IFAD

Enabling poor rural people to over come poverty

Independent Office of Evaluation of IFAD

Republic of Ghana

Rural Financial Services Project

PROJECT PERFORMANCE ASSESSMENT

February 2012

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February 2012
Report No. 2458-GH
Document of the International Fund for Agricultural Development

Photos:
Front cover: A pineapple farmer who received a loan from a rural bank involved in the project.
Page vi: Rural bank client.
Back cover: A refurbished rural bank interior.

@IFAD/Teresa Chemesunde Maru-Munlo, IFAD Evaluation Mission 2011

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Currency equivalent

1 Ghana Cedi = 0.64 US$ (July 2011)

Abbreviations and acronyms

AfDB	African Development Bank
BoG	Bank of Ghana
CBO	community-based organization
COSOP	country strategic opportunities paper
CUA	Credit Unions Association
FNGO	financial non-governmental organization
GHAMFIN	Ghana MicroFinance Institutions Network
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IOE	Independent Office of Evaluation of IFAD
MASLOC	Microfinance and Small Loans Centre
MoFEP	Ministry of Finance and Economic Planning
NGO	non-governmental organization
PCR	project completion report
PCRV	project completion report validation
PPA	project performance assessment
RAFIP	Rural and Agricultural Finance Programme
RCB	rural and community banks
RFSP	Rural Financial Services Project
RMFI	rural and microfinance institution

Preface

The most important results of the Rural Financial Services Project in Ghana were of institutional nature. The project helped strengthen the regulatory and oversight bodies (Bank of Ghana, Ministry of Finance and Economic Planning) as well as the capacity of apex bodies for rural banks and credit unions. It also contributed to the professionalization of rural banks. At the micro level, however, access to lending products did not increase according to expectations, particularly for small-scale farmers.

Key recommendations of this project performance assessment pertain to the introduction of innovative approaches and products that can help deepen the outreach of lending to poorer clients and small farmers, such as matching grants and guarantee schemes. Innovative products need to be introduced in a more systematic manner, with pre-feasibility studies and pilot tests to ensure better adaptation to the context and risk management. Also, synergies need to be strengthened with other IFAD-financed projects supporting rural development in Ghana.

This project performance assessment was prepared by Teresa Maru consultant and rural finance specialist, and Fabrizio Felloni, Senior Evaluation Officer, with contributions by Dorothy Lucks, consultant and rural enterprise specialist. Internal peer reviewers from the Independent Office of Evaluation of IFAD - Ashwani Muthoo, Deputy Director and Anne-Marie Lambert, Senior Evaluation Officer - provided comments on the draft report. Lucy Ariano, Evaluation Assistant, provided administrative support.

The Independent Office of Evaluation is grateful to IFAD's West and Central Africa Division for its inputs at various stages throughout the evaluation process. Appreciation is also due to the Ministry of Finance and Economic Planning and the Ministry of Agriculture of the Government of Ghana and all stakeholders for their constructive collaboration. The collaboration of Madhusoodhanan Mampuzhasseril of the Operations Evaluation Department (OPEV) of the African Development Bank is also acknowledged in the preparation of this assessment. OPEV provided supporting documentation and comments on the draft project completion report validation and the present project performance assessment of the Rural Financial Services Project.

Luciano Lavizzari
Director
Independent Office of Evaluation of IFAD

Executive summary

1. **Background.** The objective of this project performance assessment (PPA) of the Rural Finance Support Project (RFSP) in Ghana was to generate findings and recommendations for the implementation of ongoing operations in the country and for the design of future operations. This assessment builds upon the previous project completion report validation and adds findings from a mission to Ghana conducted between February and March 2011.

2. The project started in 2002 and was completed in 2008. It was cofinanced by IFAD, the World Bank, and the African Development Bank (AfDB). RFSP was a sub-sector specific and country-wide project with interventions at macro, meso and micro level. The overall objective was to complement government efforts in reducing poverty by broadening access to rural finance. The total cost of the RFSP was US$22.9 million of which US$10 million from IFAD's loan. After RFSP, IFAD funded a follow-up project, the Rural and Agricultural Finance Programme (RAFIP) which started in 2010.

3. **Relevance.** The RFSP was consistent to national policies, IFAD's country strategy and rural finance policy, as well as to national micro and rural finance development needs. The design was inspired by recognized good practices in rural finance. It covered micro, meso and macro aspects of the financial sectors and emphasized the development of sustainable financial institutions. Yet the design had two shortcomings: first, it aimed at introducing linkages between informal and formal financial institutions, a model known in India, without adapting the linkage model to the Ghanaian context. Second, the RFSP design did not articulate well linkages with other IFAD-supported interventions in Ghana that could benefit from enhanced access to rural finance services.

4. **Effectiveness.** RFSP made breakthroughs in its support to the rural bank network. It established the ARB Apex Bank, an umbrella organization of rural banks. Through this ARB Apex Bank, RFSP channelled training and capacity building support services to rural banks. Through this support, RFSP contributed to the professionalization of rural banks and helped turning them into financially solid institutions, capable of offering a wider array of products, particularly savings products. RFSP also made progress in supporting regulatory institutions such as the Bank of Ghana and the Ministry of Finance and Economic Planning, whose staff was introduced to recognized good practices in microfinance. A special division on microfinance was established within the Bank of Ghana and its capacity to supervise rural banks was progressively enhanced. RFSP stimulated the debates of a national Micro Finance Forum which led to the preparation of a Microfinance Policy in 2006. This marked an important step in policy dialogue, although subsidised public credit programmes – that can distort financial market - have not been phased out.

5. **Efficiency.** While RSP met the majority of its goals (and exceeded some of them) within the foreseen resource envelope, RFSP start-up met with significant delays, due to a change in Government. IFAD's portion of the loan was eventually disbursed according to the original plans but delays were observed in the case of World Bank and AfDB cofinancing loans.

6. For this PPA, it was challenging to assess the *impact* of RFSP on rural poverty due to the absence of a dedicated survey. Evidence is strong, however, in terms of positive impact on institutions and policies. At the national level, the establishment of the ARB Apex Bank helped boost confidence in the rural banking system. By supporting a microfinance forum, RFSP contributed to the debate on subsidised interest rates and to the drafting of a policy on microfinance. At the household level, it is clear that, thanks to RFSP, rural low income population has now better access to deposits products promoted by rural banks. There is some evidence of increased lending to low income and poor clientele in rural areas but no significant

evidence of increased lending for agricultural activities, therefore not reaching an important segment of the rural poor.

7. **Sustainability** of benefits largely depends on the sustainability of institutions. Apex organizations such as the ARB Apex Bank and the Credit Union Association has been able to continue and expand their functions after the project closure. At the individual level, rural banks have improved their financial self-sufficiency.

8. RFSP helped introduce innovations such as term deposits, money transfer services and "susu"[1] saving products in some rural banks. However, the concept of linkage between formal and informal microfinance organizations was an innovative idea which never took off because the project design did not clearly propose appropriate roll-out and support. In general, while RFSP promoted innovative concepts, it was left up to each participating financial institution to introduce the products and define processes to scale them up, with limited guidance from the project, and this increased exposure to risks.

9. Gender equality was not an initial focus area of the project. Yet, microfinance services within rural banks are now better accessible to both women and men. In some rural banks, policies promoting gender equality exist, but the implementation varies. In the boards of financial institutions, representation of women is still low.

10. **Conclusions.** RFSP's value added mainly consisted of its accomplishments in institutional development and its contribution to greater outreach of rural banks and credit unions. This outreach is mainly related to savings product and credit for non-agricultural activities. The progress made in boosting credit to agricultural activities and value chains was more modest. RFSP made progress in policy dialogue, particularly with the approval of the Ghana Microfinance Policy of 2006. The above important achievements for the rural and microfinance sector as a whole are broadly beneficial to low-income and poor households in the country. In line with IFAD's mandate, the project's main weakness was its limited focus on micro-level interventions that cater for the specific needs of the poor, such as the envisaged linkages between informal and formal financial institutions. Also, there were limited synergies between RFSP and other IFAD-supported projects in Ghana.

11. **Recommendations.** This PPA formulates the following recommendations that may be adopted by the RFSP successor programme (RAFIP).

    <u>Recommendation 1</u>. Provide support to innovations (processes and financial products) in a more systematic manner, with pre-feasibility studies and pilot tests to ensure that key stakeholders contribute to design and better manage risks.

    <u>Recommendation 2</u>. Support credit for agriculture and agricultural value chains by introducing and progressively expanding innovative financing instruments such as matching grants and guarantee schemes, as well as by ensuring more synergies between IFAD-supported projects in rural and agricultural development and RAFIP (RFSP successor intervention).

    <u>Recommendation 3</u>. Continue to support policy dialogue in rural and microfinance, enhance coordination among donors and support apex organizations so that the latter can take a more active role in the appropriate sectoral fora.

    <u>Recommendation 4</u>. Strengthen monitoring and evaluation systems by investing in further informatization of the sector and introducing internationally recognized indicators in the self-monitoring system of micro and rural finance institutions; more systematically assess the usefulness of training packages; conduct a baseline and follow-up survey on the socio economic impact of country-wide rural and microfinance programmes such as RAFIP.

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[1] Susu is an informal way of saving money with a savings collector who does the collection from door to door.


IN BRAZIL

I. Background, methodology and process

1. Following the recommendations of the *Peer Review of IFAD's Office of Evaluation and Evaluation Function*, in 2011 the Independent Office of Evaluation of IFAD (IOE) introduced two new modalities of project-level evaluations: project completion report validations (PCRVs) and project performance assessments (PPAs). This is in line with recognized standards for evaluation of public sector operations set by the Evaluation Cooperation Group of the Multilateral Development Banks. PCRVs consist of a desk review of the project completion report (PCR) and of other key documents related to the project being evaluated. A PPA is conducted after a PCRV and includes country visits in order to complement the PCRV findings and fill in selected knowledge and information gaps. The objectives of a PPA are to: (i) assess the results and impact of the project under consideration; and (ii) generate findings and recommendations for the design of future and implementation of ongoing operations in the country.

2. IOE first conducted a PCRV for Rural Financial Services Project (RFSP) in January 2011. The PCRV report highlighted areas that would require more information and evidence from the PPA exercise, notably issues related to sustainability of project results and attributions of savings growth and other impact indicators to RFSP activities. The PPA of RFSP was also considered of particular importance because, in 2011, IOE was conducting a country programme evaluation in Ghana and the PPA could inform the wider country programme exercise. The PPA of RFSP benefited from the collaboration with the Operations Evaluation Department (OPEV) of the African Development Bank (AfDB): OPEV provided comments and insights on the PCRV and the PPA draft.

3. **Methodology.** This PPA follows the IFAD Evaluation Manual[1] and guidelines for PCRV and PPA. It adopts a set of evaluation criteria (annex 5) and a six-point rating system (table 11). Before undertaking the field mission, the PPA team consultant undertook an extensive desk research, reviewing key project documents, including the project appraisal, mid-term review, supervision and implementation support reports, the project completion report, PCRV, relevant IFAD policies and Ghana microfinance policies, and available surveys and studies.[2]

4. Primary data was collected in the field in order to validate documented findings and conclusions of the PCRV and allow for an independent assessment of project performance. A qualitative approach was adopted for data collection due to time constraints, using semi-structured questionnaires (annexes 8 and 9). Data collection methods comprised of individual interviews and focus group discussions using open ended interview guides (see annex 9). In the capital, key stakeholders interviewed included the country programme manager of IFAD, Bank of Ghana (BoG), Ministry of Finance and Economic Planning (MoFEP), ARB Apex Bank, Ghana MicroFinance Institutions Network (GHAMFIN), Credit Union Association (CUA), and Pentax Consultants (facilitating agency). Key reports from these institutions were analysed. Interviews in the field were conducted with rural bank staff and managers and rural bank end-customers.

5. For the PPA field visits, 11 rural banks out of 133 were selected in 7 out of 10 regions of Ghana (annex 6). Selection of regions took into account areas where IFAD had made higher investments, not only through RFSP but also through other projects. The selection of rural banks within each region was purposive and would generally include one strong and one lower-performance bank (according to definitions of the Bank of Ghana). This was important in order to better understand the type of financial services accessed by rural households and also capture any unique challenges faced by a geographical area or by a lower-performance bank.

