Folder Title:	Ghana - Cocoa Rehabilitation Project - Correspondence 01
Folder ID:	1571157
Series:	Completion Reports and Audit Reports
Dates:	07/01/1997 - 10/01/1997
Fonds:	Records of the Office of Operations Evaluation
ISAD Reference Code:	WB IBRD/IDA OPE-06
Digitized:	12/29/2023

Ghana Cocoa Rehabilitation Project
(Credit 1854-GH)
Implementation Completion Report

DECLASSIFIED
WBG Archives

7/28/97

IDA/SecM97-342

FROM: The Vice President and Secretary

July 16, 1997

IMPLEMENTATION COMPLETION REPORT

REPUBLIC OF GHANA

COCOA REHABILITATION PROJECT
(Cr. 1854-GH)

Attached is a report entitled "Implementation Completion Report: Republic of Ghana: Cocoa Rehabilitation Project" (Credit 1854-GH) dated June 30, 1997 (Report No: 16818) prepared by the Africa Region.

Distribution

Executive Directors and Alternates
President's Executive Committee
Senior Management, Bank, IFC and MIGA

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No. 16818

IMPLEMENTATION COMPLETION REPORT

REPUBLIC OF GHANA

COCOA REHABILITATION PROJECT
(Credit 1854-GH)

June 30, 1997

County Department 10
Africa Region

CURRENCY EQUIVALENTS

Cedi per US$1.00									
1987	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**
160	278	341	343	368	437	649	957	1200	1596

WEIGHTS AND MEASURES

Metric System

FISCAL YEAR OF BORROWER

January 1 - December 31

ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AgSAC	Agricultural Sector Adjustment Credit
BADEA	Arab Bank for Economic Development in Africa
COCOBOD	Ghana Cocoa Board
CRETEC	Cocoa Research and Extension Technical Committee
CRIG	Cocoa Research Institute of Ghana
CRP	Cocoa Rehabilitation Project
CSD	Cocoa Services Division
CSSVD	Cocoa Swollen Shot Virus Disease
DCA	Development Credit Agreement
DFR	Department of Feeder Roads in the Ministry of Roads and Highways
EFA	Extension Field Assistant
ERP	Economic Recovery Program
FY	Fiscal Year
GOG	Government of Ghana
ICR	Implementation Completion Report
LBC	Licensed Buying Company
MOFA	Ministry of Food and Agriculture
MRH	Ministry of Roads and Highways
MUV	Manufacturing Unit Value Index
ODA	Overseas Development Administration (U.K.)
PA	Project Agreement
PBC	Produce Buying Company Ltd.
PD	Procurement Division
PPMRD	Policy, Planning, Monitoring and Research Department
PY	Project Year
SAC	Structural Adjustment Credit
SAR	Staff Appraisal Report

Vice President	Jean Louis Sarbib
Country Director	Serge Michailof
Technical Manager	Jean Paul Chausse
Task Team Leader	Gotz Schreiber

FOR OFFICIAL USE ONLY

IMPLEMENTATION COMPLETION REPORT

REPUBLIC OF GHANA

COCOA REHABILITATION PROJECT
(Cr. 1854-GH)

Table of Contents

IMPLEMENTATION COMPLETION REPORT

REPUBLIC OF GHANA

COCOA REHABILITATION PROJECT
(Cr. 1854-GH)

Preface

This is the Implementation Completion Report (ICR) for the Cocoa Rehabilitation Project in Ghana for which IDA Credit 1854-GH in the amount of SDR 31.3 million (US$40.0 million equivalent at appraisal) was approved on December 1, 1987, and made effective on November 15, 1988. Cofinancing was provided by the African Development Bank/African Development Fund (ADB/ADF), the Arab Bank for Economic Development in Africa (BADEA), the European Union (EU), and the Overseas Development Administration (ODA) of the United Kingdom.

The credit was closed on June 30, 1996, two years after the original closing date of June 30, 1994. Final disbursement took place on September 25, 1996, at which time a balance of SDR 13.1 million (US$18.2 million equivalent at closing) was canceled.

The ICR was prepared by a joint FAO/CP World Bank mission[1] which visited Ghana in February 1997, revised by G. Schreiber (AFTA3), and reviewed at a meeting chaired by S. Michailof, Country Director for Ghana. The borrower contributed to the preparation of the ICR by arranging field visits and meetings, providing data as well as comments on the mission's aide-memoire. Advance copies of this document were provided to the borrower and the cofinanciers for review and comments. The Department for International Development (formerly ODA) of the United Kingdom has endorsed this report. To date, no formal comments have been received from the borrower or the other cofinanciers.

[1] H. Trupke (Mission Leader, FAO/CP), L. Campbell (Bio-Resources Engineer, World Bank, consultant), and C. Carlier (Tree Crops Specialist, World Bank, consultant).

IMPLEMENTATION COMPLETION REPORT

REPUBLIC OF GHANA

COCOA REHABILITATION PROJECT
(Cr. 1854-GH)

Evaluation Summary

Introduction

i. The Cocoa Rehabilitation Project (CRP) was the third IDA-financed cocoa project in Ghana. Based on a cocoa sector study carried out by the Bank in 1980, the project was first identified in 1981, and a prefeasibility study was undertaken in the same year. Further preparatory work was suspended due mainly to an unfavorable economic environment. The project was re-identified in 1985, prepared in 1986, and appraised in 1987. Credit 1854-GH in the amount of SDR 31.3 million (US$40.0 million equivalent at appraisal) was approved on December 1, 1987, and became effective on November 15, 1988. Total project costs were estimated at US$128.0 million, with co-financing to be provided by the African Development Bank (US$33.0 million) and other co-financiers (US$18 million) and counterpart contributions of US$16.1 million by the Government of Ghana (GOG) and US$20.9 million by the Ghana Cocoa Board (COCOBOD).

Project Objectives and Components

ii. The project objectives were clear, realistic and very relevant to the country and the sector. They were to: (a) support the sectoral policy reforms agreed under the first Structural Adjustment Credit, and (b) increase cocoa yields and production to stabilize output at about 300,000 tons per year, mainly through the rehabilitation of 300,000 ha of existing cocoa and the replanting of about 57,000 ha. This was to be achieved by: (i) maintaining producer price incentives; (ii) improving the institutional efficiency of COCOBOD; (iii) improving cocoa evacuation and quality control; (iv) implementing a road rehabilitation program; and (v) strengthening cocoa research. The project comprised nine components: technical services for cocoa production; farm extension services; seed production and distribution; Cocoa Swollen Shoot Virus Disease control (CSSVDC); research; farm input supply; internal cocoa marketing; monitoring and evaluation; and road program.

iii. Project conditions focused on the gradual privatization of farm input marketing, streamlining of COCOBOD's cocoa buying and handling operations as well as improved organization of extension and demand orientation of research. Implementation of the project's policy and institutional reform agenda received a strong boost with the coming into effect in June 1992 of the Agricultural Sector Adjustment Credit (AgSAC) which strongly underpinned, and in some cases went beyond, the CPR's objectives.

Implementation Experience and Results

iv. Performance in implementing the various project components was mixed. The components aiming at improving the technical services for cocoa production and enhancing the efficiency and effectiveness of the cocoa extension services were implemented broadly as designed, but the pilot program for the unification of cocoa extension services with those of the Ministry of Food and Agriculture was not implemented. Seed production and distribution were improved. Seed pod production was scaled to match actual demand of about 2.2 million pods per year. The arrangements agreed to for distribution of seed pods were followed, but pods are still sold at a highly subsidized price.

v. Under the CSSVD program 17,930 ha of diseased cocoa trees were to be cut out and 17,330 ha replanted. Due to repeated changes in financing arrangements for the component, only about 5,000 ha were cut out from 1988/89 to 1993/94. From July 1994 onwards, a "Cordon Sanitaire" program was initiated, separating the areas of mass infection from those of scattered outbreaks. The European Union provided STABEX funds (about US$4.2 million) for incentive payments, and IDA financed vehicles and equipment. During the two years until project closing another 8,056 ha were cut out, bringing the total to 13,050 ha (about 73% of the SAR estimate); to date, only 3,810 ha have been replanted under the program.

vi. The main thrust of the research component was to strengthen the capacity of the Cocoa Research Institute of Ghana (CRIG) to deliver the necessary scientific and technical support to the cocoa industry, which was broadly achieved. Research/extension linkages have been strengthened, but there still is much need for improvement as regards translating research findings into appropriate extension messages.

vii. Under the farm input supply component COCOBOD began, as planned, to phase out subsidies in 1988/89, but no action was taken to privatize the marketing channel. To comply with policy reforms supported by AgSAC after 1992, COCOBOD initiated a process of identifying private companies to take over the marketing of inputs, but eventually aborted this process and instead sold all its input stocks to the Coffee, Cocoa and Sheanut Farmers Association (CCSFA), effectively making CCSFA the sole distributor for cocoa production inputs in the country. COCOBOD continued to import and distribute inputs on behalf of the CCSFA until June 1995. Funding was provided by CCSFA from sales receipts, and shortfalls due to the continuation of below-cost sales have been covered from the compensation fund which is administered by CCSFA. CCSFA still subsidizes inputs at between 40 and 85 percent, thus not only depleting the compensation fund, which was designed for price stabilization, but also effectively preventing the emergence of a competitive private input marketing system while sustaining an active black market and cross-border trade in essential agro-chemicals.

viii. At appraisal it was considered premature to attempt the immediate privatization of domestic cocoa marketing, and emphasis was placed instead on enhancing the efficiency of COCOBOD's purchasing, evacuation, storage, inspection and infestation control activities. A marketing strategy was to be formulated and agreed upon at the mid-term review. Following the appraisal recommendations, purchasing operations were streamlined, vehicles and equipment procured and 16 new transit sheds built. In March 1992, COCOBOD was required under AgSAC to introduce competition into the internal marketing of cocoa beans. By 1995/96, 11 private Licensed Buying Companies (LBCs) were operating; procuring about 101,000 tons of beans, equivalent to about 25 percent of total deliveries. Enhanced private involvement is constrained by LBC difficulties in accessing working capital and by lack of vehicles, equipment and facilities. The purchase of jute sacks for an estimated US$4.7 million did not materialize due to unusually protracted procurement difficulties.

ix. To strengthen COCOBOD's policy analysis capacity, its Policy Planning, Monitoring and Research Department (PPMRD) was reorganized as planned, a Monitoring and Evaluation Unit was established and a Management Information Service and data bank were set up. Only two of the four major studies planned have been completed, however, leaving the information base for sectoral monitoring and policy formulation very weak.

x. The roads program was not carried out as planned. When the project was prepared, COCOBOD had its own budget for maintenance and rehabilitation of roads in cocoa producing areas and for the construction and maintenance of low-standard feeder roads to cocoa producing villages ("cocoa roads"). By the time of appraisal, GOG had instructed the Department of Feeder Roads (DFR) of the Ministry of Roads and Highways to take over full responsibility for cocoa feeder roads, and implementation of the roads component was assigned to it. DFR subsequently raised major objections concerning the technical standards of the cocoa roads and the proposed emphasis on spot improvement and maintenance. When these issues were resolved after about three years, the roads targeted for spot improvement and maintenance had deteriorated so much that most required complete rehabilitation. Even then, DFR failed to act expeditiously in preparing work programs for tendering and approval by IDA. At credit closing, only 275 km of roads and three bridges were completed under the IDA credit. ADF financed the rehabilitation of 404 km of roads, and COCOBOD funded the rehabilitation of 450 km of the 750 km of roads targeted for using labor-based contractors. None of the planned 60 km of new feeder roads and 80 km of new tracks had been constructed, but 22 (of the 25 planned) steel bridges supplied by ODA were installed. With an aggregate of 1,129 km, the roads component achieved only 38 percent of the 3,000 km planned.

xi. The project suffered implementation difficulties throughout its history. Co-financing arrangements were only finalized in October 1989, resulting in a start-up delay of several components. Major problems included frequent changes in the senior staff of COCOBOD and the generally low staff morale throughout the organization, because of the ongoing restructuring and retrenchment associated with the privatization and/or discontinuation of many of COCOBOD's traditional activities. In the absence of clearly defined responsibilities for project management, coordination and execution, the decision making process was extremely cumbersome. Performance improved following a change in COCOBOD management in early 1994, causing IDA to agree to two successive one-year extensions of the credit closing date to June 1996 to complete various civil works, order outstanding equipment and provide continued support to the CSSVDC program. Nevertheless, US$18.2 million remained undisbursed when the credit closed and were canceled. GOG's and COCOBOD's combined contributions of US$14.9 million fell substantially short of the US$37 million expected at appraisal, and total project cost have been re-estimated at US$87.1 million.

xii. The Bank failed to ensure sufficient political support and project ownership within the implementing agencies. Project management and implementation arrangements were not sufficiently well defined, and the technical specification for the roads component were established without taking into account the views of the technical staff of the implementing agency. Arrangements for project supervision changed during implementation and were not always fully effective.

xiii. The failure of COCOBOD to put in place effective arrangements for project management, establish a workable system for the procurement of goods and services and adhere consistently to the Bank's procurement guidelines substantially impeded implementation and in particular procurement. Another major problem was the persistent failure to achieve agreement among concerned agencies on implementing agreed project components, notably the roads component and the unification of agricultural extension services. COCOBOD also made inadequate efforts to foster the privatization process, especially for input supplies. The transfer of responsibility for input supply from COCOBOD to CCSFA must be considered more a circumvention, rather than implementation, of the agreement to privatize input marketing. DFR's failure to act in a timely manner resulted in substantial further deterioration of the road system in the cocoa areas and a drastic shortfall of implementation and disbursements under the roads component. The Borrower did well, however, in implementing the agreements regarding COCOBOD's restructuring and, after 1992, opening domestic cocoa marketing to the private sector.

