus for the attainment of its developmental goals for accelerated growth and poverty reduction sector and therefore set out to address the issue.</p> <p>Expected impact is to increase in per capita GDP of rural population.</p>
<p>b. <u>Objectives / Expected Outcomes:</u> The over-all objective of the Rural Financial Services Project is to strengthen the rural financial institutions in order to enhance their efficiency to intermediate in the rural areas, leading to accelerated growth and reduction in rural poverty. The Specific Objective of the ADF funded component of Institutional Support to the Rural and Community Banks is to strengthen the capacity of Rural and Community Banks in order to enhance their effectiveness and quality of services.</p> <p>Expected outcomes deduced from the PAR were: i) Reduction in rural population below poverty line; ii) Increase in rural HH incomes; iii) Increase in rural employment.</p>
<p>c. <u>Outputs and Intended Beneficiaries:</u> Key project outputs are: i) Enhanced human resource capacity in RCBs through various training programs (1,607 people trained); ii) Established and/or improved effective internal control systems within the RCBs; iii) Improved profitability, transparency accountability, and reporting of the RCBs activities; iv) Efficient flow of data and information among RCBs and between RCBs and the established APEX structure and the BOG; v) Efficient communication systems between RCBs and their downstream certified micro agencies established; vi) Improved logistics among the various RCBs in each region; ease of accessibility of RCBs to the APEX Regional Offices; and to their clientele; vii) Establish the Apex Bank as a broad institutional framework for provision of common services to RCBs and as a means of more effectively responding to the needs of rural clients; viii) Support specialized departments of the BOG for timely supervision and oversight; Support MOF for more effective co-ordination of microfinance initiatives, including GHAMFIN.</p>

Intended project beneficiaries:

Direct beneficiaries were staff of the RCBs including clerks/cashiers, credit/appraisal officers, managers, directors and shareholders will benefit from the capacity building activities of the project.

The Indirect beneficiaries are the rural poor; 60% of whom are women whose access to financial services was expected to increase. About half of the indirect beneficiaries were expected to be clients linked to the 110 RCBs, while the other half will be clients linked to microfinance institutions. Susu collectors and clubs (voluntary savings groups) were also expected to benefit from the project, and new community savings and credit groups are expected to be formed.

d. Principal Activities/Components:

Planned project activities were: i) Procurement of Services to train key staff & personnel in management, accounting, rural credit analysis, & IT; ii) Procurement of Technical Assistance to strengthen internal controls in RCBs, for efficient monitoring and evaluation of rural bank activities; iii) Procurement of Services and equipment to establish/ improve management information systems so as to improve procedures for greater transparency, accountability and reporting; and iv) Procurement of communication systems to modernise and strengthen communication linkages among the various RCBs.

The project was planned with four (4) components by the three participating donors are: I) Capacity Building of Informal Financial Sector (IFAD); ii) Institutional Support to Rural and Community Banks (ADF); iii) Institution Building to the Apex (IDA), and iv) Institutional Support to BOG/MOF (IDA).

The ADF financed the Institutional Support to Rural and Community Banks component of the RFSP, the main sub-components are: i) Human Resource Development; ii) Internal Controls and Procedures; iii) Communication Linkages; and iv) Management Information and Reporting Systems.

3. Evaluation of Design and Implementation

a. Relevance of Project Design:

The project design was relevant to the country's development priorities and as part of a donor funder project parts of which had already commenced, the Bank funded component was ready for implementation. The project was consistent with Ghana's development priorities as set in Government of Ghana's programme for accelerated growth, agricultural development, and poverty reduction under the broad country development framework of Vision 2020.

The project was also consistent with the Bank Group's Country Strategy Paper for Ghana (1999-2001).

There were no reported changes to project design during implementation.

b. Project Cost (including Borrower Contribution), Disbursements, and Adherence to Schedules (as relevant to project performance):

According to the PCR, all the UA3.58 million (100%) of the loan was disbursed as at project completion; but the final ment supervision summary stated that UA 3,470,511,96 was disbursed and UA 109,488.04 was cancelled.

The PCR did not give details of actual Co-financiers, Borrower and beneficiary contributions.

The project become effective on 27 March 2002, sixteen (16) months later than the planned date of 30 November 2001; the Bank funded component was planned to be implemented over three years, but was extended and closed on 31 December 2007.

c. Implementation Arrangements, Conditions and Covenants, and related Technical Assistance:

The PCR's coverage of implementation arrangements' was 'fair'. It only commented on the decision to locate the project implementation within the Bank of Ghana (BoG) proved to be a good one; as this enabled the use of existing government department to implement project activities, boosting the use of country systems. The PCR also mentioned the use of a Facilitating Agency (FA) to manage implementation of this component could not offset the limited capacity and experience of the MFU.

The PCR's coverage of conditions and covenants was satisfactory; it did adequately cover adherence to and compliance of the loan conditions, giving the key reason to the delay in fulfilling the conditions to effectiveness.

d. Monitoring & Evaluation Design, Implementation, & Utilization:

Due to lack of adequate coverage of M&E Design, Implementation and Use; the Review note could only rate M&E design, which the PCR rated as 'fair'; but the Review note raised to 'Good'. On the available evidence in the PAR; M&E plan was put in place with responsibilities clearly set between the BoG for the overall implementation; and the PMU's that was responsible monitoring the physical and financial progress of the project interventions and their impact on beneficiaries and progress towards achievement of the project objectives. A number of quantitative targets were omitted from the log-frame

and the inclusion of some targets in the text proved confusing, however, the plan was in place. Based on the M&E plan in the PAR, review note increased the rating.

e. Other Issues (such as Safeguards, Fiduciary):

The PCR's assessment of fiduciary requirements, safeguards and covenants as well as harmonisation was satisfactory.

4. Evaluation of Performance

a. Relevance of project objectives:

The project objectives were relevant at design, during implementation and will ex-post to the Ghana's development priorities set Vision 2020 Development Framework.

