2009 MoFA/DP JOINT SECTOR REVIEW

May 22 – June 3, 2009

Aide memoire

I. Introduction

1. The 2009 Joint Sector Review (JSR) of the agricultural sector performance took place over the period 22nd May through 3rd June 2009. The exercise was jointly led by MoFA and development partners (DPs) according to the agreed terms of reference (ToRs) attached at **Annex A**. The overall objective of the JSR was to assess the extent of implementation of work programs and ascertain progress towards the achievement of expected outputs and outcomes of the agricultural sector and make clear and operationally-focused recommendations of priority reforms/ measures to feed into medium-term planning and budgeting exercises. It takes as its starting point the Annual Performance Review (covering 2008) published by MoFA. In so doing, the Review will pay particular attention to major policy initiatives of MoFA and their effectiveness. The Review will also incorporate the relevant reviews/ assessments of the two budget support operations (CIDA's FABS/ SFASDEP and the World Bank's agDPO). The review will also appraise the National Agricultural Investment Plan put forward under the CAADP process and contribute to preparations for the CAADP Roundtable scheduled for June.

2. The JSR was launched at a meeting chaired by the Honorable Deputy Minister for Food and Agriculture on Friday 22nd May. The overall exercise was led by Chris Jackson (World Bank), co-chair of the Agriculture Sector Group and Joseph Faalong, Director, Projects Division, MoFA. In accordance with the ToRs, four working groups were convened with the following priority areas:

Group	Group 1	Group 2	Group 3	Group 4
Remit	Sector performance in 2008, and achievement of policy/ program objectives	Achieving FASEP II and MoFA's delivery capability.	Budgeting, planning and aid delivery and monitoring and evaluation.	Procurement and financial management.

3. Those involved in the JSR are grateful for the support received from officials of MoFA in Accra and in the Districts.

4. This aide memoire reports the main findings of the JSR and recommendations for consideration by MoFA management and DPs.

II. Mission Findings and Recommendations

Summary of Key Actions

5. The JSR confirmed the importance of the agriculture sector in achieving national development goals, and the critical role of MoFA in supporting the sector. The framework established by the new agricultural policy FASDEP II is helpful in providing a clear framework to plans and policies in accordance with the six sector objectives.

6. Nevertheless, the JSR identified a number of areas in which performance could be improved. Key recommendations and next steps are listed in Table 1. A number of recurring themes emerged in almost all the group discussions and in dialogue with stake-holders undertaken as part of this JSR. That these messages were so consistent – and are similarly consistent with other review pieces, such as the PEIR and MoFA's own monitoring visits to the regions – suggests that they pose major challenges and warrant priority action by MoFA with strong sustained support from DPs. These are:

   - ***Internal communication and management structure in MoFA***, including decentralization;
   - ***Budgeting and planning procedures***, and the negative impact on effectiveness of MoFA's spending;
   - Notwithstanding the annual performance review, and this JSR, there seems to be little effort to ***assess or evaluate the impact of MoFAs programs***, many of which would seem to be amenable to improvement based on perceptions of field staff. More generally, a deeper culture of critical review and ongoing evaluation is required to establish solid credentials with MoFEP to legitimately lay claim to additional scarce resources.

7. The JSR in particular noted the limited use of monitoring and feedback for improved decision-making. Two particular examples are: (i) the slow response to recommendations to the Public Expenditure and Institutional Review (PEIR) and (ii) the finding in the current JSR of little evidence of action in response to last year's JSR. To be sure, the JSR approach is one in which all parties continue to refine through experience, but the team notes that continued lack of evidence of any resulting change will discredit the approach and undermine future efforts at mutual accountability.

Table 1 Summary of Key Actions

Action	Responsibility	By when?
A systematic review of critical MoFA programs including: (i) one-acre demonstration plots; (ii) fertilizer voucher scheme; (iii) mechanization; and (iv) technology dissemination and adoption programs in order to evaluate the benefits against other schemes	MoFA, with technical assistance from DPs as necessary.	All reviews completed to input into 2009 Annual Performance Review
Clear operational procedures for core MoFA programs to be published, defining (i) roles and responsibilities of MoFA staff (at various levels); (ii) any cost-sharing arrangements (if applicable); (iii) financing sources (HQ, RADU, DADU)	MoFA, technical directorates	Procedures published by end-2009
A concerted effort to revitalize RELCs by (i) improving coordination with CSIR in aligning incentives for researchers, (ii) clarifying funding sources for RELC structures within RADU budgets; and (iii) using interactions with FBOs as a conduit for improved sensitization of farmers on RELCs and their functioning.	MoFA, CSIR with support from DPs	Approach prepared for implementation during FY2010

Action	Responsibility	By when?
Development of a comprehensive approach for supporting for FBOs (including water user associations) to (i) reposition MoFA to better support FBO as key institutions within the value chains; (ii) take advantage of the FBO registration to classify FBOs by function and adapt specific support structures according to their needs (recognizing FBOs have different forms and objectives); (iii) ensure appropriate legal foundation for FBOs; and (iv) collaborate with rural financial institutions and the proposed ADIF to ensure that FBOs can access financial products (including insurance).	MoFA, MoYE, MoFEP, RCBs, with DP support.	Program developed for FY2010
Initiate improvements in budgeting through (i) the reconstitution of the Budget and other Committees; (ii) establishing a forum for screening projects and programs, and agreeing criteria for such screening; (iii) complete the establishment of BPEMS in the Ministry and ensure this is linked to the main system.	MoFA, MoFEP	In place for 2010 budget preparation.
Functional review of MoFA launched, led by top-level Change Management Committee, with clear political mandate. Implementation of the Communications Strategy to improve inter- and intra-Ministerial communication. Completion of the HR database.	MoFA, with DP technical assistance.	Committee established and Functional Review underway by end-2009
Improved coordination among MDAs on agriculture sector-related interventions, focused initially on the sector budget reporting obligations under CAADP but evolving thereafter to a systematic coordination function for strategic planning purposes.	MoFA with other MDAs in particular Transport, COCOBOD, Science and Education.	Initiated during 2010 budget process (centered on CAADP reporting) but extended thereafter.
Improved integration of M&E arrangements of DP projects into MoFA's sector M&E arrangements and coordination of project reviews with the Joint Sector Review.	DPs, with support of MoFA	Ongoing.