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[1] http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf
[2] A complete list of documents reviewed is presented in annex 7.

The choice of rural banks to be covered by the PPA was non-random and, thus, not necessarily representative in a statistical sense of differences between regions. On the other hand, there were important commonalities in the response received and topic discussed so that findings were rich in terms of contents. Findings can be accounted to be representatives of the key issues and experiences faced by the rural banks. Lastly the fact that the project ended some 3 years before the undertaking of this PPA meant that some key staff had left, thus affecting institutional and process memory.

6. **Process.** The PPA mission took place between 4 February and 11 March 2011.[3] It was in part embedded in the Ghana Country Programme Evaluation mission but it also conducted dedicated interviews and field visits from 4 to 12 February. Although independent in its assessment and analysis, the mission was carried out in collaboration with authorities of the Government of Ghana at the MoFEP. At the end of mission a debriefing meeting was held with the IFAD CPM, Microfinance Unit staff at MoFEP, as well as with the coordination unit of the Rural and Agricultural Finance Programme (RAFIP), the successor project to RFSP, to share initial observations. IFAD, MoFEP and Ministry of Agriculture (MOFA) also provided comments on the draft report.

II. The project

A. The project context

7. **Background.** Ghana experienced significant economic growth from the 1990s. Real GDP grew at an average of 4.8 per cent in the 1990s and accelerated to 6 per cent from 2003 to 2008. In both periods GDP grew at a faster rate than population leading to a per caput GDP growth of 3.7 per cent between 2003 and 2008 compared to 2.2 per cent in the 1990s. Poverty, measured by the Ghana Statistical Service, has been reduced from 51.7 per cent in 1990 to 28.5 per cent in 2005/06, the latest period for which data are available.

8. At the time of project design (2000), Ghana's population was reported at 18.5 million with 55 per cent residing in rural areas where poverty was more prevalent.[4] One of the poverty reduction strategies of the Government of Ghana was to empower rural communities through integration of informal and formal financial sectors, and thus increase the flow of financial services into rural areas. The Government considered and still considers rural financial institutions to be a critical conduit for the rural poor to access financial services in order to start or expand on and/or off farm enterprise activities. Commercial banks viewed rural lending as risky business as evidenced in 1999 by the fact that rural lending only amounted to 8 per cent of the total commercial loans. The perception of risk emanated, inter alia, from the fact that most rural economic activities were on-farm and prone to weather and disease risks, and that access to markets was difficult due to poor infrastructure. Furthermore, some of the rural poor could not offer the conventional security for loans required by the commercial banks.

9. In Ghana, key players in the micro industry include rural and community banks (RCBs), credit unions, financial non-governmental organizations (FNGOs), savings and loan companies. Other informal players include susu[5] collectors. All these players tended to concentrate their activities in urban and peri-urban areas focusing mainly on commercial and service enterprises. Although improvement have taken place, this continues to be the situation and according to estimates provided by the Bank of Ghana, GHAMFIN and by these micro finance institutions, the proportion of

[3] The PPA team included Teresa Maru-Munlo (main consultant and rural finance specialist), with the support of Dorothy Lucks (rural enterprise specialist). The mission was joined by Fabrizio Felloni, Senior Evaluation Officer, IOE and lead evaluator.
[4] As a comparison, at mid-year 2010 the estimated population was 24 million, 50 per cent rural.
[5] Susu is an informal way of saving money with a savings collector who does the collection from door to door.

their loans to agro-processing is about 20 per cent, while about 10 per cent in direct farm activities. This is because of pressure to be profitable or sustainable in the short term, perceived risks in agriculture lending, and poor infrastructure that leads to high costs in service delivery.

10. **Project design.** RFSP's broad development goal was to accelerate growth and poverty alleviation. The project's immediate objective was to strengthen rural financial institutions in order to deepen services and enhance the efficiency of rural financial intermediation, leading to the goal of accelerated growth and poverty reduction. According to the appraisal report, the objective was articulated into four sub-objectives which were in fact project components, as indicated below:

(i) *Capacity building for the informal financial sector*: to strengthen operational linkages between informal micro-finance institutions and the formal network of rural and community banks to enable them to expand their services to a large number of rural clients. The project also envisaged providing training to other apex bodies, for example the apex body of credit unions (Credit Union Association), and the GHAMFIN.

(ii) *Capacity building for RCBs*: to build the capacity of rural and community banks in order to enhance the effectiveness and quality of services provided to better serve the rural sector.

(iii) *Capacity building for the ARB Apex Bank:* to support the establishment of an apex structure for the rural banking system to provide economies of scale needed by the banks to address the generic constraints related to their operations.

(iv) *Institutional support for the BoG and MoFEP:* to strengthen the institutional and policy framework of the Bank of Ghana and the MoFEP for improved oversight of the rural financial sector.

11. The project approach was designed to operate at three levels: micro, meso and macro. This approach recognized that all three levels are closely connected ant that, for effective outreach to the rural areas, it is important to provide interventions at each level (table 1).

Table 1
RFSP Three-level integrated approach

Micro: Build capacity of individual rural and micro finance institutions to adopt recognized good practices
Meso: Establish/strengthen apex organizations, build linkages between community-based organizations and rural and micro finance institutions on the one hand, as well as community-based organizations and commercial banks on the other hand, and thus facilitate access to capital
Macro: Support an enabling policy and regulatory environment that promotes growth and sustainability of the microfinance sector

Source: PPA elaboration from Appraisal Report

12. **Only the appraisal cost break-down is available.** The PCR did not report on the actual break-down of project expenditures and project staff members were not able to provide such data. Judging from design figures, the main investment were to be directed to capacity building for the ARB Apex Bank.

Table 2
Project cost by component (in '000 USD)

Component	*Appraisal budget (US$ millions)*	*Actual expenditure (US$ millions)*	*% based on appraisal budget*
Capacity building for informal financial sector	5.43	N/A	23.6%
Capacity building for rural and community banks	4.31	N/A	18.8%
Capacity building for ARB Apex Bank	8.69	N/A	37.8%
Institutional support for Bank of Ghana and MoFEP	1.40	N/A	6.1%
Contingency	3.13	N/A	13.6
Totals	**22.96**		**100%**

Source: PCR (2009)

13. At the project design phase, the financing partners believed that the Bank of Ghana (central bank) was best placed to implement the project not only because of its previous experience with implementation of World Bank projects, but also because of its role and capacity as a regulator.[6] The project was launched in 2002 and the first phase covered 2002 -2004. The second phase started in 2005 and ended in 2008. The total project costs amounted to US$22.96 million as indicated in the table 3 below. The project was designed to support Government initiatives, and cofinanced by the World Bank/International Development Association (World Bank/IDA) and AfDB (parallel financing).[7]

Table 3
Sources of project funds

Source of funds	*Appraisal budget in US$ millions*	*%*
IDA	5.13	22.3%
IFAD	10.12	44.1%
AfDB	5.01	21.8%
Government	0.75	3.3%
Beneficiaries	1.95	8.5%
Total	**22.96**	**100%**

Source: PCR (2009)

B. Project implementation

14. **Capacity building for the informal financial sub-sector.** This component included support to non-banking financial institutions as well as to the forging of linkages between the informal and formal financial sector. Regarding the item of the "linkages", during its first phase the project recruited training providers. The mid-term review found that, due to unclear guidance and coaching, training providers focused on the training self-help groups and community-based organizations but interacted very little with rural banks or credit unions, which was

[6] RFSP Mid-term Review Report, March 2005.
[7] Through parallel financing, AfDB was supporting one of the four components of the project, capacity building to RCBs, which was expected to deliver the following outputs: (i) enhanced human resource capacity in RCBs; (ii) improved internal control systems within the RCBs; (iii) effective monitoring and evaluation system; (iv) communication system for efficient flow of data and information among RCBs and between RCBs and the Apex structure and the BOG; (v) efficient communication systems between RCBs and their downstream certified micro agencies established; (vi) improved logistical arrangements among various RCBs in each region to facilitate ease of accessibility of RCBs to the Apex regional offices and to their clientele.

intended to be the main purpose of their work. Selection of groups and community-based organization was not stringent and training support was provided to groups regardless of their involvement in rural financial initiatives. So while training may have been useful for informal groups, it did not serve the purpose of establishing linkages between formal and informal micro finance institutions to the extent expected.

15. The 2004 project mid-term review made specific recommendations to refocus this sub-component and improve targeting of training. A key change consisted of engaging a facilitating agency (Pentax consultants) to manage this component. Good practice manuals were developed in order to standardize training and make quality control of training more objective. As a result, the trainers contracted were able to achieve training of informal microfinance groups and more than 10,687 members of informal organizations were trained (46 per cent female and 54 per cent male) by the end of the project. This corresponded to 24 per cent of the original target. The concept of linking informal and formal financial players which had not been successful during the first phase began to show some signs of improvement. One good example was the linkage between Barclays' Bank of Ghana and the Susu Collectors Association, which was an initiative of Barclays' Bank.

16. In terms of training for informal financial institutions, a positive experience was that of the Credit Union Association (CUA), the apex body for credit unions. With the support of RFSP, CUA provided training and capacity building for its credit union members. CUA trained 114 credit unions by 2004 and over 400 by end of project. The CUA also received support in terms of transportation and office equipment. This resulted in improved capacity to report to the CUA, BoG and the MoFEP.[8] All credit unions were able to produce monthly financial reports and they have continued to do so after the project period. The reports were useful in monitoring trends and providing training to credit unions on need basis, for example in advising them on liquidity and delinquency management and providing customized training to address identified operational gaps.

17. GHAMFIN is another apex body that received training and capacity building support from RFSP. GHAMFIN is an informal network of institutions and individuals that operate within Ghana's Microfinance Industry.[9] GHAMFIN was seen as deserving RFSP support because of the role it could play in collecting, analysing and disseminating information. This has happened only in part: GHAMFIN has collected useful statistics but has not been able to regularize periodical data collection, analysis or sufficient information dissemination. The latest published GHAMFIN reports are those of 2005/2006 and 2007, still in draft form. This is mainly due to severe staffing constraints (for a long time GHAMFIN had only one staff member), as well as to the data collection process which requires onsite visits to the member micro finance institutions.

18. Capacity building for rural and community banks. Under this component, the participating rural banks received various types of support, including training of staff and Board members. They also received equipment, such as power generators, computers, printers and photocopiers. Training was provided in different areas including technology appreciation and application, corporate governance, teller operations, and customer relations. Significant positive results were registered for these components as evidenced through supervision reports, the PCRV and PPA field visit interviews.

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[8] CUA has for long time provided audit function to its member on a full cost recovery basis. The Bank of Ghana has had the authority to regulate credit unions since 1993 but has not exercised it, partly due to the effectiveness of CUA. A new Non-Banking Financial Institution law permits formal delegation to CUA.
[9] Initially, GHAMFIN evolved from the concern of a small number of microfinance institutions for the development of good practices in delivery of microfinance services to an association that received support from the World Bank.

19. During the PPA interviews, rural bank staff provided vivid details of how the training has transformed their operations in a positive way. The staff attitude towards customers improved tremendously, leading to increased accounts, and the recruitment process was changed in order to attract competent staff from within and outside the bank locations. The training in corporate governance led to appointment of board members with higher and varied qualification, thereby improving the way in which internal guidelines and lending policies are prepared and reviewed. All rural banks have adopted the practice of corporate plan development on a regular basis (5 years), which was not the case before. Information Technology appreciation training was provided as well. It faced challenges at implementation because of the mass computer illiteracy at the rural bank level. Currently, the ARB Apex Bank is stepping in to provide computer laptops on loan, to many senior rural bank staff members. This is expected to help staff practice IT skills after training and subsequently use available technology appropriately in processing, disseminating and storing information. As a result of training and equipment provision, many banks have undergone tremendous transformation both in processes and physical structures.[10] They are now more visible, the locations are better accessible and the banking halls are more customer friendly. The introduction of computers has improved timeliness and accuracy of reports as explained by the managers visited.