The objectives were equally relevant to the Bank's Country Strategy Paper for Ghana (1999-2001) and ex-post to the CSP at project completion (2005-9). (See assessment in annex 1 for details).

b. Effectiveness in Delivering Outputs:

Most of the planned outputs were achieved. A number of the outputs, mainly training activities were achieved; supply of goods and other services were poor due to challenges in procurement processes resulting in delays in implementing some of the activities. The PCR however reported on the entire RSFP results instead of focussing on the ADF components of HR Development, Internal controls and Procedures; Communication Linkages and MIS, this made it difficult to adequately assess the performance of the Bank funded assistance to the FRSP.

(See PCR/Evaluation note's annex for details).

c. Effectiveness in Achieving Outcomes:

Most of project outcomes were also achievement. (See PCR/The Evaluation note's annex).

d. Efficiency in Achieving Outputs and Outcome:

The outputs and outcomes realized were achieved without any reported cost overruns.

Being an institutional support program, no rates of returns of the project were calculated.

Even though outputs and outcomes were rated 'good'; due to the long implementation of the project; the over-all assessment of the efficiency project based on timeliness is rated as '**poor**'.

(See PCR/Evaluation note's annex for details)

e. Project/Development Outcome (PO):

The assessment of project outcome is rated as 'Good' by the Evaluation Note.

(See above and appendix).

f. Risk to sustained achievement of Project Outcomes:

The PCR listed ways in which 3 risks identified are mitigated to maintain the sustainability of the project; they were on: i) The delegating responsibility to the various apex bodies vis-à-vis their role as associations; ii) These responsibilities have been integrated into their respective supervision functions; and iii) the need to adopt internationally recognized methodologies for credible data from analysts thereby generating opportunities for cost-recovery.

g. Additional Outcomes/Impacts:

The two additional outcomes given by the PCR of: i) RCBs are demonstrating the commercial viability of banking services in rural areas; and ii) By the end of the project, women accounted for 40% of members of CUs and 60% of clients of susu collectors were all intended outcomes of the project.

h. Performance of Borrower:

The PCR rated Borrower performance as marginal '**fair**'; the Review Note rated it as '**good**'.

Details of the assessment and ratings of PCR and Evaluation scores are included in annex I.

i. Bank Performance

Both the PCR Evaluation note and the PCR rated Bank's performance was rated as '**good**' even though the evaluation note's rating is marginally lower than the rating given by the PCR .

Details of the assessment and ratings of PCR and Evaluation scores are included in annex I.

i. Overall Assessment:

The project through a number of institutional strengthening, capacity building activities of a) Human Resource Development; b) Provision of Internal Controls and Procedures; c) Communication Linkages; and d) Management Information and Reporting Systems which the ADF funds supported, in addition to other donor supported activities managed to achieve the objectives set. These include i) the ARB Apex Bank had been established and networked with 127 RCBs in Ghana; ii) Total annual savings mobilized by RCBs increased by an annual average of 40% per annum which exceeded the target of 30% per annum while the total number of clients increased overall by 17% (against a target of 20%) with figures for borrowers and savers of 27% and 15% respectively. Similarly total annual loans amounted to 59% of deposits, above the 50% target. Throughout implementation, women consistently accounted for about 45% of depositors and about 40% of borrowers of RCBs. At the end of the project, women accounted for 40% of members of CUs and 60% of clients of 'susu' collectors.

5. Key Lessons, and Recommendations

The PCR gave a total of nine (9) lessons learnt, classified for: i) the Bank; and the ii) Borrower..
A number of the lessons given are actually recommendations made.
Details of lessons and recommendations are summarised in the annexes under 'Quality of PCR' – Lessons learnt.

6. Ratings:	PCR	OPEV Review	Reason for Disagreement/Comments
Relevance:	4	4	The project was relevant to Ghana's development priorities. It is also relevant to the Bank's country strategy of 1999-2001.
Effectiveness in delivering outputs:	3.25	3.75	Good. Most of the outputs were achieved.
Effectiveness in achieving outcomes:	3.25	3.5	Good. Most of the outcomes were achieved.
Efficiency in achieving outputs & outcomes -Timeliness:	2	1	Poor. Even though the project had achieved most of its outputs and outcomes; the three year project had a 33 month time over-run.
Efficiency in achieving outputs & outcomes –other criteria	-	NA	
Overall efficiency in achieving outputs & outcomes	-	1	This is based only on timeliness
Risk to Development outcome:	-	3	The risks to development outcome are moderate
Borrower Performance:	2.4	3	Good
Bank Performance:	2.75	2.6	Good
Quality of PCR:	-	2	Fair

7. Comments on PCR Quality and Timeliness

All sections of the PCR were completed, most of the necessary evidence to substantiate the ratings of the various sections were provided; however some were missing making it difficult to validate a number of the ratings.

All sections were objectively analysed with most of the outputs and outcomes were well assessed and adequately rated.

The PCR's rating of the component texts are mostly consistent with the ratings in most of the components; it however focused on the entire RFSP rather than concentrating on outputs and outcomes of the ADF funded component.

The PCR gave the key reason for the delay in project start-up which was that with a change in government; the new Government took time to re-evaluate all donor contracts. It however gave no reasons for the long delay in the actual implementation period.

The PCR generated data, which was analysed in the report.

No rates of returns were calculated.

The amount of evidence provided by the PCR was fair; apart from the mandatory enclosures; the team provided no additional information.

The PCR gave nine lessons learnt and recommendations: three to the Bank and six to the Borrower.

Even though all the sections of the PCR were, the report however lacks clarity as is not clear whether the PCR evaluated the whole RSFP project or the ADF funded components of the project.

PCR timeliness: the PCR mission was undertaken in June 2010; thirty three (33) months after project completion date of 31 December 2007 and the report produced immediately after that.

Details of PCR quality assessment as well as compliance with PCR guidelines and pertinent OPEV guidelines can be found in the attached annex I of the Evaluation Note.

