

PROJECT COMPLETION REPORT (PCR)

A. PROJECT DATA AND KEY DATES

I. BASIC INFORMATION

Project Number: P-GH-H00-001	Project Name: Rural Financial Services Project	Country (ies): Ghana	Disb. Rate: 100% August 2010	Date PCR sent to PCR@afdb.org
Lending Instrument(s): PUBLIC SECTOR LOAN (ADF)		Sector: AGRICULTURE AND AGRO-INDUSTRY	Environmental Classification	
Original Commitment: 3,580,000.00	Amount Cancelled: Nil	Amount Disbursed: 3,580,000.00	Percent Disbursed: 100%	
Borrower: MINISTRY OF FINANCE AND ECONOMIC PLANNING				
Executing Agency(ies): The Bank of Ghana (BOG);				
Co-financers and other External Partners: WORLD BANK (UA 3.71 MILLION); IFAD (7.50 MILLION); GOVERNMENT OF GHANA & BENEFICIARIES (UA 2.18 MILLION)				

II. KEY DATES

Project Concept Note Approved by Ops. Com. 01.02. 2000	Appraisal Report Approved by Ops. Com.: 14.02.2000	Board Approval: 11.10.2000	
Restructuring(s):			
	Original Date	Actual Date	Difference in months [Actual-Original]
EFFECTIVENESS	30.11.2001	27.03.2002	16
MID-TERM REVIEW	15.02.2003	30.03.2005	24
CLOSING	31.12.2006	31.12.2007	12

III. RATINGS SUMMARY

CRITERIA	SUB-CRITERIA	RATING
PROJECT OUTCOME	Achievement of Outputs	3
	Achievement of Outcomes	3
	Timeliness	2

	OVERALL PROJECT OUTCOME	3
BANK PERFORMANCE	Design and Readiness	3
	Supervision	3
	OVERALL BANK PERFORMANCE	3
BORROWER PERFORMANCE	Design and Readiness	2
	Implementation	3
	OVERALL BORROWER PERFORMANCE	3

IV. RESPONSIBLE BANK STAFF

POSITIONS	AT APPROVAL	AT COMPLETION
Regional Director	Mr. O. OGUNGOBI	MR. J. LITSE
Sector Director	MR. E. G. TAYLOR-LEWIS	MR. A. ABOU-SABAA
Task Manager	Mrs M. W. KARURI	MR. A. DIAW
PCR Team Leader		MR. P. BOAHEN

B. PROJECT CONTEXT

Summarize the rationale for Bank assistance. State:

- what development challenge the project concerns,
- the borrower's overall strategy for addressing it,
- Bank activities in this country (ies) and sector over the past year and how they performed, and
- ongoing Bank and other externally financed activities that complement, overlap with or relate to this project.

Please cite relevant sources. Comment on the strength and coherence of the rationale.

[250 words maximum. Any additional narrative about the project's origins and history, if needed, must be place in Annex 5: Project Narrative]

It is estimated that 80% of Ghana's population of 17.5 million resides in the rural areas. The rural areas provide employment and incomes for an estimated 60% of total population, and account for 39% of the national GDP. It is also estimate that nearly 30% of rural inhabitants live below the poverty line, of which, the majority are women. The Government of Ghana (GOG) has therefore placed the development and improvement of the rural sector's productivity and competitiveness at the heart of the country's accelerated growth and poverty reduction strategy. The GOG has also recognised that harnessing the resources available in the rural areas could provide the much-needed impetus for accelerated growth and poverty reduction. The lack of financial services in the rural areas has been recognised as a major constraint to increased and sustained development of the rural sector. In that regard, the GOG is therefore keen on projects, which would improve access, depth and coverage of rural financial services in addition to rural infrastructure and utilities, facilitate access to agricultural technology, enhance the human resource capacity, and build the capacity of rural institutions. The GOG's strategy for accelerated growth and poverty reduction under the broad country development framework of Vision 2020, aims at promoting rural financial intermediation by deepening outreach and expanding services to a large number of rural clients.

This was to be achieved through:

- (i) the promotion of the formal/informal micro-finance sector through increased networking and capacity building,
- (ii) the strengthening of the overall capacity of rural banks for effective intermediation through technology enhancements, human resource development, and setting up of an apex body for addressing common technical and institutional constraints dictated by the uniform nature of Ghana's rural banking system, and which impede them from realising their full potential and impact on rural economic development; and
- (iii) fostering linkages between the formal/informal finance sector, all of which will assist to create a conducive environment for commercial bank intervention in the rural sector through its investments in rural infrastructure and agricultural services aimed at increasing the rural sector's productivity, thus making it attractive to the commercial banking sector.

The Government of Ghana (GoG) had a number of policies and strategies in pursuit of economic growth and poverty reduction, many of which included elements pertaining to rural finance.

Rural finance constituted an outcome for some strategies, while for others it provided an instrument for achieving separate goals; other strategies presumed a functioning rural finance sector as a necessary but secondary precondition for achieving objectives but did nothing to ensure such a condition came about.