20. New services introduced during the project period include group micro loans, money transfers and Susu savings products by rural banks. Susu savings and group micro loans existed in Ghana well before RFSP. But they have been offered by either informal operators (in the case of susu) for centuries, or by NGOs (in the case of group micro loans). The innovative aspect was that these products were for the first time offered by rural banks. However, according to the field interviews, rural banks have not made significant efforts to increase their agriculture loans. In fact, they still tend to eschew these activities which they view as highly risky. Agriculture lending also tends to be longer term, and this would affect the liquidity of these banks adversely. Where they have ventured to lend to the rural sector it is mostly because they had received incentives through matching grants or government subsidized funds for on-lending. Rural banks still tend to operate as commercial banks, mobilizing savings from rural areas and advance loans to non-farm business and salaried workers and to the Government (due to high reserve requirements). In addition, there has been limited cooperation between RFSP and other IFAD projects (see also under relevance and IFAD performance).

21. **Capacity building for the ARB Apex Bank.** It is under this component that the project registered its best achievement with the establishment of the ARB Apex Bank. Stakeholders agree that the establishment of the ARB Apex Bank was timely. Its structures and systems rescued rural banks from the brink of a confidence crisis. In addition, the ARB Apex Bank provided services that have assisted rural banks reduce inefficiencies. Services provided by the ARB Apex Bank include cheque clearing, specie movement and training services. The training has streamlined recruitment processes and created awareness about the role of customer service in attracting and maintaining customers. The ARB Apex Bank is playing a catalytic role in introducing up to date technology to the rural banks such as the recently introduced E-Zwich, which facilitates increased use of automated cash and direct debit transactions. This will reduce time spent on long queues in the banking halls and lower risks of cash thefts while travelling from one place to another. The ARB Apex Bank is set to continue playing that role in addition to acting as a bridge between the rural banks and BoG, disseminating information on new procedures and regulations.

[10] Customers interviewed appreciated the introduction of power generators because this meant they could receive bank services even when normal power interactions occurred, unlike in the past when they had to wait for half day or simply accept the fact that services would not be available. They also appreciated the new banking halls and the friendlier staff attitude.

22. Since the project ended, the ARB Apex Bank has continued to attract new partners, and currently works with the Millennium Development Authority to complete computerization of rural banks, while DANIDA provides support for capacity building both for the apex and the rural banks, in addition to funds for wholesale funding. ARB Apex Bank has become operationally self-sufficient at least since 2007[11], and income from treasury bills accounts for more than 60 per cent of interest income. Grant income has reduced significantly as a percentage of total income (see table 4 below). The ARB Apex Bank is exploring ways to diversify income sources in order to mitigate against over-reliance of treasury bills income; for example intensifying the implementation of full cost recovery on services.

Table 4
Revenue grant contribution to ARB Apex Bank income 2006 – 2010

	2006	*2007*	*2008*	*2009*	*2010*
Net interest income	3 266 012	4 907 338	5 603 376	9 949 760	9 949 783
Commission and fees	1 065 127	1 730 408	2 179 396	2 617 989	773 933
Total grants	1 040 148	684 049	591 773	524 796	773 933
Total income	5 371 287	7 321 795	8 374 545	13 092 545	11 497 649
Grant as % of total income	19	9	7	4	7

Source Data: ARB Apex Bank Report 2011

23. **Institutional support for Bank of Ghana and MoFEP.** The passing of the ARB Apex Bank Law, defining the legal status of the ARB Apex Bank and its functions, brought recognition of the apex among the banking fraternity and significantly boosted confidence in the rural sector as evidenced by huge growth in deposits. The support for the fleet of motor vehicles provided to the BoG made it possible for the inspection team to carry out annual inspection duties of all rural banks. Currently discussions are taking place between BoG and the ARB Apex Bank to determine whether BoG should delegate its supervisory duties.

24. BoG and MoFEP staff members were exposed to international training at renowned institutions. While the objective of the training was to build capacity, there was no direct link between the specific courses and the project activities and so it became just an exposure with no specific lessons. Furthermore there was no guarantee that those trained would work in the same divisions and on the same type of tasks in the future, thus affecting future institutional memory.

25. Another achievement under this component was the establishment of a Rural and Microfinance Forum to harmonize efforts between development partners, supporting and fostering accountability, in addition to policy lobbying and advocacy. On the other hand, the Forum is not yet consistent in representation and still operates without clear terms of reference (see section on impact on institutions and policies). During the project period, a microfinance policy has been developed. It was not promulgated as an official Cabinet policy paper.[12] The RSFP follow-on project, RAFIP, plans to have the policy reviewed before presenting it for official endorsement.

[11] This is further discussed in the sustainability section.
[12] The Ghana Microfinance Policy was endorsed by a stakeholder workshop chaired by the Ministry of Finance and Economic Planning (MoFEP) in 2006. The MoFEP decided that it did not need to be formally approved by the Cabinet because it mainly sets out agreed principles and strategies and did not have budgetary consequences.

Key points

- This PPA assesses the performance and development results of RFSP in Ghana. It builds upon desk review and a field mission which allowed for interviews with project partners, stakeholders at large, beneficiaries and field visits. A country programme evaluation is also being conducted in Ghana and will benefit from this PPA.
- The broad project goal was to accelerate growth and poverty alleviation by strengthening rural finance institutions in order broaden and deepen the outreach of rural financial services. The project total cost was estimated at US$23 million, and the IFAD loan at US$10 million. It was cofinanced by World Bank and AfDB.
- Project implementation registered its best achievements with the establishment of the ARB Apex Bank, training and capacity building of rural banks and credit unions. Challenges were found in developing linkages between informal and formal financial institutions.

III. Review of findings by criterion

A. Project performance

Relevance

26. The RFSP design was in line with the Government's view of rural financial institutions as primary vehicles for financial services to the rural poor, in order to achieve economic growth and contribute to poverty alleviation. RFSP was in line with IFAD's country strategic opportunity paper (COSOP) of 1998 and the World Bank's sector related Country Assistance Strategy. The RFSP approach to strengthening the capacity of rural finance institution as well as of the policy and regulatory environment was also in line with the 2000 IFAD Rural Finance Policy which was developed at the same time as the design of RFSP.

27. The project was not meant as a complete panacea for rural poverty, but to serve a catalytic purpose in developing, not only an inclusive rural financial sector, but a sustainable one. RFSP would build stronger rural financial institutions that would expand capital access by rural farmers and enterprises, and subsequently reduce growth constraints and increase incomes. The RFSP objectives were therefore aligned to government's rural development priorities, and the needs of the rural communities who would usually not be targeted by the formal financial sector.

28. The three-tier project approach, combining macro, meso and micro levels is considered a good practice in developing inclusive financial sectors. It is based on the premise that no one institution or few players alone can bring about significant development, but all of them together can. At the micro level, the project was to work with rural banks, rural microfinance institutions, and community organizations/ associations to improve their capacities. At the meso level, the project was to strengthen apex institutions and training service providers. At the macro level, it was to work with the relevant ministries and BoG to build their capacity to develop and implement new policies that promote a conducive working environment for micro level institutions.

29. This design was in line with internationally recognised practices. However, at the micro level, the design was overly ambitious and not well elaborated. The thrust of the intervention was based on an informal-formal financial linkage concept that had been found successful in India, but not tested in Ghana. A pilot exercise would have allowed adjustments for local conditions but no pilot phase was undertaken. There was no clear implementation approach and guidance and this was the root cause of many problems highlighted during interviews with stakeholders: (i) informal and formal institutions viewed each other as competitors and would not willingly

collaborate; (ii) expertise to forge partnerships between informal and formal financial organizations was lacking and the training providers just imparted technical input but not broader support to partnership building. It was simply assumed that, after the training, the relationships between informal and formal financial organizations would evolve, but this did not happen. In addition, while there was little monitoring of training contents and effects of training, especially at the end user level.

30. By hiring a facilitating agency, the project tried to address the above issues and the facilitating agency has been credited for improvements, although the use of an external facilitating agency makes it difficult to build lasting institutional memory and the implementing agency, the BoG, did not take full ownership of the process, the results and the lessons.

31. The project did not take advantage of the opportunity to develop close working relationships with other IFAD projects such as the Northern Regional Poverty Reduction Programme, RTIP and Rural Enterprises Project-Phase II that were directly dealing with community associations and potential clients in need of financial services. Many of the clients of these projects were members of informal financial institutions and more collaboration between projects might have helped establishing informal-formal linkages.

32. In contrast with the above, the planned interventions at the meso level were realistic and focused. One area of focus was to set up the ARB Apex Bank (an "umbrella organization" of rural banks) in order to support rural banks. A second area of focus was to build capacity of other apex bodies such as GHAMFIN, CUA, Ghana Cooperative Susu Collectors Association (GCSCA), to be able to deliver satisfactory services to their members, and therefore spur growth of client membership and quality portfolio in the sector.

33. The expected results at macro level were broadly defined, and this made it difficult to link interventions with impact especially on systems, work processes and costs. Also, the choice of the BoG as implementing agency might have deserved more pondering. BoG as an implementing agency handled the apex set up well probably because such an intervention was within its normal work boundary. But the BoG, as a regulator, had limited capacity to oversee other components, such as capacity building of informal financial institutions and rural and microfinance institutions (RMFI) and also initiate and oversee policy dialogue.

34. Furthermore, trying to build a new knowledge base at BoG can be problematic given that a central bank by its very nature is a system that does not necessarily thrive on innovations and flexibility in procedures. MoFEP would have been the ideal implementing agency in this sense working closely with BoG, but even MoFEP did not have the capacity at the time. The solution could have been to hire at least one expert on a short term basis (1-2 years) to work and build capacity of project staff at MoFEP who would then be responsible for carrying on work beyond the project period. The lesson has been learnt and the new IFAD-supported RAFIP is implemented by MoFEP. The above findings and discussion should not dilute the importance of BoG as a partner of RFSP and of financial projects in general.

35. **Summary of relevance.** The project was relevant especially in strengthening institutions and ensuring supply of financial services to the rural poor. The design of the project at three levels, micro, meso and macro was appropriate. The training and strengthening activities for the RCB and MFIs were in principle relevant but did not provide enough details on how to apply the most relevant approaches for Ghana. No pilot exercise was conducted in spite of approaches being untested in the country. Moreover, linkages between informal and formal rural finance organizations were not adequately spelled out in the design. Also, while the project emphasised the supply side of financial services, it did not consider the "demand" side of the same. One way to address the demand side could have been to build

synergies with other IFAD-financed projects in Ghana, for example Rural Enterprises Project-Phase II, Northern Regional Poverty Reduction Programme and RTIP supporting micro enterprises and roots and tubers producers that have a demand for financial services. For these reasons, the project is therefore rated *moderately satisfactory* (4), very close to the composite rating (4.5) provided by IFAD Programme Management Department (PMD).

Effectiveness

36. The project is assessed as effective in deepening financial service outreach and enhancing the efficiency of rural financial intermediation. The most outstanding achievements relate to institutional strengthening of rural banks and to the establishment of the ARB Apex Bank. The design articulated the objectives into 4 sub-objectives, corresponding to the main components. For this reason, the detailed assessment of effectiveness follows these components. Table 5 provides a synopsis of the available indicators.

37. **Component 1**: *Linkages between informal-formal rural micro finance organizations*. Regarding the sub-component on informal-formal linkages, the implementation progress was not smooth. Initially, there was a proliferation of training service providers but the results were not effective in building links between the community-based organizations and the formal banking system, mainly because an approach and methodology were lacking and had not been piloted. After the MTR, the implementation process was changed. However, the evidence for training effectiveness is not clear and the overall achievements for the component remained very low, particularly for informal associations / groups accessing credit from rural banks (2 per cent of target). Although 17 training manuals were developed, it is not clear whether those manuals are still underpinning the new training programmes of the ARB Apex Bank. Nevertheless, some progress was achieved by introducing group lending services in 15 rural banks. For these rural banks, the number of new deposits increased by 42 per cent, and the number of borrowers rose by 24 per cent.