8. Priority for Future Evaluative work: Project for Performance Evaluation Report, Impact Evaluation, Country/Sector reviews or Thematic Evaluation Studies:

- Project is part of series and suitable for cluster evaluation
- Project is a Success Story
- High priority for impact evaluation
- Performance evaluation is required to sector/country reviews
- High Priority for thematic or special evaluation studies (Country)
- PPER is required because of incomplete validation rating

Major areas of focus in future evaluation work:

Follow Up Action by OPEV:

There are no major outstanding issues. A PPER is not recommended for the project. It could be included in a study of Institutional Support Projects/ Support to Rural Finance Sector Projects.

Division Manager Clearance

Director Signing Off

Data sources for validation:

- **Task managers/Bank staff interviewed/contacted (by email)**
 - i) All attempts made to reach the Task Manager, Mr. A. Diaw and the PCR Team leader Mr. P. Boahen for additional project information and other documents were unsuccessful.
- **Documents/reports and database**
 1. PCR – November 2010
 2. Project Appraisal Report - June 2000
 3. CSP 1999-2001/ 2005-2009
 4. SAP Supervision Summary Reports

Attachment: PCR Evaluation Note Validation Sheet of Performance Ratings

PROJECT COMPLETION REPORT EVALUATION NOTE

Validation of PCR Performance Ratings

PCR Rating Scale:

Score	Description
4.	Very Good – Full achieved with no shortcomings
3.	Good – Mostly achieved despite a few shortcomings
2.	Fair – Partially achieved. Shortcomings and achievements are roughly balanced
1.	Poor – Very limited achievement with extensive shortcomings
UTS	Unable to score/rate
NA	Non Applicable

Criteria	Sub-Criteria	PCR Work Score	OPEV Review	Reason for deviation/ Comments
Relevance of project Objectives & Design	Relevance of project Objectives			
	1. Project objectives were relevant to country development priorities.	3	3	The project was relevant to and consistent with Ghana's development priorities as set in Government of Ghana's programme for accelerated growth, agricultural development, and poverty reduction under the broad country development framework of Vision 2020.
	2. Project Objectives could in principle be achieved with the project inputs and in the expected time frame.	3	3	This is a multi-Donor funded project to be implemented over 6 years; the ADF component however was to be implemented over 3 years. Project inputs were adequate to ensure achievement within the planned time frame. There was a 16 month delay in project start-up ADF component due to change in government that wanted to re-evaluate all donor-funded projects. The project ended in 2007; which is more than 12 months longer than the planned time-frame given by the PCR.
	3. Project Objectives were consistent with the Bank's country or regional strategy	3	3	This project is in line with the Bank's Country Strategy Paper (CSP) 2000 with emphasis on economic growth and sustainable poverty reduction through macroeconomic stability, an enabling environment for broader private sector participation in economic development as well as decentralization of core services.
	4. Project Objectives were consistent with the Bank's corporate priorities	3	3	The project is also consistent with the Bank's 2000 Corporate priorities of enhancing economic growth and development, poverty reduction as well as Institutional Support and development in Africa.
	5. Ex-post Relevance of objectives	-	3	The project is relevant ex-post as at design to continuing to support and sustain economic growth, rural development and poverty reduction. It is also relevant to the Bank Group's strategy for 2005-2009 on the GPRS's priorities. The CSP has two pillars: (i) improving the investment environment, and (ii) promoting Pro-Poor Rural Services and Social Protection.
	Relevance of project Design -Project Design & Readiness for Implementation			
	1. The log frame presents a logical causal chain for achieving the project development objectives.	2	2	The Appraisal Report produced a log-frame that gave project objectives; it set out outputs, with inputs however not all indicators were stated in a logical manner to achieve the project's development objectives. Project outcomes were explicitly stated.
	2. The log frame expresses objectives and outcomes in a way that is measurable and quantifiable.	2	2	Even though project objectives were clearly stated; as stated above, the log-frame did not explicitly state project outcomes; additionally, not all indicators were given to aid monitoring the achievement of project objectives. The log-

				frame did also not give specific targets on income.
	3. The log frame states the risks and key assumptions.	2	3	The log-frame stated key risks and made assumptions linked to project goal, objectives and stated outputs. The PAR however missed risk that could be related to co-financing arrangements of the project The Evaluation note increased the rating as the PAR gave a comprehensive list of risks and assumptions for all the objectives, outputs and activities stated.
	4. Project complexity was matched with country capacity and political commitment.	3	3	The political commitment of the government to the project is evidenced in its eagerness to address economic growth and poverty reduction; a crucial part of which was to address lack of financial resources for rural population. The project complexity mostly matched the country's capacity, apart from weaknesses in some specialist area of procurement that hampered the smooth implementation of some activities resulting in the 12 month time overrun in implementation.
	5 Project design includes adequate risk analysis.	2	3	The project design within addressed three key risks on: i) high market interest rates which the MFI's client may consider high; ii) The risk of the BOG/GOG failing to keep the financial sector reforms on track; and iii) Should management of the newly established Apex be weak, it will affect the entire transformation program. All the stated risks were well analysed and adequate mitigation measures proposed. The risks were linked to the Log frame, which outlined assumptions and risks that needed to be considered in ensuring project success. The evaluation note increased the rating as it is of the view that the key risks were stated and well analysed.
	6. Project procurement, financial management, monitoring and/or other systems were based on those already in use by government and/or other partners.	3	3	The text of the General Procurement Notice (GPN) has been agreed with the Government of Ghana/Bank of Ghana during project design. The GPN was issued for publication in Development Business Review upon approval by the Board of Directors of the loan proposal. The project used the Bank procurement and financial system as agreed upon at Appraisal.
	7. Responsibilities for project implementation were clearly defined.	2	3	The design did set out the implementation arrangements for the various bodies and agencies to be involved in the execution of the project. The PAR also clearly set out roles and responsibilities of the implementation partners as follows: The Project Steering Committee (PSC) acting through the RFSP Project Management Unit (PMU) was responsible for the implementation of the project. Financial management (FM) arrangements were handled by the Finance Director of the PMU supported by a Finance Manager attached to BoG. The PMU was responsible for all aspects of financial management and operated the Designated Account for IDA, AfDB and IFAD funding.
	8. Necessary implementation documents (e.g. specifications, design, procurement documents) were ready at appraisal.	3	3	There was no specific mention of other project documents being ready at appraisal; apart from the text of the General Procurement Notice which was agreed with the Government/Bank of Ghana during project design. According to the PCR; the procurement and disbursement documents, including Bank rules and procedures, Bank's disbursement handbook and standard bidding documents, were made available to the PCU. Bank's standard