In 1996, the Association of Rural Banks (ARB) commissioned a study to review the situation of the Rural and Community Banks (RCBs) in Ghana,

and to recommend solutions drawing on the experiences of the rural banking systems in the Philippines and Denmark.

The study identified major constraints faced by the RCBs and recommended:

- a) the establishment of an Apex Bank to provide vital banking support services to the RCBs and
- b) direct improvement in the operations of the RCBs in order to make them more competitive, profitable, and to effectively serve the need of the rural clientele.

It was on the basis of the findings and recommendations of the 1996 study and the follow-up 1998 review, that the idea for the current project emanated when the GOG requested the Bank Group to consider co-financing jointly with the World Bank, the establishment of an Apex structure, which would oversee the operations of the RCBs in Ghana.

The project was first drawn to the attention of the Bank in the course of the regular donor consultations, during the appraisal of the Fourth Line of Credit to the Agricultural Development Bank (AgDB) in July 1998.

A number of multilateral and bilateral donors are involved in the financial sector in Ghana.

These interventions have however been driven by each donor's comparative advantage, and rural development strategy. Bank Group interventions in the financial sector in Ghana have been through four lines of credit, all of which have been channelled through the Agricultural Development Bank.

Other interventions have been the Kpong Irrigation Project, Small-Scale Irrigation Project, all of which have had credit components and were also channelled through the Agricultural Development Bank.

World Bank's (IDA) interventions have been on reforms of the larger financial sector such as the FINSAP and Rural Financial Sector Loan (both completed) channelled through the BOG.

IFAD's interventions in the financial sector have largely targeted grassroots micro finance institutions.

C. PROJECT OBJECTIVES AND LOGICAL FRAMEWORK

1. State the Project Development Objective(s) (as set out in the appraisal report)

The objective of the proposed 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 Institutional Support to the Rural and Community Banks component proposed for ADF funding is to strengthen the capacity of Rural and Community Banks in order to enhance their effectiveness and quality of services.

2. Describe the major project components and indicate how each will contribute to achieving the Project Development Objectives.

The ADF funded Institutional Support to Rural and Community Banks component of the overall project will focus on developing the capacity of the RCBs in the following areas:

- i) Human Resource Development;
- ii) Internal Controls and Procedures;
- iii) Communication Linkages; and
- iv) Management Information and Reporting Systems.

3. Provide a brief assessment (up to two sentences) of the project objectives along the following 3 dimensions. Insert a working score, using the scoring scale provided in Appendix 1.

PROJECT OBJECTIVES DIMENSIONS		ASSESSMENT	WORKING SCORE
RELEVANT	a) Relevant to the country's development priorities	The project was to support the development of a strong and vibrant rural financial sector in Ghana, which would in turn support Government of Ghana's programme for accelerated growth, agricultural development, and poverty reduction under the broad country development framework of Vision 2020.	3
ACHIEVABLE	b) Objectives could in principle be achieved with the project inputs and in the expected timeframe	The involvement and support of co-financiers (World Bank and IFAD) made the achievement of the overall project objective feasible within the allocated time frame	3
CONSISTENT	c) Consistent with the Bank's country or regional strategy	The Rural Financial Services Project (RFSP) was consistent with the Bank's Country Strategy Paper (CSP) of March 2000 which supported overall economic growth and sustainable poverty reduction through macroeconomic stability, fostering an enabling environment for broader private sector participation in economic development, and ensuring broad-based socioeconomic development through decentralization of core services.	3
	d) Consistent with the Bank's corporate priorities	The project was in line with the Bank's corporate priorities of enhancing economic growth and development in Africa	3

4. Lay out the log. frame. If a log. frame does not exist, complete the table below, indicating the overall project development objective, the major components (minimum of two) of the project, the major activities (minimum of two) of each component and their expected outputs, outcomes, and indicators for measuring the achievement of outcomes. Please add additional rows for components, activities, outputs or outcomes if needed.

COMPONENTS	ACTIVITIES	OUTPUTS	EXPECTED OUTCOMES	INDICATORS TO BE MEASURED
Component 1: Capacity Building of Informal Financial Sector	Activity 1: Develop, organise, and train, community groups and associations to enhance their ability to mobilise savings and access credit from formal sources;	Output 1: Rural informal financial institutions empowered to expand services to rural clients	Outcome 1: Improved total deposits	No. of informal groups organized and trained (by gender); No. of clients reached by rural MFIs; Total deposits mobilized by rural MFIs;
	Activity 2: Provide training for microfinance institutions that serve the rural clients and help link them to more formal sources of finance;	Output 2: Improved Capacity of Microfinance Institutions	Outcome 2: Improved Service Delivery	No. of rural MFIs groups accessing credit from RCBs; and No. of clients and % of women as total borrowers
Component 2: Institution Building – Apex	Activity 1: Provide technical assistance in form of trained and experienced international experts to assist in establishing, training, and operationalising the Apex Bank for the network of RCBs	Output 1: Apex Bank established as a broad institutional framework for provision of common services to RCBs	Outcome 1: Services to Rural Banks streamlined and improved	Percentage increase in rural savings and deposit of member RCBs; No. of RCBs meeting capital adequacy ratios (CAR);
	Activity 2: Provide support for initial capacity building activities, logistics (facilities, communications, etc.) and other start-up activities for the Apex bank	Output 2: ARB Apex Bank Established	Outcome 2: Improved Profitability of Rural Banks	Level of profitability of Apex Bank; No. of RCBs with full share subscription in the apex; No. of RCBs receiving services from Apex;
Component 3: Institutional Support to BOG/MOF	Activity 1: Provide support to the BOG, specifically, the Banking Supervision Department (BSD) and Rural Finance Inspection Department (RFID),	Output 1: Specialized department of the BoG equipped	Outcome 1: Improved in BoG timely supervision and oversight	No. of RCBs supervised annually; No. of BSD staff trained in use of IT based monitoring program.
	Activity 2: Train and upgrade staff skills, and	Output 2: Capacity of BOG	Outcome 2: Effective coordination of	No. of microfinance entities assisted by GHAMFIN;

