COUNTRY STRATEGY AND PROGRAMME EVALUATION

Republic of Ghana

Executive Summary

IOE | IFAD Investing in rural people

Independent Office of Evaluation

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A. Background

1. In line with the International Fund for Agricultural Development (IFAD) Evaluation Policy and as approved by the 140th Session of the IFAD Executive Board in December 2023, the Independent Office of Evaluation (IOE) undertook a country strategy and programme evaluation (CSPE) in the Republic of Ghana in 2024.

2. **Scope.** This CSPE is the third country programme evaluation (CPE) conducted in Ghana, and it covers the period 2013-2023. The total estimated cost of the seven (7) investment projects covered by the CSPE amounted to US$628.1 million, of which one third (US$224.8 million) was financed by IFAD and rest by domestic (government, beneficiaries and local institutions) and international co-financing. The evaluation also covered non-lending activities (knowledge management, partnership-building, policy engagement and grant-funded activities) and the country strategy, by referring to the 2013-2018 and the 2019-2024 country strategic opportunities programmes (COSOP).

3. **Objectives.** The main objectives of the CSPE were to: (i) evaluate the results and performance of the IFAD country strategy and programme, and, (ii) generate findings and recommendations for future partnerships between IFAD and the Government of Ghana for enhanced development effectiveness and sustainable rural transformation. The findings, lessons and recommendations will inform the upcoming COSOP in 2025.

4. **Country Context.** Ghana is in West Africa, with a population estimated at 34 million in 2023 of which about 44 per cent lived in rural areas. Around 50 per cent of the country's population are women and a significant proportion is youthful, with over 57 per cent being under 25 years of age. Ghana is a lower middle-income country and poverty is estimated at 27 per cent in 2022. Agriculture remains a cornerstone of the economy, constituting 21 per cent of the GDP and employing 71 per cent of the rural populace. Smallholder farmers account for about 60 per cent of all farm holdings; about 42 per cent of all smallholders are women. Agriculture makes up over 40 per cent of export earnings, primarily driven by cocoa products. However, Ghana remains a major importer of food products, with imports of agricultural and related products estimated to have reached US$2.6 billion in 2022. Food and agricultural imports will continue to grow as Ghana's underdeveloped food processing sector is unable to meet increasing demand. Ghana faces significant climate change challenges and illegal mining activities have resulted in agricultural land degradation.

5. **IFAD's strategy and operations during the review period.** The first IFAD-financed project in Ghana began in 1980. The COSOP 2013-2018 underscored two primary pillars: (i) the rapid modernization of agriculture coupled with sustainable resource management, and (ii) the amplification of the private sector's competitiveness. The COSOP targeted smallholder farmers, women, youth, and persons with disabilities. The current COSOP 2019-2014 was designed to contribute to the achievement of SDGs 1, 2, 9, 12 and 14 and to promote inclusive and sustainable rural transformation by investing in activities to enable poor rural people to increase their incomes through remunerative, and resilient livelihoods. The main government partners of IFAD have been the Ministry of Finance and Economic Planning, the Ministry of Food and Agriculture and the Ministry of Trade and Investments. IFAD is present in Ghana with a Country Office in Accra since 2011.

B. Main findings

6. **Relevance.** The CSPE rates relevance as moderately satisfactory. **There was a strong alignment of IFAD's strategic intent and its thematic focus to national priorities and to IFAD's own strategic framework**. The alignment was further reinforced in the design of its projects, which covered areas of high concentration of rural poverty; with interventions relevant to transforming agriculture for inclusive rural finance and value chains. IFAD adapted the focus of its projects to keep itself well-aligned to the Government's changing needs and priorities. However, the designs of several projects had shortcomings, resulting in pronounced changes during implementation. **Approaches to target men and women were relevant. However, COSOPs' and projects' designs did not sufficiently recognise and address the heterogeneity of the target population.** For instance, projects did not differentiate between young women and young men in their needs analyses and targeting strategies. In addition, the geographic targeting had varying degrees of relevance to the COSOPs' strategic objectives**.** Overall, IFAD's targeting in specific geographic areas with high concentrations of poverty were sound, however, targeting approaches in nation-wide programmes tended to lack more tailored interventions.

7. **Coherence.** Coherence is rated as rated moderately satisfactory. **IFAD's work was generally coherent with its comparative advantage in Ghana i.e.** (i) strengthening pro-poor agricultural value chains; (ii) fostering inclusive rural finance; and (iii) empowering FBOs. Further, the shifts in its strategic objectives were coherent with Ghana's economic transition. Similarly, there was a level of continuity in the strategic objectives (SOs) of the two COSOPs and among projects in terms of transitioning. However, there were no systematic programmatic linkages amongst the individual projects and the programme missed some opportunities to utilize lessons from previous interventions. Further, no concrete operational link between loans and grants was fostered.