				procurement template was also made available after approval from ORPF.
	9. Monitoring indicators and monitoring plan were agreed upon during design.	2	3	<p>The PAR did give the bulk of monitoring responsibilities to Bank of Ghana as follows: i) the overall implementation, including procurement, disbursement, and financial management; ii) the rural bank reforms processes, including adherence to stipulated legal requirements of performance; iii) supervision inputs from the RFID and BSD; and iv) general indicators of program development impact; v) the extent to which formal rural financial institutions are able to link with informal financial intermediaries and reach the target groups, particularly women and the poorest segments of the rural population; vi) identify constraints being faced by potential beneficiaries in gaining access to formal rural financial services; and (vii) monitor and assess the extent to which the program supported institution building mechanisms are effective in strengthening the capacities of rural and community banks.</p> <p>The PMU's M&E responsibilities were: i) to monitor the physical and financial progress of the project interventions and their impact on beneficiaries and progress towards achievement of the project objectives; ii) prepare M&E reports for periodical review by steering committee who will then submit these to the Bank Group and other donors; iii) ensure that the project impact assessment and data is segregated by gender; iv) submit to the Bank all other reports originating from the project including progress reports and annual financial reports.</p> <p>Even though the M&E plan was put in place, there were some design weaknesses as a number of quantitative targets were omitted from the log-frame and the inclusion of some targets in the text proved confusing.</p>
	10. Baseline data were available or were collected during design.	2	1	Baseline data was not available during project design but was reported to be collected two years into the project by the PCR.
Achievement of Project Outputs *	Output 1 115 Rural informal financial institutions empowered to expand services to rural clients	3	4	127 Rural and Community Banks receiving services from APEX Bank and providing improved services to clients. On the bases of the evidence provided by the PCR, more RCMs than planned are serving rural clients.
	Output 2 One Apex Bank established as a broad institutional framework for provision of common services to RCBs	3	4	The Apex Bank was established and has been providing services to the RCBs. This is an IDA component.
	Output 3 Capacity of Bank of Ghana (BOG) supervision department (BSD) improved	3	3	BSD staff of BOG were reportedly trained in use of IT based monitoring program. This is an IDA component.
	Output 4 115 Rural Banks Restructured and Networked	4	4	The planned target was achieved. 116 RCBs out of the total of 127 have fully subscribed and networked with ARB Apex Bank
	Output 5 1,607 key staff and personnel particularly in management, Accounting, rural credit analysis, and Information Technology (IT) trained.	-	UTS	The PCR gave no information on whether this activity was undertaken/level of achievement.
	Overall Output weighted Score	3.25	3.75	Good; Instead of focussing on the ADF components of HR Development, Internal controls and Procedures; Communication Linkages and MIS, the PCR covered

				the entire RFSP, making it difficult to adequately assess the performance of the Bank funded assistance.
Achievement of Project Outcomes	<p>Component 1: Capacity Building of Informal Financial Sector</p> <p>Outcome 1: Improved Total Deposits (Additional Depositors of 330,000 with 200,000 being women)</p> <p>Outcome 2: Improved Service Delivery</p>	3	3	<p>The PCR gave the following achievements, but the number of additional depositors were not given, neither was there gender disaggregation of the outcomes:</p> <p>Total Deposits increased from GH¢66.7m in 2002 to GH¢324.3m as at Sept 2008, an increase of 386%. Total annual savings mobilized by RCBs improved from GH¢ 38.13 million in 2001 to GH¢314.51million as at June 2008.</p> <p>The number of RCBs meeting capital adequacy ratios (CAR) of or above 10% improved from 87 (of out of 121) to 109 RCBs (out of the total of 127) as at Dec. 2008. Level of profitability of Apex Bank improved from GH¢272,669 in 2006 to GH¢621,242 million in 2007 A total of 116 RCBs out of the total of 127 have fully subscribed and received services from ARB Apex Bank as at December 2007</p>
	<p>Component 2: Institution Building – Apex</p> <p>Outcome 1: Services to Rural Banks streamlined and improved</p> <p>Outcome 2: Improved Profitability of Rural Banks</p>	3	4	<p>Achievements stated by the PCR.</p> <p>Total annual savings mobilized by RCBs improved from GH¢ 38.13 million in 2001 to GH¢314.51million as at June 2008</p> <p>Total Deposits increased from GH¢66.7m in 2002 to GH¢324.3m as at Sept 2008, an increase of 386%. The number of RCBs meeting capital adequacy ratios (CAR) of or above 10% improved from 87 (of out of 121) to 109 RCBs (out of the total of 127) as at December 2008.</p> <p>Level of profitability of Apex Bank improved from GH¢272,669 in 2006 to GH¢621,242 million in 2007 A total of 116 RCBs out of the total of 127 have fully subscribed and received services from ARB Apex Bank as at December 2007</p> <p>Even though no specific targets was set for improvement in service delivery as well as profitability levels; the results show remarkable improvements.</p>
	<p>Component 3: Institutional Support to BOG/MOF</p> <p>Outcome 1: Improved in BoG timely supervision and oversight to all 115 RCBs</p> <p>Outcome 2: Effective coordination of microfinance initiatives, including GHAMFIN</p>	4	4	<p>The achievements as stated by the PCR:</p> <p>All 127 RCBs supervised annually. More RCBs than planned received supervision/oversight from BOG. About 460 MFI members benefited from various training topics. Network members, including GCSCA, CUA, Apex Bank, Saving and loans companies and FNGOs received assistance: The PCR however did not elaborate on the level of assistance received.</p>
	<p>Component 4: Institutional Support to Rural and Community Banks</p> <p>Outcome 1: Improvement in loan administration</p> <p>Outcome 2: Increase in profitability of Rural Banks</p>	3	3	<p>The achievements as stated by the PCR:</p> <p>Total number of borrowers of 139,325 as at 2001 increased to 590,161 as at the end of 2007 (with 41% were women); total number of depositors (2001) increased from 1,129,316 to 2,670,618 by end of 2007; Total loans administered increased from GH¢22.56 million 2002 to GH¢202.2 million in September 2008 representing an increase of 796%. Total annual savings mobilized by RCBs improved from GH¢ 38.13 million in 2001 to GH¢314.51million as at June 2008;</p>