	information technologies	supervision department improved	microfinance initiatives, including GHAMFIN	No. of members of rural MFI's trained
Component 4: Institutional Support to Rural and Community Banks	Activity 1: Training of key staff and personnel particularly in management, Accounting, rural credit analysis, and Information Technology (IT)	Output 1: Enhanced human resource capacity in RCBs.	Outcome 1: Improvement in loan administration	No. of clients and % of women as total borrowers; Percent increase in loan recovery rates among RCBs; Percent increase in rural savings and deposit of member RCBs;
	Activity 2: Restructure Rural Banks	Output 2: Rural Banks Restructured and Networked	Outcome 2: Increase in profitability of Rural Banks	No. of RCBs successfully restructured; No. of RCBs operating profitably; Percentage increase in annual profitability of RCBs

5. For each dimension of the log. frame, provide a brief assessment (up to two sentences) of the extent to which the log. frame achieved the following. Insert a working score, using the scoring scale provided in Appendix 1. If no log. frame exists, score this section as a 1 (one).

LOG. FRAME DIMENSIONS		ASSESSMENT	WORKING SCORE
LOGICAL	a) Presents a logical causal chain for achieving the project development objectives	The framework provided a clear input-output relationship for achieving the different levels of objectives with the stated assumptions. However, expected outcomes were not well elaborated.	2
MEASURABLE	b) Expresses objectives and outcomes in a way that is measurable and quantifiable	Generally the framework provides objectives in a measurable and quantifiable manner however with respect to income, specific targets were not provided.	2
THOROUGH	c) States the risks and key assumptions	The framework clearly stated the risks and key assumptions. However risks associated with co-financing were not anticipated.	2

D. OUTPUTS AND OUTCOMES

I. ACHIEVEMENT OF OUTPUTS

In the table below, assess the achievement of expected vs. actual outputs for each major activity. Import the expected outputs from the log. frame in Section C. Score the extent to which the expected outputs were achieved. Weight the scores by the activities' approximate share of project costs. The overall output score will be auto-calculated as the sum of the weighted scores. Override the auto-calculated score, if desired, and provide justification.

MAJOR ACTIVITIES		Working Score	Share of Project Costs (as stated in Appraisal Report)	Weighted Score
Expected Outputs	Actual Outputs			
1 115 Rural informal	127 Rural and Community Banks receiving	3	27	0.81

financial institutions empowered to expand services to rural clients	services from APEX Bank and providing improved services to clients			
2 One Apex Bank established as a broad institutional framework for provision of common services to RCBs	ARB Apex Bank Established	3	44	1.32
3 Capacity of BOG supervision department improved	BSD staff trained in use of IT based monitoring program.	3	7	0.21
4 115 Rural Banks Restructured and Networked	116 RCBs out of the total of 127 have fully subscribed and networked with ARB Apex Bank	4	22	0.88
OVERAL OUTPUT SCORE [Score is calculated as the sum of weighted scores]				3

Check here to override the calculated score

Provide justification for over-riding the auto-calculated score

Insert the new score or re-enter the autocalculated score

3

II. ACHIEVEMENT OF OUTCOMES

1. Using available monitoring data, assess the achievement of expected outcomes. Import the expected outcomes from the log. frame in Section C. Score the extent to which the expected outcomes were achieved. The overall outcome score will be auto-calculated as an average of the working scores. Override the auto-calculated score, if desired, and provide justification.