xiv. The outcome of the project has to be assessed against the background of world price developments for cocoa, changes in the macro-economic environment, as well as preceding and contemporary operations in support of economic recovery and/or specifically of the cocoa subsector in Ghana. The central project objective, stabilizing cocoa production at about 300,000 tons per annum, was already within reach in 1988/89, the year the credit became effective, when production (or purchases by COCOBOD) totaled just over 300,000 tons. Substantial increases in the administratively fixed producer prices (113 percent in real terms) implemented during 1984/85-1987/88 had already revived farmer interest and induced considerable new plantings of cocoa trees, resulting in the surge of production in the late 1980s. Thereafter, sharply falling international prices and failure to adjust producer prices adequately for domestic inflation caused a substantial decline in real producer prices, and cocoa production remained essentially stagnant from 1988/89 through 1994/95 at around 300,000 tons per year. World market prices began to rise again in 1993/94, and as the producers' share of the fob price was also increased from 25 percent 1993/94 to almost 45 percent in 1995/96, growers again responded to the improved production incentives, and the 1995/96 crop, also favored by excellent weather, totaled 403,850 tons.

xv. The project's production objective was to be achieved through the rehabilitation of existing cocoa plantings, new plantings, and replantings under the CSSVDC program. By project closing, about 250,000 ha had been placed under improved management, and 39,000 ha had been replanted. In the absence of reliable statistics on cocoa acreage, age of trees and yields, estimates of incremental production due to measures taken under the project are necessarily very crude. Moreover, the output response to these measures has also been significantly affected by the sharp variations in farmers' price incentives prior to and throughout the project period. Nevertheless, the incremental cocoa production attributable to the combined effect of project measures and to improved producer incentives after 1993/94 is estimated at about 100,000 tons p.a. at present and might rise to about 115,000 tons per year by the year 2002 (at full maturity of the newly planted trees). In this respect, the outcome of the combined measures taken under the project and the subsequent AgSAC has, thus, been satisfactory. This is reflected by a re-estimated ERR of 24% against an appraisal estimate of 23%.

xvi. Many, but not all, of the institutional objectives have been achieved. COCOBOD has been significantly streamlined, research and extension activities have been strengthened and focused, and extension-research linkages have been strengthened. Progress towards promoting the emergence of an effective private input marketing system has not been satisfactory. As a result of actions taken in the context of AgSAC, private sector involvement in domestic cocoa marketing, on the other hand, has progressed significantly beyond what was expected at appraisal. And a feeder road maintenance management system has been established, aimed at ensuring adequate and timely funding of maintenance of the roads rehabilitated under the project.

xvii. The poor implementation experience does not allow a satisfactory rating for this project. While measures taken and investments implemented under the project have strengthened institutional capacity, physical facilities and service performance in the subsector, the production effect was muted until significant policy reform measures to improve farmers' production incentives were implemented in the context of AgSAC.

Summary of Findings, Future Operations, and Key Lessons Learned

xviii. The most important findings are that: (a) for projects which envisage a multiplicity of policy and institutional changes, from the beginning local commitment and project ownership has to be ensured from both policy makers and implementing agencies; (b) project management, implementation and procurement arrangements must be clearly defined and agreed upon by all parties; (c) extraneous factors, such as major changes in international commodity prices, exchange rates, inflation rates, climatic conditions, etc., can be crucial for the success or failure of have paramount effects and supersede the impact of the project per se; and (d) complex multi-component projects require periodic multi-disciplinary supervision missions.

xix. While the investments in staff development, physical facilities and rural roads appear sustainable, overall sustainability of the project is not certain. The opportunities created by the partial liberalization of domestic cocoa marketing and COCOBOD's withdrawal from input marketing have not yet been fully taken up by private entrepreneurs. GOG remains committed to liberalization, but further action will be needed to ensure that the progress made on the institutional front and in marketing and pricing policy is sustained. This concerns, for example, the arrangements between COCOBOD and CCSFA for financing, importing and marketing agro-chemicals and the regulatory constraints on fertilizer imports, but also the institutional and policy environment for private involvement in cocoa marketing. GOG has indicated its intent to merge COCOBOD's extension service with that of MOFA, to take action in support of more private sector involvement in domestic cocoa marketing, and to increase the farmers' share in the fob price to at least 60 percent within two or three years.

<u>IMPLEMENTATION COMPLETION REPORT</u>

<u>REPUBLIC OF GHANA</u>

<u>COCOA REHABILITATION PROJECT</u>
(Cr. 1854-GH)

PART I: PROJECT IMPLEMENTATION ASSESSMENT

A. STATEMENT AND EVALUATION OF OBJECTIVES

Introduction

1. The project was the third IDA-financed cocoa project in the country. The first two, the Eastern Cocoa Project (Cr. 205-GH) and the Ashanti Cocoa Project (Cr. 1181-GH), were implemented during 1970-1979 and 1975-1982, respectively, with the main aim to replant and rehabilitate about 50,000 ha of cocoa. Both suffered from low farmer participation owing to inadequate returns at prevailing producer prices. In 1983 the Government of Ghana (GOG) initiated a series of policy reforms, including in the cocoa subsector, aimed at removing constraints and promoting the export earning industries. IDA supported these reforms through three projects: (i) First Reconstruction Import Credit, (ii) Export Rehabilitation Project, and (ii) First Structural Adjustment Credit (SAC-I). The subsequent Cocoa Rehabilitation Project (CRP) was not only to help implement key policy agreements already reached under the earlier credits, but also to address major investment and institutional constraints in the sector.

2. Based on a cocoa sector study carried out by the Bank in 1980, the project was first identified in 1981, and a prefeasibility study was carried out in the same year. Further preparatory work was suspended due mainly to an unfavorable economic environment and unresolved policy issues. The project was re-identified by the Bank in 1985, prepared in 1986 and appraised in 1987.

Project Objectives and Components

3. The main project objectives were to: (a) support the policy reforms in the cocoa sector agreed under the first Structural Adjustment Credit, and (b) increase cocoa production and yields to stabilize output at an annual level of about 300,000 tons, mainly through the rehabilitation of 300,000 ha of existing cocoa and the replanting of about 57,000 ha. This was to be achieved by: (i) maintaining producer price incentives; (ii) improving the institutional efficiency of COCOBOD, notably in extension, seed production, disease control, and by gradually privatizing input distribution; (iii) improving cocoa evacuation and quality control; (iv) implementing a road rehabilitation program; and (v) strengthening cocoa research. The project comprised nine main components:

(i) <u>Technical Services for Cocoa Production</u>, including the reorganization, decentralization and training of staff of the Cocoa Services Division (CSD) of the Ghana Cocoa Board (COCOBOD);

(ii) <u>Extension Services for Improved Technology</u>, through reorganization, training, technical assistance as well as provision of vehicles, equipment and buildings, including the renovation of the Bunso Cocoa College, 17 farmer training centers and 150 staff houses;

(iii) <u>Seed Production and Distribution</u>, by improving existing and establishing new seed gardens, staff training, and reorganizing seed distribution on commercial principles;

(iv) Cocoa Swollen Shoot Virus Disease Control (CSSVDC), mainly through the cutting out and replanting of about 17,000 ha with CSSVD-resistant varieties against incentive payments to farmers, and including training, technical assistance, vehicles and equipment;

(v) Research, mainly by providing assistance to the Cocoa Research Institute of Ghana (CRIG) through staff development, rehabilitation and up-keep of facilities, and the establishment of an 'on-farm' farming systems research unit;

(vi) Farm Input Supply, to gradually introduce a subsidy removal and privatization program for cocoa inputs and including the import of agro-chemicals;

(vii) Internal Marketing, to enhance efficiency of the marketing system by introducing a commercial approach and encouraging competition, including rationalization of buying system and stations, provision of vehicles, equipment, training and technical expertise;

(viii) Monitoring and Evaluation, by establishing an M&E Unit within the PPMR Department of COCOBOD and additional units in the Cocoa Services Division (CSD) and the Produce Buying Company Ltd. (PBC), including the provision of training, equipment, expertise, equipping a library, and funding for several studies; and

(ix) Road Program, consisting mainly of 3,000 km of spot improvement partly by labor-intensive methods, a recurrent maintenance program increasing from 600 km in Project Year 1 to 2,100 km in Project Year 5, as well as the construction of 60 km of new roads, 80 km of tracks and two major bridges.

4. The project objectives were clear, realistic and at the time most relevant to the country and the sector. A major underlying assumption, however, proved to be incorrect. At appraisal it was forecast that international cocoa prices would gradually increase from about US$2,000/ton in 1986/87 to US$2,360 at credit closing. These forecasts proved to be flawed, as incremental production in Indonesia, Malaysia and Ivory Coast, resulting from new plantings made in the late 1970s and early 1980s, substantially exceeded growth in world demand during the second half of the 1980s, with a depressing effect on world prices. At the time of appraisal, COCOBOD's and GOG's share in the fob export price was about 70 percent, implying the availability of ample funds for project counterpart financing and other cocoa sector support measures by government. The low farmers' share of the fob price, on the other hand, was considered a major obstacle to further production increases and to be addressed under the project. The official farmgate price at that time stood at ¢ 85/kg – about US$550/ton equivalent or about 28 percent of the world market price.

5. Designed to achieve a rapid rehabilitation of the cocoa sector, the project was quite demanding for the Borrower. It attempted to address a wide range of institutional reforms, including reorganization of COCOBOD and retrenchment of staff, and policy issues (e.g., divestiture, elimination of input subsidies, privatization of input marketing) simultaneously with a number of geographically dispersed physical action programs. For the five-year project, Credit 1854-GH in the amount of SDR 31.3 million (US$40.0 million equivalent at appraisal) was approved on December 1, 1987, and became effective on November 15, 1988. Total project costs were estimated at US$128.0 million, with co-financing to be provided by ADB/ADF (US$33.0 million) and other co-financiers (US$18 million) and counterpart contributions of US$16.1 million and US$20.9 million, respectively, by GOG and COCOBOD.

6. Implementation of the policy and institutional reform agenda supported by the project received a strong boost with the coming into effect, in June 1992, of the Agricultural Sector Adjustment Credit (AgSAC). AgSAC

supported, inter alia, a program of actions to: (a) rationalize the operations and reduce operating cost of COCOBOD, (b) abolish the monopsony of the Produce Buying Company Ltd. (PBC), a COCOBOD subsidiary, in the purchase of cocoa from farmers and implement a program for private sector entry into domestic cocoa marketing, (c) improve the transparency of determination of prices, fees and taxes applicable in the cocoa sector, and gradually increase the share of the export price received by cocoa growers, and (d) eliminate government control of fertilizer marketing margins and phase out public commercial participation in farm input marketing.[2]

B. ACHIEVEMENT OF PROJECT OBJECTIVES

7. Overall Achievement. The central project objective, increasing cocoa yields and production so as to stabilize output at an annual level of about 300,000 tons, was already within reach in 1988/89, the year the credit became effective, when production (or sales to COCOBOD) totaled 300,155 tons -- almost 50 percent more than the average recorded for the preceding four years. Indeed, despite temporary set-backs in 1991/92 and 1993/94, cocoa production averaged slightly over 300,000 tons per annum for the entire period from 1988/89 through 1996/97. Although some of this increase may be attributable to the major publicity drive by COCOBOD rekindling farmers' interest as well as to enhanced contacts of CSD and CRIG staff with farmers, the major impetus for the rise in output came from the improvement of the macro-economic and sectoral policy framework, including substantial increases in growers' prices from 1985/86 onward (see paras. 43ff). Moreover, producer prices in neighboring Togo and Côte d'Ivoire were sharply reduced in 1988/89 and 1989/90, respectively, largely eliminating the price incentives for cross-border sales of cocoa.[3]

Cocoa Production, 1985/86-1996/97

Year	Production (tons)
1984/85	174,813
1985/86	219,937
1986/87	227,765
1987/88	187,360
1988/89	300,155
1989/90	308,178
1990/91	293,352
1991/92	242,817
1992/93	312,123
1993/94	254,654
1994/95	309,455
1995/96	403,850
1996/97	335,000 prelim.

8. It is not clear, therefore, what portion of the increased production (over 403,000 tons in 1995/96, some 335,000 tons in 1996/97) can be attributed directly to the project.[4] Nevertheless, with renewed farmer interest, by project closing about 250,000 ha -- or about one quarter of Ghana's entire cocoa area -- had been placed under improved management (SAR target for "rehabilitation": 300,000 ha), and replanting (including 3,810 ha under the CSSVDC program) has reached 38,867 ha against an appraisal estimate of 57,000 ha.

9. In contrast, performance in implementing the various components (see para. 4(i)-(ix)) designed to support the achievement of the overall objectives has been mixed, as described in more detail below, bearing in mind that start-up of all activities was affected by the late finalization of the financing plan (see para. 29).

Ratio of Cocoa Producer Prices in US$, Ghana/Côte d'Ivoire

1984/85	0.75
1985/86	0.62
1986/87	0.50
1987/88	0.58
1988/89	0.52
1989/90	0.79
1990/91	0.86
1991/92	0.83
1992/93	0.61
1993/94	0.72
1994/95	1.02

[2] All three AgSAC tranches were released and the credit was fully disbursed on January 23, 1996.

[3] In Togo, the farmgate price was reduced from CFAF 300/kg in 1987/88 to CFAF 225/kg for the 1988/89 season; in Côte d'Ivoire, it was halved from CFAF 400/kg in 1988/89 to CFAF 200/kg for 1989/90.

[4] Neither the cocoa survey, which is to provide an updated inventory of the country's cocoa acreage and tree stock, nor the study of socio-economic aspects of cocoa farming, which would permit a proper assessment of farmers' response to various support measures, have been completed as yet (see para. 24 and Table 7).