8. **Partnership building** is rated moderately satisfactory, while **knowledge management (KM) and policy engagement** are each rated moderately unsatisfactory**.** Related to partnership building, **there were strong and effective partnerships with government institutions at the national and sub-national levels,** and with the private sector at the supply end, and the partnership with Rome Based Agencies was emergent. However, there was little diversification of partners, including for cofinancing, and IFAD could have taken more leadership in its areas of long-standing experience in Ghana including rural finance and value chains. **At the country programme level, IFAD did not have an explicit KM strategy but focussed on KM through specific activities** such as arranging exchange visits and mobilizing technical assistance. The projects produced knowledge products and outreach materials on good practices gathered from their respective projects, **but the programme lacked a clear and systematic approach for effective sharing and utilization of knowledge**. With some exceptions, lessons were not systematically collated by projects into usable forms and shared with stakeholders. One reason for this was the weak M&E systems of the projects. **The CSPE found limited evidence of concrete policy change, or related processes, as envisaged in IFAD's strategic documents,** for instance, in the formulation of the National MSME and Entrepreneurship Policy. However, in general, IFAD's interactions with key government partners mainly revolved around projects' implementing issues. One reason for the low policy engagement was the lack of analytical capacity and technical skills in the ICO, in part due to budget constraints. The other was that the ICO had to balance its engagement in policy dialogue with demands for implementation support

9. **Effectiveness.** The effectiveness is rated as moderately satisfactory. **The outreach of the country programme was generally effective, with 83 per cent outreach achieved for men and 82 per cent for women**. IFAD's programme

contributed to positive outcomes, in relation to increased agricultural productivity and production and development and strengthening of enterprises. In terms of increased crop production and productivity, the supply of inputs and improved farming practices led to higher levels of production and productivity for some projects. However, there were issues of quality and timeliness of the distributed certified seeds and agrochemicals resulting in poor production or crop failures. Further, while the production kits enabled farmers to increase yield by 20 to 30 per cent, the major issues were a lack of systems to ensure that farmers would continue to access good quality inputs in the subsequent years.

10. In terms of sustainable and profitable rural enterprises, **the programme's support to enterprises created some employment opportunities, including for vulnerable groups**. Business development services led to increase in self-employment activities by 24 percentage points between 2012 and 2019. However, some interventions lacked clarity on how the micro, small and medium enterprises (MSME) were expected to increase incomes and employment and for whom. Further, the project scope in terms of the types of enterprises to be covered by the programme, were not always guided by sound market analysis and assessment of the development and growth potential of rural enterprises or employment generation. The demand led approach for partnering with financial institutions did not work as expected, compounded by complex financial products that were not aligned to the needs of the rural or agriculture clientele.

11. **In terms of market access, there were less-than-desired results in facilitating better market access with limited commercial successes and more focus on supply-side**. The infrastructure for improved market linkages showed some success. Feeder roads, farm tracks and access track interventions showed success across various programmes. However, there was a lack of clear-cut planning and coordination to link production, processing and marketing support for a better balance. The formal contracts with agri-businesses were limited to the supply of inputs but not the sale of agricultural produce. Most farmer-based organizations (FBO) working with the IFAD-financed projects had a good understanding of operating in groups but they did not successfully serve as an effective mechanism for helping farmers negotiate better prices and access markets.

12. **Innovation.** Innovation is rated as moderately unsatisfactory. **IFAD-financed projects facilitated some innovations; some were successful while others did not materialise, or at best, are work in progress**. As examples, the farmer field forum (FFF) was reported by the beneficiaries to be an improvement on the previous Farmer Field School approach, and on the other hand, the development and piloting of a micro leasing product for small holders (REP III) could not be rolled out because the financial service providers did not show interest.

13. **Efficiency.** The CSPE rates efficiency as moderately unsatisfactory. **Despite certain successes in implementation structures and financial management, significant systemic challenges,** including bureaucratic delays, high staff turnover and inadequate staffing impeded the overall efficiency. In terms of timeliness, there was a sharp contrast among projects in terms of time taken to become effective, ranging from 16 months to just 3 months, and a similar contrast in case of first disbursement, ranging from just 5 months to 24 months.