				99% of all rural bank operated profitably as at June 2008 Loan repayment rate of 30 days overdue averaged 88.82% as at December 2007 Stated results show remarkable increases in borrowers, depositors, savings and RCMs profitability rates.
	OVERALL PROJECT OUTCOME SCORE	3.25	3.5	Good
Additional Outcomes (not captured in the log-frame)	Institutional Development	-	4	The ADF component of the RFSP WAS designed to provide Institutional Support to RCPs; through Human Resource Development, provision of Internal Controls and Procedures; Communication linkages and well as Management Information Systems and Reporting Systems. Much as the PCR did not explicitly report on specific activities; the project outputs and outcomes given indicate satisfactory achievements in Institutional Development.
	Gender	-	3	The project design addressed gender concerns. Specific indicators were given, in relation outputs and outcomes “330,000 additional rural clients covered by rural financial services of whom 200,000 are women” Some of the project results also show participation and benefits to women – the PCR gave gender disaggregated data on borrowers showing that 41% were women, which is lower than the 60% target.
	Environment & Climate Change	-	2	The project is for institutional reforms and capacity building of rural financial institutions. Likely results will be for the financing of micro activities and not likely to have any major adverse environmental impacts.
	Poverty Reduction	-	3	The project enabled over half a million rural poor people (41% of who are women) to access financial services; as depositors and/or borrowers. With access to credit these rural poor have better chances of entering into micro and small businesses as well as acquire assets and have the ability to financially care for their families better.
	Private Sector Development	-	NA	
	Regional Integration	-	-	N/A
	Other (Specify)	-	-	N/A
	OVERALL PROJECT ADDITIONAL OUTCOME SCORE	-	3	Good
Efficiency in achieving outputs & outcomes	Timeliness	2	1	The multi-Donor funded project to be implemented over 6 years; the ADF component was however scheduled to be implemented over 3 years according to the PAR from January 2000 to December 2003. The PCR however gave the original start date of November 2001 and close date of December 2006 which is not the planned six years. There was a sixteen (16) month delay in effectiveness from the PCR’s November 2001 to 27 March 2002. The delay in project start-up ADF component was reportedly due to change in government; with the new regime re-evaluation of all donor-funded projects. The project ended in 2007; which is more than 12 months longer than the planned time-frame given by the PCR. A three year project component that started in March 2002 should close in March 2005; the December 2007 close date given by the PCR, would have given an actual time over-run of 33 months. All efforts by the Evaluation team to get additional documents outside the PCR and clarifications from the PCR team proved unsuccessful.

	Rates of returns (Specify if applicable)	-	NA	
	Other Criteria (Specify)	-	-	
	OVERALL PROJECT EFFICIENCY	2	1	Poor This is only based on timeliness.
Risk to Development Outcome	Key Risks (Specify common risk factors to be a basis for rating)	-	3	The PCR listed ways in which 3 risks identified are mitigated to maintain the sustainability of the project: 1. Delegating responsibility to the various apex bodies was fully consistent with their role as associations. 2. These responsibilities have been integrated into their respective supervision functions (even if these supervision functions have evolved de facto as in CUA and GCSCA rather than de jure as is the case for the Apex Bank); and 3. Adopting internationally recognized methodologies, there is demand for credible data from analysts thereby generating opportunities for cost-recovery. On the negative side, comprehensive data often was available only after substantial lag.
<p>*The output ratings have to be weighted by the relative output costs (see PCR format). The Overall rating is given Very Good, Good, Fair and Poor. Overall rating is the sub-criteria average.</p> <p>(i) Very Good (HS) : 4 (ii) Good (H) : 3 (iii) Fair (US) : 2 (iv) Poor (HUS): 1 (v) UTS (vi) TA</p>				

Criteria	Sub-Criteria	PCR Work Score	OPEV Review	Reason for disagreement/ Comments
Bank Performance	Design and Readiness			
	1. Project Objectives were relevant to country development priorities.	3	3	The project was relevant to and consistent with Ghana's development priorities as set in Government of Ghana's programme for accelerated growth, agricultural development, and poverty reduction under the broad country development framework of Vision 2020.
	2. Project Objectives could in principle be achieved with the project inputs and in the expected time frame.	3	3	This is a multi-Donor funded project to be implemented over 6 years; the ADF component however was to implemented over 3 years. Project inputs were adequate to ensure achievement within the planned time frame. There was a 16 month delay in project start-up ADF component due to change in government that wanted to re-evaluate all donor-funded projects. The project ended in 2007; which is more than 12 months longer than the planned time-frame given by the PCR.
	3. Project Objectives were consistent with the Bank's country or regional strategy	3	3	This project is in line with the Bank's Country Strategy Paper (CSP) 2000 with emphasis on economic growth and sustainable poverty reduction through macroeconomic stability, an enabling environment for broader private sector participation in economic development as well as decentralization of core services.
	4. Project Objectives were consistent with the Bank's corporate priorities	3	3	The project is also consistent with the Bank's 2000 Corporate priorities of enhancing economic growth and development, poverty reduction as well as Institutional Support and development in Africa.
	5. The log frame presents a logical causal chain for achieving the project development objectives.	2	2	The Appraisal Report produced a log-frame that gave project objectives; it set out outputs, with inputs however not all indicators were stated in a logical manner to achieve the project's development objectives. Project outcomes were explicitly stated.