10. Technical Services for Cocoa Production. At the time of appraisal, the Cocoa Services Division (CSD) of COCOBOD was responsible for extension, seed production, disease control and input supply. The aim of this project component was to reorganize CSD to enhance its efficiency, ensure effective supervision, allow better use of limited numbers of skilled staff, promote specialization, and reduce costs. The reorganization was carried out fully in line with the SAR proposal, and CSD with its headquarters in Accra now operates 6 regional offices and 39 district offices (reduced from 101). In 1993, further efforts were made to reduce staff, mostly at district level, and additional cuts took place in 1994 with the divestment of input marketing. During the project period, overall CSD staffing was reduced from 16,128 to 3,432. Although a consultant employed for 18 months to identify training needs of extension staff and develop training curricula did not produce satisfactory assessments and recommendations, CSD formulated a staff development program and identified essential staff training needs. However, due mainly to problems in the decision making process, only 13 senior staff benefited from training abroad (in management, M&E, plant protection, seed production, etc.) for a total of 124 person/weeks. As proposed, a small M&E unit was established in CSD and is functioning as a useful management tool; the absence of reliable up-to-date baseline information on essential physical and socio-economic parameters of the country's cocoa sector constitutes a significant impediment to sector analysis and policy formulation (see also para. 8, fn. 4, and para. 24).

11. Extension Services for Improved Technology. CSD's cocoa extension service was reorganized, placing emphasis on direct contact with farmers. The CSD districts were divided into 1,465 units of approximately 1,200 ha of cocoa each.[5] Each unit was further divided into 16 sub-units individually visited by an Extension Field Assistant (EFA) on one unchanging day in four-week working cycles. The T&V method of extension has been adopted, farmer contacts are made by utilizing target or contact farmers, and the extension/research linkages have been substantially improved (see para. 20). Farmers are represented on the management committee of CSD and CRIG.

12. 702 EFA's were trained at Bunso Cocoa College for a total of 2,937 staff-months. To ensure adequate staff mobility, a total of 110 4WD vehicles and 1,900 motorcycles were procured under the project; the latter were given out on a loan/purchase basis to field staff. In addition, 18 trucks and 4 buses were received by CSD.

13. The program for rehabilitating and renovating the classrooms, dining and dormitory buildings, providing improved teaching equipment and upgrading of roads at Bunso Cocoa College was satisfactorily implemented. The college now can accommodate up to 400 students for each of its 4-months training sessions. The building contractors generally performed well. One contractor experienced cash flow problems towards the end of his contract and was able to complete only about 90 percent of his obligations; the college authorities expect to finish the work (two classrooms and two dormitories) with COCOBOD resources. Only six of the 17 farmer training centers were improved, and none of the staff houses were renovated, as this was no longer perceived as an urgent need. Reallocating funds not needed for this subcomponent and for storage facilities which were no longer required due to the liberalization of internal cocoa marketing, IDA agreed to finance the completion of COCOBOD's regional office in Kumasi, but delays in awarding contracts and poor contractor performance prevented completion of this work by project closing.

14. The component also envisaged a pilot program for the unification of cocoa extension services with the general agricultural extension service of the Ministry of Agriculture (now Ministry of Food and Agriculture - MOFA), whereby MOFA was to be made responsible for cocoa extension in half of the CSD districts of Volta Region and CSD for non-cocoa crops in half of Brong-Ahafo Region, beginning in 1989. The main reasons for the non-implementation of this sub-component are the continuing insistence of COCOBOD on the need for a

[5] As much as 40 percent of this overall total "cocoa area" is, however, no longer planted to cocoa, as a result of past neglect, CSSVD, and the devastating fires of 1983.

separate extension service to address sector specific issues and CSD staff resistance fearing a downward adjustment of their wages to those of MOFA which are, at present, about 35 percent lower. Despite repeated public announcements by GOG of its intention to unify agricultural extension services, this issue remains unresolved and the extension services of MOFA and CSD continue to operate in parallel.

15. Seed Production and Distribution. Anticipating rising demand for seed under the replanting and new planting program, CSD's seed production potential was to be increased from about 1.9 million pods annually to about 3.2 million pods per year. Adjusting to lower than appraised demand, CSD has increased the production of the existing seed garden (mainly by expanding the area of the garden by 60 ha) to about 2.2 million pods per year and has established a new seed garden in 1990 with 24 ha (against an SAR estimate of 80 ha) in the Western Region. Total 1995/96 output amounted to 2.2 million pods, of which 1.9 million were distributed. The proposed pilot irrigated seed garden to determine the feasibility of increased pod production throughout the year was not established because of disagreement with IDA over the scope and cost of major elements of this facility and, hence, the economic justification of the proposed investments. The training program was implemented as planned, including that of the newly appointed seed garden coordinator. The arrangements suggested in the SAR for distribution of seed pods were followed, but pods are still sold at a highly subsidized price of ¢10 against a corresponding dry weight market price of ¢46 and actual estimated production cost of ¢260.

16. Cocoa Swollen Shoot Virus Disease Control (CSSVDC). A total of 17,930 ha of diseased cocoa trees were to be cut out and 17,330 ha to be replanted. Affected farmers were to receive a cutting-out and replanting grant, in three tranches, equivalent to four years' loss of production; the rates were to be adjusted each year in line with changing producer prices. The financing arrangements for this component were changed several times during the project period. The original DCA specified an amount of US$5.0 to be provided for incentive payments. At a donors' meeting in October 1989 it was decided to reallocate these funds to the roads component, with the funding for CSSVD control to be fully provided by COCOBOD. The mid-term review mission in March 1992 recommended to transfer these funds back to the CSSVDC program since they were not being disbursed under the roads component, while the falling international cocoa prices made it difficult for COCOBOD to finance the program from its own resources. In a subsequent revision, however, funding for incentive payments was again eliminated from the IDA credit.

17. From 1988/89 to 1993/94, COCOBOD cut out about 3.6 million affected trees (on about 5,000 ha). From July 1994 onwards a "cordon sanitaire" program was initiated, separating the areas of mass infection in the Eastern Region from areas with only scattered outbreaks of the disease. Given the urgent need to accelerate the CSSVDC program in this belt, the European Union (EU) agreed to provide STABEX funds for incentive payments, [6] while IDA financed vehicles and equipment. During the remaining two years until credit closing, another 8,056 ha (some 12.1 million trees) were cut out, bringing the total to 13,050 ha or about 73 percent of the SAR estimate. At the same time 3,810 ha have been replanted under the program. The surge in activities from 1994 onwards can be partly attributed to better management, but mostly to the provision of adequate funding for incentive payments to farmers and the restoration of the real value of these payments from 1994/95 onward.[7]

[6] A total of ECU 3.4 million was to be provided and to be released in two tranches of ECU 1.7 million each. The first tranche was released in 1994, and the second is expected to be released during 1997.

[7] The incentive payment for the initial year of cutting out remained unchanged at ¢120,000/ha from 1991/92 through 1993/94, thus declining from 48% of the producers' cocoa price in 1991/92 to 39% of the producers' price in 1993/94 (and from 27% of the world market price for cocoa in 1991/92 to less than 10% of the world market price in 1993/94), but was restored to 48% of the producers' price and about 24% of the world market price for cocoa in 1994/95, 1995/96 and 1996/97 (¢336,000/ha in 1994/95, ¢403,000/ha in 1995/96, ¢576,000/ha in 1996/97).

18. Research. The main objective of this component was to strengthen CRIG's capacity to deliver the necessary scientific and technical support to the cocoa industry, mainly by (a) reorganizing its work program, (b) strengthening staff capacity, (c) rehabilitating and upgrading of facilities, and (d) establishing an "on-farm" farming systems research unit (FSU). Whereas training, technical assistance, consultancies, vehicles and equipment were mostly funded by ODA, IDA financed infrastructure rehabilitation. The work of the institute was reorganized into research thrusts, considerably improving the problem-orientation and multi-disciplinarity of research, and the new FSU has added the required farming systems perspective.

19. Satisfactory progress was made in rehabilitating physical plant and equipment, including the laboratories, a plant quarantine house, electricity supply, a new print shop, and library acquisitions. Occasional delays occurred in the rehabilitation program and the acquisition of equipment, but by credit closing most of the appraisal targets were achieved. The procurement process for establishing the quarantine facility was unduly protracted, and the resulting delays prevented the contracted works to be completed before the credit closing date. COCOBOD is now financing its completion. The technical assistance program supported by ODA was particularly successful, and CRIG now has a well trained (in-house and overseas) and highly motivated complement of senior professional, technical and administrative staff.

20. Effective research/extension linkages have been established. These are coordinated by the Cocoa Research and Extension Technical Committee (CRETEC), comprising appropriate staff from both CRIG and CSD, which meets three to four times a year. The joint CSD/CRIG trials and outreach programs also foster close collaboration. Nevertheless, there is still much room for improvement as regards translating research findings into extension messages appropriate for prevailing on-farm socio-economic conditions as well as assessing the relevance and impact of research on the farming community.

21. Farm Input Supply. Over a five-year period, from 1988 to 1992, COCOBOD was to gradually remove input subsidies and privatize first retailing, then wholesaling and finally importation, allowing the private sector sufficient time to develop a wide retail network with a minimum disruption in the supply system. COCOBOD initiated, as planned, the subsidy removal process, but no action was initiated to privatize the marketing channel. Under pressure to comply with policy reforms being supported by AgSAC, COCOBOD initiated a process of identifying a substantial number of private companies to take over the marketing of inputs, but eventually (in 1993/94) aborted this process and instead sold all its input stocks to the Coffee, Cocoa and Sheanut Farmers Association (CCSFA),[8] effectively making CCSFA the sole distributor for cocoa production inputs in the country. CSD continued to import and distribute inputs on behalf of the CCSFA until June 1995. Funding was provided by CCSFA from sales receipts, and shortfalls due to the continuation of below-cost sales have been covered from the compensation fund which is administered by CCSFA.[9] Since July 1995, CCSFA has been solely responsible for the entire procurement and distribution process, but CSD continues to assist with demand forecasting and the leasing of some of its storage facilities. In 1996, it also assisted with arranging the procurement of imported inputs. CCSFA continues to subsidize inputs at levels estimated to range between 40 and 85 percent, thus not only depleting the compensation fund, which was originally designed for price stabilization, but also effectively preventing the emergence of a competitive private input marketing system while sustaining an active black market and cross-border trade in essential agro-chemicals.

[8] All cocoa farmers are registered as members of so-called "societies" for the purpose of selling their cocoa at the cocoa buying centers established throughout the country, and CCSFA is the national umbrella organization of all these societies.

[9] This fund is periodically replenished by COCOBOD through payments intended to compensate cocoa growers for increases in export prices beyond those anticipated at the time the producer prices are established prior to the annual cocoa purchasing season. It is meant to provide additional revenue to cocoa growers.

22. Internal Cocoa Marketing. At appraisal it was considered premature, in view of the very poor state of the road system and the weakness of the private sector, to attempt the immediate privatization of the cocoa marketing system. Therefore, in designing this project component, emphasis was placed on enhancing the efficiency of the Produce Buying Company (PBC -- a wholly owned subsidiary of COCOBOD) in cocoa buying, storing and handling, and of the inspection, grading and infestation control activities. The domestic cocoa marketing arrangements would be reviewed and a marketing strategy formulated and agreed upon at the time of the mid-term review. Following the appraisal recommendation, the capacity threshold for autonomous societies (cocoa buying centers, see para. 21, fn. 7) was raised from 50 tons to 70 tons of cocoa bought, 656 societies were closed, and 830 were converted into sub-societies. To facilitate efficient produce evacuation from the producing areas, 40 tractors as well as tarpaulins were procured and 16 new transit sheds were built. The purchase of jute sacks for an estimated US$4.7 million did not materialize due to unusually protracted procurement difficulties. The M&E unit has been established and is functioning as planned, the haulage/logistics manager has been employed locally instead of internationally, the cost accountant has been hired, and five officers of PBC were trained.

23. In March 1992, COCOBOD was required under AgSAC to introduce competition into the internal marketing of cocoa beans. By January 1993 two private companies had been licensed to commence purchasing cocoa from farmers alongside PBC, and four others had been granted provisional licenses. By credit closing, 11 such Licensed Buying Companies (LBCs) were operating. In 1995/96, they procured about 101,000 tons of beans, equivalent to about 25 percent of total deliveries. Enhanced private competition to PBC is constrained by LBC difficulties in accessing sufficient working capital and by lack of vehicles, equipment, tarpaulins, bags, scales and storage facilities.[10]

24. Monitoring and Evaluation. To strengthen COCOBOD's policy analysis capacity, its Policy Planning, Monitoring and Research Department (PPMRD) was reorganized as planned, and within it a Monitoring and Evaluation Unit was established and a Management Information Service and data bank were set up. Three officers were trained abroad in commodity pricing and two in MIS, monitoring and evaluation. The PPMRD and its M&E Unit are considered by COCOBOD management to perform satisfactorily, but suffer from equipment and mobility constraints. The post of manager of the M&E Unit is currently vacant. Of the four major studies to be undertaken, only two were completed by the time of credit closing (see Table 7), leaving the information base for sectoral monitoring and policy formulation very weak.

25. Road Program. This component was not carried out as planned. When the project was prepared, COCOBOD had its own budget for maintenance and rehabilitation of roads in the main cocoa production areas and for the construction and maintenance of low-standard feeder roads to cocoa producing villages ("cocoa roads"). By the time of appraisal, GOG had instructed the Department of Feeder Roads (DFR) of the Ministry of Roads and Highways to take over full responsibility for cocoa feeder roads, and implementation of the roads component was assigned to it, using contractors under LCB/ICB procedures. Not having been involved in the design of the project, DFR subsequently raised major objections, arguing that the technical standards of the cocoa roads were inadequate and that the proposed emphasis on spot improvement and maintenance was inappropriate for the existing condition of these roads and the climatic condition in the project areas. DFR also disagreed with COCOBOD and IDA on various operational proposals, including those concerning technical assistance. When the contentious issues were finally resolved after about three years, the roads targeted for spot improvement and for maintenance had deteriorated so much that most required complete rehabilitation at substantially higher cost than appraised.