14. **The projects exhibited both strengths and weaknesses in financial management practices,** affecting their efficiency and accountability. Areas of strengths in the four closed programmes included well-functioning financial management systems, good internal controls, well-documented procedures, and the careful financial planning from the design stage. The projects benefited from an adequate number of qualified accounting staff through competitive processes. At the same time, projects also encountered considerable financial management challenges hindering overall efficiency such as non-operational software, unreliable financial

statements, inappropriate payroll transactions and lack of precise budgetary control (NRGP). The ex-post economic and financial performance of closed projects shows moderate results. The portfolio exhibited significant budget overruns for programme management cost, mostly exceeding IFAD's acceptable limit of 15 per cent. In addition, not all projects disbursed 100 per cent of IFAD funds. Bureaucratic delays, procurement challenges and the impacts of external factors such as financier withdrawal, COVID-19 and disbursement caps negatively affected disbursement.

15. **Rural Poverty Impact**. The CSPE rates impact criterion as moderately satisfactory. **Overall, there was modest and uneven increase in incomes; on farm income increases were modest while off-farm incomes rose comparatively more due to a shift away from agricultural activities.** In the case of smallholders, income gains were modest - due to over-supply in the markets and hence lower prices - and short-lived, due to lack of sustainable systems for input supply, and a substantial increase in the price of seeds and fertilizer post-COVID-19. For households involved in off-farm self-employment activities, higher gross annual income from family businesses were accompanied by a significant increase in costs of self-employment activities, keeping net household income constant. There was some negligible increase in assets of the beneficiaries; the increases were limited to non-agricultural assets. Evidence suggests some improvement in food security of beneficiaries but less improvement in nutrition.

16. **IFAD projects contributed to building human capital through strengthening participants' skills, especially related to financial literacy, which led to improved financial access. However, empowerment of beneficiaries through building their social capital was not achieved as expected.** For example, FBOs did not truly emerge as self-reliant, self-managed and sustainable business entities working for the benefit of members. Similarly, in terms of social cohesion, in newly organized VCDs, trust and cooperation within market networks (farmers, VCDs, aggregators and marketers) was limited, which meant that the potential for formalization of relationships among these value chain actors was not realized. With regards to institutions, government institutions were strengthened and some of the institutions supporting MSMEs showed good results, however, new decentralized institutions did not perform as expected.

17. **Gender equality and women's empowerment**. The CSPE rates this criterion as moderately satisfactory. **At a strategic level, there was emphasis on strengthening institutions and mainstreaming of gender through targeted interventions,** which were mirrored at the project level via specific activities that reemphasized gender roles. Most project designs included sex-disaggregated targets, and the projects collected sex-disaggregated data. Through financial inclusion supports, the programme delivered several activities which resulted in positive effects on the lives of women. **However, projects missed out on taking account of context-specific and additional aspects (such as age) in relation to gender needs**, and there were insufficient gender strategies and action plans in project designs. Four out of six projects struggled to meet their targets related to women's participation.

18. **Sustainability of benefits and scaling up**. The CSPE rates sustainability and scaling up as moderately unsatisfactory. **In terms of institutional and technical sustainability, the technical skills of FBOs will continue to be sustained** and so will the group financing model. The programme-supported MFIs and the apexes have improved in operations, governance and profitability contributing to their sustainability. **However, there are sustainability issues with regards to the decentralized service delivery model for enterprises and for FBOs** as sustainable community-based organizations. Other elements where sustainability is facing issues relate to WUAs, the financial sustainability of rural financial institutions and of market access-related infrastructure. **There were some cases of scaling up of IFAD-supported projects** – for instance, the GASIP VCDs and PFIs were

introduced to the Feed the Future Ghana Mobilizing Finance in Agriculture activity funded by USAID, the RTIMP cassava processing activities and the farmer field forums by the West Africa Agricultural Productivity Program, a World Bank supported programme, and some of the financial products developed by RAFiP and now used by financial institutions. **However, given the potential for scaling up and the large diversity and scale of its activities in Ghana, there were insufficient evidence of scaling up results**.

19. **Natural resource management and climate change adaptation** are rated as moderately satisfactory. On one hand, several activities were undertaken - improved and climate-resilient seeds to complement the good agricultural practices were provided to farmers, planting of trees and promotion of zero tillage to combat soil erosion, **all with a focus on improving climate resilience of beneficiaries. On the other hand, some practices were detrimental to environment.** For instance, under RTIMP, increased gari processing created challenges with respect to management of waste, effluents and increased felling of wood for fuel, especially for processors not directly targeted by the project. Under GASIP, poor health and safety practices on the farm including poor disposal of pesticide and other agrochemical containers and other plastic containers on farmers' fields, presented some environmental concerns as well as health hazards. Under REP III there were concerns with cassava processing, soap and detergent making, and oil palm processing, which required energy. The predominant use of fuelwood by clients posed environmental challenges.