38. Results were stronger in the sub-component on training of apex organizations, for example in the case of Credit Union Association which can now better represent its members at policy and knowledge sharing fora. Findings are less favourable for GHAMFIN: even though GHAMFIN is well known among key stakeholders and was instrumental in introducing the MIX methodology for assessing performance, it is not yet effective in sustainable service provision and its membership is still fragmented.[13]

39. **Component 2**: Capacity Building for Rural and Community Banks. The number of rural banks increased from 115 in 2002 to 127 in 2008 with a total branch network of over 400. At the time of the PPA, the number had increased further to 133 rural banks. The credit unions have increased from 322 in 2004 to 422 in 2010. The rural banks are stronger thanks to several RFSP interventions, especially training, introduction of computers, recruitment of more competent staff and improved governance. The banks have transformed their physical structures either by relocating or establishing new offices. The improved facilities and professionalism improved the facilities' attraction for customers, enhanced physical security, and also increased public confidence as the end-clients believed that they were now dealing with "real banks". As a result, the number of customers, loans and savings mobilized increased significantly (table 5). Even though there may be other factors that contributed to this increase (including macroeconomic growth), both the ARB Apex Bank and the rural banks managers interviewed believe that RFSP had played a major role in the growth of number and quality of rural banks.

[13] MIX is a non-profit organization headquartered in Washington, DC. Its mission is to promote microfinance transparency through integrated performance information on microfinance institutions (MFIs), investors, networks and service providers associated with the industry. (www.mixmarket.org).

Table 5
Key achievements of RFSP

Component	*Achievement*
Component 1: Informal-formal RMFI linkages	• 10,687[a] members of groups trained(24% of target) • 33 informal financial organizations accessing credit from RCBs (2% of target) • 19 qualified and experienced providers identified • 17 best practice manuals developed • 15 RCBs targeted for support to introduce group lending increased number of new deposits by 42% , and no. of borrowers by 24%
Component 2: Restructure and strengthen RCBs	• Number of RCBs grew from 115 to 133 • Number of unsatisfactory reduced from 28 to 15 and out of these 8 are less than 3 years old • 80% of RCBs are profitable (of those not profitable 8 are less than 3 years old • Loan recovery improved from an average of 60% to an average of 88% • New products introduced (group lending, money transfer and susu savings) • Savings mobilized by rural and community banks increased by Gh cedi 275 million (from 39 million in 2001 to 315 million in 2008), compared to a target of 300 million. • Total number of rural bank saving accounts increased from 1.3 million in 2001 to 3.3 million at the end of 2007 (above the target of 300,000) • Total volume of loans from rural banks increased from Gh cedi 15m to 172 m (below the target of 200 million)
Component 3: Establish ARB Apex Bank	• ARB Apex Bank established and providing clearing and specie supply reducing clearing costs by 75% and clearing time from 21days to 4-5 days • Bank has positive profit trends
Component 4: Support Bank of Ghana supervision and support MoFEP and GHAMFIN with sector coordination activities	• All RCBs supervised and rated by Bank of Ghana annually • Developed Ghana Microfinance policy

[a] World Bank Implementation Completion and Results Report 2009.

Source: PCR (2009)

40. The capacity of the rural banks has improved over time. BoG classified rural banks as "satisfactory" or "unsatisfactory", according to a set of financial indicators. Rural banks rated as satisfactory are considered financially solid banks with minor flaws. Rural banks classified as unsatisfactory are considered to carry high failure risks and requiring constant supervision. Table 6 shows ranking of rural banks over the project period provided by the BoG and an increase in the number of "satisfactory" rural banks, while the number of unsatisfactory reduced dramatically from 2001 to 2003 and remained more or less constant since then.

Table 6
Bank of Ghana - rural bank ratings

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

Source: Bank of Ghana Report, 2009

41. The specific indicators used in arriving at the satisfactory/unsatisfactory ratings include capital adequacy, asset quality, earnings and liquidity ratios. Out of the total 133 banks, 110 have attained 10 per cent or more of the minimum capital adequacy ratio, and 107 were profitable as of September 2010. Currently it is not easy to determine portfolio at risk with accuracy, even though banks report overdue loans. A summary of the status of rural banks based on profitability is presented in table 7 below.

Table 7
Number of profitable rural banks as at September 2010

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

Source: Bank of Ghana 2010

42. **Component 3**: Establishment and Capacity Building of ARB Apex Bank. The establishment of the ARB Apex Bank has revolutionized the way the rural banks do business. In particular, the cheque clearing intervention has resulted in related cost savings of 75 per cent for the RCBs. The ARB Apex Bank has played a significant role in assisting the rural banks through the structural improvements, system transformation and with information dissemination. Its success has made it an attractive potential partner and conduit for development funds.

43. The ARB Apex Bank has helped reduce costs of rural finance service provision (thus improved efficiency). For example, cost of clearing services have dropped by 75 per cent for rural banks. In addition, the check clearing by ARB Apex Bank has freed time of rural bank staff lining up to clear cheques in commercial banks. Cheque clearing that previously took 21 days or more now takes 4-5 days.

44. GHAMFIN's report of 2004-2006 indicates that the cost per dollar lent in the case of rural banks decreased significantly from 0.49 cents to 0.12 cents which compares favourably with its peers within the same economy and globally (table 8).

Table 8
Cost per dollar lent

Type of RMFI	*2004*	*2005*	*2006*	*2004-2006 % decrease*
Rural banks	0.49	0.11	0.12	75.5%
FNGOs	0.38	0.29	0.26	31.6%
Savings and loans companies	0.39	0.31	0.19	51.3%
Other global MFIs	0.3	0.27	0.28	6.7%

Source: Data GHAMFIN 2005-2006 Report

45. Working through the apex bodies reduced recruiting time and ensured access of training to large groups. The purchase of motor vehicles and equipment assisted the partners especially the ARB Apex Bank, BoG and CUA to speed up functions such as monitoring, inspection and reporting.

46. Component 4: Support BoG supervision and support MoFEP and GHAMFIN with sector coordination activities. These aspects are treated in more detail under impact on institutions and policies. These activities have been successful to a large extent for the institutional part, while gaps exist in the achievement in policy dialogue on subsidised interest rates (see section on impact on institutions and policies). A fully fledged microfinance unit now exists within the MoFEP: this unit plays an important

role in pushing forward the agenda of the Microfinance Forum and donor coordination, both initiatives of the RFSP project. The Banking and Supervision Division of BoG now has good knowledge of rural banking and some microfinance knowledge.

47. **Summary of effectiveness.** Components 2 and 3 achieved highly satisfactory results, while component 4 achieved significant policy results although not all the expected ones (which were admittedly over-ambitious) and component 1 recorded mixed results. The overall project effectiveness is assessed as satisfactory (5).

Efficiency

48. No estimation of benefits and costs of the project was undertaken before or after the project and therefore indicators such as benefit/cost ratio or internal rate of return are not available to assess efficiency. The Completion Report does not provide a rating but conveys a positive assessment of efficiency, based on a cost-effectiveness approach, stating that all parameters stated at appraisal for economic justification of the project had been met or surpassed.[14]

49. On the other hand, project start-up met a considerable delay (about 21 months) to a large extent as the result of the change of the governing party after the 2000 presidential elections. Despite the initial delay, the project activities progressed well and were completed on time for IFAD's portion of the loan, while they suffered from one year delay in the case of the World Bank and three years in the case of the African Development Bank.

50. Investments in training have generated overall good results in terms of better operational efficiency of rural banks and of the ARB Apex Bank (see section on effectiveness). Yet, the way in which training has been delivered has not always been very efficient (see section on implementation progress): some training packages were not clearly tied to specific outputs and knowledge transfer objectives and have not been tightly monitored.

51. Summary of Efficiency. The World Bank completion report provides a positive assessment of efficiency although this should be balanced against the considerable start-up delay which was made up for in the case of IFAD but not in the case of World Bank and AfDB. While the project generated efficiency gains for the ARB Apex Bank and individual rural banks (better assessed under effectiveness), questions remain as to the "value for money" of some training activities. For these reasons, efficiency is rated *moderately satisfactory* (4).

B. Rural poverty impact

52. RFSP's development goal was to contribute to growth and poverty alleviation by broadening and deepening access to rural financial services. The project completion report shows that there has been broadening and, to some extent, deepening of the rural financial service but does not provide an indication of the impact on poverty alleviation. There was no baseline data on poverty levels collected at the commencement of RFSP, and no financial institution interviewed has undertaken a substantive impact study. This makes it impossible to establish poverty impact through rigorous quantitative methods. Some indirect evidence is available through three studies and PPA field observations and interviews.[15]

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[14] See section 3.3: *"The economic justification at appraisal adopted a cost effectiveness approach, positing that project resources will result in large increase in deposits (of 100 per cent), an increase in the share of credit in RCB assets (rising from 33 per cent to 40 per cent on average and to 50 per cent among satisfactory-rated RCBs), and an increase in the cost-recovery of training provision from 25 per cent to 75 per cent. With the exception of the cost-recovery ratio, which remains somewhat of a concern, these parameters have all been surpassed by project-end."*

[15] Studies include the following: *Sensitivity of loan sizes to lending rates* (Annim. A. S 2009), *Poverty Outreach* undertaken by GHAMFIN (2004), and the RFSP *Beneficiary Assessment* report by GIMPA Consultancy (2006), GHAMFIN (2006) *Microfinance Poverty Outreach And Performance Assessment: A Study Of Rural Microfinance Institutions And Government Programmes In Ghana.* Some of these have

53. **Household incomes and assets.** No data on income of final clients of rural finance institutions supported by RFSP is available. Data are instead available on the deposits in these institutions. Deposits are an example of financial assets. In addition, they are linked to disposable income. Available data (table 9) show an increasing trend in savings mobilized by rural banks and credit unions (supported by RFSP), negligible increase in savings mobilized by financial NGOs (many NGOs do not emphasise saving mobilization) and decrease in savings mobilized by savings and loan companies (the latter were not supported directly by RFSP). We have already noted that RFSP support increased confidence of clients in rural banks and credit unions. Also, according to the RFSP Beneficiary Assessment, of the 203 client respondents, 94 per cent perceived an improvement in the bank services; 31 per cent felt that the services had improved slightly while 63 per cent rated the improvement in services as high. So a linkage between RFSP and increase in savings in these two types of financial institutions is very plausible.

54. This does not necessarily mean that RFSP on its own has caused an increase in the disposable income of household or an increase in total savings of household. Such increases may well have been generated by other exogenous factors as well. Yet it can be surmised that household have increased the proportion of the total savings that are kept in rural banks and credit unions. So even if it cannot be concluded that the project itself caused increases in disposable income, it can be stated that, through RFSP, saving deposits became more accessible at rural banks.

Table 9
Savings trends in million GHC

	2004	*2005*	*2006*	*2004-2006 % change*
RCBs	1.4	1.8	2.1	56.8
FNGOs	0.4	0.4	0.4	0.8
Savings and loan companies	0.3	0.4	0.2	-26.0
Credit unions	0.4	0.5	0.6	55.8
Total savings	**2.4**	**3.0**	**3.3**	37.5

Source: GHAMFIN 0205-2007 Reports

55. This report has already mentioned that RFSP was instrumental to expand outreach of rural finance services. Based on interviews with rural bank staff member, this PPA argues that rural banks do not appear to have dramatically increased lending for smallholder agriculture. This is corroborated by the 2006 Beneficiary Assessment: 73 per cent of bank staff perceived that the loan repayment rate for agriculture was worse than other loans types.

