

PROJECT COMPLETION REPORT  
USAID/GHANA

Project Title : Farmers Associations and Agribusiness Development (FAAD)  
 Project Number : 641-0072  
 Functional Account : Food and Agriculture  
 Date Authorized : May 26, 1977  
 Authorized By : AA/AFR  
 Amount Authorized for Life of Project : \$3,565,000 (Grant)  
 Amount Obligated During LOP : \$3,473,000 (Grant)  
 Obligor Documents :  
     1) 641-0072-77-6 \$ 750,000 5/26/77  
     2) 641-0072-78-10 \$1,500,000 4/14/78  
     3) 641-0072-79-5 \$1,150,000 2/5/79  
     4) 641-0072-81-2 \$ 200,000 5/6/81  
 Original PACD : September 30, 1980  
 Revised PACD : September 30, 1982  
 Project Pipeline at PACD: \$127,000

I. Project Purpose:

To support PVO initiatives and actions, through individual grants up to \$500,000, in order to determine appropriate and/or optimal means of achieving wide-scale rural improvement through farmer associations and rural-based business enterprises.

II. Summary of Anticipated Project Outputs:

A. New farmer associations formed and/or strengthened in order to encourage:

- 1) improved production and marketing practices, more efficient acquisition of credit, inputs, information, etc.; and/or
- 2) social development in fields such as education, health, nutrition, family planning, etc.

B. Productive enterprises providing inputs to rural activities and/or making use of agricultural produce of farmers associations established.

III. Summary of Project Inputs:

A. Commodities:

A major component and pre-occupation of each FAAD PVO grant was commodity procurement. Three of the grants focused on procurement to generate operating capital from the resale of imported commodities to its clients. All PVOs ordered motor vehicles and spare parts in support of their grant activities. Depending on the purpose of the grant, other commodities such as feed mill equipment, agricultural hand tools, building construction materials, etc., were obtained. Most items were procured from the U.S. Many PVOs took advantage of the AFR Bureau blanket procurement waiver for shelf items, by purchasing items from Togo which were unobtainable or over priced in Ghana.

B. Technical Assistance:

All of the PVOs utilized technical assistance. Three indigenous PVOs hired long-term expatriate technicians to provide organizational and management services. Expatriate technicians were also hired on a short term basis by two of the Ghanaian PVOs to provide overseas procurement assistance. Short-term technicians were hired by all PVOs to conduct evaluations or feasibility studies for various PVO activities in support of their FAAD grant.

C. Participant Training:

Two of the local PVOs utilized FAAD grant funds to sponsor members of their organizations for overseas training in staff development, program planning, and administration. All of the PVOs sponsored in country, short courses or seminars on technical or administrative training for their client groups.

D. Host Country Inputs:

The PVOs contributed more than 25 per cent of the total costs of their projects in the form of cash and in-kind contributions.

#### IV. Status of Project at PACD:

Seven individual PVOs (2 U.S. and 5 Ghanaian ) received grants during the life-of-project. Two of the PVOs received a second FAAD grant after completing the first and submitting a proposal for a follow-on project. The seven FAAD grantees and their activities are summarized as follows:

<u>PVO Name</u>	<u>Grant Amount</u>	<u>Activity</u>
Technoserve, Inc. (U.S. Based)	\$500,000 January 1, 1978 to December 30, 1980. \$163,410 January 1, 1981 to June 30, 1982.	Rural enterprise development and business advisory services to other PVOs.
Association of People for Practical Life Education (APPLE) (Ghanaian)	\$500,000 January 30, 1978 to July 31, 1981. \$241,400 August 1, 1981 to July 31, 1982.	Marketing Services to rural enterprises, and organization of cooperatives for community development activities.
Ghana Rural Recons- truction Movement (GhRRM) (Ghanaian)	\$336,875 April 30, 1978 to April 30, 1982	Construction of a feedmill for poultry producers cooperative.
Ghana Organization of Voluntary Assistance (GOVA) (Ghanaian)	\$499,410 April 1, 1978 to June 30, 1982	Agricultural exten- sion services to small farmers.
Catholic Relief Services (CRS) (U.S. based)	\$500,000 December 21, 1978 to June 30, 1982	Agricultural input supply and service center.
Christian Service Committee (CSC) (Ghanaian)	\$250,000 July 1, 1979 to June 30, 1982	Agricultural input supply and service center.

#### V. Extent To Which Project Purpose Has Been Achieved:

Since this project involved nine separate grants to seven different PVOs, the degree of achievement of project purpose must be described as "mixed." Certainly, it cannot be claimed that after nearly six years there has been any "wide scale rural improvement" as a result of this

project. However, some of the individual grants have produced good results on a localized basis, others have been dismal failures. A total of 41 individual activities were implemented by the seven PVOs. Some of the organizations assisted include bread bakers, beekeepers, fishing associations, poultry producer cooperatives, sugarcane production and processing cooperatives, and weaving and wood carving enterprises. Moreover, it must be noted that because of the complete deterioration of the Ghanaian economy, virtually all projects implemented in Ghana by other donors as well as the U.S. have met varying degrees of failure.