Performance of partners

20. **IFAD.** The CSPE rates IFAD performance as moderately unsatisfactory**. IFAD's country programme designs demonstrated alignment with national policies,** and adaptability to crises like COVID-19. **However, the overall performance was hindered by notable challenges leading to operational inefficiencies.** These included weak or ambitious designs, high staff turnover, especially in financial management, poor internal controls, ambitious and occasionally unrealistic programme objectives, and reliance on cofinancing which sometimes failed to materialize as planned.

21. **Government.** The CSPE rates this criterion as moderately unsatisfactory. **Government's efforts in financial support and decentralization showed good commitment. However, issues such as funding shortfalls, execution delays, changes in government, and frequent staff transfers disrupted implementation.** There were instances of successful stakeholder involvement, capacity building, and procurement improvements. However, inconsistent system setup and inadequate monitoring and evaluation (M&E) frameworks often hindered progress. Despite these obstacles, some projects managed to make meaningful strides – NRGP maintained good compliance with IFAD requirements despite bureaucratic delays in staffing; GASIP's procurement was with consistent staffing and no significant time slippages impacting procurement objectives, despite some issues in documentation and contract management and AAFORD managed its procurement processes effectively. However, overall, the shortcomings in timely issue resolution, planning, and resource allocation resulted in notable gaps in achieving programme objectives.

C. Conclusions

22. **The IFAD country programme was solidly aligned with the priorities of the government and IFAD's strategic framework. However, it did not deliver effective pathways towards effective pro-poor investments.** For instance, IFAD did not fully leverage its institutional capacity for programme development, and strategic partnership with the government. Without viable business models, IFAD was not able to significantly leverage its long-term partnership to assist the government in co-financing and the mobilisation of public funds to attract private

investments. The COSOPs had not adequately provided the ways and means to achieve intended strategic objectives, and there were no purposive charting of milestones and progress on these.

23. **The development of and the provision of financial services for value chains and MSMEs were conceptually and operationally fragmented, lacking strategic focus to push the frontiers of inclusive rural finance.** For a country that is a net importer of food and where the agri-food processing industry is limited and underdeveloped, IFAD did not completely have a holistic overview of a value chain. It lacked focus and integration of its investments on where to add value and manage risks for the rural poor. The MSMEs tended to be stand-alone without clear prospects for value addition and growth whilst the value chains were vastly limited to production with no specific sights to the mid to downstream parts of the chain.

24. **IFAD's targeting and capacity building of the resource-poor smallholder farmers was generally sound but not adequately responsive to the specific needs of different target groups.** IFAD's selection criteria that specifically focused on the poorest regions of the country, average land size of the smallholder farmers and the participation women made a promising difference in reaching the poor and the women. However, the targeting of poor/vulnerable people was not always informed by an understanding of their specific strengths, needs and preferences.

25. **The overall effect of the country programme on beneficiary incomes was nuanced.** The supply of credits and agricultural inputs, along-side technical and entrepreneurial training resulted in increases in productivity and income. However, incomes rose but not necessarily profitability, because there was lack of emphasis on opportunities for MSMEs to reduce the costs of doing business and maximize sales revenue and because IFAD's investments largely centred on input provision for production, rather than localising value addition.

26. **IFAD did not sufficiently leverage its non-lending operations for more technically and financially robust interventions, wider reach and effective policy engagement.** IFAD's strategic objectives were quite complex and required significant thematic expertise. The lack of a clear-cut KM strategy meant that context-specific knowledge could not be leveraged to bear on designing projects, supporting their implementation and ensuring effective learning within the country programme. Policy engagement processes were not strong enough to trigger critical policy changes, even in areas such as inclusive rural finance where IFAD had long-standing experience in Ghana.

27. **The success of IFAD's programme was hindered by persistent and systemic inefficiencies and weak accountability.** The country programme often faced persistent shortfalls such as weak M&E, bureaucratic processes and procurement delays. Additionally, in some instances, resources were dispersed too thinly across the country and this widespread allocation of resources diluted the impact of some investments, making it challenging to achieve significant, measurable outcomes.