8. The Mission emphasizes the importance of follow-up to these recommended priority actions. This was not done systematically following the 2008 JSR, and this undermined the credibility of the 2009 effort. If the objectives of the JSR are to be realized – a single review process, reduced transaction costs and mutual accountability for delivering on commitments of both MoFA and DPs – it is essential that the process is meaningful (and is seen to be so too).

III. Detail

Background and Context

9. The 2009 JSR took place against a backdrop of a difficult global macroeconomic outlook and challenging domestic fiscal conditions. Overall economic growth increased in 2008 to 7.3% while agricultural GDP (agGDP) increased to 5.1% (marginally above the target of 5%). Ghana is expected to reflect global trends of falling GDP growth in 2009 and 2010 without

the stimulus provided by the expansionary government sector observed in 2008[1] – growth rates are expected to return to about 4% per annum (p.a.).

Table 2 GDP Growth 2006 – 2008

	2006	2007	2008(b)
GDP(a)	6.4%	5.7%	7.3%
agGDP(b)	4.5%	4.3%	5.1%
Crops & livestock			5.8%
Cocoa production & marketing			5.0%
Forestry & logging			3.5%
Fishing			3.0%

Source: (a) World Bank (2009); (b) MoFA (2009).

10. Similarly, Ghana is facing a significant budgetary squeeze following rapid growth in expenditures in 2008, resulting in a fiscal deficit of 14.5% of GDP. Government of Ghana (GoG) is committed to reduce this deficit to 9.4% in 2009, 6.0% in 2010 and 4.5% in 2011. To meet this, public expenditures will need to be limited to priority and high-impact items. There are likely to be fewer public resources available to agriculture sector, and greater scrutiny of existing investments to improve impact.

IV. Finding of the Joint Sector Review

11. The main findings of the groups tasked with addressing the four 'clusters' of issues identified in the ToRs are reported below.

Cluster 1: Sector Performance in 2008 and Achievement of Policy/ Program Objectives

12. MoFA should be commended for the annual performance report (APR) which represents a major improvement in sector monitoring compared to previous years. By reporting last years' activities against FASDEP II strategic objectives, it strengthens accountability and contributes to management decisions.

13. While this represents important progress, and is evidence that MoFA and DPs recognize the value of performance monitoring, further deepening is required. To strengthen the performance assessment for the sector in the future, the Mission recommends the following:

- Since the APR remains at an aggregate level progress needs to be assessed against the annual work plan in order to fully assess the efficacy of resource allocation. Including a logframe in the Strategic Plan would also help;

- More generally, further 'cascading' is required to link APR to programs contained in an improved MTEF;

[1] Current projections are for aggregated GDP growth of 4.5% and 5.0% in 2009 and 2010 respectively (IMF, 2009).

- Staffing complements are not matched to program priorities and there is no analysis of the staffing and expertise required to implement the Strategic Plan nor information on staff vacancies. Such an assessment would ensure continued deployment of human resources in line with program priorities;

14. Improved strategic planning and clarity in MoFA objectives allows for more focused mandates for individual Directives. In fact, Directorates have developed Service Charters outlining their objectives and expected role, as well a service standards. However, these are not widely publicized and it is unclear the extent to which they determine actual roles and/ or are used for departmental performance monitoring. It is recommended that Directorates make more effort to refine these Service Charters and disseminates them more fully. The APR could then report the extent to which these are met each year.

Progress in the Fertilizer Subsidy

15. The Ghana Fertilizer Voucher Program operated from 4 July-31 December 2008, to mitigate the effect of rising energy and food prices. At the time of the launch, the specific objective of the scheme was not announced and the Mission found this ambiguity remains today. Is the aim to target farmers with a large amount of land, to have maximum impact on productivity, or is it to target poorer food insecure farmers?

16. More broadly, neither GoG nor MoFA clearly articulated the objectives and details of the fertilizer subsidy scheme such as the planned duration of subsidy intervention, level of subsidy, targeting of beneficiaries, promotion of fertilizer use and distribution, projected medium term costs and who benefits and who pays for the subsidy program.

17. Due to a combination of late implementation and inadequate guidelines provided to the implementers, a number of implementation problems occurred: (i) late and insufficient coupons; (ii) insufficient fertilizer stocks at local level retailers; (iii) wrong mix of fertilizer stocks in relation to coupons; (iv) lack of targeting of farmers to receive coupons; (v) minimum fertilizer bags size and unattractive terms for dealers to participate in coupon system.

18. Nevertheless, extension workers, farmers, retailers and importers/ wholesales viewed the program positively and would like to see it continued. The Mission recommends the following measures if MoFA is to continue the program:

    - Provide clear written guidelines for extension staff, farmers and retailers on the fertilizer subsidy implementation;

    - Ensure timely distribution of coupons as well as pre-positioning of fertilizer stocks in appropriate package size and fertilizer type;

    - If small farmers are the included in the target groups then the issue of access to input credit needs to be addressed for this group to be able to take advantage of the subsidy program;

19. Furthermore, the Mission recommends a thorough analysis of policy options to be undertaken. Such an analysis would include: (i) projection of production impacts from the

fertilizer subsidy; (ii) an assessment of market price responses (if any); (iii) the impact on farm incomes and consumer benefits and (iv) the cost of the program under different subsidy levels and program scale. The Mission recalls the commitment already made by MoFA to hold a fertilizer symposium to address these issues, amongst others, and suggests that such an event, appropriately organized, could provide an important opportunity to review progress.

Experience with the One Acre Demonstration Plots

20. MoFA introduced the one acre demonstration initiative in 2006/07 in response to concerns that prevailing demonstration efforts were ineffective (although the JSR notes that no review or evaluation was undertaken). Agricultural Extension Agents (AEAs) are expected to undertake one-acre demonstrations on five plots in their area. The Mission included a field trip which, according to respondents and MoFA staff, constituted the first set of data to be collected on this initiative.

21. Under the program, MoFA provided inputs such as maize seed, fertilizer and weedicide for the demonstrations. A small number of farmers volunteered an acre of their land for the demonstration and the AEAs gave regular demonstrations to a group of farmers on optimum techniques for higher yield, over a period of around 4 months total (from preparing the land to harvesting). Farmers provided the labor costs. The vast majority of the crops demonstrated were on maize. The common crops technologies demonstrated were (i) improved seed/variety, (ii) spacing/plant population and (iii) fertilizer application. The results are reported in Table 3. (It should be noted that no empirical evidence was available on inputs or yields in order to undertake even cursory cost benefit economic appraisal.)

Table 3 Results of Survey of One Acre Demonstration Plots.