OUTCOMES		Working Score
Expected	Actual	
<u>Component 1: Capacity Building of Informal Financial Sector</u> Outcome 1: Improved Total Deposits (Additional Depositors of 330,000 with 200,000 being women) Outcome 2: Improved Service Delivery	The total number of depositors (2001) increased from 1,129,316 to 2,670,618 by end of 2007; Total Deposits increased from GH¢66.7m in 2002 to GH¢324.3m as at Sept 2008, an increase of 386%. Total number of borrowers of 139,325 as at 2001 increased to 590,161 as at the end of 2007. 10,687 end users trained (46 % female & 54 % male) 59% of borrowers were women as at end of 2007	3
<u>Component 2: Institution Building – Apex</u> Outcome 1: Services to Rural Banks	Total annual savings mobilized by RCBs improved from GH¢38.13 million in 2001 to GH¢314.51million as at June 2008	3

streamlined and improved Outcome 2: Improved Profitability of Rural Banks	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. 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	
<u>Component 3: Institutional Support to BOG/MOF</u> Outcome 1: Improved in BoG timely supervision and oversight to all 115 RCBs Outcome 2: Effective coordination of microfinance initiatives, including GHAMFIN	All 127 RCBs supervised annually. About 460 MFI members benefited from various training topics. Network members, including GCSCA, CUA, Apex Bank, Saving and loans companies and FNGOs received assistance	4
<u>Component 4: Institutional Support to Rural and Community Banks</u> Outcome 1: Improvement in loan administration Outcome 2: Increase in profitability of Rural Banks	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 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	3
OVERALL OUTCOME SCORE [Score is calculated as an average of the working scores]		3

Check here to override the calculated score

Provide justification for over-riding the auto-calculated score	
Insert the new score or re-enter the autocalculated score	
	3

2. Additional outcomes. Comment on the project's additional outcomes not captured in the log. frame, including cross-cutting issues (e.g., gender).
Institutional strengthening was the main focus of RFSP and thus is covered extensively elsewhere. Two additional points are worth noting: First, the patterns observed in the rapid expansion of commercial banks in recent years suggests that successful RCBs are demonstrating the commercial viability of banking services in rural areas. M&E data showed that women consistently accounted for about 45% of depositors and about 40% of borrowers of RCBs. By the end of the project, women accounted for 40% of members of CUs and 60% of clients of susu collectors.

3. Risks to sustained achievement of outcomes. State the factors that affect, or could affect, the long-run or sustained achievement of project outcomes. Indicate if any new activity or institutional change is recommended to help sustain outcomes. The analysis should draw upon the sensitivity analysis in Annex 3

Three factors mean these achievements are likely to be sustained:

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.

E. PROJECT DESIGN AND READINESS FOR IMPLEMENTATION

1. State the extent to which the Bank and the Borrower ensured the project was commensurate with the borrower's capacity to implement by designing the project appropriately and by putting in place the necessary implementation arrangements. Consider both design aspects (inputs) and actual outcomes. Design aspects include: extent to which project design took into account lessons learned from previous PCRs in the sector or the country (please cite key PCRs); whether the project was informed by robust analytical work (please cite key documents); how well Bank and Borrower assessed the capacity of the implementing agencies and Project Implementation Unit; and provisions made for technical assistance. Project outcomes include the extent to which the project was completed on time and activities were implemented as designed.

[200 words maximum. Any additional narrative about implementation should be included at Annex 5: Project Narrative]

Project design originally focused on the rural banks and incorporated the lessons learnt by BoG, other local stakeholders and from earlier donor supported projects, including prior Bank experience (e.g. IDA-financed RFP and NBF, AfDB's four successive lines of credit to the ADB, as well as Danida's rural bank capacity building project). The inclusion of other development partners who had been active in the rural finance sector (IFAD as co-financier; WB as parallel financier and GTZ's technical assistance) served as an excellent basis to address donor coordination as well as ensure divergent technical inputs during preparation. In general, the concept was well thought out and based on international best practice available at the time, as reflected in the following design elements (inter alia): (i) a holistic approach that encompassed the spectrum of rural finance actors from the central bank, apex bodies down to SHGs and other MFIs; and (ii) explicitly fostering linkages between these actors. However, the microfinance component (i) was added after the design of the project was essentially completed and was not well integrated into the overall project, and this was reflected during implementation. The project designed profited from lessons learnt from Bank's interventions in the sector, especially the Line of Credit.

This omission was also mirrored in the composition of the design team which could have benefitted from inputs from social development specialist.

The decision to locate the project implementation within the BoG proved to be a good one. This enabled the use of existing government department to implement project activities, giving a further boost the use of country systems. The Borrower had the requisite capacity to implement the project activities and ensure closer coordination with other donor interventions and government initiatives in the financial services sector.

BoG was committed to the transformation of the rural finance system and proved to be a strong supporter of the network of rural banks and the Apex Bank throughout implementation.

Support to the microfinance component was less forthcoming as this component was implemented by the Microfinance Unit (MFU) in MoFEP.

The use of a Facilitating Agency (FA) to manage implementation of this component could not offset the limited capacity and experience of the MFU.