VI. Additional Inputs Required By AID, The Host Country or Other Donors To Assure Achievement Of The Project Purpose

Further inputs will not assure achievement of the project purpose. The PVOs aided by this project (particularly the five Ghanaian ones) all face the same dilemma as they did at the outset of the project; lack of funds and access to commodities needed to carry out their developmental objectives. They may be somewhat better trained and experienced in developing and implementing programs, but without the resources they are still totally dependent on some external donors for access to hard currencies.

VII. Recommendations:

A. Further Monitoring Required By A.I.D.:

The Mission will continue to loosely monitor the FAAD PVO activities to observe the sustained viability of the farmers associations and rural enterprises assisted in the FAAD project. This is expected to require one man-day per month for the next year.

B. Need for a Follow-on Project:

A follow-on project is not being considered.

The macro-economic constraints which impeded the implementation of this project continue to exist and there is no reasonable probability that the situation will change in the immediate future. Moreover, reductions in Mission staff and budget do not permit repetition of this type of project.

C. Developmental Lessons Or Experiences Which Would Warrant This Project Being Presented to AID/W As A Replicable Project:

Despite the limitations of the FAAD project, PVOs can probably play a useful role in assisting AID achieve its rural development objectives.

Other USAID Missions may wish to design a replicable project, however USAID/Ghana recommends a careful revision be made based on the following observations of the FAAD PVOs.:

- 1) Most indigenous PVOs have little significant experience in undertaking development projects under AID funding and subject to USG regulations. Many lack organizational and administrative competence, and are not familiar with proper techniques of financial documentation and reporting. Almost all lack the staff and organizational capability to write a proposal.
- 2) Almost all indigenous PVOs lack broad based financial resources other than AID. A major portion of AID grant funds are therefore required to support all overhead and operating expenses of the PVOs. In general, PVO projects tend not to be cost effective. Their activities focus on small target populations while operational costs are very high resulting in high project costs per beneficiary.
- 3) AID policy requires all PVOs receiving AID assistance of any form to be registered (except for contractual services or receiving funds sub-granted from registered PVOs). Many indigenous PVOs are unable to meet the basic criteria for registration (e.g. lack of proper documentation such as a constitution, operating and documenting procedures, audit requirements, tax exempt status, registration with the local government, etc.).

As a result of these limitations, USAID/Ghana devoted an unreasonable amount of staff time to the FAAD project. This created a burden on all Mission resources. If a FAAD project were redesigned, a recommended approach would be to provide a single grant to one well established U.S. based PVO which would be responsible to register eligible PVOs, assist them with writing proposals, and overseeing the documentation and implementation of grants.

D. End-of-Project Evaluation:

An EOP evaluation is not recommended. Such an evaluation would simply indicate that most of the activities attempted under this project were constrained because of the economic decay of the country, lack of access to virtually all types of commodities, supplies, spare parts, etc. in country.

In August 1981, an impact evaluation was conducted by PPC of three of the FAAD PVO's small scale enterprise activities. The results of this evaluation have not been made available. However, USAID/Ghana believes it could be useful in comparing different approaches to rural development used by various PVOs, and provide possible recommendations on AID/PVO relationships.

E. Other Comments:

1. The declining stability of Ghana's economy made implementation of the FAAD project difficult at best. The lack of basic commodities on the local market such as building construction materials, agricultural inputs, fuel, and spare parts affected the rate of progress. All PVO grants had to be extended in order to allow sufficient time to complete project activities.
2. As mentioned earlier, procurement was a major problem issue for both USAID and the PVOs. From the beginning of the project the Mission insisted that each PVO be responsible for all procurement activities. USAID would only provide funding and the necessary documents to allow duty free importation of commodities. As much as possible, locally available items were procured in Ghana. Because many of these items were available only at black market rates, the PVOs were forced to pay up to ten times the official price. The AFR Bureau blanket waiver for procurement of shelf items in neighboring countries, which was authorized in August 1981, was used extensively, and allowed the PVOs to obtain needed items at a reasonable price.

The lack of broad-based PVO financial resources required the Mission to advance funds to each FAAD grantee for initial start-up capital, and procurement of commodities both locally and abroad. This has led to accounting problems in trying to clear all outstanding advances.

USAID experimented with issuing purchase orders on behalf of the PVOs. More timely accounting was then maintained, but this process involved extensive Mission staff time.

3. The procedure of allocating funds for each PVO grant in separate incremental grant agreements could have been improved by providing total PVO project funding in one grant agreement to cover the life-of-project.
4. All of the PVOs expressed dismay at USAID's unwillingness to pay overhead for general support costs. This, according to the PVOs, was necessary mainly to generate additional funds from other donors and to help pay recurrent costs. The Mission believes this is a valid argument if the Agency intends to place emphasis on increased PVO involvement in its rural development efforts.
5. Although the purpose of the FAAD project was to establish and/or strengthen viable farmers associations and rural-based enterprises through support to PVOs, the project actually did more to establish and/or strengthen indigenous and U.S. based PVOs operating in Ghana, than the organizations they were assisting. Through joint efforts of the FAAD project PVOs, an organization called Ghana Association of Private Voluntary Organizations in Development (GAPVOD) was established to coordinate all PVO activities in Ghana.

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Date Prepared: October 13, 1982.

Clearance: PRM:GGraf *(Signature)*