	Akosombo Area, Eastern Region	Adidome Area, Volta Region
No. of demonstrations*	42	60
No. of AEAs involved	14	16
No. of demonstrations per AEA	3	Between 3-4
No. of farmers involved	975	Not sure
Crops demonstrated*	Maize	Maize, cowpea, rice, cassava, pepper, groundnut

Several AEAs noted that livestock demonstrations were carried out, but these were not included here as they are not technically "one acre" demonstrations. They include among others, improved breed introductions eg. goats, improved housing/pens and feeding regimes.

22. The Mission heard that farmers found the initiative useful and have already widely started to adopt the techniques demonstrated to them last year. Yields improved (most doubled) in particular from fertilizer application, even under conditions of moisture stress and some improvement in soil fertility was reported as fertilizer residuals were observed to improve the growth of following crops. The key topics which farmers gained knowledge about were: spacing of plants, the need for timely weeding and two applications of fertilizer (in the correct quantity at the right time) and how to protect oneself from agrochemicals.

23. However, the mission's attention was also drawn to the following weaknesses in the approach:

- Problems in the timing of demonstrations combined with variable rainfall reduced yield and hence undermined the impact of the program. Inputs were insufficient to hold the planned number of plots, with the result that often only one was convened per AEA. There was a complaint that the money provided by MoFA did not cover weed control, and it was felt that this topic should also be covered by the program, but it was not. In other cases, AEAs described providing weedicides, so it may have varied from district to district;

- Location-specific extension efforts always face the problem of ensuring farmers are able to visit the plots to observe the demonstrations – either because of time or cost constraints. Other constraints to effective adoption include farmers unable to afford seeds, fertilizer etc.

- With larger plots than under the previous approach, one-acre demonstrations are supposed to include cost-recovery through the sales of some of the production. However, this was not made clear to the hosts farmers at the start of the program, and caused confusion and resentment when arbitrarily imposed at the end of the crop cycle. Moreover, poor rains meant that host contributions represented an important crop loss in absolute terms.

24. In light of these findings, the Mission **recommends** the following:

    - There is a need to conduct a thorough review of the one acre demonstration program to strengthen implementation guidelines as well as to inform future program direction and scope;

    - For 2009 crop season there is a need for RADUs and DADUs to provide AEAs with clear and consistent guidelines including revenue sharing, management of demonstration plots and adequate funding;

    - Data collection on the performance of the demonstrations as well as technology dissemination needs to be strengthened significantly. Gross margin and cost-benefit analysis needs to be undertaken on a systematic basis.

<u>Progress against agDPO and FABS triggers</u>

25. The JSR included assessments of progress against the performance frameworks of two sector budget support (SBS) operations, namely the CIDA-funded Food and Agriculture Budget Support (FABS) and the World Bank-financed agriculture development policy operation (agDPO). The former involved a formal assessment of achievements against triggers for release of the performance tranche by an independent assessor; details of which are provided for in a separate report.[2] The latter involved a broad assessment against proposed prior actions and performance benchmarks.

26. The JSR notes that against 11 prior actions set out for agDPO2 at least 5 have yet to be achieved. Less than 25% of the benchmarks had been met as defined. The JSR is concerned at the slippage in progress even on relatively straightforward steps fully within MoFA's

[2] See XXXX

control. Prior actions and benchmarks outside MoFA's direct responsibility need to addressed by the MoFEP, since the agDPO supports a GoG program (not just a MoFA program). The JSR **strongly recommends** MoFA and GoG to step-up progress against the remaining prior actions to ensure timely approval and disbursement of the funds given difficult fiscal conditions.

27. Conversely, progress under FABS is more substantial with 12 of the 14 triggers having been met. This is sufficient for disbursement. (The two outstanding relate to environmental compliance and the technology adoption survey – the latter is also an agDPO prior action.)

28. The JSR note that this is the last FABS assessment, with 2009 marking the start of a new 5-year phase of SBS from CIDA. The JSR makes two **recommendations** for the new phase of FABS that also apply to the agDPO:

- While MoFA has consistently met trigger targets, there is a question of their usefulness in terms of promoting ownership by MoFA instead of simply going through the motions of producing documentary evidence of having met the triggers;
- The general consensus is that future targets should continue to be fully consistent with FASDEP II objectives, and should be fewer in number and should be limited to measures wholly within the domain of MoFA (with the important exception of GoG budgetary allocations).

Cluster 2: Achieving FASDEP II and MoFA's Delivery Capability

29. The JSR focused attention among the issues identified in Cluster 2 to the following key themes:

- Progress in implementing the recommendations of the public expenditure and institutional review (PEIR) especially those relating to coordination;
- A sample of specific service delivery functions, including (i) mechanization services; (ii) post-harvest management services; (iii) services to address bio-security and bio-safety challenges; (iv) services to improve market access and the marketing of agricultural commodities; and (iv) inadequate production materials;
- Experience with the Unified Extension Service, research-extension liaison committees (RELCs) and farmer-based organizations (FBOs);

Institutional Functioning and Coordination

30. A key recommendation of the 2008 JSR was that MoFA prepare a management response to the recommendations to the PEIR (which is also an agDPO performance indicator). The present JSR reviewed MoFA's proposed response as articulated in the Action Plan[3]. The Action Plan sets our responses to 14 recommendations made by the report, and attributes responsibility and a timeline for follow up. The mission emphasizes the importance in ensuring these are in fact followed up. The Action Plan also identifies an additional 5 issues

[3] See Action Plan based on Recommendations of Public Expenditure and Institutional Review Study, MoFA, 2009.

for which analysis and recommendations are outstanding. The JSR **recommends** that MoFA defines specific modalities for moving forward on these issues, including possibly additional analytical exercises led by MoFA but potentially supported by DPs to ensure these issues do not get forgotten.

31. MoFA will continue to be the lynchpin for service delivery in the agricultural sector, although there is an increasing and as yet unfilled role for other service providers, namely FBOs and the private sector (such as input dealers, processors). Overall, the breadth and depth of services available is limited. Public and private service providers need to expand the quality and range of services in a simultaneous and coordinated manner to service the sector.

32. The JSR noted continued weaknesses in **intra- and inter-ministerial coordination**. Both the 2008 JSR and the PEIR emphasized the need to (i) improve systematic communication as part of effective internal management within MoFA; (ii) strengthen structures for coordination within MoFA and between MoFA with other MDAs; and (iii) to develop a communication strategy for disseminating key policy messages and strategic priorities to wider stake-holders.