2. For each dimension of project design and readiness for implementation, provide a brief assessment (up to two sentences). Insert a working score, using the scoring scale provided in Appendix 1.				
PROJECT DESIGN AND READINESS FOR IMPLEMENTATION DIMENSIONS		ASSESSMENT	WORKING SCORE	
REALISM	a) Project complexity is matched with country capacity and political commitment.	Ghana demonstrated a high sense of political commitment to the project. Provision of relevant policy and legal framework to ensure the establishment and success of ARB Apex Bank	3	
RISK ASSESSMENT AND MITIGATION	b) Project design includes adequate risk analysis.	The project design has a detailed section on risks based on a comprehensive risk assessment. The Log frame outline assumptions and risks that needed to be considered in ensuring project success. At no stage was the project DO at risk. Implementation performance scores were mainly satisfactory. Episodes of components rated marginally unsatisfactory relate to the M&E and micro-finance component (i) and were addressed expeditiously through normal supervision arrangements including the MTR.	2	
USE OF COUNTRY SYSTEMS	c) Project procurement, financial management, monitoring and/or other systems are based on those already in use by government and/or other partners.	The project used the Bank procurement and financial system as agreed upon at Appaisal.	3	
For the following dimensions, provide separate working scores for Bank performance and Borrower performance:			WORKING SCORE	
			Bank	Borrower
CLARITY	d) Responsibilities for project implementation are clearly defined.	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	2
PROCUREMENT READINESS	e) Necessary implementation	All necessary procurement and disbursement documents, including Bank rules and procedures, Bank's disbursement	3	2

	documents (e.g. specifications, design, procurement documents) are ready at appraisal.	handbook and standard bidding documents, were made available to the PCU. Bank's standard procurement template was also made available after approval from ORPF.		
MONITORING READINESS	f) Monitoring indicators and monitoring plan are agreed upon.	There were significant design weaknesses in M&E arrangements. Quantitative targets were omitted from the logframe and the inclusion of some targets in the text proved confusing. The project strengthened the MIS by adjusting the key modules, rendering the MIS fully operational covering project process and results ranging from input, output, outcomes and results.	2	2
BASELINE DATA	h) Baseline data are available or are being collected.	Baseline data was not available until two years into the project. Supervision missions highlighted these issues early on and initiated an intensive dialogue with stakeholders resulting in a dramatic improvement in the range and quality of indicators as well as structure and design of data collection	2	2

F. IMPLEMENTATION

1. State the major characteristics of project implementation with reference to: adherence to schedules, quality of construction or other work, performance of consultants, effectiveness of Bank supervision, and effectiveness of Borrower oversight. Assess how well the Bank and the Borrower ensured compliance with safeguards. Briefly list what was accomplished at the time of project closing.

[200 words maximum. [Any additional narrative about implementation should be included at Annex 5: Project Narrative.]

Project start-up was hampered by the electoral cycle. A new Government was sworn-in in early 2000, and naturally wanted to re-evaluate all donor-funded projects agreed by its predecessor. The result was that conditions for project effectiveness were met only after significant delays. For project financing, this meant a lag of at least 16 months between approval and effectiveness. A second consequence was that what started out as joint financing ended up being somewhat out-of-step, a situation compounded by different approaches to project duration that meant IFAD, AfDB and IDA components closed at different times. Upon effectiveness, the project implemented planned activities on time. Recommendations from Bank's supervision missions were implemented on a timely basis.

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Their efforts were inhibited by initial confusion amongst the Apex bodies regarding who was responsible for collecting specific financial data and this hindered agreement on a revised M&E framework.

The MTR was conducted in early 2005, justifiably two years later than scheduled because of the slow project start.

The MTR made recommendations to refocus this component by (i) establishing qualifying criteria for client selection including the need for them to be linked to RMFIs; and

(ii) recruiting additional facilitating agencies to screen the requests for training and technical support and by launching the MSI.

This bolstered the linkages between the formal and informal actors by working with a smaller group of RCBs in developing profitable business products to expand into the microfinance arena.

By the end of the project, the ARB Apex Bank had been established and networked with 127 RCBs in Ghana.

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.

2. Comment on the role of other partners (e.g. donors, NGOs, contractors, etc.). Assess the effectiveness of co-financing arrangements and of donor coordination, if applicable.

Local stakeholders and from earlier donor supported projects, including IDA-financed RFP and NBF, AfDB's four successive lines of credit to the ADB, as well as Danida's rural bank capacity building project played a significant role in contributing to the knowledge stock and serving as building blocks for the design and implementation of the project. The key financiers, AfDB, IFAD and IDA also provided technical support through supervision missions. Due to the country presence of the World Bank,

project supervision was effective from their side. In addition, the majority of supervision missions included either IFAD-appointed consultants and/or the Country Program Manager, which contributed significantly to implementation support and helped build a strong unity of purpose between partners. The Bank's involvement in joint supervision missions was difficult due to their lack of country presence and ad hoc timing of supervision missions but findings of these missions were always shared among partners.

3. Harmonization. State whether the Bank made explicit efforts to harmonize instruments, systems and/or approaches.

Government sponsored a number of credit programs, although there was no central coordinating body or established procedures for implementation. Also past donor assistance to the rural financial sector had often been piece-meal, driven by each donor's interests. IFAD had in the past focused largely on grassroots microfinance institutions; IDA on the larger financial sector and some rural banks; and AfDB on lines of credit channeled largely through the Agricultural Development Bank (ADB). This project sought to provide a good framework for harmonising such instruments and provided support to RCBs that also responded largely to Government strategies in addressing key challenges in the financial sector. The agreed with partners to the use of country systems, specifically ensuring the use of existing unit at Bank of Ghana to implement project activities and offer overall supervision and coordination.