56. One question is whether rural finance institutions supported by RFSP manage to reach poor households, the main client of IFAD. While there is no clear and direct answer, an indirect answer to the question comes from one of the available studies (GHAMFIN 2006, Annim 2009) applying the CGAP poverty tool to assess the level of poverty of clients of microfinance institutions, based on asset and food security indicators. The indicator is constructed in such way that lower values (particularly when negative) are associated to poorer average clients. Results are displayed in table 10 and essentially show that rural banks tended to cater for a broad band of clients from the very poor, classified in the lowest quintile, to less poor ones. FNGOs

applied the Consultative Group of the Poor (CGAP) definition of poverty and five indicators: (i) footwear and clothing expenditure; (ii) food security and vulnerability; (iii) housing indicators; (iv) land ownership; and (v) ownership of assets.

and credit unions were catering to somehow better off clients, although this may also depend on the location of NGOs and credit unions included in the study.[16]

Table 10
RMFI poverty outreach

Type of RMFI	*Poverty score*[a]
Rural banks	-0.76 – 0.974
FNGOs	0.642 – 1.057
Credit unions	1.057 – 1.167
Susu collectors	1.226

57. Overall, impact on income and assets is rated *moderately satisfactory* (4). This rating is lower than IFAD – PMD rating (5) because the latter mainly considered macro-level data for increase in clientele and savings. This PPA adopts a more cautious stance in view of attribution issues and incomplete evidence. It acknowledges that it is plausible that RFSP may have helped provide safe deposit access to poor households but it cannot be concluded that RFSP contributed to generate disposable income increases. Also, there is no direct evidence of increased total assets for end-clients.

58. **Human and social capital empowerment.** One significant way in which the project has impacted on human and social capital is through the group based microfinance services adopted in all the rural micro finance institutions. Group formation is a process of educating and encouraging members to work together to take advantage of economic opportunities. People learn about business and social interaction. The gains of these groups extend beyond a project period, as members build relationships and trust that help them interact both socially and in business. The fact that loan repayment of these groups to rural banks is higher (above 95 per cent) than in the non-group portfolio (88 per cent) is evidence that cohesiveness exists, indicating some level of trust.

59. Training of bank clients did not necessarily result in improved skills for the majority of clients. The end of project report of the facilitating agency notes that 38 per cent of those trained reported that, after training they were able to calculate business profits and could demonstrate to lenders their ability to repay loans.[17]

60. On the other hand, during PPA field interviews of clients of Abokobi Rural Bank, respondents provided testimonials of involvement in community initiatives. They argued that rural bank clients have taken charge of church and community leadership positions because they now make more money and are more confident. It is possible that other communities, given a chance, would provide their own testimonies.

61. The internal bank training was considered to have good impact. The beneficiary assessment indicated that 73 per cent of bank staff respondents were very satisfied with the training and believed that it had led to changes in their skill level. However, as mentioned in the PCVR, the project did not achieve its target to reach to informal groups and failed to achieve the anticipated informal- formal linkages. Thus the RFSP missed a great opportunity to create significant impact on human and social capital. This criterion is therefore rated moderately satisfactory.

62. **Agricultural productivity and food security**. There is no direct evidence of direct or indirect impact of RFSP on agricultural productivity and food security. This criterion is not rated.

[16] The study also showed that 21 per cent of clients in the sample of RMFIs were in the bottom poverty quartile which is a remarkable result by international standards.
[17] 62 per cent of the interviewed could not explain in a clear manner benefits from training.

63. **Environment and natural resources and climate change.** Similarly, there is no evidence of direct or indirect impact of RFSP on the proper management of natural resources and climate change; therefore the criterion is not rated.

64. **Institutions and policies.** The project supported capacity building and provided equipment to apex institutions including GHAMFIN, CUA and the ARB Apex Bank, and as a result, their services to member organizations improved, especially in terms of inspection and reporting. CUA and ARB Apex Bank use inspection reports to develop comprehensive support programs for individual credit unions and rural banks.

65. The creation of the ARB Apex Bank improved reputation capital for rural banks and, through training and capacity building programs, the banks transformed physical and system structures. These changes contributed significantly to a huge increase in savings over 50 per cent during the project period, from individuals and corporate institutions. The public started to view the rural banks as a safe place to deposit their money. While there were probably other contributing reasons for the increase in savings, staff at all the 11 rural banks interviewed were of the strong view that a significant part of the savings increase was directly attributable to the services received from the ARB Apex Bank. This is because issues of physical security and security of savings had been enhanced. Also the services were faster and the rural banks became more responsive to client requests. Similar opinions were gathered from end-clients.

66. The World Bank made initial policy dialogue efforts on Government-directed subsidised credit lines in several Ministries. Through the RFSP policy dialogue initiatives, a Microfinance sector Forum (led by the microfinance unit of MoFEP) was established, and this Forum brought together key stakeholders including government and financial apex bodies and developed the Ghana Microfinance Policy. In 2006 the Ghana Microfinance Policy was endorsed in a workshop chaired by MoFEP although not officially promulgated as a Cabinet policy paper. Policy dialogue efforts did not halt the channelling of subsidised credit through rural banks. In 2006, the Government set up a new institution under the Office of the President: the Management of Microfinance and Small Loans Centre (MASLOC) to channel subsidised credit. MASLOC started its main activities at a time when Ghana was preparing for elections: results from initial loan disbursements worth GHC 55million were disastrous, with repayment rates of less than 20 per cent. However, in 2009 new management took over and tried to establish new systems to build a better performing portfolio. Setting up MASLOC did not change the fact that it operates with government funding and can therefore afford to provide subsidized credit at 10 per cent while commercial rates average 24 per cent. Nevertheless, MASLOC has more recently introduced better practices such as financial literacy, loan appraisal and pursuit of loan payments.

67. One note to be made is that, although the Microfinance Forum has been functional, its agenda has been driven by the MoFEP. Apex organizations have participated but there is no recognised agency to represent the microfinance industry. The absence of a recognised industry representative in co-managing the process can be a constraint to policy dialogue as the Government cannot be expected to dialogue with itself.

68. RFSP also provided training and equipment support to the BoG and MoFEP and, as a result, inspection of rural banks by BoG improved: all rural banks were supervised at least once a year. This contributed to the increase in number of rural banks attaining strong or satisfactory status according to the BoG score system.

69. Balancing between satisfactory achievements in institutional strengthening and moderately satisfactory ones in policy dialogue, and in view of the politically sensitive issues that the project had to deal with, impact on policy and institutions is rated as satisfactory (5).

70. **Summary of impact.** The overall impact on rural poverty is rated as modestly satisfactory (4) by this PPA. This rating is lower than the PMD's rating (5) due to the lower ratings assigned to impact on household assets.

C. Other performance criteria

71. **Sustainability.** Sustainability relates to the likelihood that the stream of benefits generated by RFSP would continue after the project closure. In reality, sustainability of benefits is contingent upon the sustainability of institutions and services that these institutions provide. It is for this reason that in a project like RFSP, the assessment of sustainability needs to consider: (i) the ability of the apex institutions supported by RFSP to provide similar or improved services beyond the project period from internally generated resources; (ii) the financial sustainability of rural finance institution and (iii) the ability of financial institutions to pay for the services provided by apex institutions.

72. Regarding apex organizations, the Credit Union Association reported 87 per cent financial self-sufficiency in December 2010, and continues to work on increasing this level. Regarding the institutional sustainability of the ARB Apex Bank, profitability has continued to increase year to year as indicated in the graph below. As already mentioned elsewhere in this report, more than 60 per cent of the profits are generated from treasury bills investment. The Bank is in the process of developing strategies to diversify its revenue base and hence lower risks, should the Treasury bill market change. While the RFSP completion report mentions the deteriorating operational self-sufficiency (OSS)[18] of the ARB Apex Bank, there is no evidence of this deterioration in the audited reports and other reports provided by the ARB Apex Bank as shown in table 11.

Table 11
ARB Apex Bank OSS trend

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

Source: ARB Apex Bank Annual Audit Reports and Grant Report

73. On the other hand, there is no documented strategy on how GHAMFIN could become sustainable. GHAMFIN has been useful in providing statistics on the micro finance sector but its survival without a constant flow of grants is questionable at present. Some of the GHAMFIN members and stakeholders interviewed do not believe that GHAMFIN has the capacity to assess and respond to member needs adequately, and it would be difficult to pursue a full cost recovery strategy aggressively.

74. In terms of sustainability of rural finance institutions, in 2007 GHAMFIN reported that, on average, rural banks had achieved operational/financial sustainability of 119 per cent and a moderate return on equity of 6 per cent. Currently, 80 per cent of the rural banks are profitable[19]. The ARB Apex Bank is working closely with the unprofitable banks and is exploring various strategies to catalyse the upward movement towards profitability. One such strategy is promotion of mergers of smaller banks operating within the same geographical zones. The number of rural financial institutions, especially the rural banks increased from 115 in 2002 to 127 in 2008 with a total branch network of over 400. At the time of the PPA, the

[18] Operational self-sufficiency is the ratio between revenues (excluding grants) and total costs.
[19] ARB Apex Bank 3rd Quarter (2010) Report on the Performance of Rural and Community Banks.

number of rural banks had increased further to 133. On the other hand, statistics on credit unions show a low repayment rate, 66 per cent in December 2009 but positive returns on assets on average in all the 11 regions with an overall average rate of return of 9 per cent.[20]

75. All the rural bank staff members interviewed expressed willingness to pay the full training cost provided by the ARB Apex Bank. Having experienced transformed processes as a result of past training, they realize that investing in training makes business sense. Yet, there is no firm data to estimate how many rural banks will be able to do so.

76. In terms of sustainability of learning from training, the facilitating agency (Pentax Consultants) recruited by RFSP has been credited for whatever success was achieved in training during the project. This is true but, at the same time, the use of a facilitating agency made it difficult to build lasting institutional memory in training processes and procedures. The BoG is not in a position to take full ownership of the training process, the results and the lessons learned.

77. **Summary of sustainability.** Except for GHAMFIN, the apex bodies are expected to provide essential services to their members even with reduced external support. They may struggle to sustain research and inspection activities in the case of ARB Apex Bank, should a decision be made by BoG to delegate this responsibility. The ARB Apex Bank is aware of this risk and discussions are ongoing to find an appropriate and long term solution. Most of the banks are already operating profitably. Sustainability is therefore rated as satisfactory (5).

78. **Pro-poor innovation and scaling up.** Some of the innovations introduced by RFSP consist of new products and practices. In some cases, however, "innovations" fostered by RFSP consist of adapting traditional micro finance products to a formal banking context. This is the case, for example, of the introduction of "susu" savings in rural banks. Traditionally, in a susu saving scheme, clients save in small amounts every day without having to leave their businesses while paying a small fee (a negative interest rate) to a private operator, a susu collector. The project facilitated the introduction of susu savings product in some rural banks which are diversifying their products.

79. Rural banks have also introduced other new savings products such as term deposits. This diversification provided a wider choice and ensured that rural banks attracted different types of customers. In addition to safety of deposits, this factor may have contributed to the overall increase in savings mobilized by rural banks, especially during the project period. The project also promoted or supported the introduction of group loans for micro and small businesses, mainly targeting women; 15 per cent of the rural banks have adopted this lending methodology and more continue to be interested.

80. The introduction of money transfer services through partnerships with the ARB Apex Bank and Western Union has been successful and it has been introduced in almost all the rural banks. Currently the banks are only involved in local transfers, but partnership with Western Union does not only facilitate transfer of knowledge, it could be a good step to introduction of international transfers. The recently introduced E-Zwich will see the rural banks introduce either automated teller machines (ATMs) or smart cards that are compatible to existing ATMs. This innovation has the potential to open doors for more strategic partnerships especially those with mobile telephones companies.

[20] In the absence of more detailed data, the apparent contradiction between these two indicators could be explained in two ways: (i) credit unions have financial assets other than loans (for example treasury bills) that generate income; (ii) in many credit unions, loans are of very short nature (1-3 months) and given the member-owner relationship, credit union managers may not be stringent in applying payment deadlines, provided that repayment take place within a reasonable delay.

81. The concept of linkage between formal and informal micro finance organizations described in the project design was in principle an innovative idea, and a good opportunity to fast track outreach at minimum delivery costs. Unfortunately, it never took off because the design was very abstract. It did not clearly elaborate specific target groups or even describe appropriate promotion processes.

82. Regarding the scaling-up of innovations, while the project promoted some of the concepts, it was left up to each financial institution to define processes and introduce the products, with limited guidance provided by RFSP. There was no piloting phase for new interventions, instead a complete roll out was done right from the start. This increases rural banks' exposure risks and the adoption across the board will be much slower. Besides, the success of such innovations will depend on good will of individuals and not on design and process.

83. **Summary of innovation and scaling up.** The overall rating for innovation and scaling up is moderately satisfactory (4). Although this rating is still positive, it is lower than the rating assigned by IFAD – PMD (5). The reason is that, in spite of the various innovations, systematic scaling up is still an issue and one of the main expected innovations (formal-informal linkages) made limited progress.