[10] The ICR for the Agricultural Sector Adjustment Credit (Report No. 16502, dated May 2, 1997) provides details.

26. By the time of credit closing, 275 km of roads and three bridges (instead of the two bridges originally planned) were completed under the IDA credit at a combined cost of US$13.5 million. The cost of the three bridges constitutes 54 percent of the cost of the civil works funded by IDA. Under the same program 22 (out of 25 planned) steel bridges supplied by ODA were installed. The ADF financed the rehabilitation of 404 km of roads at a cost of US$12.5 million. All contracts were awarded through ICB, with COCOBOD contributing the equivalent of US$3.55 million as counterpart funding. COCOBOD also financed with US$6.0 million equivalent the rehabilitation of 450 km out of the 750 km of roads targeted for using labor-based contractors. Budgetary constraints prevented work on the remaining 300 km. The contracts for the labor-based contractors were let through reserved procurement procedures which IDA did not support, but which COCOBOD considered necessary to sustain this technology. With an aggregate of 1,129 km, the roads component achieved only 38 percent of the 3,000 km planned.

27. None of the expected 60 km of new feeder roads and 80 km of new tracks were constructed. Although bids were received for contracts under this sub-component, no construction was initiated due to concerns over high unit costs and the environmental impact of some of the proposed roads.

28. At appraisal GOG had agreed that routine and recurrent maintenance would be locally financed and included in the approved annual operating programs of DFR. The extent to which this was achieved could not be judged because of the inability of DFR to distinguish those roads under routine and recurrent maintenance for the specific purpose of evacuating cocoa. In 1997, DFR is expecting sufficient funding to undertake the routine and recurrent maintenance of about 9,000 km of feeder roads, but could not specify the priority ones in the cocoa areas.

C. IMPLEMENTATION RECORD AND MAJOR FACTORS AFFECTING THE PROJECT

Implementation Record

29. Although the IDA credit became effective in November 1988, co-financing arrangements were only finalized in October 1989, resulting in a substantial reallocation of IDA resources from agricultural components to the roads component, with other cofinanciers funding more of the agricultural activities. This shift was partially reversed, following the mid-term review, with a DCA revision in 1993 which reallocated funds from the roads component to the CSSVDC program and for the procurement of essential equipment needed to support the liberalization of domestic cocoa marketing. A further reallocation was effected in 1994, when the EU agreed to finance the incentive payments under the CSSVDC program with STABEX funds, with IDA resources shifted to the funding of vehicles, equipment and civil works.

30. The project suffered implementation difficulties from the start and throughout its history. Among the problems were frequent changes in the senior staff of COCOBOD (three different Project Coordinators and three different Chief Executives during the project period). This was compounded by the generally low staff morale throughout the organization, because of the ongoing restructuring and retrenchment associated with the privatization and/or discontinuation of many of COCOBOD's traditional activities (conditioned in part by the first Structural Adjustment Credit, effective in FY87, and subsequently the AgSAC, effective FY92).

31. In the absence of clearly defined responsibilities for project management, coordination and execution, the decision making process leading to implementation was extremely cumbersome. This affected in particular the procurement of goods and services, as roles and responsibilities for procurement were not properly delineated. This, together with frequent non-adherence to Bank procurement guidelines, repeatedly slowed project implementation to a virtual stand-still. By March 1992 (mid-term review), only about US$3.0 million were disbursed, against an appraisal estimate of US$27.0 million. Performance improved following the installation of

new COCOBOD management in early 1994, causing IDA to agree to a one-year extension of the credit closing date to June 1995. IDA subsequently agreed to a second one-year extension to June 1996 to complete various civil works and order outstanding equipment and to provide continued support to the CSSVDC program. Nevertheless, US$18.2 million (SDR 13.1 million equivalent), most of it allocated for civil works, equipment and materials, remained undisbursed when the credit closed in June 1996 and was eventually canceled. Although IDA had recommended canceling part of the unused credit earlier, GOG did not agree, expecting improvements in COCOBOD's procurement administration in the final project years which, however, did not materialize.

32. As indicated by COCOBOD, the ODA allocation of US$11.9 million mostly for TA, training, vehicles, equipment and civil works was fully utilized. ADB/ADF funds amounting to US$19.5 million were mostly used for procuring cocoa inputs (US$12.5 million), for extension, training and consultancies (US$4.9 million) and for the improvement of internal marketing (US$2.5 million). A BADEA contribution of US$4.1 million was used mainly in support of cocoa extension. GOG's and COCOBOD's contributions, a combined US$14.9 million, fell substantially short of the US$16.1 million and US$20.9 million, respectively, expected at appraisal -- due largely to the significant depreciation of the Cedi over the project period, and partly to the fact that the incentive payments under the CSSVDC program were mostly financed by the EU with STABEX funds and the substantial shortfall in the road program.

33. Including the estimated counterpart contributions of US$14.9 million from GOG and COCOBOD combined, total project cost have been re-estimated at US$87.1 million, about 68 percent of the SAR estimate (see Tables 8A and 8B).

Major Factors Affecting the Project

34. Factors not Generally Subject to Government Control. Project appraisal and the first few years of implementation took place during a period of continuous and substantial decline in real world cocoa prices. International cocoa prices stood at about US$2,000 per ton in 1986/87, but by 1992/93 they had fallen to about US$1,120/ton, sharply reducing the profitability of cocoa production and dampening the interest of all stakeholders to invest in the industry. Although GOG attempted to stabilize its fiscal revenues from cocoa exports by sharply reducing the growers' share in the fob export price in 1992/93 and 1993/94 (see Table at para. 43), declining revenues from cocoa exports accruing to GOG and COCOBOD in turn contributed to the poor disbursement history of the project.

35. Factors Subject to Government Control. As a result of GOG's decision to abolish exchange rate controls, the Cedi depreciated steeply from ¢160 per US$ at appraisal to nearly ¢1,600 per US$ at credit closing, thus considerably improving incentives for producers of export commodities. However, the very high rate of domestic inflation from 1992 until the present, largely caused by lack of fiscal discipline, has considerably eroded the incentives provided by the liberalized exchange rate regime. Moreover, the export monopoly of CMC, COCOBOD's marketing subsidiary, and the substantial decline both in the farmers' share of the fob price and in real producer prices from 1991/92 through 1993/94 (attributable to the failure of the administratively determined producer price to keep pace with changes in domestic inflation and the exchange rate and to GOG's attempt to protect fiscal revenues from cocoa exports in an environment of declining world cocoa prices) combined to cause a severe erosion of producer incentives during critical years of project implementation. Since 1994/95, the Borrower has, however, taken steps to raise farmgate prices and to effect a significant improvement in the profitability of cocoa production.

36. Factors Generally Subject to Implementing Agency Control. The failure of COCOBOD to establish appropriate project management and implementation mechanisms substantially slowed down project implementation and in particular the procurement of goods and services. The fact that, at the time the credit was

closed and the grace period for disbursements had expired, disbursement requests amounting to over US$7 million could not be processed by IDA due to late or improper procurement or late submission of reimbursement claims is telling evidence of this failure. COCOBOD also made very inadequate efforts to foster the privatization process, especially for input supplies. Although it adhered to the agreed program of phasing out input subsidies, the manner in which it complied with the agreement to withdraw from input marketing (i.e., handing over of all of its cocoa inputs to CCSFA, and providing continued assistance to CCSFA in input procurement) has effectively created a new monopolistic input supply system and is crowding out private importers and distributors. With CCSFA marketing its supplies far below costs, this also continues to fuel an active illicit domestic and cross-border trade in cocoa production inputs (see para. 21).

37. Subsequent to the protracted discussions on road improvement and rehabilitation specifications, DFR -- as implementing agency for the road component -- should have taken decisive action by preparing work programs on an annual priority basis, for tendering and approval by IDA. Failure to act in a timely fashion resulted in substantial further deterioration of the road system in the cocoa areas, much higher costs for eventual rehabilitation, and a drastic shortfall of implementation and disbursements under the roads component.

D. PROJECT SUSTAINABILITY

38. The program of public sector withdrawal from commercial activities has not progressed to the expected stage. The opportunities created by the partial liberalization of domestic cocoa marketing and the withdrawal of COCOBOD from input marketing have not yet been fully taken up by private entrepreneurs. This is due to a combination of reasons, including the manner in which responsibility for input marketing was shifted from COCOBOD to CCSFA (see paras. 21 and 36), lack of capital, facilities, logistics and training/experience in the private sector (see para. 23), remaining regulatory constraints,[11] and slow growth of effective demand and poor rural transport infrastructure in most parts of the country. While GOG remains committed to its liberalization policy, further action will be needed to ensure that the progress made on the institutional front and in marketing and pricing policy is sustained. This concerns, for example, the arrangements between COCOBOD and CCSFA for financing, importing and marketing agro-chemicals and the regulatory constraints on fertilizer imports.

39. The investments in physical facilities and staff development appear sustainable. There is some uncertainty about the future of the CSSVDC program once the allocated STABEX funds have been fully drawn, but the program will be considerably smaller in future since most of the backlog has been cleared and the sanitary belt established. The proposed transfer of CRIG to the Council for Scientific and Industrial Research (CSIR), recommended by consultants in a recent study of Ghana's cocoa sector, would likely imply changes in the manner of its funding, and care will need to be taken to ensure continued adequate financing of this important institute and its activities. The rural roads component appears sustainable now that due priority for maintenance is accorded by DFR in its strategic maintenance plan to roads in the main cocoa production areas.

E. BANK PERFORMANCE

40. The performance of the Bank was not of uniform quality throughout the project cycle. Up to the time of appraisal, it failed to ensure sufficient political support and project ownership within the implementing agencies. Project management and implementation arrangements were not sufficiently well defined, and the technical specification for the roads component were established without taking into account the views of the technical staff of DFR, the implementing agency for this component.

[11] The major impediment concerns regulations on "approved fertilizers" that can be imported and marketed in Ghana; this has constrained the development of a private network of agricultural input providers. This issue has been reviewed and is now being addressed by GOG.

41. Arrangements for project supervision changed during the course of implementation and were not always fully effective. From credit effectiveness through the mid-term review (March 1992), four full supervision missions were fielded from Headquarters. Thereafter, responsibility for day-to-day supervision was assigned to the Resident Mission in Accra, while visiting HQ-based staff focused on specific project aspects, particularly the roads component and agricultural aspects. No comprehensive supervision mission from HQ took place between March 1992 and March 1995 (see Table 13), and supervision visits from other cofinanciers rarely coincided with those by IDA. This may have contributed to IDA's failure to press more forcefully for effective remedial action to redress the serious deficiencies in project management. IDA responded well to the Borrower's needs by extending the credit closing date twice by one year and reallocating funds among components to respond to changing priorities and other financiers' program preferences during the project life. Attempts to secure Borrower agreement to partial cancellation of credit funds that were evidently not going to be utilized were unsuccessful (see para. 31).

F. BORROWER PERFORMANCE

42. The main weakness of the Borrower -- specifically of COCOBOD, the main implementing agency -- was its failure, until the very end of the project, to put in place effective arrangements for project management. This was coupled with the persistent failure to establish a workable system for the procurement of goods and services and to adhere consistently to the Bank's procurement guidelines. Some improvement took place starting in 1994, but was insufficient to overcome the huge accumulated disbursement gap and prevent a sizable portion of the credit from having to be canceled at credit closing. Another major problem was the persistent failure to achieve agreement among concerned agencies on implementing agreed project components, notably the roads component and the unification of agricultural extension services. And the transfer of responsibility for input supply from COCOBOD to CCSFA must be considered more a circumvention, rather than implementation, of the agreement concerning the privatization of input marketing. The Borrower did well, however, in implementing the agreements regarding COCOBOD's restructuring and downsizing and, once the requisite support was forthcoming in the context of the AgSAC program, opening domestic cocoa marketing to the private sector.

G. ASSESSMENT OF OUTCOME

43. The outcome of the project has to be assessed against the background of world market price developments for cocoa, changes in the macro-economic environment (including the sharp depreciation of the Cedi), as well as preceding and contemporary operations in support of economic recovery and/or specifically of the cocoa subsector in Ghana. As indicated, production (or rather sales to COCOBOD) had already reached the project "target" of 300,000 tons in 1988/89, the year the project became effective. The substantial increases in producer prices implemented each year during the period 1984/85-1987/88 as part of GOG's Economic Recovery Program (and following the devastating bush fires of 1983/84) had already revived farmer interest and induced considerable new plantings of cocoa trees, resulting in the revival of production in the late 1980s. Adjusted for domestic inflation, the increase in the producer price from Cedi 30,000/t in 1984/85 to Cedi 150,000/t in 1987/88 represented an increase of 113 percent in real terms. Thereafter, sharply falling international prices and failure to adjust producer prices adequately for domestic inflation caused a substantial decline in real producer prices (in Cedi

Cocoa Producer Prices in Ghana

	current Cedi/kg	const. 1989/90 Cedi/kg	current US$/t	% of ICCO price /a
1984/85	30.0	114	601	26.7
1985/86	56.6	177	693	33.5
1986/87	85.0	192	641	32.2
1987/88	150.0	254	796	50.1
1988/89	165.0	223	649	52.3
1989/90	174.4	174	556	43.8
1990/91	224.0	181	626	52.2
1991/92	251.2	185	616	56.0
1992/93	258.0	156	440	39.3
1993/94	308.0	151	346	24.8
1994/95	700.0	229	630	43.8
1995/96	840.0	205	542	37.4
1996/97e	1200.0	183	629	43.3

/a Indicative world market price as reported by the International Cocoa Organization ICCO.

terms), and by 1993/94 they had fallen to 68 percent of their 1988/89 level. In the face of deteriorating price incentives, cocoa production remained essentially stagnant for the six years from 1988/89 through 1994/95 at around 300,000 tons per year. World market prices began to rise again in 1993/94 and have fluctuated around US$1,400/ton for the past two years. As the producers' share of the fob price was also increased in several steps from 25 percent 1993/94 to almost 45 percent in 1995/96, growers have again responded to the improved production incentives, and the 1995/96 crop, also favored by excellent weather, totaled 403,850 tons.[12]

44. The project's production objective was to be achieved through the rehabilitation of existing cocoa plantings, new plantings and replantings under the CSSVDC program. Reliable statistics on cocoa acreage, age of trees and yields are not available (see also para. 8, fn. 4), and estimates of incremental production due to measures taken under the project are therefore very crude. Moreover, the output response to these measures has also been significantly affected by the sharp variations in farmers' price incentives prior to and throughout the project period. Nevertheless, the incremental cocoa production attributable to the combined effect of project measures and to improved producer incentives and increased use of agro-chemicals after 1993/94 is estimated at about 100,000 tons p.a. at present and might rise to about 115,000 tons per year by the year 2002 (at full maturity of the newly planted trees). The outcome of the combined measures taken under the project and the subsequent AgSAC has, thus, been satisfactory. This is reflected by a re-estimated ERR of 24% against an appraisal estimate of 23% (see Table 9).