4. For each dimension of project implementation, assess the extent to which the project achieved the following. Provide a brief assessment (up to two sentences) and insert a working score, using the scoring scale provided in Appendix 1.

PROJECT IMPLEMENTATION DIMENSIONS		ASSESSMENT	WORKING SCORE
TIMELINESS	a) Project was completed on time. Draw directly from Section A on Project Data and Key Data. Calculate the ratio of planned time from approval to closing. Score "4" if the ratio is 1.0, score "1" if the ratio is 2.0, score "0" if ratio is greater than 2.0 (i.e. project completion took more than twice as long as planned)].	Project start-up was hampered by the electoral cycle. A new Government was sworn-in in early 2000, and naturally wanted to re-evaluate all donor-funded projects agreed by its predecessor. The result was that conditions for project effectiveness were met only after significant delays. For project financing, this meant a lag of at least 16 months between approval and effectiveness	2
BANK PERFORMANCE	b) Bank complied with:		
	Environmental Safeguards	The project did not have any negative impact on the environmental	4
	Fiduciary Requirements	Procurement, disbursement and financial management (audit of project accounts) were thoroughly reviewed and duly approved by the Bank	3
	Project Covenants	Bank complied with provisions in the loan agreement, project appraisal report and key changes agreed during mid-term review and supervision missions	3
	c) Bank provided quality supervision in the form of skills mix provided and practicality of solutions	Project was supervised as scheduled but joint missions with co-financing partners was a huge challenge. The supervision mission had the requisite capacity and expertise to address key challenges and proffering solutions to implementation bottlenecks	3

	d) Bank provided quality management oversight	Bank task managers ensured project compliance with rules and procedures, and key action plans that were agreed upon	2
BORROWER PERFORMANCE	e) Borrower complied with:		
	Environmental Safeguards	The project did not have any negative impact on the environmental	4
	Fiduciary Requirements	Procurement of Goods Works and the acquisition of Consultancy Services were based on Bank rules and procedures. The Project also 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.	3
	Project Covenants	Annual project implementation plans were in accordance with provisions in the project's Appraisal Report and Loan Agreement.	3
	f) Borrower was responsive to Bank supervision findings and recommendations	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.	2
	g) Borrower collected and used monitoring information for decision making	Monitoring and evaluation arrangements were considered moderately satisfactory overall as there were significant design weaknesses in M&E arrangements.	2

G. COMPLETION

Briefly describe the PCR Process. Describe the Borrower's and co-financers' involvement in producing the document. Highlight any discrepancies concerning the assessments made in this PCR. Describe the team composition and confirm whether an in-sight visit was undertaken. Mention any major collaboration from other development partners. State the extent of field office involvement in producing the report.

[100 words maximum]

The PCR was completed jointly by the Bank and the Borrower. The Bank's Mission comprised officers from the Ghana Field Office. The Mission was accompanied by an officer from the Ministry of Finance and Economic Planning. Field visits were made to project sites and visits were made to selected rural banks in Ashanti and Brong Ahafo regions. The PMU has been dissolved and team could not use the services of any of the former project staff. The project coordinator has gone on retirement. The Mission 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.

H. LESSONS LEARNED

Summarize key lessons for the Bank and the Borrower suggested by the project's outcomes

RFSP was recognized as a pioneering intervention to improve access to rural financial services and has hosted international study tours to allow others to learn from its experience. The following key lessons emerge from project experience:

Lessons for the Bank:

- Co-financing with other partners is a huge challenge, especially when loans/grants from all partners are approved at different times and with significant time lag between dates of approvals;
- Improving financial services to the poor requires substantial effort to strengthen rural MFIs including RCBs in order to expand their outreach. A comprehensive competency profile is required to understand their capacity building needs, and to tailor training appropriately;
- Given Ghana's experience and public attitude to credit programs, 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

- RCBs operate in an increasingly competitive environment, and do not have a hallowed right of existence. Building their long-term sustainability requires them to become more efficient, commercially oriented and able to provide an increasing range of financial products to their clients. Support needs to build this dynamic capacity to allow RCBs to continue to innovate; building capacity to deliver a certain set of services at one point in time is insufficient and ineffective;
- The role of the Apex Bank need to be clarified. It has an important role to play in monitoring the performance of its member RCBs, and in promoting deepening of links between the RCBs with other MFIs to expand access of the poor to financial services. At the same time, it needs to enhance commercial viability and move away from its reliance on government and donor funding;
- Apex organizations have a crucial role to play in expanding various segments of the financial sector, monitoring and evaluation of performance, and providing advocacy services on behalf of their constituencies and their clients. However, funding these 'public good' elements remains problematic and needs to be addressed to ensure long term viability. They also need to improve their strategic planning and member services and to become more results-oriented;
- The quality of training providers and business development services for rural MFIs cannot be assumed. 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;
- 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. Done well, this need not retard the development of capacity within the primary implementing institutions. Clear performance based contracts with these agencies is critical to success.
- Robust and efficient project management is more likely with strong state institutions that have an existing compliance ethos. This can be further supported by ensuring internal control systems for the project are based on those prevailing in the implementing institution, thereby being familiar to project staff.