6. The log frame expresses objectives and outcomes in a way that is measurable and quantifiable.	2	2	Even though project objectives were clearly stated; as stated above, the log-frame did not explicitly state project outcomes; additionally, not all indicators were given to aid monitoring the achievement of project objectives. The log-frame did also not give specific targets on income.
7. The log frame states the risks and key assumptions.	2	3	The log-frame stated key risks and made assumptions linked to project goal, objectives and stated outputs. The PAR however missed risk that could be related to co-financing arrangements of the project The Evaluation note increased the rating as the PAR gave a comprehensive list of risks and assumptions for all the objectives, outputs and activities stated.
8. Project complexity was matched with country capacity and political commitment.	3	3	The political commitment of the government to the project is evidenced in its eagerness to address economic growth and poverty reduction; a crucial part of which was to address lack of financial resources for rural population. The project complexity mostly matched the country's capacity, apart from weaknesses in some specialist area of procurement that hampered the smooth implementation of some activities resulting in the 12 month time overrun in implementation.
9. Project design includes adequate risk analysis.	2	3	The project design within addressed three key risks on: i) high market interest rates which the MFI's client may consider high; ii) The risk of the BOG/GOG failing to keep the financial sector reforms on track; and iii) Should management of the newly established Apex be weak, it will affect the entire transformation program. All the stated risks were well analysed and adequate mitigation measures proposed. The risks were linked to the Log frame, which outlined assumptions and risks that needed to be considered in ensuring project success. The evaluation note increased the rating as it is of the view that the key risks were stated and well analysed.
10. Project procurement, financial management, monitoring and/or other systems were based on those already in use by government and/or other partners.	3	3	The text of the General Procurement Notice (GPN) has been agreed with the Government of Ghana/Bank of Ghana during project design. The GPN was issued for publication in Development Business Review upon approval by the Board of Directors of the loan proposal. The project used the Bank procurement and financial system as agreed upon at Appraisal.
11. Responsibilities for project implementation were clearly defined.	2	3	The design did set out the implementation arrangements for the various bodies and agencies to be involved in the execution of the project. The PAR also clearly set out roles and responsibilities of the implementation partners as follows: The Project Steering Committee (PSC) acting through the RFSP Project Management Unit (PMU) was responsible for the implementation of the project. Financial management (FM) arrangements were handled by the Finance Director of the PMU supported by a Finance Manager attached to BoG. The PMU was responsible for all aspects of financial management and operated the Designated Account for IDA, AfDB and IFAD funding.
12. Necessary implementation documents (e.g. specifications, design, procurement documents) were ready at appraisal.	3	3	There was no specific mention of other project documents being ready at appraisal; apart from the text of the General Procurement Notice which was agreed with the Government/Bank of Ghana during project design.

				According to the PCR; the procurement and disbursement documents, including Bank rules and procedures, Bank's disbursement handbook and standard bidding documents, were made available to the PCU. Bank's standard procurement template was also made available after approval from ORPF.
	13. Monitoring indicators and monitoring plan were agreed upon during design.	2	3	<p>The PAR did give the bulk of monitoring responsibilities to Bank of Ghana as follows: i) the overall implementation, including procurement, disbursement, and financial management; ii) the rural bank reforms processes, including adherence to stipulated legal requirements of performance; iii) supervision inputs from the RFID and BSD; and iv) general indicators of program development impact; v) the extent to which formal rural financial institutions are able to link with informal financial intermediaries and reach the target groups, particularly women and the poorest segments of the rural population; vi) identify constraints being faced by potential beneficiaries in gaining access to formal rural financial services; and (vii) monitor and assess the extent to which the program supported institution building mechanisms are effective in strengthening the capacities of rural and community banks.</p> <p>The PMU's M&E responsibilities were: i) to monitor the physical and financial progress of the project interventions and their impact on beneficiaries and progress towards achievement of the project objectives; ii) prepare M&E reports for periodical review by steering committee who will then submit these to the Bank Group and other donors; iii) ensure that the project impact assessment and data is segregated by gender; iv) submit to the Bank all other reports originating from the project including progress reports and annual financial reports.</p> <p>Even though the M&E plan was put in place, there were some design weaknesses as a number of quantitative targets were omitted from the log-frame and the inclusion of some targets in the text proved confusing.</p>
	14. Baseline data were available or were collected during design.	2	1	Baseline data was not available during project design but was reported to be collected two years into the project by the PCR.
	Project Design and Readiness Sub-Score	2.5	2.7	Good

Criteria	Sub-Criteria	PCR Score	OPEV Review	Justification/ Reason for deviation/Disconnect/ Comments
Bank Performance	Supervision			
	1. Bank complied with:			
	<ul style="list-style-type: none"> Environmental Safeguards 	4	3	The project was category III classified, with no 'direct' adverse environmental impacts. As an institutional reforms and capacity building of rural financial institutions project; the likely results will be for the financing of micro activities that are not likely to have any major adverse environmental impacts
	<ul style="list-style-type: none"> Fiduciary Requirements 	3	3	According to the PCR, procurement, disbursement and financial management (audit of project accounts) were thoroughly reviewed and duly approved by the Bank.
	<ul style="list-style-type: none"> Project Covenants 	3	3	There were no reported issues on the Bank's supervision and management of Project Covenants.
	2. Bank provided quality supervision in the form of	3	2	The Bank conducted 7 field supervision missions; one desk