84. **Gender equality and women's empowerment.** Even though gender equality was not a focus area for the project, it appears to be increasingly understood by RMFIs especially at the client level. The microfinance services within rural banks are easily accessible to both women and men, even though it seems more popular with women probably because women are already used to working in groups. In some rural banks, policies promoting gender equality exist, but the implementation varies depending on the target level and also the type of financial institution. The FNGOs lead with an average of above 90 per cent women clientele, while Savings and loans companies are second with about 67 per cent. Rural banks' women clientele is about 42 per cent, while at credit unions 35 per cent[21].

85. At the institutional level, there are still challenges in the area of gender, based on executive board and management composition. Out of 7-9 board members at rural banks, women members are typically 1-2 while out of 14 members at the ARB Apex Bank there is only one female board member. Out of 10 management members at the ARB Apex Bank only 1 is a woman.[22] At client level, RFSP has started to create opportunities especially for women who have been disadvantaged in formal banking. The 2007 IFAD-World Bank implementation support mission mentions a financial literacy methodology developed under the RFSP, and in collaboration with DANIDA, as a good entry point for helping women access financial services.

86. In sum, even if the project lacked specific gender focus in the design, micro finance institutions have developed services that are appreciated by women clients. Participation of women in the board of rural finance institutions is still limited. The overall rating for gender and women empowerment is moderately satisfactory (4).

D. Performance of partners

87. IFAD rightly seized an opportunity to collaborate with IFIs such as the World Bank and the African Development Bank on a project that addressed much needed institutional strengthening in the micro finance sub-sector. On the poverty reduction side, particularly at the community level, the envisaged informal – formal financial sector linkages were not well articulated in the design. Moreover, synergies with other IFAD-supported projects in the country were never spelled out and did not take place.

88. The stakeholders view IFAD support as significant, and they also consider IFAD an easy partner to work with. The cofinancing partnership comprising IFAD, the World

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[21] GHAMFIN Performance Benchmarks of MFIs in Ghana 2005 and 2006.
[22] PPA field interviews.

Bank and AfDB was commendable in leveraging resources. IFAD joint missions with World Bank ensured that partners were not passing on inconsistent views to the implementing agency. However, the absence of an IFAD representation in Ghana reduced IFAD's visibility especially in key rural financial sectoral fora, but it is envisaged that the situation will improve since IFAD opened a country office in 2010. Another consequence of the absence of IFAD's country presence was low cooperation between RFSP and other IFAD-financed projects: although linkages were not articulated at the design, they could have been worked out better during implementation with country presence. IFAD's performance is therefore rated moderately satisfactory (4).

89. The World Bank was an active partner, regularly taking part in supervision missions, collaborating well with IFAD. The World Bank carried out the RFSP project completion evaluation which is an easy to read document, although its quality is weakened by the absence of quantitative evidence on several criteria and notably on financial sustainability. The same critique made to IFAD regarding faulty design for informal/formal linkage activities is also valid for the World Bank. The completion report rated World Bank moderately satisfactory. The PPA rating is also moderately satisfactory (4).

90. The Government remained committed and supportive. It played its role well by ensuring that its portion of the funding was available on time, but also in facilitating establishment of the ARB Apex Bank, and being open to dialogue. The MoFEP animated the Microfinance Forum which opened the door to policy dialogue. However, there was a 21-month delay between approval and effectiveness (against a regional average of 13.6 for the West and Central Africa Region of IFAD). Furthermore, the Government still supports subsidized credit, albeit more indirectly through MASLOC, and this may not promote a conducive environment for all players. The performance of the Government is rated moderately satisfactory (4).

91. AfDB provided parallel funding, and because at the time of the project it operated out of Tunis, other partners, including the Government, found it a challenge to collaborate effectively on some on project reviews and even procurement approvals. On the other hand, stakeholders from micro finance apex organizations view AfDB as resourceful especially since it provided funding for critical training and capacity building activities. At the same time, they perceive AfDB processes as bureaucratic. AfDB has now established a country office and this could help with faster processing and also collaboration with development partners. Overall, AfDB performance is rated moderately satisfactory (4).

Key points

- The project was found relevant at the macro and meso level. At the micro level, while objectives were consistent with the needs of the poor, the project introduced a new concept (formal-informal linkages) without previous testing and cautioning against risk.
- Likewise, effectiveness was satisfactory at macro and meso level, less so at the micro level.
- Efficiency was assessed as moderately satisfactory, keeping in consideration start-up delays.
- Most outstanding project impacts were at the institutional level. Thanks to improved capacity, rural banks and credit unions have been in a better position to mobilize saving and have become better professionalised organizations.
- Sustainability prospects are satisfactory, mainly thanks to improved financial performance of rural banks and stronger apex organizations.
- The project was pro-active in introducing innovative features and ideas, not always after sufficient piloting.
- While the project did not have a strong gender focus, it actually benefited women, mainly as depositors.
- Performance of all partners was found moderately satisfactory. Commitment during implementation made up for a number of design shortcomings.

IV. Overall achievements

92. The project achieved significant results in three of the four components, it contributed to strengthening institutions, including notably the Bank of Ghana, apex bodies of financial institutions as well as individual financial institutions. New technologies and products have been introduced and adopted, especially by the rural banks, and this has facilitated the supply of new products and services. The number of savers increased significantly, and this represents further evidence to the fact that Ghana has a strong savings culture, which is good for building assets: saving risks are in general much lower compared to borrowing risks. This PPA identified weaknesses at the micro level (limited progress in the informal-formal linkages) and at the macro level (subsidised credit programmes continue) which did not hinder the important achievement described in this report but may affect the development of the sector in the longer run. The overall assessment of the project achievements remains in the positive zone, as moderately satisfactory (4). The overall rating is slightly lower than that assigned by IFAD-PMD (5) because selected criteria have received lower ratings (See annex 1).

V. Conclusions and recommendations

A. Conclusions

93. According to this PPA, the worth of RFSP consists, to a large extent, of its support to and accomplishments in institutional strengthening at the meso level (apex bodies) and of its contribution to greater outreach of rural banks and credit unions. The project made progress in policy dialogue. It did not achieve all its expectations, some of which were quite optimistic (e.g. phase out of subsidised credit programmes, which are deeply entrenched in national politics). The project contributed to better awareness of recognised good practices in rural and micro finance. These are point of departures for continued reform efforts in the future.

94. The above important achievements for the rural and micro finance sector as a whole are broadly beneficial to low-income and poor household in the country. Taken from IFAD's perspective, this PPA identifies the project's main weaknesses in the limited focus on interventions that cater for the specific needs of the poor (such

as informal-formal organization linkages), as well as in the absence of linkages between RFSP and other IFAD projects in the country.

95. Project design and its support to innovations were adequate at the meso and to a large extent at the macro level but not at the micro level. Some aspects of the RFSP design were inspired by experiences in India but the design did not carefully consider local context and the challenges of adopting and adapting self-help group linkages to rural banks in Ghana. Any innovation implies risks that can be managed and controlled through better knowledge (studies, action research), training (bringing practitioners and specialists with hands-on experience) and pilot exercises. The latter allow practical implementation problems to emerge on a smaller, better controllable scale. This PPA finds that innovations have not been the object of pilot testing and action research in a systematic manner and this has generated unnecessary risks (see par. 78-82).

96. **Sustainability.** An area of focus of the PPA was that of the sustainability of project interventions. The conclusion is that the RFSP interventions have contributed to improvements in the rural banking system in Ghana that are likely to be sustained. The improvements in operational self-sufficiency, the decrease in loan delinquency and strengthening of rural bank and apex body capacities have provided not only direct benefits during the project period but also a platform for future growth. The establishment of the ARB Apex Bank has been the most important contributor to sustainability within the sector. ARB Apex Bank can be independently viable and continue to provide ongoing services to the sector (see par. 71-77).

97. **Rural credit.** The strengthening of the rural banks and other financial institutions has increased the availability of financial services in the rural areas. However, credit for agriculture and agricultural value chain is still a serious challenge. This PPA identifies three main reasons for it: (i) perceptions of managers of rural finance institutions (notably of rural banks); (ii) limited progress made at introducing innovative lending products; and (iii) limited synergies between IFAD projects. Regarding perceptions, according to a beneficiary assessment conducted by RFSP, 73 per cent of bank staff believed that loan repayment rates for agriculture was worse than other loans types. PPA interviews also highlighted that rural bank managers were concerned of bank liquidity constraints, given that agriculture loans are often of medium or long term nature. At the same time, several managers of rural finance institutions also pointed out that, although real risks exist, one of the wider challenges is to develop innovative lending products for agricultural lending, something which has not yet been done to a wide extent. The limited progress made in establishing linkages between informal and formal financial institutions may have compounded to this problem (see par. 14-15; 37-38; 56). And, finally, there have been limited synergies between RFSP and other IFAD projects. Clients of these projects need financial services, among other types of support. Whereas RFSP could have played a strategic role in the provision of financial services to the clients of other IFAD projects, this was not the case in the past (as evidenced by the evaluations of the Rural Enterprises Project-Phase II, Upper East Region Land Conservation and Smallholder Rehabilitation Project-Phase II and Upper West Region Agricultural Development Programme) and continues to be an issue at present. IFAD and its partners could have played a stronger coordination role, although without a country office (until 2011) it was very challenging for IFAD to do so from Rome (see par. 88).

98. **Support to policy dialogue.** The project had a set of policy dialogue objectives. They were partly met with the preparation of the Microfinance Policy of Ghana in 2006. Interest rate subsidisation continues and this PPA recognizes that this is a sensitive and politically entrenched issue. Apart from political influences, two factors appear to have hampered policy dialogue initiatives. First, the way in which the main instrument for policy dialogue, the Microfinance Forum was set up. This Forum was driven by MoFEP but did not have a strong representative from the

microfinance sector (e.g. an apex organization) as co-chair. This is a limitation because a strong counterpart is important for policy dialogue: the Government cannot be expected to engage in policy dialogue with itself. Second, the absence of an IFAD and AfDB representation in the country, until recently, complicated the coordination between these partners and the World Bank on policy dialogue initiatives (see par. 64-67 and 92).

99. **Monitoring and evaluation.** High-quality information is needed for effective project decisions, but this is only possible with a well-designed monitoring and evaluation system, starting at the rural finance institution and client level. This was not always the case in RFSP. No impact exercise was conducted comparing the situation at the beginning of the project with the one at the end and distinguishing between participants and non-participants. There was no information on actual project costs and obtaining financial information from individual micro and rural finance institution. Processing and aggregating these data is still a lengthy and costly staff, as demonstrated by the time required by GHAMFIN to compile sectoral statistics. Finally, limited assessment was done of the usefulness of the several training modules funded by RFSP (see par. 12, 14, 53).

B. Recommendations

100. While RFSP has been closed, its successor RAFIP has started in mid-2010, with funding from IFAD and DANIDA which will provide co-funding for capacity building of rural banks. Cofinancing was initially expected from AfDB and World Bank but will not take place. The following set of recommendation point to selected areas of priority for RAFIP and, more broadly, for IFAD's strategy for rural finance in Ghana.

101. **Systematic support to innovations.** Banking institutions are cautious of risk. However, to encourage the sector to be more dynamic, ongoing and future programme should foster innovation and risk management in a more systematic way. In the case of new technologies or products, a pre-feasibility study will ensure that the local context is considered in the design. The project design should also provide for systematic pilot testing and appropriate re-adjustment. This would ensure that key stakeholders contribute to design, and subsequently take ownership of project ideas, improving chances of success (ref. par. 95).

102. **Supporting agricultural credit.** Specific innovations are needed to support agricultural credit. Financial institutions will have to be innovative: the same models used for commercial lending cannot be used for agricultural credit. Properly designed matching grants or guarantee scheme could be one way to address issues of liquidity constraints and long term funding for qualified rural and micro finance institutions. Rural banks would call up the guarantees only if loan default occurs. For matching grants, the bank would only provide a percentage of the total loan while the project funds would provide the rest. Both measures would be non-distortionary: loans would be assessed as normal bank loans and full commercial rates of interest applied (ref. par. 97).