I. PROJECT RATINGS SUMMARY

All working scores are auto-generated by the computer from the relevant section in the PCR.

CRITERIA	SUB-CRITERIA	WORKING SCORE
PROJECT OUTCOME	Achievement of outputs	3
	Achievement of outcomes	3
	Timeliness	2
	OVERALL PROJECT OUTCOME SCORE	3
BANK PERFORMANCE	Design and Readiness	
	Project Objectives are relevant to country development priorities.	3
	Project Objectives could in principle be achieved with the project inputs and in the expected time frame.	3
	Project Objectives are consistent with the Bank's country or regional strategy	3
	Project Objectives are consistent with the Bank's corporate priorities	3
	The log frame presents a logical causal chain for achieving the project development objectives.	2
	The log frame expresses objectives and outcomes in a way that is measurable and quantifiable.	2
	The log frame states the risks and key assumptions.	2
	Project complexity is matched with country capacity and political commitment.	3
	Project design includes adequate risk analysis.	2
	Project procurement, financial management, monitoring and/or other systems are based on those already in use by government and/or other partners.	3
	Responsibilities for project implementation are clearly defined.	2
	Necessary implementation documents (e.g. specifications, design, procurement documents) are ready at appraisal.	3
	Monitoring indicators and monitoring plan are agreed upon.	2
	Baseline data are available or are being collected.	2
	PROJECT DESIGN AND READINESS SUB-SCORE	3
	Supervision:	
	Bank complied with:	
	Environmental Safeguards	4
	Fiduciary Requirements	3
Project Covenants	3	
Bank provided quality supervision in the form of skills mix provided and practicality of solutions.	3	
Bank provided quality management oversight.	2	
SUPERVISION SUB-SCORE	3	
OVERALL BANK PERFORMANCE SCORE	3	
BORROWER PERFORMANCE	Design and Readiness	
	Responsibilities for project implementation are clearly defined.	2
	Necessary implementation documents (e.g. specifications, design, procurement documents) are ready at appraisal.	2

	Monitoring indicators and monitoring plan are agreed upon and baseline data are available or are being collected	2
	PROJECT DESIGN AND READINESS SCORE	2
	Implementation	
	Borrower complied with:	
	Environmental Safeguards	4
	Fiduciary Requirements	3
	Project Covenants	3
	Borrower was responsive to Bank supervision findings and recommendations.	2
	Borrower collected and used of monitoring information for decision-making.	2
	IMPLEMENTATION SUB-SCORE	3
	OVERALL BORROWER PERFORMANCE SCORE	3

J. PROCESSING

STEP	SIGNATURE AND COMMENTS	DATE
Sector Manager Clearance		
Regional Director Clearance		
Sector Director Approval		

APPENDIX 1

Scale for Working Scores and Ratings

SCORE	EXPLANATION
4	Very Good- Fully 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
NA	Non Applicable

Note: The formulas round up or down for decimal points. Only entire numbers are computed.

LIST OF ANNEXES

Mandatory

1. Project Costs and Financing
 - a. Project costs by component
 - b. Financing by sources of funds
2. Bank Inputs. List the key team members, and their specialties, during preparation and supervision. Provide a consolidated list of Preparation, Supervision and Completion Missions in chronological order. Provide the date and ratings of the last supervision report.
3. Economic Analysis (ERR) and Financial Analysis. Re-estimate the economic rates of return based on costs and benefits at completion, and compare with appraisal estimates. Break down by components as appropriate. Analyze the sensitivity of the ERR to key assumptions. Present a financial analysis for project beneficiary entities.
4. List of Supporting Documents

Optional

5. Project Narrative. Key factors not covered in the main template that affected the design and implementation of the project. Such factors, both positive and negative, could include: climate and weather, political changes, contractual or personnel matters, technical issues, procurement processes, and interactions with other partners. If any of these factors is significant enough to affect the evaluation ratings, it should be noted in the template with a reference to this annex.

ANNEX 1

(a) Project Costs by Component (UA)

	Expenditure Category	Approved Budget	Actual Expenditure	Difference (+ or -)
(i)	1. Capacity Building-Informal Financial Sector(IFAD)	4,018		4,018.00
(ii)	2. Support to Rural and Community Banks (ADF)	3,868		3,868.00
(iii)	3. Institution Building – Apex Bank(IDA)	6,426		6,426.00
(iv)	4. Institutional Support - BOG/MOF(IDA)	1,031		1,031.00
	Total Baseline Cost	15,343	0	15,343
	Physical Contingencies	860		
	Price Contingencies	769		
	TOTAL	16,972.00	0.00	16,972.00

(b) Financing by Sources of Funds (UA)

	Approved	*Actual	Difference
African Development Fund	3.58		3.58
World Bank	3.71		3.71
IFAD	7.50		7.50
GoG	0.84		0.84
Beneficiaries	1.34		
Total	16.97	0.00	16.97

*Information on actual disbursements for sources of funding not available

ANNEX 2

2. Bank Inputs. List the key team members, and their specialties, during preparation and supervision. Provide a consolidated list of Preparation, Supervision and Completion Missions in chronological order. Provide the date and ratings of the last supervision report.