28. **Despite aligning with Ghana's priorities and achieving early successes, IFAD's investments lacked adequate sustainability.** The quality of infrastructure was good overall and capacity building in good agricultural practices and climate smart agriculture will be sustained. However, rural financial institutions and MSME support structures such as BACs, BRCs and RTFs, struggled with weak financial sustainability and dependency on external funding. IFAD's projects did not result in a significant number of viable small- to -medium value chains and rural enterprises. There was a lack of a well-sequenced approach for intensive and continuous support to start-up enterprises.

D. Recommendations

29. **Recommendation 1: Develop the next COSOP with explicit strategic orientations on support for business models (aligned with IFAD targeted**

groups), with clear impact pathways and measurable targets. Following discussions between the Government of Ghana and IFAD to secure government's access to IFAD's program of loan, investments should be pursued and developed in an integrated manner, with complementarities between sustainable MSMEs and climate resilient value chains, and with clear pathways and measurable results that lead to attaining the COSOP strategic objectives. Supports to MSMEs should be linked to growing value chains to enable them to access higher and profitable value markets. Further, supported agricultural commodities should have clear links to wider value chains that have been identified by government as drivers of national development and growth. For instance, the new COSOP should consider more strategic, higher value investments that help build Ghana's underdeveloped agri-food processing and seed sectors. Furthermore, business models should guide business plans that are technically and financially sound, informed by feasibility and market studies. All these should be within a comprehensive resilience building framework presented in the COSOP, as demanded by the realities of climate mitigation and adaptation.

30. **Recommendation 2: Further expand partnerships with the private sector and other development actors supporting rural enterprises and value chains (pro-poor oriented)**. The expanded partnerships should support and/or complement IFAD's investments and capacity building interventions. The partnership should enable a matching demand-driven market orientation that informs supply-driven production. This means that farmers' capacity building is oriented towards specific market demands to meet standards for quality, quantity and timeliness. This also entails the identification of key relevant private actors, and fostering partnerships between them and smallholder FBOs, considering medium to long term perspectives. Moreover, IFAD should enhance the partnership and improve the knowledge sharing with other organizations that are engaged in supporting climate smart agriculture and pro-poor value chains in Ghana. This will help leverage additional funding, ensure learning among actors, and foster complementarities and synergies, in line with areas of technical expertise and the coverage of IFAD's supported programme.

31. **Recommendation 3: Strengthen the targeting strategy by being more responsive to needs and choices of the target groups and more systematic in the geographic scope**. IFAD's poverty targeting should be informed by the target group's state of poverty and lack of access to productive and financial resources, but it should also consider their strengths, local knowledge, specific needs and preferences. IFAD should support men, women, youth and other marginalised groups to strengthen their roles, self-confidence and solidarity. One way is through the use of the Gender Action Learning System (GALS) for women. In addition, IFAD should develop differentiated strategies for different target groups, including in the selection of crops and value chains to support. IFAD should adopt a more participatory approach to targeting at design stage, for instance, by incorporating local knowledge on poverty and livelihoods analysis. Finally, the scope of geographic targeting should be informed by an assessment of IFAD's capacities and resources, and lessons from predecessor IFAD projects to build on previous achievements.

32. **Recommendation 4: In line with the good practice and standards of financial institutions, systematically address capacity inefficiencies, including the implementation of functional system of documentation, monitoring and accountability.** It is important that the new COSOP provides an explicit results and accountability framework for inclusive rural finance and value chains. In this regard, IFAD should continue to improve and implement a functional, coherent and transparent documentation and M&E system, ensuring coordination of all relevant stakeholders, sound tracking of performance, adaptive management and accountability. In addition, IFAD should empower farmers to monitor and report on goods and services that they are to receive and the obligations under specific

transactions for them and for IFAD. Within the framework of IFAD's information and communication tools (ICT) for development (ICT4D) strategy, the ICO should consider using ICT in M&E systems to enhance data accuracy, accountability and obtain stakeholder trust.

33. **Recommendation 5: Leverage additional funding for infrastructure investments and explicitly address gaps that weaken the sustainability of those investments through effective local governance and enhanced community ownership.** IFAD should leverage additional funding and expertise for infrastructure development. This can be done through public-private partnerships and collaboration with other international financial institutions. It should create and empower community-led management committees responsible for the upkeep of infrastructure, supported by ongoing technical training and capacity building through existing government initiatives. Finally, IFAD should work closely with concerned government ministries for institutionalizing adequate maintenance funds within local government budgets to ensure a dedicated and continuous financial stream for infrastructure upkeep, such as roads and irrigation infrastructure.