103. However, to increase incentives to lend to agricultural activities there is also a need to enhance the profitability of the latter. One way to do so is to better exploit synergies between rural finance and other agricultural and rural development interventions, particularly when the same donor (IFAD) is funding them. This calls for more collaboration between future rural finance initiatives (e.g. RAFIP) and other IFAD-supported projects (ref. par. 97).

104. Strengthen policy dialogue. In a multi-donor project, donors need to coordinate well not only on operational matters but also on policy dialogue: it is important that they speak with one voice. In the future, the aspect of coordination in policy dialogue should receive more attention. At this stage, it is of concern that neither the World Bank nor AfDB will be partners in the follow up phase RAFIP, as this may deprive IFAD of partners with relevant experience and "weight".

105. Future interventions should also envisage a more prominent role for apex organizations in policy dialogue, including the issue of subsidised interest rates and how to avoid major distortions, and help apex organizations do so. Apex organizations could be supported to hold periodic awareness fora that inform government and other stakeholders of good practice standards (ref. par. 98).

106. **Enhanced monitoring and evaluation system.** A simple and practical monitoring and evaluation system needs to be developed/adapted, building upon monitoring systems at the level of each financial institution and ensuring system compatibility. The system should define scope and specific indicators for assessing financial performance but also simple proxy indicators of client satisfaction and benefits, for example using the MIX indicators. Ideally, it would be based on a computer software platform so that data can be readily collected, aggregated and analysed on a continuous basis. Future projects and programmes should also monitor the benefits of training packages and be more selective on the choice of training providers, focusing on the better performing ones. Finally, ad hoc impact assessment exercises (baseline, follow-up) are justified for a sizable programme. They should nonetheless complement but not substitute for a regular monitoring system (ref. par. 100).

Rating comparisons[a]

Criterion	*IFAD-PMD Ratings*	*PPA Rating*	*Rating Disconnect*
Project performance			
Relevance	4.5	4	-0.5
Effectiveness	5	5	0
Efficiency	4	4	0
Project performance [b]	**n.p.**	**4.3**	**n.a**
Rural poverty impact			
(a) Household income and net assets	5	4	-1
(b) Human, social capital and empowerment	n.a.	4	n.a.
(c) Food security and agricultural productivity	n.a.	n.a.	n.a.
(d) Natural resources and environment	n.a.	n.a.	n.a.
(e) Institutions and policies	5	5	0
Rural poverty impact [c]	**5**	**4**	**-1**
Other performance criteria			
Sustainability	5	5	0
Innovation and scaling up	5	4	-1
Gender equality and women's empowerment	4	4	0
Overall project achievement [d]	**4**	**4**	**0**
Performance of partners			
(a) IFAD performance	4	4	0
(b) Government performance	4	4	0
(c) Cofinancier (parallel financing): AfDB	n.a.	4	n.a.
(d) Cofinancier and cooperating institution: World Bank	4	4	0
Average net disconnect			**-0.27**

[a] Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.
[b] Arithmetic average of ratings for relevance, effectiveness and efficiency.
[c] This is not an average of ratings of individual impact domains.
[d] This is not an average of ratings of individual evaluation criteria. Moreover, the rating for partners' performance is not a component of the overall assessment ratings.

Map of the project area

Ghana

Rural Financial Services Project

Project performance assessment

19-9-2011

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

IFAD *Map compiled by IFAD*

Basic project data

				Approval (US$ m)		Actual (US$ m)
Region	West and Central Africa		Total project costs	US$ 22.96 m		Not available from completion report
Country	Ghana		IFAD loan and % of total	US$11.0m	48%	
Loan number	532		Borrower	US$0.75m	3%	
Type of project (sub-sector)	Credit		Cofinancier IDA/World Bank	US$5.1m	22%	
Financing type	IFAD initiated and cofinanced		Cofinancier AfDB (parallel financing)	US$5.0m	22%	
Lending terms[a]	Highly concessional		Cofinancier Domestic financial institutions	US$0.46m	2%	
Date of approval	03 May 2000		Cofinancier 4	-		
Date of loan signature	25 October 2011		From beneficiaries	US$0.61m	3%	
Date of effectiveness	29 January 2002		From other sources:	-		
Loan amendments	None		Number of beneficiaries (if appropriate, specify if direct or indirect)	300 000 persons (direct)		
Loan closure extensions	None		Cooperating institution	World Bank/IDA		
Country programme managers	P. Saint-Ange; M. Manssouri		Loan closing date	31 December 2008		
Regional director(s)	M. Béavogui		Mid-term review	World Bank/IDA 2004		
PCR reviewer	F. Felloni		IFAD loan disbursement at project completion (%)	100%		
PCR quality control panel	A.M. Lambert A. Muthoo					

[a] According to IFAD's Lending Policies and Criteria, there are three types of lending terms: highly concessional, intermediate and ordinary. The conditions for these are as follows: (i) special loans on highly concessional terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum and have a maturity period of forty (40) years, including a grace period of ten (10) years; (ii) loans on intermediate terms shall have a rate of interest per annum equivalent to fifty per cent (50 per cent) of the variable reference interest rate, and a maturity period of twenty (20) years, including a grace period of five (5) years; (iii) loans on ordinary terms shall have a rate of interest per annum equivalent to one hundred per cent (100 per cent) of the variable reference interest rate, and a maturity period of fifteen (15) to eighteen (18) years, including a grace period of three (3) years.

Source: Appraisal Report (2000) and PPMS (2011).

Terms of reference

IOE–OPEV collaboration on a project performance assessment of the Rural Finance Service Project in Ghana

Rationale

1. The Independent Office of Evaluation of IFAD (IOE) is conducting a country programme evaluation (CPE) in Ghana. One of the projects considered in the CPE is the Rural Finance Services Project (RFSP). Approved by IFAD's Executive Board in 2000, this project became effective in 2002 and closed in 2008. The total cost of this project was US$ 23.0 million, financed by IFAD (US$ 11.0m), the World Bank (pari passu financing US$ 5.0m), the African Development Bank (parallel financing US$ 5.0 m), domestic financial institutions (US$ 0.5m) and end-clients (US$ 0.6m). A project completion report was prepared by the World Bank on the IFAD and World Bank cofinancing part and a separate completion report was prepared by the African Development Bank on the portion of financing of AfDB.

2. The Office of Operations' Evaluation of AfDB (OPEV) will soon prepare an evaluation note of AfDB's project completion report. In the future OPEV, will decide whether to conduct a project performance evaluation of RFSP (including field visits) as well. However, if such exercise is conducted, it will only take place in 2012.

3. Taking the opportunity of the ongoing CPE conducted by IFAD in Ghana, OPEV and IOE have decided to conduct a project level evaluation of RFSP in a joint manner. In IOE-IFAD's nomenclature, this evaluation would be called a "project performance assessment" (PPA), while the equivalent at OPEV-AfDB is a project performance evaluation (PPE).

Envisaged product and methodology

4. The envisaged product is a PPA report of RFSP, presenting an analysis and performance ratings[1] according to criteria that are applied by both OPEV and IOE. Table 1 provides a list of criteria for project-level evaluations and a comparison of their use at AfDB and IFAD.

[1] The rating scale applied by IOE-IFAD is the following: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

Table 1 – Annex 4
Criteria adopted in the PPA

	Criterion	*AfDB/IFAD use of the criterion*
1	Relevance	Both
2	Effectiveness/efficacy	"Efficacy" at AfDB, "Effectiveness" at IFAD. Equivalent definition.
3	Efficiency	Both
4	Impact	
	4.1 Household income and assets	IFAD only
	4.2 Human and social capital and empowerment	IFAD only
	4.3 Food security and agricultural productivity	IFAD only
	4.4 Natural resources and the environment	IFAD only
	4.5 Institution and policies	Both
5	Sustainability	Both
6	Pro-poor innovation and scaling up	IFAD only
7	Performance of partners - AfDB - IFAD - World Bank - Government	Both

Sources: AfDB Evaluation Policy and IFAD Evaluation Manual

Modality of execution, time line and resources

5. The PPA will be based on desk review and field visits. The PPA report will be prepared by a consultant (rural finance and micro-enterprise specialist) who will also participate in the Ghana CPE. The desk review will consider findings from the PCR prepared by the World Bank on World Bank-IFAD cofinancing portion, related IFAD documentation (e.g. mid-term review report, supervision report, COSOP), as well as the AfDB completion report and the related evaluation note to be prepared by OPEV. The desk review will summarise findings, comment on the quality of data /information available and will propose the areas of focus for field visits. The output of the desk review will be a brief desk review note.

6. IOE will draft the terms of reference for the consultant, recruit and supervise the consultant and oversee the overall PPA process including the finalisation of the document.

7. OPEV will provide comments on: (i) the current notes and the terms of reference of the consultant, (ii) the desk review note; and (iii) the draft PPA report.

8. A tentative time line for the PPA is presented in table 2. The general terms of reference for the PPA will be shared by IOE with OPEV in October to seek their comments. The terms of reference will then be finalised in November and the consultant will be recruited at that stage. The desk review will be conducted in

February 2011, resulting in a desk review note to be shared with OPEV. PPA field activities are planned for February – March 2011.

9. A draft report will be produced in April 2011 and shared with OPEV. After OPEV comments have been taken into consideration, the revised draft will be shared with the Programme Management Department of IFAD and thereafter with national authorities in Ghana. It is expected that the PPA will be finalized in June 2011. The final version of the PPA is expected to be posted on the IOE website.

Table 2 – Annex 4
Time line of the PPA

Time	*Event*
October 2010	IOE drafts general terms of reference for the PPA and shares them with OPEV. OPEV provides comments.
November 2010	The terms of reference for the PPA are finalized.
Feb 2011	Desk review of RFSP is conducted. The desk review note is shared with OPEV for comments.
February–March 2011	PPA field activities
April 2011	Draft PPA report drafted and shared with OPEV.
End of April 2011	Draft PPA report revised according to OPEV comments.
May 2011	Revised PPA draft is shared with IFAD's Programme Management Department and thereafter with country authorities.
June 2011	The PPA is finalized.

Definition of the evaluation criteria used by IOE

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

[a] These definitions have been taken from the OECD/DAC *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IOE Evaluation Manual.

[b] It is important to underline that the IFAD Evaluation Manual also deals with the "lack of intervention". That is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention "not applicable") is assigned.