(A) Appraisal Mission to Ghana: February 2000
Project Appraisal Prepared by:

Team Members:

- 1 Mrs M. W. Karuri, Senior Financial Analyst, (Task Manager)
- 2 Mrs E. Kasalu-Coffin, Senior Agricultural Economist,

Supervisors

- 1 Mr G. E. Taylor-Lewis, Director, OCDW
- 2 Mr C. R. Spencer, Manager, OCDW.3

(B) Launching of RFSP Mission: March 2002

Team Member:

- 1 Mrs M. W. Karuri, Senior Financial Analyst, (Task Manager)
- 2 Mrs E. Kasalu-Coffin, Senior Agricultural Economist,

(C) Country Portfolio Review & Project Supervision Mission

(D) Project Supervision Mission

	Start	End
Field Supervision Mission	10.03.2002	25.03.2002
Field Supervision Mission	01.08.2002	11.08.2002
Field Supervision Mission	06.01.2003	16.01.2003
Field Supervision Mission	21.11.2003	02.12.2003
Desk Supervision	08.03.2004	08.03.2004
Field Supervision Mission	21.06.2004	30.06.2004
Field Supervision Mission	02.07.2005	10.07.2005
Field Supervision Mission	13.11.2005	27.11.2005

(E) Project Completion Mission: 7-18 June 2010

Team Member

- 1 Mr. Philip Bohem, Agriculture Expert, GHFO
- 2 Mr. Owusu Mensah Agyei, Financial Management Specialist, GHFO

ANNEX 2B:

INDICATORS	RATINGS				
	Precedings report				This report
	21.11.2003	08.03.2004	21.06.2004	02.07.2005	13.11.2005
A. PROJECT IMPLEMENTATION					
Compliance with loan conditions precedent to entry into force	2	-	2	2	2
Compliance with General Conditions	2	-	2	2	2
Compliance with Other Conditions	2	-	2	2	2
B. PROCUREMENT PERFORMANCE					
Procurement of Consultancy Services	2	-	2	2	2
Procurement of Goods and Works	2	-	2	2	2
C. FINANCIAL PERFORMANCE					
Availability of Foreign Exchange	3	-	3	3	3
Availability of Local Currency	2	-	2	2	2
Disbursement Flows	1	-	1	1	1
Cost Management	2	-	2	2	2
Performance of Co-Financiers	3	-	3	3	3
D. ACTIVITIES AND WORKS					
Adherence to implementation schedule	1	-	1	1	1
Performance of Consultants or Technical Assistance	2	-	2	2	2
Performance of Contractors	2	-	3	3	3
Performance of Project Management	2	-	2	2	3
E. IMPACT ON DEVELOPMENT					
Likelihood of achieving development Objectives	2	-	2	2	2
Likelihood that benefits will be realized and sustained beyo	2	-	2	2	2
Likely contribution of the project towards an increase in	2	-	2	2	2
Current Rate of Return	2	-	2	2	2
F. OVERALL PROJECT ASSESMENT					
Current Supervision Average	2	-	2.06	2.06	2.11
Current Trend over time	2.06				

ANNEX 3

3. Economic Analysis (ERR) and Financial Analysis, if appropriate Re-estimate the economic rates of return based on costs and benefits at completion, and compare with appraisal estimates. Break down by components as appropriate. Analyze the sensitivity of the ERR to key assumptions. Present a financial analysis for project beneficiary entities**.

NOT APPLICABLE

Initial estimates of the economic rates of return were not done and not reflected in the project appraisal report. **

ANNEX 4

4. Procurement Plan. Please attached the most recent Procurement Plan **

NOT APPLICABLE

ANNEX 5

5. List of Supporting Documents

- 1 Report on RFSP Beneficiary Assessment, GIMPA Consultancy Services, October 2006
- 2 Performance Evaluation of the Microfinance Products of RMFIs and Government Credit Program in Ghana, Asamoah and Williams Consulting, December 2004
- 3 Microfinance Poverty Outreach and Performance Assessment: A Study of Rural Microfinance Institutions and Government Programs in Ghana, CGAP and CERISE, 2005
- 4 Computer Automation in the Rural Banking Network in Ghana: A Status Assessment, World Bank, 2008
- 5 Project Completion Report/ Implementation Completion Report of the Rural Financial Services Project, Asamoah and Williams Consulting, November, 2008 [the borrower's ICR]
- 6 Project Appraisal Report: Rural Financial Services Project, June 2000
- 7 2007 Project Audit Report
- 8 End of Year Report on Performance of Rural and Community Banks by ARB Apex Bank, 2007