33. The JSR welcomes the progress against the last of these, with the development of the draft Coordination and Communication Strategy which aims to increase awareness of FASDEP II, and to establish procedures and capacity to provide regular updates on the sector. Crucially, the Strategy includes modalities for MoFA to receive feedback from stake-holders. However, the mission is of the view that the current work-plan does not adequately prioritize implementation of the Communication Strategy. The JSR recommends that this is fully resourced within MoFA's budget, and clear performance indicators are applied to monitor implementation of the Strategy.

Service Delivery Functions

34. In reviewing MoFA's delivery capability, the JSR focused on a sample of key service delivery functions. MoFA started to use the **Mechanization Centre** approach to provide mechanization services to farmers, and is targeting 49 centers n 2009 (an increase from 12 centers in 2008). Each Centre has five tractors with equipments, run by private operators. These operators make initial payments of 20% with subsequent loan installments spread over 5 years. MoFA also provides tractors to individual farmers with a subsidy of 30%. These farmers are expected to pay an initial deposit of 50 % of the subsidized price upon delivery and to spread repayment over a period of three years. As well, private firms also sell agriculture machinery (non-subsidized).

35. Obstacles to the Mechanization Centers achieving their objectives identified by the JSR include the following:

- Centers do not have the full range of equipment required by farmers, with the concentration on tractors although even then there are insufficient for the acreage to be covered. (In addition, the plethora of brands makes regular servicing and the availability of spare parts problematic.) Other items required but not available are harvesting and processing equipment.

- There are major concerns over the financial sustainability of the intervention, with extremely low repayment rates imposing a major drain on MoFA's budget;

- Servicing regimes are weak, although standards are established in the hire purchase agreements between the centers and the beneficiaries, resulting in rapid depreciating assets and adding to low repayment rates.

36. A recent survey estimated post-harvest losses to be up to 30%. Most losses occur immediately during harvest and in transit to initial market or processing point. In this regard, there seems to be a mis-match with the emphasis in the Sector Plan on warehouses. Storage facilities by themselves are unlikely to deliver a significant reduction in losses if efforts elsewhere in the supply chain are not followed through.

37. MoFA has a key role in establishing and enforcing regulations for food safety, public health (in collaboration with MoH) and bio-security. The JSR is concerned that the Disease of Animals Act 83 (1961) is outmoded, outdated and weak in addressing livestock control measures. In addition, the draft Bill on meat inspection is awaiting Ministerial approval, and the Fisheries Regulation, which establishes similar regime for the marine and inland fisheries sector, is yet to be gazetted. It is therefore recommended that MoFA advance this legislative agenda quickly, ensuring sufficient technical inputs from stake holders.

Agricultural Extension and Recent Experience with RELCs and FBOs

38. MoFA's strategy envisages key roles for coordination structures such as RELCs and FBOs in both setting the agenda for agricultural research and extension but also as a mechanism by which critical services are conveyed to farmers. Whether these structures function as anticipated is contingent on the effectiveness of the unified extension system which was introduced in response to major perceived failings with the previous extension arrangements. While most stake-holders comment favorably on the unified system compared to its predecessor, the JSR identified the following challenges that require urgent attention:

    - Continued under-staffing and shortfalls in AEA recruitment, partly due to the freeze on recruitment by GoG – for instance, the farmer ratio is estimated at 1:1800.

    - AEAs continue to be constrained by inadequate logistics (motor bikes, vehicles, office equipment, office space, etc). This is particularly severe in newly created Districts for which now incremental provision is made in the budget allocations by MoFEP.

    - AEAs tend to be biased towards (food) crops at the expense of high value crops, fisheries and livestock. Extension messages may therefore be inappropriate given the prevailing economic opportunities in the locality.

    - In all cases there is a dominance of production-oriented extension messages with insufficient extension in post harvest management, marketing, business orientation etc.

    - There is a lack of communication between technical directorates and regions/districts.

39. It is possible that the crops bias is because insufficient potential AEAs with fisheries and livestock interests are emerging from Ghana's education system. This needs to be

understood, and if so, the JSR **recommends** that greater attention is paid to the curriculum of colleges and tertiary institutions to strengthen fisheries and livestock base.

40. Secondly, the JSR strongly **recommends** a concerted effort within MoFA management, with appropriate support, to strengthen intra/ inter collaboration between technical directorates, RADU and DADUs. This serves to further emphasize the importance of inra-MoFA communication within the management structure.

41. The experience of RELCs and FBOs has been reviewed by a number of recent studies, and the JSR confirms both the potentially critical role these structures can play in ensuring an effective research and extension apparatus and – by corollary – the importance of addressing the perceived weaknesses of existing implementation arrangements.

42. With regard to RELCs, the JSR observed the potential that this mechanism can play in ensuring relevant client-led extension system. RELCs can promote the identification of agricultural problems at the district level by farmers to AEAs and local planning sessions prioritize problems. However, experience to date suggests they are not achieving full potential:

- Individual RELCs are not meeting. Technical review meetings are not being held and there is weak coordination among RELC activities and between RELCs and existing projects. There is still little incentive for CSIR researchers to participate since their promotions are based on meeting internal research objectives with little credit given for RELC-originated work.

- There appears to be inadequate funding for core RELC function and they function only when benefitting from donor projects.

- More broadly, the structure, composition and membership of RELC has emerged as a highly institution-based system which is perceived to be limiting opportunities for farmers to influence the research and extension agenda especially at the regional level.

43. RELCs have clearly not yet met their full potential and face a number of systemic and institutional constraints to doing so. The JSR **recommends** a review of RELC approach. In the interim, the RADU should budget for RELC activities. Moreover, RELC planning sessions should be shifted to the fourth quarter of the preceding year to feed into the budget process.

44. The JSR also reviewed experience with **Farmer Based Organisations** (FBOs) in particular given their prominence in MoFA's policies and strategies. MoFA have commissioned a number of assessments of FBOs and related structures, including experience with the FBO development fund. Recent developments include awareness creation and sensitization of farmers on the need to come together as groups, the formation of district-level Unions, improved coordination between MoFA, FBOs and Cooperatives (in particular, most recently facilitated by the FBO registration process underway). FBOs often emerge as part of development interventions, and/ or as groups formed to access rural credit. Many are supported by MoFA with inputs etc.

45. FBOs are yet to function fully as effective intermediaries for their members. A number of issues that are perceived as constraints faced by FBOs – financial difficulties, low output prices and high input prices, lack of markets – are in fact symptoms of ineffective FBOs since these are all market conditions which can be (at least partially) alleviated by strong FBO apparatus. FBOs formed in order to access specific subsidies – whether this be inputs, credit or other support – are rarely sustainable.