List of persons interviewed and rural banks visited

Persons interviewed

Name	Position	Organization
Mr. Kobina Amoah	Director Microfinance Unit and Project Coordinator	MoFEP/RAFiP
Mr. Foster A. Gyamfi	Assistant Economics Officer	MoFEP/RAFiP
Mr. Ismail Adam	Banking Supervision Department	Bank of Ghana
Mr. Richard Mettle Addo	Head, Research & Marketing Department	ARB Apex Bank
Mr. Mr. Hyginus Saanuo Zon	Head of Internal Control Department	ARB Apex Bank
Mr. George Essein	ICT Department	ARB Apex Bank
Dr. David O. Andah	Executive Secretary	GHAMFIN
Mr. Yaw Gyamfi	Deputy Executive Secretary	GHAMFIN
Mr. Joe Appeah	Chief Executive Officer	Pentax Management Services
Mr. Daniel Asare-Mintah	Project Coordinator	RFSP
Ms. Matilda Bruce-Arthur	Senior Manager	Abokobi Rural Bank
Rev. Kingsford Kusi Kyere	Project Manager	Presbyterian Agricultural Station
Mr. Emmanuel O. Darko	General Manager	Ghana Coop. Credit Unions Association
Ms. Bertha Ansah-Djan	Chief Executive Officer	MASLOC
Mr. Cosmas J Kowuoche	Chief Executive Officer	Opportunity Int. Savings and Loan
Mr. Ken Appenteng Mensah	Senior Agric. Insurance Advisor	GTZ (German Development Cooperation)
Ms. Teresa Effie Cooke	Head of Human Resources	Opportunity Int. Savings & Loan
Mr. Emmanuel Aumka	General Manager	Akuapem Rural Bank
Mr. Augustus G Yankey	Senior Manager	Bawjiase Rural Bank
Mr. Abu Elisha Tubugah	General Manager	Builsa Community Bank
Mr. Adjei Ameyaw	Head of Finance	Upper Manyakro Rural Bank
Mr. Kofi Anomah	Supervising Manager	Awutu Emasa Rural Bank
Mr. Kenneth K. Dassah	Supervising Manager	Sonzele Rural Bank
Mr. M. Ibrahim	Manager	Eastern Gomoa Assin Rural Bank
Mr. Mike Tizaayel	Manager	Bonzale Rural Bank
Mr. Dominic Atibil	Board Member	Builsa Community Bank
Ms. Margaret Akanbang	Board Member	Builsa Community Bank
Ms. Stella Obieng	Client	Akuapem Rural Bank
Mr. George Aidoo	Client	Awutu Emasa Rural Bank
Ms. Rose Asare	Client	Bawjiase Rural Bank

Rural banks visited

1.	Abokobi Rural Bank	Greater Accra
2.	Eastern Gomoa Rural Bank	Central Region
3.	Akuapem Rural Bank	Eastern Region
4.	Bawjiase Rural Bank	Central Region
5.	Awutu Emasa Rural Bank	Central Region
6.	Upper Mayakro Rural Bank	Eastern Region
7.	Agona Rural Bank	Eastern Region
8.	Bonzale Rural Bank	Northern Region
9.	Sonzele Rural Bank	Upper West Region
10.	Builsa Rural Bank	Upper East Region
11.	Buuwuloso Rural Bank	Northern Region

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Interview guide for rural bank staff

Country
Name of interviewee
Location
Date
Interviewer

Core questions	*Data/information from interviewees*
Introductory questions	
▪ Thank you for taking time to chat and answer a few questions for me…… ▪ My name is ……………….. ▪ This exercise is meant to ……………. ▪ What is the current state of rural finance in Ghana? ▪ Who are the key players? ▪ What are the main products and services offered by the sector	
IFAD country office questions	
▪ Tell me in summary about the IFAD country office activities ▪ What are the key challenges IFAD faces in implementing its projects in Ghana? ▪ How have you dealt with these challenges? ▪ How do you build synergies between the different IFAD projects? ▪ Let us talk about RFSP: what were its key objectives? ▪ Who were the partners and what were their roles? ▪ Would you say the objectives were achieved? Explain why you say that? ▪ How was monitoring done? ▪ What key challenges did you face specifically with RFSP? ▪ What were or are key lessons you learnt from that project? ▪ What would you say is the impact of RFSP? How can this impact be measured? ▪ What other information can you give me that you believe will be useful for drawing conclusions regarding performance of the RFSP? ▪ Please describe the nature of your partnership with United Nations Capital Development Fund (UNCDF).	
RAFIP coordinator	
▪ Tell me a little bit about RFSP, design, and implementation strategies ▪ How was information about the project disseminated to the prospective primary and secondary beneficiaries? ▪ What were the criteria to qualify for support (rural banks, RFIs, community-based organizations [CBOs], etc.?) ▪ Explain to me about the matching grant design;- has this been successful? If yes, how do you measure that success? ▪ How successful was the linkage development? How many CBOs were linked to rural banks, and rural financial institutions? ▪ How many rural banks, rural financial institutions were supported and what kind of support did they receive? Break by association e.g. GHAMFIN, CUA, and rural microfinance institutions? ▪ In total how many CBO members were trained? ▪ How was the training impact measured? ▪ What significant changes if any occurred as a result of this support? ▪ How many of the supported organizations are sustainable? Do you have any financial reports of the apex and the rural banks supported over the project period? ▪ How many technical service providers were hired and how were they identified? Individuals or firms? Were firms better than individuals or vice versa? ▪ How was performance of technical service providers measured? ▪ What new products/services were introduced? ▪ What kind of capacity building occurred at macro level (BoG, MoFEP, etc.?) ▪ What new policies and/or improvements were developed and implemented during the project period? ▪ How did the Government as a partner in RFSP provide support towards implementation? ▪ What changes occurred within the rural financial services market during the project period?	

▪ What do you attribute these changes to? ▪ How did you disseminate knowledge and lessons learnt? ▪ What further support would RFIs require in order to deepen outreach and achieve financial sustainability? ▪ What was the nature of relationship between UNCDF and RFSP or your current project? ▪ Tell me about the steering committee ▪ Were there any stakeholder meetings during project period, how frequent? Who key stakeholders? Who coordinated? Did stakeholders continue meeting after project period?	
RFSP coordinator	
Please tell me about the following; ▪ The work of the facilitating agency; where did their work end and where did the work or RFSP unit begin? ▪ Can you also explain about the selection of technical service providers and its efficiency? ▪ What did you learn with the facilitating agency arrangement? ▪ Explain the RFSP M&E and documentation of the same; what key lessons were drawn from the system and how were these applied and or disseminated? ▪ What innovations/improvements occurred at rural bank/RFIs/CBO level as a result of support rendered by RFSP? ▪ What specific issues at macro level did the project address? Why has the microfinance policy not been endorsed by parliament and what can be done to get it adopted? ▪ Can you tell me a little bit about the composition and work of the steering committee, meetings, etc.? ▪ What value did the project add at macro, meso, micro; things that you can say could never have occurred without the project? ▪ Lastly explain to me support received from UNCDF, was it adequate?	
ARB Apex Bank	
▪ When was the ARB Apex Bank set up? ▪ How many rural banks are shareholders? ▪ Are all these rural banks fully subscribed? ▪ What services does the ARB Apex Bank provide? ▪ Are these services on full cost recovery? ▪ How many staff does the bank have? ▪ What were the cost share arrangements on the training? The rural banks are not aware of figures involved and some think they fully paid for equipment and training; are there reasons why specifics were not discussed with them? ▪ You have good reports produced by efficiency unit; how are these reports used for Apex and RCBs? ▪ I notice that there are quite a number of RCBs that are not profitable; what support is the Apex rendering to reengineer these non performing RCBs? ▪ Some RCBs claim that they are late in filing their returns because they have a problem with software; what are your comments? ▪ How many staff were trained under RFSP and what kind of training was it? ▪ Was a training needs assessment undertaken before this training? Any report? ▪ I would like information on savings mobilized, loans disbursed, operational self-sufficiency, financial self-sufficiency for years 2005-2010? ▪ Can you give me a break down of how each cluster has performed in terms of new rural banks registered, rural banks exits, number of members, savings mobilized and the loans disbursed per year? ▪ In talking to RCBs I got the impression that they are just like commercial banks; they mobilize savings from the rural but lend to urban per cent of agriculture loans is very small less than 10%; what can you comment about this? ▪ All RCBs visited complained about government subsidized credit channelled through RCBs; they said it affects their normal portfolio adversely if the government sponsored do not pay the others tend to do the same. What is the Apex doing about or can do about this? ▪ What new products and services were developed during project period? ▪ Have you developed any new products after the project ended? ▪ Does the Apex have new strategic partners besides IFAD? What type of partners (financier, shareholder?)When did they come on board? ▪ Explain to me the working relationship of the Apex and the BoG.	

▪ What is the state of the Apex profitability? Trend; 2007 -2010? ▪ Explain to me the Apex inspection role; has the BoG delegated this function? How will the Apex deal with tensions between its developmental and inspection roles? ▪ What are plans of the Apex going forward?	
Bank of Ghana	
▪ What is the role of BoG in deepening financial services and more specifically rural financial services ▪ What was the role of the BoG in the design and implementation of RFSP? ▪ What kind of support did BoG receive from the RFSP? ▪ What changes did you experience in your processes as a result of this support? ▪ Explain to me about supervision of RCBs and the relationship between the ARB Apex Bank and BoG. ▪ How many rural banks are being supervised 2005 – 2010? What are the summary ratings? ▪ What would you say are major differences between rural banks before and after the project if any? ▪ How do you rate the performance of the ARB Apex? ▪ In your view did RFSP achieve its core objectives? Why do you think so? ▪ Have there been any reviews of laws and regulations during the project period? If yes which and how have these changes affected the sector? ▪ Please explain to me about the donor coordination, how it works and whether this has been successful ▪ What is the nature of your collaboration with UNCDF?	
GHAMFIN/CUA	
▪ Tell me a little bit about GHAMFIN, mandate, membership, etc. ▪ What developments have taken place within the microfinance and rural sectors in the last 10 years? ▪ How do you compare performance of rural banks in relation to traditional NGO MF? ▪ What role did GHAMFIN play in the design and implementation of RFSP? ▪ What strategy/ies did GHAMFIN use in order to deliver on its role effectively? ▪ How did GHAMFIN decide on which of its members to receive RFSP training support? ▪ What kinds of training programs were developed? (Generic, off the shelf or custom?) ▪ How was training delivered? ▪ What kind of impact did the training generate? What evidence is available for this? ▪ Was there any collaboration with other stakeholders? How? ▪ What are the concrete success stories of RFSP? ▪ What could be improved? ▪ Have there been any innovations within the microfinance/rural sector in the last 10 years? If yes what are some of the innovations? In what has such innovation affected growth of the sector? ▪ Lastly can access performance indicator reports that include membership/accounts, portfolio, portfolio-at-risk, provisions and sustainability?	
African Development Bank	
▪ What are AfDB's involvements in Ghana? ▪ What has worked well? Why do you think that is? ▪ What have been the main challenges? ▪ What is the view of AfDB on strategic alliances or collaborative efforts such as the one with IFAD? What are the pros and cons of such partnerships? ▪ What were your experiences with RFSP? ▪ Since the end of RFSP is AfDB involved in any other collaborative ventures? If yes which once? If no why?	
Rural bank/rural finance institution	
▪ Please give a little background about your rural bank, when registered, board, management, membership, services and current performance ▪ Do you have a current business plan? ▪ How about the code of ethics, when was this last revised? ▪ What is your staffing structure like? ▪ Has your bank fully paid up its shares with the Apex?	

▪ What changes did the Apex introduce in the way your bank works? ▪ What services do you receive from the Apex and how frequently? ▪ What do you like about the Apex and what could be improved? ▪ What do you know about the RFSP project and how has your bank benefited from this project? ▪ What has changed for members of your bank since joining your bank? ▪ I would like the following information if you have from 2005 – 2010 ▪ Membership ▪ Savings mobilized ▪ Loans disbursed ▪ PAR ▪ OSS ▪ FSS ▪ Provisions ▪ Write offs ▪ Savings with the ARB Apex Bank	

Interview guide for rural bank customer/beneficiary

Country
Rural bank/Group Name/Names
Number of participants: Men **Women**
Location
Date
Interviewer
Translator

Core questions	*Data/information from customers/beneficiaries*
Introductory questions	
▪ Thank you all for taking time to talk to me and answer a few questions ▪ My name is ……………….. ▪ This exercise is meant to assess the extent of services provided by Apex and RFSP project and establish how useful these services have been to you and also determine whether any these could be further improved. ▪ What is the main income generating activity in this area? ▪ What are other supplementary income activities? ▪ What businesses are you involved in?	
▪ How long have you been a member of your rural bank/group? ▪ What attracted you to join?	
Specific questions	
▪ What services are offered by the rural bank? ▪ Which of these services have you accessed? ▪ Since you joined what changes have taken place within your rural bank? ▪ How have the services you get from your rural bank impacted on your lives? Please give me some examples ▪ What do you know about RFSP? ▪ What do you know about the rural bank Apex ▪ What services or support does your rural bank receive from the Apex? ▪ How do these services help your rural bank?	
▪ Can you tell me what you like and/or what you don't like about services provided by your rural bank? ▪ Is there any other product and/or service you would like your rural bank to introduce in the future?	
▪ Are you aware of other institutions (other than rural banks) that offer similar services? ▪ What are the differences or similarities with those of your bank? ▪ Which of the above institutions are preferred by your community? Why do they prefer these institutions?	
▪ I would like to take a picture of one you at the business/farm; I will use your picture in the report any volunteers? ▪ Do you have any questions? ▪ Thank you again for your time and best of luck.	
▪ Any other arising issues for noting.	

IFAD

Enabling poor rural people
to over come poverty

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ISBN 978-92-9072-293-9