	skills mix provided and practicality of solutions.			supervision and a mid-term review during implementation. The last supervision mission was undertaken in November 2005 two years before project closure in December 2007. The PCR did not give details of the numbers; the skill mix and composition of supervision teams; but stated that the project was supervised as scheduled but joint missions with co-financing partners was a huge challenge. It also stated that the missions had the requisite capacity and expertise to address key challenges and providing solutions to issues raised. All attempts to access the MTR report proved futile.
	3. Bank provided quality management oversight.	2	UTS	According to the PCR, Bank task managers ensured project compliance with rules and procedures, and key action plans that were agreed upon. The PCR however gave an inconsistent 'fair' rating to the analysis given. The Review note had no other sources of information to validate the rating.
	4. PCR was delivered on a timely basis	-	1	The PCR mission was undertaken from 7 to 18 June 2010; 30 months after the completion of the project completion of 31 December 2007. According to the PCR; the Bank's Mission comprised officers from the Ghana Field Office as well as an officer from the Ministry of Finance and Economic Planning. Field visits were made to project sites and to selected rural banks in Ashanti and Brong Ahafo regions. As the PMU has been dissolved and team could not use the services of any of the former project staff; also the project coordinator is reported to have gone on retirement. The PCR stated the team largely relied on scanty information from Ministry of Finance and Economic Planning, discussions with ARB Apex Bank officials who were involved in the project and officials of selected Rural Banks.
	Supervision Sub-Score	3	2.4	Fair
	OVERALL BANK PERFORMANCE SCORE	2.75	2.6	Good
The Overall rating is given Very Good, Good, Fair and Poor. Overall rating is the sub-criteria average.				
(i) Very Good (HS) : 4				
(ii) Good (H) : 3				
(iii) Fair (US) : 2				
(iv) Poor (HUS) : 1				

Criteria	Sub-Criteria	PCR Score	PCR-EVN Validation	Justification/ Reason for deviation/Disconnect/ Comments
Borrower Performance	Design and Readiness			
	1. Responsibilities for project implementation are clearly defined	2	3	The design did set out the implementation arrangements for the various bodies and agencies to be involved in the execution of the project. The PAR also clearly set out roles and responsibilities of the implementation partners as follows: The Project Steering Committee (PSC) acting through the RFSP Project Management Unit (PMU) was responsible for the implementation of the project. Financial management (FM) arrangements were handled by the Finance Director of the PMU supported by a Finance Manager attached to BoG. The PMU was responsible for all aspects of financial management and operated the Designated Account for IDA, AfDB and IFAD funding.
	2. Necessary implementation documents (e.g.	2	3	There was no specific mention of other project documents being ready at appraisal; apart from the text of the General

	specifications, design, procurement documents) are ready at appraisal.			Procurement Notice which was agreed with the Government/Bank of Ghana during project design. According to the PCR; the procurement and disbursement documents, including Bank rules and procedures, Bank's disbursement handbook and standard bidding documents, were made available to the PCU. Bank's standard procurement template was also made available after approval from ORPF.
	3. Monitoring indicators and monitoring plan are agreed upon and baseline data are available or are being collected	2	3	<p>The PAR did give the bulk of monitoring responsibilities to Bank of Ghana as follows: i) the overall implementation, including procurement, disbursement, and financial management; ii) the rural bank reforms processes, including adherence to stipulated legal requirements of performance; iii) supervision inputs from the RFID and BSD; and iv) general indicators of program development impact; v) the extent to which formal rural financial institutions are able to link with informal financial intermediaries and reach the target groups, particularly women and the poorest segments of the rural population; vi) identify constraints being faced by potential beneficiaries in gaining access to formal rural financial services; and (vii) monitor and assess the extent to which the program supported institution building mechanisms are effective in strengthening the capacities of rural and community banks.</p> <p>The PMU's M&E responsibilities were: i) to monitor the physical and financial progress of the project interventions and their impact on beneficiaries and progress towards achievement of the project objectives; ii) prepare M&E reports for periodical review by steering committee who will then submit these to the Bank Group and other donors; iii) ensure that the project impact assessment and data is segregated by gender; iv) submit to the Bank all other reports originating from the project including progress reports and annual financial reports.</p> <p>Even though the M&E plan was put in place, there were some design weaknesses as a number of quantitative targets were omitted from the log-frame and the inclusion of some targets in the text proved confusing.</p>
	Project Design and Readiness Sub-Score	2	3	Good It should be noted that project design is undertaken by the Bank with input from the Borrower.
	Implementation			
	1. Borrower complied with:			
	<ul style="list-style-type: none"> Environmental Safeguards 	4	3	The project was category III classified, with no 'direct' adverse environmental impacts. As an institutional reforms and capacity building of rural financial institutions project; the likely results will be for the financing of micro activities that are not likely to have any major adverse environmental impacts
	<ul style="list-style-type: none"> Fiduciary Requirements 	3	3	The project is reported to have satisfactorily complied with the fiduciary requirements. It prepared and submitted 6 annual audit reports on time for the Bank's review and approval. The quality of audit reports was found to be satisfactory. Key recommendations from external audit reports were complied with. Disbursement procedures also followed provisions in the Bank's Disbursement Handbook.
	<ul style="list-style-type: none"> Project Covenants 	3	3	Apart from the 16 month delay in fulfilling covenants precedent to effectiveness; the project implementation plans were reportedly carried in accordance with provisions in the project's Appraisal Report and Loan Agreement.

	2. Borrower was responsive to Bank supervision findings and recommendations.	2	UTS	According to the PCR, the project implemented recommendations in Bank supervision Aide Memoires and Action Plans that were developed. The project regularly updated the Bank on the status of implementation. The PCR however gave an inconsistent 'fair' rating to the analysis given. The Review note had no other sources of information to validate the rating.
	3. Borrower collected and used of monitoring information for decision-making.	2	UTS	According to the PCR, Monitoring and evaluation arrangements were considered moderately satisfactory overall as there were significant design weaknesses in M&E arrangements. The PCR did not elaborate on the weaknesses stated; and there were no other sources of information for verification.
	Implementation Sub-Score	2.8	3	Good
	OVERALL BORROWER PERFORMANCE SCORE	2.4	3	Good
The Overall rating is given Very Good, Good, Fair and Poor. Overall rating is the sub-criteria average.				
(i) Very Good (HS) : 4				
(ii) Good (H) : 3				
(iii) Fair (US) : 2				
(iv) Poor (HUS) : 1				