46. Remedial actions **recommended** by the JSR include measures to strengthen the social capital of FBOs amongst like-minded farmers (including over water resources through water users associations). Selection of farmers should not be linked to credit or inputs. Other **recommendations** expected to strengthen the role of FBOs include:

- Intensify awareness creation /sensitization of farmers of the need to form groups to source for technical information, linked to RELCs and other technology transfer mechanisms;
- Strengthen the role of FBOs in their relationships with the rural banks;
- Mainstream FBO approach into curricula of agriculture in tertiary institutions.

47. MoFA's **human resource capacity** – both in headquarters and its decentralized field staff at Region and District level – are critical for institutional capability. Staff performance is determined by management systems and management style, as well as working conditions, incentives, career progression and the capacity of the individuals.

48. The JSR notes some progress in response to the recommendations from last year's review. In particular, an HR database has been acquired and staff at the center and in the regions are being trained. Basic staff data has been captured in the system. However, further work is required to capture cost centre specific details (they remain in hard copy).

49. The critical question form MoFA's perspective should be: is MoFA fit for purpose in terms of its staffing profile to deliver FASDEP? How does the current staffing profile differ from this ideal situation, and how do we reform MoFA 'to get from here to there'? The mission notes that while data on existing staff strength is available, the requirements of different expertise among the various directorates and cost centers for implementation of FASDEP II are not yet captured.

50. Staff need to be incentivized to perform well. Staff appraisals should be received by HRDM Directorate for annual review to confirm adequate performance or trigger any remedial action for sub-par performance. However, it appears appraisals are received only prior to promotion interviews, especially those for staff at national directorates. The HRDM started to develop a MoFA staff Scheme of Service in 2005, but the document is still in draft form. In addition, there is a strong perception that the current structure provides for Directors to focus their attention on non-core activities, often associated with DP's projects, at the expense of their core mandate, since there are greater rewards in so doing.

51. With a stronger focus on agricultural value chains, MoFA is lacking in staff sufficiently familiar with value chain methodology and an understanding of specific value chain

components. This is linked to the production focus of extension noted above, and is likely to hamper MoFA's ability to mainstream value chain paradigm within the public service. Efforts are underway to bridge this gap. But the JSR **recommends** a more systematic and substantive effort is required to re-tool front-line staff accordingly.

52. Any HR system needs to be resilient to staff transfer (within and outside the institution) and other change management. This is the case for front line technical staff but especially so for senior management, where extended vacancies can constrain leadership and decision-making and contribute to institutional inertia. Currently, there is no formal succession planning within MoFA, resulting in long delays in confirming acting Directors to substantive positions. More generally, there are delays in filling positions left vacant through staff attrition and this has led to key technical areas remaining vacant for considerable lengths of time. Staff attrition and turnover is high. This is an area to be raised with Civil Service and MOFEP. Moreover, there is no formal grooming period for in-coming (prospective) Directors. The abolition of the position of HR Regional Officer in 2005 (the Regional Director serves this role) is perceived to have impacted negatively on HR management at the District and Regional level.

53. Addressing the capacity question will require sustained and cost-effective interventions. Training requirements are determined by different directorates and collated at HRDM Directorate. However funding to implement training remains limited with most of HRDM budgetary allocations going to maintain Training Institutes (colleges and farm institutes). MoFA operates five agricultural colleges and three farm institutes for mid -evel staff and farmers, respectively. Three Agricultural colleges are partially accredited. One of the farms (Asuansi Institute) has underutilized capacity and this maybe the case for others as well. Sasakawa Center (of UCC) has initiated, elaborated and incorporated Value Chain, Food Safety and Quality Assurance modules into their curriculum for in-service training of MoFA staff. However access to the program by MoFA staff is affected by lack of funding. Low utilisation of training capacity can lead to inefficient use of such facilities: for instance, in 2008 UCC registered only 8 trainees despite having 9 instructors and 32 employees. Overseas trainings have been supported by DPs – with the increasing shift to budget support instrument, opportunities for training through projects are likely to diminish and MoFA needs to take greater responsibility for this function as part of a structured HR strategy.

54. Based on this assessment, the JSR **recommends** the following measures:

- At the most fundamental level, to ensure MoFA is indeed 'fit for purpose' a staff needs assessment for implementation of FASDEP II is required and an action plan for HR re-tooling and institutional restructuring is needed. Critical positions currently vacant need to be filled, taking account of national-level staffing constraints.

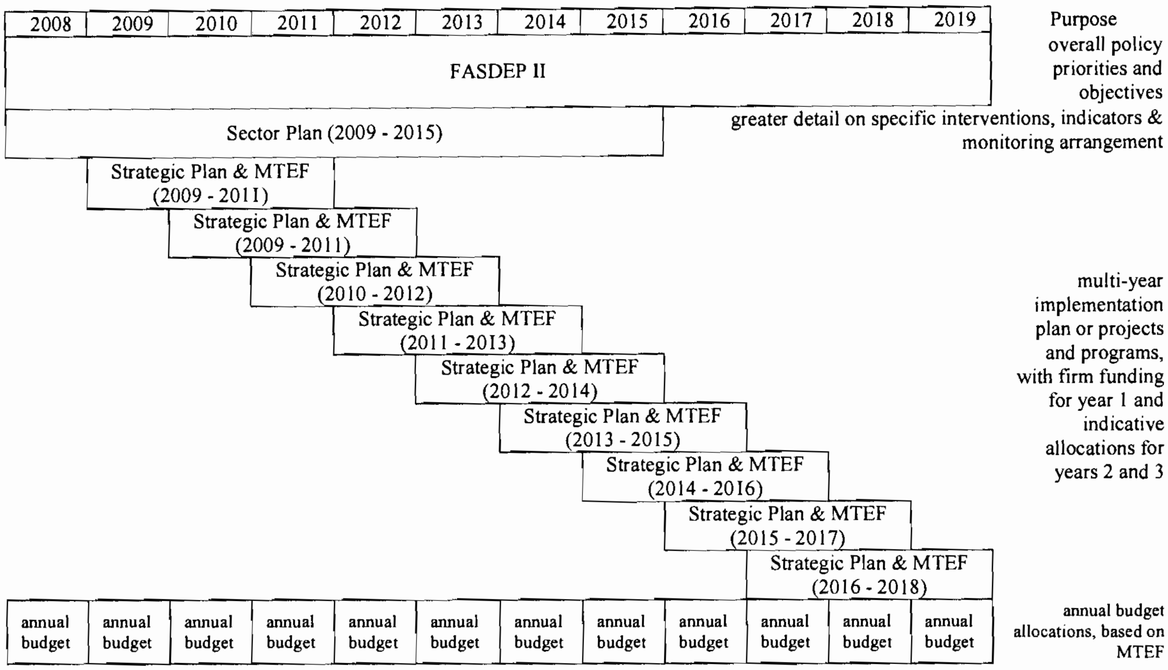
- HRDM needs to be transformed from a coordination unit for agricultural colleges and farmer institutes to have a broader mandate for developing and managing the entire HR base of MoFA, at national, regional and district level. To do so effectively, the on-going database program of HRDM should be completed and institutionalized and HRDM should be strengthened by recruiting/ or training the current staff in human resource management skills. MoFA needs to reconsider its decision to scrap human resource officers' positions at RADUs. MoFA needs to have staff training budget lines which are distinct from farm institutes support budget.