45. Many, but not all, of the institutional objectives have been achieved. COCOBOD has been significantly streamlined, research and extension activities have been strengthened and focused, and extension-research linkages have been strengthened. Progress towards promoting the emergence of an effective private input marketing system has not been satisfactory (see para. 21). As a result of actions taken in the context of AgSAC, the involvement of the private sector in domestic cocoa marketing, on the other hand, has progressed significantly beyond what was expected at the time of appraisal. The impact of the project on rural transport infrastructure has been far less than anticipated (see paras. 25-28), and poor road conditions in the areas left uncovered will have a negative effect on cocoa production/marketing.

46. Although aggregate cocoa production has exceeded the level identified as the central objective of the project, the poor implementation experience does not allow a satisfactory rating for this project. While measures taken and investments implemented under the project have strengthened institutional capacity, physical facilities and service performance in the subsector, the production effect was muted until significant policy reform measures to improve farmers' production incentives were implemented in the context of AgSAC.

H. FUTURE OPERATIONS

47. The Government remains committed to enhancing the incentive framework for cocoa production. In-depth assessments of remaining regulatory impediments to the growth of private input marketing (seeds, fertilizers, agro-chemicals, livestock pharmaceuticals, etc.) have been carried out, and recommendations to address these issues, developed at a recent national workshop, are now under review by MOFA and other concerned ministries. COCOBOD has been placed under the supervision of the Minister of Finance and Economic Planning, and its farm extension service is about to be merged with that of MOFA (see para. 14). GOG is endeavoring to decrease the share of PBC in domestic cocoa marketing to 50 percent by the year 2000 and to increase the farmers' share in the fob price to at least 60 percent within two or three years (which would bring the growers' share closer to the levels of 80 percent and more currently obtained by growers in Nigeria, Cameroon, Indonesia and Malaysia).

[12] Preliminary estimates are for a 1996/97 crop of about 335,000 tons.

48. COCOBOD intends to apply a stringent staff policy with the main aim to further reduce operational costs. The need to improve CRIG's capacity to translate research findings into readily acceptable extension messages has been recognized and is being followed up. A feeder road maintenance management system has been established under the ongoing National Feeder Roads Rehabilitation and Maintenance Project (Cr. 2319-GH), aimed at ensuring the adequate and timely funding of maintenance of the roads rehabilitated under the project

49. Key indicators by which the project can be monitored and evaluated in the future are: (i) area under cultivation, area planted with genetically superior hybrids, and yields; (ii) incidence of disease; (iii) quantities of cocoa exported; (iv) producer's share in the fob export price; (v) share of LBCs in internal cocoa marketing; (vi) number of private retailers of cocoa inputs; (vii) COCOBOD's staffing and operating cost; and (viii) revenues generated for GOG and COCOBOD. The impact of the planned merger of CSD extension services with those of MOFA needs to be carefully monitored.

50. The M&E system now in place is considered adequate for the purposes of the project but would benefit from a closer interaction between the M&E unit at PPMRD and the smaller but technically more specific units in PBC and CSD. Within the framework of GOG's Economic Recovery Program and the Medium-Term Agricultural Development Strategy, the project was only one of many, and its impact cannot be measured in isolation. A possible OED evaluation would therefore have to be broad-based and could possibly take place in about five years, i.e., when most of the other IDA credits extended in support of agricultural and private sector development will have closed.

I. LESSONS LEARNED

51. Project Objectives. For the multiplicity of policy and institutional changes envisaged, the project had insufficient leverage and support at the political and executive levels. For an agency with an annual turnover on the order of US$300-400 million, efficient and speedy implementation of a project which was viewed by many of the agency's staff as threatening their jobs and which entailed a comparatively small amount of financial assistance was not high on the list of priorities. It was only with the advent of AgSAC, which had the required support at highest level within Government, that the situation started to improve -- four years after project effectiveness. At appraisal and during negotiation more emphasis should have been given to participation and consensus building -- key to local commitment and project ownership.

52. The substantial devaluation of the Cedi during the project period, the gradual recovery of cocoa prices on the world market and the increase in the farmers' share of the fob price triggered a significant production response in the last two years of the project. This demonstrates that extraneous factors can be crucial for the success or failure of a project. In this particular case, it also highlights the need for greater care in the use and interpretation of commodity price projections (see para. 4).

53. Project Financing. The lack of clear financing arrangements at the time the credit became effective seriously affected project start-up (see para. 29). Especially for projects which involve a multiplicity of donors, the financing plan has to be firmed up prior to effectiveness and a mechanism put in place to coordinate the activities of the various donors.

54. Project Management. The absence of clear lines of authority and responsibility and of an effective mechanism to coordinate project activities was a major hindrance to timely and adequate project implementation, and particularly to efficient procurement of goods and services. From the beginning, firm organizational arrangements have to be in place. In this case, the situation called for a Project Coordinator with adequate authority and a Project Coordinating Committee comprising the Chief Executive of COCOBOD and the heads of

the various Divisions/Departments and subsidiaries responsible for the respective project components, their financing as well as procurement. While successive supervision missions may have recognized and identified this lacuna as a major obstacle to effective implementation, corrective action was not taken.

55. Supervision. Complex multi-component projects cannot be effectively supervised by a lone staff member at the Resident Mission, but require periodic multi-disciplinary supervision missions. And supervision of operations supported by multiple cofinanciers would be more effective if carried out jointly by teams from the cofinancing agencies.

PART II: STATISTICAL TABLES

Table 1: Summary of Assessments

A. Achievement of objectives	Substantial (⊞)	Partial (⊞)	Negligible (⊞)	Not Applicable (⊞)
Macro policies	☐	☐	☐	✓
Sector policies	☐	✓	☐	☐
Financial objectives	☐	✓	☐	☐
Institutional development	☐	✓	☐	☐
Physical objectives	☐	✓	☐	☐
Poverty reduction	☐	✓	☐	☐
Gender issues	☐	☐	☐	✓
Other social objectives	☐	☐	☐	✓
Environmental objectives	☐	☐	☐	✓
Public sector management	☐	✓	☐	☐
Private sector development	☐	✓	☐	☐
Other (specify)	☐	☐	☐	☐

B. Project sustainability	Likely (⊞)	Unlikely (⊞)	Uncertain (⊞)
	☐	☐	✓

C. Bank performance	Highly satisfactory (⊞)	Satisfactory (⊞)	Deficient (⊞)
Identification	☐	✓	☐
Preparation assistance	☐	✓	☐
Appraisal	☐	☐	✓
Supervision	☐	✓	☐

D. Borrower performance

	Highly satisfactory	Satisfactory	Deficient
Preparation			✓
Implementation			
- Borrower		✓	
- Implemeting Agencies			✓
Covenant compliance			✓
Operation (if applicable)			

E. Assessment of outcome

Highly satisfactory	Satisfactory	Unsatisfactory	Highly unsatisfactory
		✓	

N.B. Project implementation suffered from numerous deficiencies and some key physical objectives were only partially achieved. Hence, the overall outcome is considered unsatisfactory. However, as indicated in the text, the macro-economic and sectoral policy framework has, during the project period, substantially improved. In particular, supporting institutional and policy measures taken in the context of the Agricultural Sector Adjustment Credit (Cr. 2345-GH) have considerably strengthened the incentive framework for cocoa producers and the instituional arrangements in the cocoa sub-sector, strongly underpinned the program objectives of the CRP. It is therefore, almost impossible to assess the outcome of the project, if production growth is taken as the overall objective, in isolation.

Table 2: Related Bank Loans/IDA Credits

Loan/credit title	Purpose	Year of approval	Status
Preceding operations			
1. 1777-GH	Structural Adjustment I	1987	Completed
2. 1801-GH	Agricultural Services Rehabilitation	1987	Completed
3. 1976-GH	Forest Resource Management	1989	Ongoing
4. 1996-GH	Private SME Development	1989	Completed
5. 2005-GH	Structural Adjustment II	1989	Completed
6. 2040-GH	Rural Finance	1989	Completed
7. 2180-GH	Agricultural Diversification	1991	Ongoing
8. 2236-GH	Private Investment Promotion	1991	Completed
9. 2247-GH	National Agricultural Research	1991	Ongoing
10. 2319-GH	National Feeder Roads	1991	Ongoing
Following operations			
1. 2345-GH	Agricultural Sector Adjustment	1992	Completed
2. 2346-GH	National Agricultural Extension	1992	Ongoing
3. 2426-GH	Environmental Resource Management	1993	Ongoing
4. 2441-GH	National Livestock Services	1993	Ongoing
5. 2502-GH	Enterprise Development	1993	Ongoing
6. 2555-GH	Agricultural Sector Investment	1994	Ongoing
7. 2665-GH	Private Sector Development	1995	Ongoing
8. 2713-GH	Fisheries Subsector Capacity Building	1995	Ongoing
9. 2718-GH	Private Sector Adjustment	1995	Ongoing

Table 3: Project Timetable

Steps in project cycle	Date planned	Date actual/ latest estimate
Identification (Executive Project Summary)	-	December 1985
Preparation	-	May 1986
Appraisal	-	April/May 1987
Negotiations	October 1987	October 1987
Letter of development policy (if applicable)		
Board presentation	November 1987	December 1, 1987
Signing	December 1987	February 18, 1988
Effectiveness	March 1988	November 15, 1988
Midterm review (if applicable)	November 1990	March 1992
Project completion	June 30, 1993	June 30, 1996
Loan closing	June 30, 1994	June 30, 1996

Table 4: Loan/Credit Disbursements: Cumulative Estimated and Actual
(US$ thousands)

	FY89	FY90	FY91	FY92	FY93	FY94	FY95[1]	FY96	FY97[2]
Appraisal estimate	9.9	15.0	21.9	29.8	37.1	40.0	40.0	40.0	44.9
Actual	0.7	2.7	3.1	5.0	6.5	16.1	21.7	24.7	25.8
Actual as % estimate	7	18	14	17	18	40	54	62	57
Date of final disbursement	September 25, 1996								

1/ The credit closing date was extended twice by one year from June 30, 1994, to June 30, 1996.

2/ For reasons of comparison the US$ equivalent of the Credit were kept constant throughout the implementation period. At Credit closing, however, the actual US$ equivalent for the originally allocated SDR 31.3 million was used to match the indicated undisbursed balance. The change in value is due to the depreciation of the US$ against the SDR.

Table 5: Key Indicators for Project Implementation

Key implementation indicators in SAR/President's Report	Estimated	Actual
I. Physical		
1. Target cocoa production	300,000 t/year	403,850 t/year 1/
2. Cutting out (CSSVDC)	17,930 ha	13,050 ha
3. Replanting (CSSVDC)	17,300 ha	3,810 ha
4. Planting	40,000 ha	35,059 ha
5. Road Program	3,000 km	780 km
a) Spot Improvement	750 km	450 km
b) Routine maintenance up to PY 5 (peak)	2,100 km	? 2/
c) New Roads	60 km	-
d) New Tracks	80 km	-
e) Bridges	2 units	3 units
5. Renovation of Bunso Cocoa College	1 unit	1 unit
6. Renovation of FTCs	17 units	6 units
7. Staff housing	150 units	-
8. Seed garden expansion	80 ha	24 ha
9. Pilot irrigated seed garden	1 unit	-
II. Organizational		
1. Reduce CSD district offices from 191 units to	39	39
2. Reorganize CSD extension services	-	1,465 extension units established
3. Reduce PBC buying stations from 3218 to	1,730	1,730
4. Establish M&E units in PPMRD, CSD and PBC	3 units	3 units

1/ In 1995/96.
2/ Cannot be singled out from overall national program.

Table 6: Key Indicators for Project Operation

Not applicable

Table 7: Studies Included in Project

Study	Purpose as defined at appraisal/redefined	Status	Impact of study
1. Cocoa Survey	To update information on tree stock	Ongoing	
2. Socio-economic aspects of cocoa farming	To ascertain farm level dynamics and assess response to support measures	Ongoing	
3. Streamlining of COCOBOD	To define appropriate organizational structure, management system manpower requirements and office facilities	Completed	Internal reorganizations and reduction of staff
4. Cocoa pricing	To develop incentive oriented producer pricing system	Completed	Development of new pricing methodology and upward adjustment of producer's share in f.o.b. price

Table 8A: Project Costs

Item	Appraisal estimate (US$M)[1/]			Actual/latest estimate (US$M)		
	Local costs	Foreign costs	Total	Local costs	Foreign costs	Total[1]
1. Research	2.0	4.5	6.5			6.7
2. Extension & Training	5.2	5.7	10.9			13.4
3. Seed Production	0.9	0.4	1.3			0.3
4. Input Supply	3.4	21.6	25.0			15.2
5. Internal Marketing	7.6	13.1	20.7			12.2
6. CSSVD Control	10.6	0.6	11.2			4.3
7. Head Office & Management	2.5	2.0	4.5			0.1
8. Road Program	19.0	28.9	47.9			34.9
TOTAL	51.2	76.8	128.0			87.1

[1] Data provided tby the Borrower were insufficiently detailed to allow a breakdown into local and foreign cost.