M & E Design, Implementation & Utilization

Criteria	Sub-Criteria	PCR Score	PCR-EVN Validation	Justification/ Reason for deviation/Disconnect/ Comments
M & E Design	M & E Design			
		2	3	The monitoring plan at Appraisal was adequate; M&E responsibilities were clearly divided between the Bank of Ghana for the overall implementation; and the PMU's that was responsible monitoring the physical and financial progress of the project interventions and their impact on beneficiaries and progress towards achievement of the project objectives. Even though the M&E plan was put in place, a number of quantitative targets were omitted from the log-frame and the inclusion of some targets in the text proved confusing. Based on the M&E plan in the PAR, review note increased the rating.
	Design Score	2	3	Good
M & E Implementation	M & E Implementation			
		-	UTS	According to the PCR, there were weaknesses in the M&E plan, which was 'remedied' by the supervision team soon after project effectiveness. There however was no specific information on M&E implementation or use.
	Implementation Score	-	UTS	
M & E Use		-	UTS	Same as above
	Use Score	-	UTS	
	OVERALL M & E PERFORMANCE SCORE	2	3	Good. Only based on M&E design.
The Overall rating is given Very Good, Good, Fair and Poor. Overall rating is the sub-criteria average.				
(v) Very Good (HS): 4				
(vi) Good (H): 3				
(vii) Fair (US): 2				
(viii) Poor (HUS): 1				

PCR Quality Assessment

Criteria	PCR-EVN (1-4)	Comments
QUALITY OF PCR		
1. Extent of quality and completeness of the PCR evidence and analysis to substantiate the ratings of the various sections:	2	All sections of the PCR were completed. Some of the necessary evidence to substantiate the ratings of the various sections were provided; however some were missing making it difficult to validate a couple of the ratings.
2. Extent of objectivity PCR assessment scores	3	All sections were objectively analysed with most of the outputs and outcomes were well assessed and adequately rated.
3. Extent of internal consistency of PCR assessment ratings; inaccuracies; inconsistencies (in various sections; between texts and ratings; consistency of overall rating with individual component ratings)	2	The PCR rating of the component texts are mostly consistent with the ratings in most of the components. The PCR however focused on the entire RFSP rather than concentrating and outcomes of the ADF funded component. The Review Note re-constructed one of the key outputs and rated it.
4. Extent of identification and assessment of key factors (internal and exogenous) and unintended effects (positive and negatives) affecting design and implementation:	2	The PCR gave one reason for the delay in project implementation which was that with a change in government; the new Government took time to re-evaluate all donor contracts. It however gave no reasons for the long delay in the actual implementation period.
5. Adequacy of treatment of safeguards, fiduciary issues, and alignment and harmonization	3	The PCR's assessment of safeguards and fiduciary issues was adequate; its assessment of harmonisation detailing donor assistance to the rural finance sector and focus areas is satisfactory.
6. Extent of soundness of data generating and analysis processes (including rates of returns) in support of PCR assessment:	3	The PCR generated data, which was analysed in the report. No rates of returns were calculated.
7. Overall adequacy of the accessible evidence (from PCR including annexure and other data provided)	2	The amount of evidence provided by the PCR fair. No additional information was given outside the PCR apart from the mandatory enclosures in the annexes.
8. Extent to which lessons learned (and recommendations) are clear and based on the PCR assessment (evidence & analysis):	3	The PCR gave nine (9) lessons learnt; 3 for the Bank and 6 for the Borrower some of which are recommendations. Lessons for the Bank: i) Challenges of co-financing with other partners especially when loans/grants from all partners are approved at different times and with significant time lag between dates of approvals; ii) Improving financial services to the poor requires substantial effort to strengthen rural MFIs including RCBs. A comprehensive competency profile is required to understand their capacity building needs, and to tailor training appropriately; iii) The project showed that rural MFIs and NGO- and donor-sponsored programs have a better record of reaching the poor as well as recovering loans, compared to government programs. Moreover, subsidized credit programs do not reach the poor and undermine the sustainability of the financial sector in the medium to long-run. Lessons for the Borrower: i) Building the long-term sustainability of RCBs require them to become more efficient, commercially oriented and able to provide an increasing range of financial products to their clients; ii) The role of the Apex Bank need to be clarified; iii) Even though the Apex organizations have a crucial role to play in expanding various segments of the financial sector, their funding remain problematic and needs to be addressed to ensure long term viability; iv) Development of curricula and the constant screening of capable training providers is required and must be constantly updated to reflect evolving best practice and the dynamic needs of the sector; v) Where markets for technical and business services are weak and the capability of apex organizations is constrained, contracting independent agencies or firms to oversee these activities is an effective mechanism for achieving project objectives and obtaining feedback for mid-course corrections. vi) Robust and efficient project management is more likely with strong state institutions that have an existing compliance ethos.

9. Extent of overall clarity and completeness of the PCR	2	All the sections of the PCR were completed as required, the report however lacks clarity as is not clear whether the PCR evaluated the whole RSFP project of the ADF funded components of the project.
Other (to be specified)	-	
PCR Quality Score	2	Fair
PCR Compliance with Guidelines (PCR/OM; OPEV)		
1. PCR Timeliness	1	The PCR mission was undertaken from 7 to 18 June 2010; 30 months after the completion of the project completion of 31 December 2007. The PCR was produced soon after and was cleared by the sector manager on 11 November 2011 for submission.
2. Extent of participation of Borrower, Co-financiers & field office in PCR preparation	2	The PCR was reported to have been a joint-process between the Bank; the Uganda Field Office and the Borrower. The PCR mission team was a multidisciplinary team of a macroeconomist; a consultant Implementation Specialist; a disbursement officer; a procurement officer; the PIU Coordinator; the Project Accountant; AfDB desk officer, GoU and the Commissioner Aid Liason, GoU. Field Office (UGFO) is reported to have led the preparation of the PCR and the Borrower was also reported to have actively participated in the entire PCR process. The PCR Team comprised of officers from the Ghana Field Office and one (1) officer from the Ministry of Finance and Economic Planning. Field visits were made to project sites and to selected rural banks in Ashanti and Brong Ahafo regions. No project staff were involved as the PMU has been dissolved and team could not use the services of any of the former project staff; also the project coordinator is reported to have gone on retirement. None of the co-financiers also participated in the mission and preparation of the report.
3. Other aspect (Specify)	-	
PCR Compliance Score	1.5	Poor