- Senior management in particular directorate staff need to retain a focus on their core mandated duties and appropriate incentives and/ or controls established to prevent distracting initiatives from displacing this role. HRDM should enforce the regulation on the submission of annual appraisal reports.
- Clear guidelines on succession planning should be developed across MoFA and these should be properly communicated to staff. Adequate time is necessary for orientation of prospective directors prior to taking over from outgoing directors.
- Ghana needs a continual supply of well trained agriculture specialists properly equipped to fulfill MoFA's mandate. MoFA needs to create a platform for continuous engagement with tertiary institutions on curriculum reform in line with agricultural policy. This will make higher education relevant to the dynamic needs of the agricultural sector. Value addition and marketing modules should be incorporated into the farm institutes curriculum. The HRDM should fast track accreditation process of all the Agricultural Colleges. Moreover, the farm institutes offer great opportunities for promoting the Youth in Agriculture program. Farm Institutes need to develop outreach program to attract more patronage by NGOs, DPs (workshops, conferences) and prospective farmers to improve the current capacity utilization. Review of the management of these institutes is urgently recommended.

Cluster 3: Budgeting, Planning and Aid Delivery and Monitoring and Evaluation

55. MoFA has introduced significant innovations to the policy, planning and budgeting arrangements in the sector. There is now a clear 'cascade' from the over-arching policy framework – FASDEP II – through the Sector Plan (2009 – 2015) and the rolling Strategic Plan (2009 – 2011) and associated medium term expenditure framework (MTEF), to the annual Budget – as represented in Figure 1.

Figure 1 How Policies, Plans, Strategies and Budgets Fit Together



56. As well as domestic policy frameworks, the **CAADP** sets an Africa-wide framework within the context of NEPAD. A review of FASDEP II against CAADP confirms that the six objectives of FASDEP are consistent with the pillars of CAADP. IN terms of CAADP processes, the strengthening of partnerships is evidenced by the multi-stakeholder process involved in the development of FASDEP. The exception is forestry which is excluded from FASDEP II since it lies within the ambit of another MDA. MoFA however, is collaborating with that sector Ministry.

57. The JSR reviewed the **Sector Plan** and understands this to represents more of a MoFA "implementation plan". The JSR **recommends** that the title be changed to reflect this situation. Secondly the JSR recommends that Regional and District directorates be encouraged to develop their own implementation plans using the MoFA sub-Sector plan.

58. RADUs and National directorates appear content with the level of involvement in formulation and planning of FASDEP II. However, because the rolling out of FASDEP II is not fully understood at the implementation level it is seen as a project. Most often funds for FASDEP activities are seen as "FASDEP money". The renewed communication effort to be undertaken by MoFA should include specific effort reinforcing the fact that FASDEP II constitutes the core of MoFA's business and that all activities must be justified within FASDEP II objectives.

59. The involvement of the directorates in deciding on key programmes was limited. Communication within amongst the directorate within the ministry is weak this reduces potential for collaboration, coordinating and following up on policy commitments

60. The 2009 annual budget and 2009 -2011 Strategic Plan and associated medium term expenditure framework (MTEF) operationalises the objectives spelt out in the FASDEP II. All the objectives have been highlighted in the budget with their related activities. Cost centers structure their budget proposals consistent with the FASDEP II objectives. However, the JSR identified a number of problems with the budgetary process that undermine the effectiveness of budgeting and planning:

- The Cost Centers initially submit their plans and budgets to the PPMED Budget Unit who apparently cut the budget without consultation with the cost centers. This potentially denies the cost centers opportunity to implement priorities in their planned programs.

- When the budgetary ceilings are released by MoFEP, there is further screening of activities and usually the time available for completion is very short to allow for consultation with the Cost Centers.

- District allocations do not make any distinction between well-endowed districts and project-deficient Districts. Neither are factors such as size, population or absorptive capacity taken into account. The prevailing perception is that District allocations are currently made by the Budget Unit and the Chief Director without any input from budget officers (National, Regional and Districts).

- There is no forum to screen work plans and budget. The Budget Committee, ostensibly established to perform this function, has ceased functioning. The Budget Unit of PPMED does not inform the other directorates within the Ministry of the budgeting processes and it will be prudent for the Budget Unit to release quarterly reports so challenges and emerging issues can be addressed.

- The JSR were informed that the following questions are not well understood by staff involved in budget preparation: (i) Who allocates the approved releases to Cost Centers? (ii) To what extent are releases informed by approved Parliamentary allocation? (iii) What informs the sharing of approved releases especially Items 3 & 4? (iv) What percentage of budget released to Agric sector goes to MOFA? Better understanding of the budget and planning processes – across all MoFA staff, not just Budget officers – would improve the overall budget and planning system in the Ministry.

61. To address these inadequacies, the JSR makes the following **recommendations**:

- A mechanism for collectively screening budget submissions could be constituted (or the National Budget Committee re-constituted).

- Allocations to Districts should take into account factors including size, absorptive capacity and the presence of donor-funded projects and programs. This implies that MoFA funding should concentrate on more needy, marginalized Districts.

- A forum for screening MoFA work plans and budget has to be instituted as soon as possible and its membership should comprise of the budget committee and possibly all Directors to bring greater transparency in budgetary allocations. This will eliminate issues bordering on inadequate capturing of submitted activities and inadequate budgetary provisions.