Table 8B: Project Financing

	Appraisal estimate (US$M)			Actual/latest estimate (US$M)		
Source	Local costs	Foreign costs	Total	Local costs	Foreign costs	Total[1]
IDA	14.2	25.8	40.0			25.8
ADB/ADF	-	33.0	33.0			28.4
ODA	-	12.9	12.9			11.9
BADEA		5.1	5.1			4.1
EU	-	-	-			2.1[2]
Government	16.1	-	16.1			14.9[3]
COCOBOD	20.9	-	20.9			
TOTAL	51.2	76.8	128.0			

1 Data provided by the Borrower were insufficiently detailed to allow a breakdown into local and foreign cost.

2 At appraisal no participation by the EU was foreseen. The figure reflects only the first tranche on an EU contribution of ECU 1.7 million towards the control of the CSSVD. The second tranche of ECU 1.7 million which has already been approved but was not released during the project period.

3 No separate accounts were kept for GOG and COCOBOD cofinancing, and it is not entirely clear whether all taxes and duties have been accounted for.

Table 9: Economic Costs and Benefits

		1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	PY 10	PY 15	PY 25
Project Costs	mill. ¢	2,519	5,892	6,439	26,598	19,787	32,867	15,347	12,339	6,700	6,700	6,700	6,700
Total area under cocoa	ha	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Area under trad. management	ha	1,091,739	1,072,408	1,056,109	1,042,851	1,026,387	1,013,319	912,882	811,137	809,137	807,137	797,137	777,137
Area rehabilitated, cumulative	ha	-	10,000	20,000	30,000	40,000	50,000	150,000	250,000	250,000	250,000	250,000	250,000
Area replanted, annual	ha	8,261	9,331	6,299	3,258	6,464	3,068	437	1,745	2,000	2,000	2,000	2,000
Area replanted, cumulative	ha	8,261	17,592	23,891	27,149	33,613	36,681	37,118	38,863	40,863	42,863	52,863	72,863
Incremental Costs Traditional Mgmt.	mill. ¢	-	4,022	7,921	11,732	11,547	11,400	23,963	30,418	30,343	30,268	29,893	29,143
Incremental Costs Rehabilitation	mill. ¢	-	3,439	6,878	10,317	13,756	17,195	51,585	85,975	85,975	85,975	85,975	85,975
Incremental Costs Replanting	mill. ¢	12,247	15,567	13,031	9,950	16,548	14,340	12,158	14,844	16,526	17,504	20,997	28,485
Total Costs	mill. ¢	14,765	28,919	34,268	58,597	61,638	75,802	103,054	143,576	139,544	140,447	143,564	150,303
Average Yield, traditional area	kg/ha	250	255	260	265	265	265	285	300	300	300	300	300
Average Yield, rehabilitated area	kg/ha	-	450	450	450	450	450	450	450	450	450	450	450
Incremental Yield, replanted area	kg/ha	-	-	-	-	150	220	312	402	435	495	598	608
Incremental Output Traditional	1000 t	-	5.4	10.6	15.6	15.4	15.2	32.0	40.6	40.5	40.4	39.9	38.9
Incremental Output Rehabilitation	1000 t	-	2.0	4.0	6.0	8.0	10.0	30.0	50.0	50.0	50.0	50.0	50.0
Incremental Output Replanting	1000 t	-	-	-	-	1.2	3.9	7.5	10.9	14.6	18.1	26.8	39.4
Total Incremental Output	1000 t	-	7.4	14.6	21.6	24.6	29.1	69.4	101.5	105.1	108.5	116.7	128.3
Incremental Benefits - Trad.	mill. ¢	-	9,384	18,482	27,375	26,943	26,600	55,914	70,974	70,799	70,624	69,749	67,999
Incremental Benefits - Rehab.	mill. ¢	-	3,500	7,000	10,500	14,000	17,500	52,500	87,500	87,500	87,500	87,500	87,500
Incremental Benefits - Replant.	mill. ¢	-	-	-	-	2,169	6,786	13,058	19,100	25,615	31,746	46,937	69,494
Total Benefits	mill. ¢	-	12,884	25,482	37,875	43,111	50,886	121,472	177,575	183,914	189,871	204,186	224,994
Net Stream	mill. ¢	(14,765)	(16,036)	(8,786)	(20,723)	(18,526)	(24,916)	18,418	33,999	44,370	49,424	60,622	74,691
Economic Rate of Return (ERR)			24.3%										

Underlying assumptions for ERR calculation:

- Project life 25 years.
- All costs and benefits are in constant end-1996 prices.
- Project cost were adjusted to 1996 constant prices by using the GDP deflator.
- A farmgate export parity price for cocoa of ¢ 1,750/kg (US$1,096.5/ton equivalent in actual end-1996 Cedis) was used.
- A SCF of 0.8 was used; duties were netted out.
- In the absence of an operational plan, 5% of total project costs are used as basis for project operating costs after the completion of the investment phase.
- The total area under cocoa is assumed to have remained unchanged at 1.1 million ha throughout.
- It is estimated that by 1996 about 250,000 ha had been put under improved farm management (rehabilitation). This acreage is assumed to have increased gradually during the initial project years, but very rapidl;y in 1994/95 and 1995/96 in response to substantially improved producer prices and availability of farm inputs.
- No detailed analysis on production responses is available. For the purpose of the economic analysis, average yields on rehabilitated areas are estimated at 450 kg/ha, yields on replanted areas are estimated to rise from 150 kg/ha in year 5 after planting to 300 kg/ha in year 6, 450 kg/ha in year 7, 525 kg/ha in year 8, 600 kg/ha in year 9, and 650 kg/ha in year 10 and thereafter. The average yield on traditionally managed areas is estimated at 250 kg/ha in year 1 of the project, and to increase gradually, as shown here, due to improving price incentives and farm management, to 300 kg/ha in year 8 and thereafter.
- Replanting is estimated to continue at a rate of 2,000 ha per year, as old trees are being replaced..
- Based on these assumptions, the ERR (including all project costs) has been reestimated at 24.3%, against an appraisal estimate of 23%. As indicated in the text, it is not possible to net out the impact of the project from all other measures which have created a more favourable incentive framework for cocoa production in the past few years.

Table 10: Status of Legal Covenants

Agree-ment	Section	Covenant type	Present status	Original fulfillment date	Revised fulfillment date	Description of covenant	Comments
CA	2.02 (b)	1	C			Borrower to open special account A (for parts A-J of project)	
CA	2.02 (b)	1	C			Borrower to open special account B (for part K-roads of the project)	
CA	3.02 (a)	1	C			Borrower to open a commercial bank account in the name of DFR Cocoa account for part K of the project	
CA	3.07	5	CP	12/89		Borrower to cause Cocobod to eliminate farm input subsidy	Subsidy eliminated in June 1990. However, indirect subsidies continue
CA	3.07	5	C	11.15.89 11.15.90 5.31.90 11.15.91 11.15.92		Cocobod to: a) introduce private retailing of inputs in Eastern Region b) introduce private retailing of inputs in Central and volta Regions c) announce permission to private sector to engage in input retailing, d) introduce private retailing in Ashanti and Brong Ahafo Regions e) introduce privatize bulk delivery and retailing in Western Region	Private retailing covering the entire country introduced in August 1990, but mostly carried out by CCSFA.
CA	3.08 (i)	5	NC			Borrower not to change Chief Executive and Deputy Chief Executive without prior approval of IDA	Changes took place without prior approval
CA	3.08 (ii)	5	NC			Borrower not to change Director General of DFR without prior approval of IDA	Was changed without prior approval
CA	4.01 (b) (iii)	1		June 30 annually		Borrower to submit audit reports, including audits of statements of expenditures, by June 30 following end of previous fiscal year	
CA	7.01 (a)	3	C			Signing of Subsidiary Loan agreement between borrower and Cocobod, as conditions of effectiveness	
CA	7.01 (b)	3	C			Fulfillment of conditions of ADF loan agreement, BADEA loan agreement, and UK grant agreement, as conditions of effectiveness	
CA	7.01 (c)	4	C			Deposit by the borrower of DFR Cocoa account in an initial amount of US$ 1 million in cedis equivalent, as conditions of effectiveness	
CA	7.01 (d)	5	C			Submission by borrower to IDA of Cocoa producer price arrangements satisfactory to IDA, as conditions of effectiveness	
CA	7.01 (e)	1	C			Submission by borrower to IDA of its audit report for 1985 and 1986, as conditions of effectiveness	
CA	7.01 (f)	5	C			Appointment by Cocobod of personnel for following positions, as condition of effectiveness a) Executive director of CRIG b) Deputy chief executive for Finance and Administration c) Deputy executive director (operations) of CSD d) Technical manager for extension e) Haulage manager of PBC f) Head of M&E unit at headquarters	

Agree-ment	Section	Covenant type	Present status	Original fulfillment date	Revised fulfillment date	Description of covenant	Comments
Sch 2, PA	1	5	C	July 1, annually		Cocobod to submit to IDA by July 1 of each year its budget and annual work program	
Sch 2, PA	2	9	C	August 9, annually		Cocobod and IDA to exchange views on (a) Cocobod's corporate plan; (b) farm input privatization program; (c) Cocobod's internal marketing policy and strategy; and (d) program of CSSVD control	
Sch 2, PA	3	9	CD	November 1, 1990		Cocobod and IDA to conduct mid-term review of project implementation.	Delayed due to delay in overall project. Completed in March 1991
Sch 2, PA	5	5	C	January 1, 1990		CSD to reduce to thirty-nine the number of districts which it operates	
Sch 2, PA	6 (a)	5	CD	June 30, 1988		CSD to discontinue its involvement in sale and distribution of farm inputs	August 1990
Sch 2, PA	6 (b)	5	NC	January 1, 1989		CSD to undertake pilot extension programs.	Unification of extension planned for 1997
Sch 2, PA	7 (a)	5	C			CSD to make hybrid seed available only to farmers who agree to apply improved agroeconomist practices and to prepare seedling in polybags	
Sch 2, PA	7 (b)	2	NC			CSD to sell seeds and seedlings at prices not less than the prevailing market prices for equivalent dry weight of beans	Price still highly subsidezed
Sch 2, PA	9	5	C	April 1, 1988		CRIG to establish Management Committee	
Sch 2, PA	10	5	C	June 30, 1988		CRIG to establish a research policy subcommittee of the management committee	
Sch 2, PA	11	5	CD	March 31, 1988; June 30, 1991; thereafter every 5 years		CRIG to undertake periodic external assessments of its research program, and provide such information to Cocobod.	Second assessment only in July 1992
Sch 2, PA	12	9	C			M&E unit to be established in the PPMRD	
Sch 2, PA	17	5	C	January 1, 1990		PBC to: a) review role and function of its buying centers; b) close down all buying centers with annual purchases of less than 25 tons (656); c) convert all buying centers with annual purchases of 25-50 tons into sub-societies (830)	

Covenant Class

1 - Accounts/audit
2 - Financial performance/generate revenue from beneficiaries
3 - Flow and utilization of Project funds
4 - Counterpart funding
5 - Management aspects of the Project or of its executing agency
6 - Environmental covenants
7 - Involuntary resettlement
8 - Indigenous people
9 - Monitoring, review and reporting
10 - Implementation
11 - Sectoral or cross-sectoral budgetary or other resource allocation
12 - Sectoral or corss-sectoral regulatory/institutional action
13 - Other

Status

C - Complied with
CD - Compliance after Delay
NC - Not Complied with
SOON - Compliance Expected in Reasonably Short Time
CP - Complied with Partially
NYD - Not Yet Due

Table 11: Compliance with Operational Manual Statements

The most significant lack of compliance occurred in respect of adherence to procurement procedures.

Table 12: Bank Resources: Staff Inputs

Stage of project cycle	Actual	
	Weeks	US$
Preparation to appraisal	202.7	213.6
Appraisal	27.5	67.7
Negotiations through Board approval	2.9	7.3
Supervision	154.0	419.7
Completion	13.5	45.0
TOTAL	400.6	753.3

Table 13: Bank Resources: Missions

Stage of project cycle	Month/ year	Number of persons	Days in field	Specialized staff skills represented	Performance rating: Implementation status	Performance rating: Development objectives	Types of problems
Through appraisal							
1. Pre-preparation (FAO)	5/86	6	21	A, FA, ISS, RS[1], T	-	-	-
2. Preparation (FAO)	../86	3	19	A, FA, ISS	-	-	-
3. Pre-appraisal	2/87	7	20	A, E, ExS, FA, RE, TE	-	-	-
4. Appraisal	5/87	4	21	E, FA, RE, TE	-	-	-
Appraisal through Board approval	8/87	1	22	E	-	-	-
Board approval through effectiveness	-	-	-	-	-	-	-
Supervision							
1.	3/89	3	3	AgE, E, RS[1/]	-	-	-
2.	8/89	4	13	A, AgE, E, TE	3	3	Training, Studies
3.	4/90	4	15	AgE, E, HE, TE	2	2	Management
4. PS - R[2/]	11/90	3	17	A, HE, TE	2	2	Management
5. PS - R[2/]	2/91	3	18	AgE, HE, TE	2	2	-
6. Mid-term review	3/92	4	25	A, AgE, E, T	3	3	Procurement, Studies
7. PS - R[2/]	6/93	1	19	TE	-	-	Procurement
8. PS - R[2/]	3/94	1	20	TE	-	-	Procurement
9. PS - CSSVD[3/]	9/94	1	10	T	-	-	Procurement
10.	3/95	3	8	A, AgE, T	S	S	Management & Covenant Compliance
11.	3/96	2	9	A, T	S	S	Procurement & Covenance Compliance
Completion	2/97	3	15	AgE, RE, T	-	-	-

A = Agronomist/Agriculturalist; AgE = Agricultural Economist; E = Economist; ExS = Extension Specialist; FA = Financial Analyst; HE = Highway Engineer; ISS = Input Supply Specialist; PO = Project Officer; RE = Rural Engineer; RS = Research Specialist; T = Tree Crops Specialist; TE = Transport Engineer.