- Improved familiarization of all staff with the basic tenets of budgeting and planning (and the linkage between the two) would improve functioning of the MoFA. Moreover, increasing awareness of the formal budget process, and maintaining discipline in order to restore credibility to financial management, is an essential precursor to more complex reforms of the public financial management (PFM).

62. Ensuring **budget allocations reflect stated policy priorities** is critical to efficient expenditure management. It appears that the recent innovation of tagging funds to activities has reduced tension at the Districts and Regions. However, this practice imposes identical unit costs across all Districts and Regions whereas there may be legitimate reasons why costs for service delivery differ (remoteness, economies of scale, etc). This new approach contrasts with that adopted by the Fisheries Commission in which variations across the Districts and Regions is permitted.

63. For instance in the Districts, funds go for AEA Crop or Livestock Demonstrations, AEA Farm/ Home visits, AEA Training, DDO Monitoring, Animal Health Extension and Livestock Disease Surveillance, Treatment at Veterinary Clinics, DDA Field work Supervision and coordination and the Promotion of Local Foods (which in some cases go to the WIAD regional officer). No funds are provided for yield studies. The demonstrations are laid on Farmer Production Plots and the associated communication as to the mode of recovery of monies invested is not clear. (The JSR discovered that in the Eastern Region, maize was taken from farmers and is being kept at the offices awaiting 'pro-cocoons' from the Agricultural Engineering Services Directorate for storage. In the case of vegetables, it is difficult to store hence the recommendation of an explicit mode of what proportion of the investment has to be recovered from the farmers and it must be cash.) So far, cost recovery is only about 20% and the group found it prudent for the maize to be sold and the proceeds used as a revolving fund for sustaining the program.

64. By the tagging process, the authority of DDAs is eroded. In assessing the efficiency of plan implementation in relation to expenditures, it was identified that all monies released to the Cost Centers are spent and returns submitted to the Finance Directorate. However, the JSR could not establish a relationship between the releases and achievement of objectives.

65. It is recognized that many public investments necessary for agricultural growth are the remit of MDAs other than MoFA. The CAADP commitment of 10% of public expenditure for agriculture sector is an important initiative in this regard, and the JSR emphasizes the importance of MoFA and MoFEP collaborating on the MDBS trigger to agree a definition of what constitutes agricultural sector spending for the purposes of reporting to the AU.

66. The mission also **recommends** that there should be linkages between the plans of MoFA and the plans of other relevant MDAs e.g. Feeder Roads. MoFA needs to be more pro-active in building those linkages by seeking stronger engagement of other MDAs.

67. The JSR makes the following recommendations:

- With strong linkage between the budget unit and the policy and planning unit of PPMED, the budgeting process can be improved and this is about emerging with the development of the sector plan (investment plan aligned with the NDPC guidelines for MDAs) .

- Capacity building for budget officers for new entrants to be abreast with procedures and old ones abreast with current trends.

- Communication between National, Regional and District Budget Units needs serious improvement for transparency and equity considerations among others.

- That there should be alignment of budgetary releases on approved plans of cost centers .

- There should be clearly stated guidelines on how directors should access money for their investment activities.

- There should be timely release of funds to facilitate timely implementation of planned activities in the field. This is usually not the case.

- Clear mode of recovery of monies invested in the AEA demonstrations should be stated in relation to commodities.

68. **Donor assistance** continues to be an important complement to GoG's own funding of projects and programs in the agriculture sector. Recent years has seen a dramatic shift in the provision of development assistance in favor of sector budget support and fewer projects. Nevertheless, many projects remain, some of which are outside the MoFA's budget.

69. There is an ongoing effort to 'clean up' the accounting of DP's projects within the budgeting framework. Currently, MoFEP includes all agriculture-related projects within the overall allocation to MoFA, even though many of these projects are only tangentially related to agriculture and/ or are outside the managerial control of MoFA. While these should correctly be accounted in the sector allocation, it is unreasonable to erroneously include them in the Ministries budget allocation, thereby holding MoFA accountable for something over which they have no control. Further clarity is required, and the JSR **recommends** a concerted effort be launched by MoFA and MoFEP. The prospect of a supplemental budget in mid-2009 provides an opportunity to register improvements in this regard

70. It has become evident that three main modes of donor aid prevail within MoFA: grants, loans and technical assistance. Grants tend to be mainstreamed into the Ministry's programmes. Loans are however projectised with associated costs. The inability of GoG to provide the necessary counter funds often stalls project implementations. (See Annex 1 for details.)

71. It was intended that the JSR would take a sample of projects and programs in order to **assess the effectiveness, efficiency and beneficiary impact of the projects**. However, it was not for us to measure the effectiveness, efficiency and beneficiary impact within the time frame JSR. Some of the projects have aligned their indicators into the **MoFA M&E framework** while others retain independent M&E systems. Meanwhile, it was found out that the MOFA M&E is not particularly user-friendly at the various operational levels.

72. Faced with these challenges, the JSR makes the following **recommendations**:

- MoFA encourages improved integration of project monitoring and evaluation of all projects and MoFA's own efforts to evaluate what works and what does not in terms of effective interventions. It is recommended that those projects align their M & E framework to that of MOFA.
- MoFA is encouraged to review and repackage the data collection format for easy application by the users. (See annex II for example).
- MoFA undertakes a mid-term evaluation of FASDEP II and this includes an evaluation of all projects being undertaken and that all resulting reports are published.

73. Taking account of the Paris Declaration and the Accra Agenda for Action, the JSR **recommends** that project management should increasingly be incorporated into MoFA, perhaps through the implementing Region or District as appropriate, as a means of harmonising donor assisted projects with that of FASDEP.

Cluster 4: Procurement and Financial Management

74. Effective deployment of MoFA's resources – both human and financial – requires sound procurement and financial management (FM) systems. The 2009 Joint Sector Review examined three issues in the detail: (i) procedures for financial reporting, (ii) procurement processes and (iii) asset management.

75. The mission noted that effective **financial management** continued to be hampered by the continued use of manual system in capturing financial data at both the Headquarters and other Cost Centers. The result is significant errors and delays in the submission of financial reports; a situation compounded by the inadequate accounting staff at the Cost Centers and lack of adequate training for the accounting class.