1/ Research Specialist ODA

2/ Supervision of roads component in conjunction with supervision of National Feeder Roads Rehabilitation and Maintenance Project (Cr. 2319 GH).

3/ Supervision of CSSVD control program.

REPUBLIC OF GHANA

COCOA REHABILITATION PROJECT (CRP)
(Cr - 1854 GH)

Project Implementation Completion (ICR) Mission

Aide - Memoire

A. INTRODUCTION

1. This is the aide-memoire of a joint FAO/CP, World Bank mission[1] which visited the country from 7 to 21 February 1997 to prepare the ICR for the above captioned project. The findings of the mission are based on the review of documents available at the World Bank offices in Washington and Accra, information provided by the Borrower, field visits and discussions with farmers and representatives of the private sector.

B. THE PROJECT

Background

2. The project was the third IDA-financed cocoa project in the country. Based on a cocoa sector study carried out by the Bank in 1980 the project was first identified in 1981 and was followed by a prefeasibility study in the same year. Further preparatory work was suspended due mainly to an unfavorable economic environment and unresolved policy issues. The project was reidentified by the Bank in 1985, prepared in 1986 and appraised in 1987.

3. With the effectiveness on June 3, 1992, of the Agricultural Sector Adjustment Credit (AgSAC) in the amount of SDR 57 million (US$80 million equivalent at the time of appraisal) most of the institutional and policy objectives of the CRP were underpinned or even superseded. All three tranches were released and the credit was fully disbursed on January 23, 1996.

Project Objectives and Components

4. The main objectives of the project were to: (a) support the policy reforms in the cocoa sector agreed under the first Structural Adjustment Credit; and (b) increase cocoa production and yield to stabilize output at an annual level of about 300,000 t mainly through the rehabilitation of 300,000 ha of existing cocoa and the replanting of about 57,000 ha.

To translate these objectives into a program of concrete actions the project was to finance the following nine main components:

(i) Technical Services for Cocoa Production, (ii) Extension Services for Improved Technology, (iii) Seed Production and Distribution, (iv) Cocoa Swollen Shoot Virus

[1] H. Trupke (Mission Leader - FAO/CP), C. Carlier (Tree Crop Specialist, WB Consultant) and L. Campbell (Bio-Resources Engineer, WB Consultant).

Disease Control (CSSVDC), (v) Research, (vi) Farm Input Supply, (vii) Internal Marketing, (viii) Monitoring and Evaluation, and (ix) Road Program.

5. The project objectives were clear, realistic and most relevant to the country and the sector. The project was rather demanding for the borrower as it attempted to tackle a wide range of institutional reforms, and numerous of policy issues simultaneously together with the implementation of geographically widely dispersed physical action programs.

6. The five year project for which Credit 1854-GH in the amount of SDR 31.3 million (US$40.0 million equivalent at appraisal) was approved on 12/1/87 and made effective on 11/15/88. Total project cost were estimated at US$128.0 million with co-financing provided by ADB/ADF (US$33.0 million), other co-financiers (US$18 million) as well as counterpart contributions of US$16.1 million and US$20.9 million by GOG and COCOBOD respectively.

Implementation Experience and Results

7. The ultimate objective namely, to increase cocoa production and yield to stabilize output at an annual level of about 300,000 tons was reached and exceeded already in 1992/3 with over 312,000 tons, at a time when IDA disbursements amounted to less than 16% of the credit amount. This can partly be attributed to the major publicity drive by COCOBOD rekindling farmers' interest as well as enhanced contacts of CSD and CRIG with farms. The major production thrust, however, can be attributed to the improvement of the macro-economic policy framework which resulted in substantial increases in farm gate prices, due mainly to the devaluation of the Cedi. In addition, supported by AgSAC, the rationalization of COCOBOD led to an increased farmers' share in the f.o.b price further improving the incentive framework for cocoa production.

8. It remains therefore not clear which proportion of the ever since increasing production (over 400,000 tons in 1995/96) can solely be attributed to the project. Nevertheless with renewed farmer interest, about 330,000 ha were rehabilitated (SAR: 300,000 ha), and replanting (including 3,810 ha under the CSSVDC program) has reached 38,867 ha against an appraisal estimate of 57,000 ha.

9. In contrast the performance in implementing the various components has been mixed: The components aiming at improving the technical services for cocoa production and enhancing the efficiency and effectiveness of the cocoa extension services were implemented broadly following the SAR outline. Only the pilot program for the unification of cocoa extension services with those of MOFA was not attempted. Seed production and distribution was improved. Pod production was scaled down against appraisal estimates to more realistic demand figures of about 2.2 to 2.5 million pods. The pilot irrigated seed pod garden to determine the feasibility of increased pod production throughout the year was never started because of disagreement with IDA on the justification of the proposed investment and the value of the results. Seed pod distribution was substantially improved but pods are still sold at a highly subsidized price.

10. The CSSVD program covered an extremely important aspect of the industry. Under the component a total of 17,930 ha of diseased cocoa trees were to be cut out and 17,330 ha be replanted. Affected farmers were to receive a cutting out and replanting grant equivalent to 4 years loss of production in three tranches. There was considerable confusion in the earlier years of the project over the financing of that component. COCOBOD, however, maintained the program and has cut out about 5,000 ha during the period 1988/89 to 1993/94.

11. From July 1994 onwards a "Cordon Sanitaire" program, separating the areas of mass CSSVD infection in the Eastern Region from the scattered outbreak areas, was initiated. Realizing the urgent need to accelerate the CSSVDC program in this belt the European Union (E.U.) agreed to provide STABEX funds (ECU 1.7 million) for incentive payments and IDA provided some vehicles and equipment. During the remaining two years up to project closing another 8,056 ha were cut out, bringing the total to 13,050 ha or about 73% of the SAR estimate. At the same time 3,810 ha have been replanted under the program.

12. The main thrust of the research component was to strengthen the capacity of CRIG to deliver the necessary scientific and technical support to the cocoa industry. Whereas training, technical assistance, consultancies, vehicles and equipment were mostly ODA financed, some infrastructure rehabilitation was provided by IDA and the rest directly financed by COCOBOD. The quality of research has considerably improved, it is now demand driven, problem oriented and multidisciplinary. As planned, a farming systems unit was established which added the required farming systems perspective including economic issues to the research program. Most of the physical works have been successfully completed.

13. The technical assistance program was particularly successful and CRIG now has a well trained (in-house and overseas) and highly motivated complement of senior professional and technical and administrative staff. Research/extension linkages have been strongly established and are mainly operating through the Cocoa Research and Extension Technical Committee as well as joint CRIG/CSD field programs.

14. Under the farm input supply component COCOBOD has, as planned, initiated the subsidy removal process in 1988/89, but no action was taken to privatize the marketing channel. Under the pressing demand of AgSAC, however, COCOBOD rather abruptly sold in July 1990 all its input stocks to the Coffee, Cocoa and Sheanut Farmers Association (CCSFA) and made them effectively the sole distributor for cocoa inputs. CSD continued to import and distribute inputs on behalf of the CCSFA until June 1995. From July 1995 onwards CCSFA became solely responsible for the entire procurement and distribution process and CSD now only assists with requirement forecasting and the leasing of some stores. CCSFA continues to subsidize inputs at levels estimated to range between 40 and 85%, thus not only depleting the compensation funds, which was originally designed for price stabilization, but also preventing the emergence of a competitive private input marketing system.

15. In order to enhance the efficiency of internal cocoa marketing, and following the appraisal recommendation, 656 buying centers (societies) were closed, and 830 converted into sub-societies. An M&E Unit was established in the PBC. Under the IDA Credit 40 tractors for produce haulage were bought as well as tarpaulins. The procurement of jute sacks for an estimated US$4.7 million did not materialize due to protracted procurement difficulties.

16. In March 1992, COCOBOD was required under AgSAC to introduce competition into the internal marketing. By credit closing a total of 11 Licensed Buying Companies (LBC's) were operating, procuring about 101,000 tons equivalent to about 25% of total deliveries. Enhanced private competition to PBC is constrained by difficulties in accessing working capital, lack of vehicles, equipment, tarpaulins, bags, scales and storage facilities.

17. To strengthen COCOBOD's overall policy analysis capacity, its Policy Planning, Monitoring and Research Department (PPMRD) had been reorganized as planned and within it a Monitoring and Evaluation Unit established and a Management Information Service and Data Bank set up. The training program was partially executed and about 50% of the study program completed. The PPMRD and its M&E Unit are considered by COCOBOD management to perform satisfactory but are still suffering from

equipment and mobility constraints. The post of manager of the M&E Unit is presently vacant and a new incumbent would require training.

18. The implementation of the roads program was assigned to the Department of Feeder Roads (DFR) of the Ministry of Roads and Highways using contractors under LCB/ICB procedures. This component was not carried out as planned. The DFR was not involved in the design of the project and subsequently raised objections to the concept of carrying out only spot improvement on the selected roads which were found to be in a very poor state. The DFR claimed that the design were not suitable for the existing condition of the roads and the climatic condition of the project areas. In addition to the objections raised on the technical proposals, the DFR did not agree with the Bank and COCOBOD on the operational proposals including technical assistance. By the time the contentious issues were finally resolved after about three years the target roads for spot improvement and for maintenance had so deteriorated that most required complete rehabilitation at substantially higher cost than appraised. To worsen the situation, the original amount allocated to the road component was reduced from US$41.6 million to US$35.61 million at the project implementation stage. At credit closing, 275 km of roads and 3 bridges instead of the two bridges originally planned were completed under the IDA credit at a cost of US$13.5 million. At the same time, the ADF financed the rehabilitation of 404 km of roads at a cost of US$12.5 million. All the contracts were awarded through, ICB, to which COCOBOD contributed the equivalent of US$3.55 million as counterpart funds. In addition, COCOBOD financed the rehabilitation of 450 km out of 750 km of roads targeted using labor-based contractors at US$6.0 million. Budgetary constraints prevented work on the remaining 300 km. The contracts for the labor based contractors were let through reserved procurement procedures which IDA did not support. This was however, necessary to sustain the new technology. The total rehabilitation program funded by both IDA and ADF thus achieved only 679 km and 3 bridges. The road component completed which adds up to 1,129 km represents only 38% of 3,000 km originally planned.

19. None of the expected 60 km of new feeder roads and 80 km of new tracks had been constructed by the DFR. Even though bids were received for contracts covering this sub-component, they were aborted on the advice of the bank due to (a) lack of funds and (b) the banks requirement for environmental impact assessment which was not possible at the time. However, the number of bridges on major rivers was revised from 2 to 3 and they were satisfactorily completed. The cost of the 3 bridges constitutes 54% of the cost of the civil works funded by IDA. Under the same program, 22 steel bridges supplied by ODA were installed.

Major Factors Affecting the Project

20. Although the project had been made effective in November 1988 co-financing arrangements were only finalized in October 1989, resulting in a start-up delay of most components. The project suffered implementation difficulties from the start. Among the problems were frequent changes in the senior staff of COCOBOD and a generally low staff moral throughout the organization, because of the ongoing restructuring and retrenchment program involving privatization of many of COCOBOD's traditional activities.

21. Furthermore in the absence of clearly defined project management, coordination and execution responsibilities, the decision making process leading to implementation was extremely cumbersome. This affected in particular the procurement of goods and services as roles and responsibilities for procurement were not properly delineated, which together with frequent non-adherence to Bank procurement guidelines slowed down the implementation process to a virtual stand still. Performance only improved starting in early 1994 with the coming in of new management, leading the Bank to agree to two successive extensions

of the Loan closing date. In spite of these two extensions a balance of US$19.7 million (SDR 13.7 million equivalent) remained undisbursed at loan closing on June 30, 1996.

22. The performance of both, the Bank and the Borrower was weak throughout much of the project cycle. Through to appraisal the Bank failed to ensure political backing and project ownership of the implementing agencies. Project management and implementation arrangements were not sufficiently well defined and the technical specification for the roads component were established, disregarding the Borrower's indicated requirements. Project supervision was erratic and mostly only partial and earlier Bank missions failed to spot and rectify the serious project management deficiencies. The Bank, however, responded well to the Borrower's financial needs by extending the loan closing date twice by one year.

23. The main weakness of the Borrower was its failure to establish a workable system for the procurement of goods and services. On the other hand the Borrower did well in implementing the numerous conditionalities regarding COCOBOD's restructuring and the opening up of input supply and internal cocoa marketing to the private sector.

Assessment of Outcome

24. The outcomes of the various project components were mixed. Only about 38% of the roads component, which in financial terms represented the main thrust of the project, were completed and the program suffered from very substantial cost overruns. Procurement for goods and services was protracted resulting in a considerable implementation delay and a final disbursement shortfall of 42% in SDR terms reflecting mainly the lower that anticipated provision of equipment and materials to CSD and PBC as well as an under-performance in COCOBOD's civil works program.

25. The main achievements, which can be directly attributed to the project are the enhancing of CRIG's research capacity and capability and the CSSVD control program. The institutional and policy reform process, which was initiated by GOG and underpinned with donor support, was continued under the project but the major thrust for a further advancement can mostly be attributed to AgSAC.