76. Nevertheless, a number of significant achievements were noted. In terms of FM performance, Cost Centers improved the timeliness of their financial returns, with submissions to the Financial Controller received 2.18 days before the statutory deadline in 2008, compared to 1.26 days in 2007. Improved internal control systems allowed for a reduction in the number of days funds stay at the Headquarters before being released to Cost Centers. In 2007, Item 3 (services) funds remained in HQ for 12 days prior to their release to Cost Centers whereas this was reduced to 8.5 days in 2008. Similarly, disbursement of released Item 3 funds to RADU's and DADU's significantly improved from 56.45% to 69.5% over the same period.

77. Two other importance changes were introduced:

- A uniform financial management reporting format for the submission of Revenue and Expenditure returns by Cost Centers and MoFA-managed Projects was redesigned and is currently in use; and
- Although, MoFA was not part of the eight (8) selected MDA's for the pilot installation of BPEMS software by MoFEP, with financial support from DFID, MoFA management has

been able to install a stand-alone version of the government's BPEMS for implementation. Training on the use of the software is expected to commence in June, 2009.

78. Nevertheless, the mission noted a number of outstanding concerns and the need for continued improvements. The Ministry still lacks sufficient, adequately trained accounting officers and those that are present are frequently transferred by CAGD to other MDAs. The mission **recommends** that MoFA agree with CAGD a minimum duration for assignments the Ministry for accounting staff and that when transfers do occur there is sufficient overlap for newly posted staff to be trained before the old ones leave.

79. Second, although BPEMS has been installed at the Finance Directorate of the Ministry its deployment to the Directorates and Cost Centers will be costly. Moreover, financial monitoring at the Directorates, Projects, RADU's and DADU's remains weak. Management should therefore expedite action in the provision of logistics and funds to support the Financial Monitoring Unit. It is further **recommended** that MoFA confirm timely support from DPs to assist with the full implementation of BPEMS across the Ministry.

80. In order to provide comprehensive monitoring for use by the planning department, the Annual Monitoring Report of outputs and outcomes needs to be linked with information on budget allocations and, crucially, actual expenditures at the Cost Center level. To do so, the Mission **recommends** that the Budget Unit and the Finance Directorate contribute to the annual review exercise led by PPMED. The mission further notes that this measure is included in the agriculture sector commitments of the MDBS policy framework.

81. The second issue covered under this heading is **procurement**. The mission noted that in the last Procurement Review undertaken by the PPRC, the ministry was assessed positively with regard to the Procurement Procedures and the Public Procurement Act, with two areas for improvements identified. However, the sample of procurement episodes that were analyzed at that time were procurement related to the former World Bank project AgSSIP. With the increased use of sector budget support that depends on national systems the mission **recommends** that MoFA request a repeat assessment drawing on a larger sample of procurement using MoFA's own resources.

82. The current institutional arrangement whereby the Procurement Unit is within the Projects Division is perceived to undermine its crucial role as servicing the procurement processes and advisory needs for MoFA as a whole – and not just donor assisted projects. The mission **recommends** that MoFA re-position the Unit that reflects its central role. This would help raise the authority and credentials of the Unit.

83. There are important links between procurement functions on the one hand and sound budgeting and planning on the other. According to the procurement staff, two major procurement-related constraints limit the effective PFM:

- The first is that while procurement plans are prepared annually, procurement overruns from previous years distort the implementation of the entire plans for the current year by displacing current allocations. In principle, multi-year expenditures can be handled in a relatively straightforward manner with a functioning medium term expenditure framework (MTEF) but there is a widespread perception that the MTEF fails to fulfill this function. Consequently, annual procurement plans – which can function as cash flow forecasts for the Ministry – are largely irrelevant. This reinforces the mission's previous recommendation that MoFA place high emphasis on realizing the potential of the MTEF approach.

- The second major constraint is that procurement plans compiled on the basis of the budget, drawing on submissions from Cost Centers, are frequently revised by senior management. While management retains the prerogative to revise submissions, such actions divorce the procurement plans from the budget, thereby contributing to the reported divergence between budget allocations and actual expenditures. Unplanned and emergency procurements tend to seriously affect the implementation of MoFA annual investment budget. In view of the above, using the procurement plans to prepare the Ministry cash flows requirement as demanded by MoFEP becomes unrealistic

84. In light of the above, the Mission reinforces the importance of continued improvement in PFM, the enhanced use of the annual procurement plan as an effective tool for fiscal management. It further strengthens the **recommendation** to seek improvements in PFM, including in the arena of procurement, as part of a sustained effort to improve the effectiveness of budgeting, planning and expenditure systems.

85. The Mission also noted the competing demands for decentralized procurement on the one hand, and centralized procurement on the other. In general, the subsidiarity principle argues for decentralized procurement to the same level as implementation of expenditures, since the incentives for sound procurement, and the accountability mechanisms, are strongest where these are in common. On the other hand, centralized procurement is necessary where decentralized capacity is week, and where there are potential economies of scale from bulk purchase. The Mission **recommends** that MoFA, with the support of the PPRC, undertakes a review of the merits of continued centralized procurement against moves to further devolve responsibility for procurement to decentralized level, including the implications for staffing of procurement officers. In any case, since districts and regions nevertheless undertake some procurement, it is also **recommended** that Procurement Committees at the District and Regional levels be revived and members trained.

86. This cluster also reviewed progress in establishing an **Asset Register**, as recommended in last year's Joint Sector review. MoFA's assets, both movable and immovable, are found in all the 168 Districts, 10 Regional capitals, and the National Directorates as well as those of the Projects, GIDA, ICOUR and GLDB. Currently all the Cost Centers have asset registers in which the assets have been recorded. All Directorates, RADUs and DADUs maintain stores to keep procurement items. The Asset Register has been compiled but will require some cleaning and it is recommended that this be pursued as a priority.

87. Furthermore, MoFA has a number of Projects supported by DPs and each project is being run separately and their operations are not being well coordinated at the Headquarters. Although projects maintain individual assets registers, here is a lack of coordination in the disposal of these assets after project closure. In some instances, equipment and vehicles are auctioned

which could have been used by deprived Cost Centers. It is **recommended** that MoFA develop clear procedures, agreed with respective DPs, for dealing with project assets after closure to safeguard against misappropriation.

88. It was agreed that MoFA was to appoint a Central Stores Supervisor and MoFEP was to post an Officer to the Ministry – while MoFEP has posted a supply officer, MoFA has yet to appoint the Central Stores Supervisor. It is **recommended** that MoFA appoints a Central-Stores and an overall Stores Manager who will manage the assets and procured by the Ministry. MoFA should also engage a qualified Estate Officer to manage its estates. The Supply Officer will require logistics (equipment and vehicle) to facilitate effective supervision and coordination of stores items.