Summary of Findings, Future Operations, and Key Lessons Learned

26. The most important findings are that: (a) for projects which envisage a multiplicity of policy and institutional changes, from the beginning local commitment and project ownership has to be ensured from both, policy makers and implementing agencies, (b) programs which promote divestiture and liberalization would need to be accompanied by measures in support of private sector entry, (c) extraneous factors, such as changes in world market commodity prices, exchange rates, climatic conditions etc. can have paramount effects and supersede the impact of the project per se.

27. Overall the project appears sustainable. The government remains strongly committed to enhance the incentive framework for cocoa production. It is essential that the momentum gained under the various support programs is maintained in the future including the promotion of further divestiture and liberalization of internal cocoa marketing and input supply.

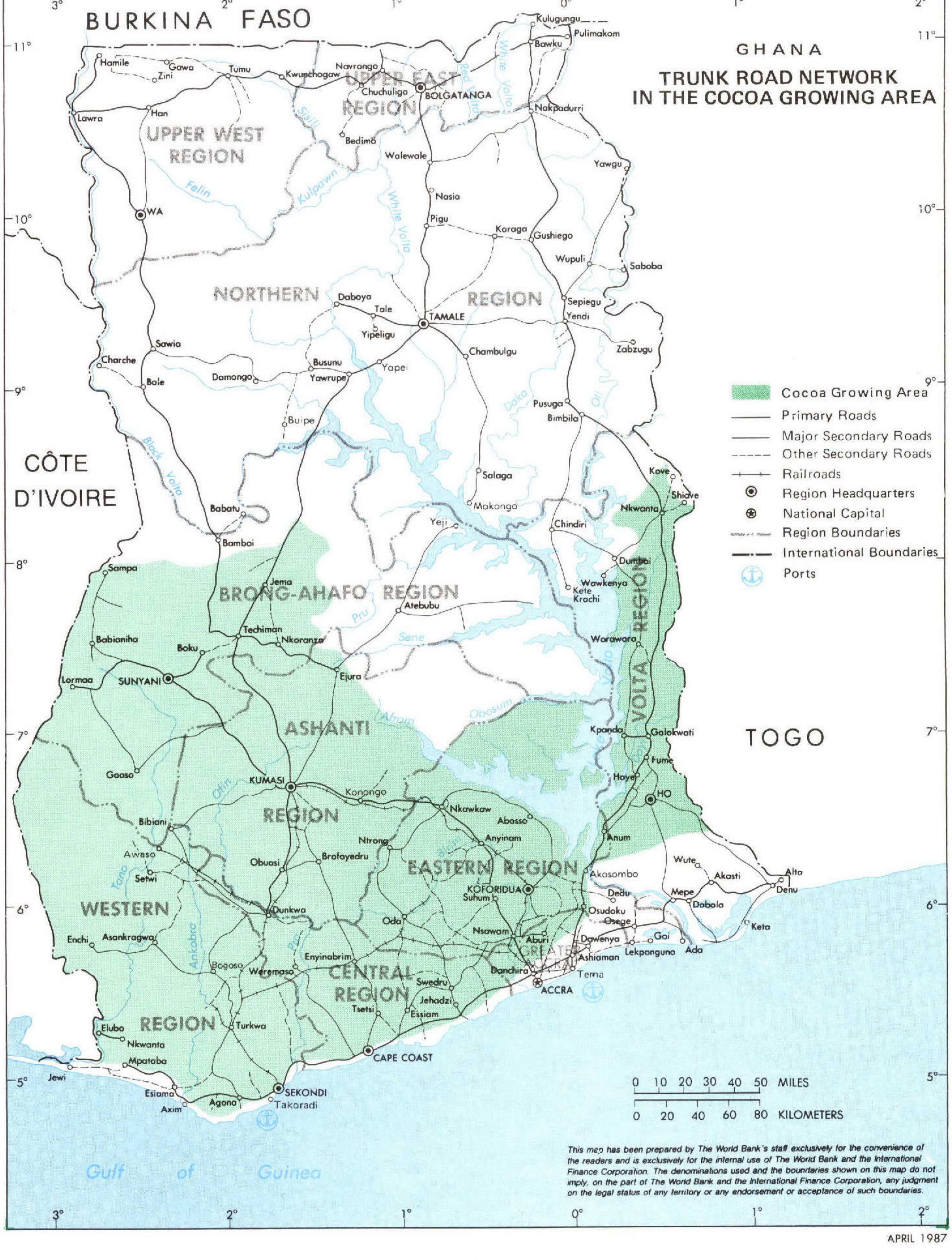
28. The key lessons to be drawn from project implementation experience are that (a) inadequate project management, coordination and implementation - including procurement - arrangements can seriously affect project outcome and should be clearly defined at appraisal, (b) especially for projects which involve a multiplicity of donors the financing plan has to be firmed-up prior to effectiveness, (c) attempting to instigate a major institutional change such as the unification of CSD with MOFA extension services, within

the framework of a minor project component is unrealistic, (d) lack of consensus between the Bank and the Borrower on key technical parameters such as road construction and improvement specifications and TA requirements can be detrimental to implementation, and (e) Bank supervision should be more problem-solving oriented, and regular multi-disciplinary supervision is required for complex projects.

C. FOLLOW UP

29. Upon return to Rome, the mission will prepare the ICR including the required statistical tables for submission to the Bank and the Borrowers by early April. The Borrower has been advised by the mission on the need to prepare its own assessment to form an integral part of the final report.

IBRD 20147



APRIL 1987

FOR OFFICIAL USE ONLY

The World Bank
Washington, D.C. 20433
U.S.A.

Office of the Director-General
Operations Evaluation

September 8, 1997

OED EVALUATIVE MEMORANDUM ON IMPLEMENTATION COMPLETION REPORT

Ghana: Cocoa Rehabilitation Project (Credit 1854-GH)

The Ghana Cocoa Rehabilitation project (CRP), supported by Credit 1854-GH for SDR 31.3 million (US$40.0 million equivalent) was approved in FY88. The credit was closed on June 30, 1996, two years after the original closing date. A total of SDR 13.1 million (US$18.2 million equivalent) was canceled. Cofinancing was provided by the African Development Bank (AfDB) for US$33.0 million, UK Overseas Development Administration (ODA) for US$12.9 million, and the Arab Bank for Economic Development in Africa (BADEA) for US$5.1 million. The Implementation Completion Report (ICR) was prepared by the FAO/World Bank Cooperative Programme (FAO/CP) for the Africa Regional Office. UK/ODA and AfDB have endorsed the findings of the ICR, but no comments have been received from the other cofinanciers or the Borrower.

The objectives of the project were to: (i) support the sectoral policy reforms agreed under the first Structural Adjustment Credit (SAC); and (ii) increase cocoa yields and production to stabilize output at about 300,000 tons per year. This was to be achieved by: (i) maintaining producer price incentives; (ii) improving the institutional efficiency of the Ghana Cocoa Board (COCOBOD), particularly its extension, seed production, and disease control activities, and by privatizing input supply; (iii) improving cocoa marketing and quality control; (iv) implementing a road rehabilitation program; (v) tackling Cocoa Swollen Shoot Virus Disease (CSSVD); and (vi) strengthening cocoa research.

Performance in implementing the project's various components was mixed. The project was not declared effective until almost a year after approval because of delays in finalizing the cofinancing arrangements, while COCOBOD never established a workable system for procuring goods and services or adhered consistently to the Bank's procurement guidelines. The components aimed at improving the technical services for cocoa production (including seed production and distribution) and enhancing the efficiency and effectiveness of the cocoa extension services were implemented broadly as designed, but the pilot program for the unification of cocoa extension services with those of the Ministry of Food and Agriculture was not implemented. Progress under the CSSVD program was slow and only picked up when increased incentives were paid late in the implementation period. Although there were delays in completion of physical facilities, progress was made in improving research at the Cocoa Research Institute of Ghana, particularly through the ODA-financed technical assistance. COCOBOD established a Monitoring and Evaluation Unit, but only two of the four studies planned were undertaken and the information base for sectoral monitoring and policy formulation remained weak. The roads program was not carried out as planned. At the time of preparation COCOBOD had its own program for construction and maintenance of feeder roads in cocoa producing areas. By appraisal this responsibility had been given to the Department of Feeder Roads (DFR). Agreement between DFR, COCOBOD (which continued to provide funds to DFR) and IDA on construction and maintenance standards took three years to resolve. The program implemented had a different composition from that appraised and amounted to US$35 million, as against a plan of US$48 million.

COCOBOD initiated a process to identify private companies to take over input supply. However, it then sold all its stocks of inputs to the Coffee, Cocoa, and Sheanut Farmers Association (CCSFA), which then, de facto became the sole distributor for cocoa inputs in the country. Thus, in practice no privatization occurred. CCSFA continues to subsidize inputs, contrary to the objective of creating a competitive input supply system. At appraisal it was considered premature to attempt the immediate privatization of cocoa marketing, and emphasis was placed on improving the efficiency of the Cocoa Buying Company, COCOBOD's marketing subsidiary. Some improvements were achieved. In 1992, under the Agricultural Sector Adjustment Credit (AgSAC - Credit 2345-GH), COCOBOD was required to introduce competition. By 1995/96, 11 Licensed Buying Companies were operating, which only bought about 25 percent of the crop.

Between project appraisal in 1987 and completion in 1996, the Ghanaian cedi has devalued from 160 per US$ to 1,600, with the decline being most rapid since 1992. At appraisal the producer price was only about 30 percent of the world price and the objective was to increase this share. However, the administered price system mitigated against this, especially since 1992, as nominal price increases were overtaken by the decline in the exchange rate. The project's target delivery of 300,000 tons was reached in 1989/90, but varied thereafter as real prices and relative prices in neighboring countries fluctuated widely. The ICR reestimated the ERR as 24 percent, compared to 23 percent at appraisal. But this is based on very crude estimates of the incremental production attributable to the project. Furthermore, the ICR indicates that these production increases were within reach in 1988, when the project was approved, and are largely a response to better prices attributable to AgSAC.

The Operations Evaluation Department (OED) concurs with the ICR ratings of institutional development as modest, sustainability as uncertain, and Bank performance as satisfactory. Since most of the relevant sectoral policy reforms were not achieved, despite the satisfactory ERR, the ICR rates the overall project outcome as unsatisfactory. OED rates it as marginally unsatisfactory because of the strength of the production improvements.

The ICR provides a clear and concise description of the implementation of a complex project and is rated as satisfactory. However, it might have examined more deeply the relationship between the CRP, the AgSAC, and the earlier SACs, given that little progress was made on the major policy initiatives until the advent of the AgSAC.

The principal lesson from the project is that, where the aim is to induce changes by a major semi-independent agency with strong political support, attempting to do so primarily through a project implemented by that agency may not be an effective approach. Government as a whole may have limited ability to push for change unless it has appropriate means to do so, such as through the conditionality in a Structural Adjustment Credit (or similar operation) for which a central ministry is the lead agency.

An audit is planned.

This PIF was posted on September 8, 1997

OED ID :	C1854
Type :	EVM
Country :	Ghana
Project Description :	Cocoa Rehabilitation
Sector :	AX / Agriculture
Subsector :	AP / Perennial Crops
Lending Instrument :	Specific Investment
L/C :	C1854

Operations Evaluation Department
PROJECT INFORMATION FORM

Table of Contents

A1. General Project Information

OED ID :	C1854
Type :	EVM
Country :	Ghana
Project Description :	Cocoa Rehabilitation
Sector :	AX / Agriculture
Subsector :	AP / Perennial Crops
Lending Instrument :	Specific Investment
L/C :	C1854

3. Key Dates

	Original	Latest
Departure of Appraisal Mission		04/15/87
Approval		12/01/87
Signing/Agreement		02/18/88
Effectiveness	05/18/88	11/15/88
Physical completion	06/30/93	06/30/96
Closing	06/30/94	06/30/96
ICR receipt in OED		06/30/97
Review date		08/15/97
EVM/PAR approval		09/08/97

1. Reviewer: John English

2. Do you agree with the assigned primary Sector and Subsector?
- (●) Yes
- ( ) No

Sugg. Sector:
Sugg. Subsector:

4. Key Amounts ($US million)

Original Commitment	40
Total Cancellation	16.72
Total project cost	
Original	128
Latest	87.1

5. Cofinanciers

	First	Second	Third
Name	African Development	UK/ODA	BADEA
Original Commitment ($US million)	33	12.9	5.1
Total Cancellation ($US million)	4.6	1	1

6. Distribution of latest cost among component types ($US million):

Physical	57.6
Technical assistance	10
Balance of payments	0
Line of credit	0
Other	19.5

7. Applicable disbursement profile (no. of years): 8.5 years

8. Number of supervision missions: 11

9. Name(s) of primary author(s) of ICR (indicate if not known): H. Trupke (FAO/CP)

11. Names of managers

	At entry	At exit
Task manager	Arie Chupak	Gotz Schreiber
Division chief	Anand Seth	Jean-Paul Chausse
Department director	Caio Koch-Weser	Serge Michailof

A2. Project Objectives Evaluation

1. Were the project objectives revised during implementation? No

If Yes, did the Board approve the revised objectives as part of a formal restructuring?

Date of Board approval

Note: If objectives were revised, base the ratings in subsequent sections on the revised objectives.

2. Taking into account the country's level of development and the competence of the implementing agency, to what extent did the project design have the following characteristics:

Demanding on Borrower / Implementing Agency	High
Complexity	Substantial
Riskiness	Substantial

3. Did the project include a monitoring and evaluation system for the implementation phase? Yes

If Yes, rate the extent to which the system met each of the following five criteria for a good M&E system:

Clear project and component objectives verifiable by indicators	Not Available
A structured set of indicators	Not Available
Requirements for data collection and management	Not Available
Institutional arrangements for capacity building	Substantial
Feedback from M&E	Not Available

4. For this particular project, rate the importance of the project's objectives:

Physical	Substantial
Financial (interest rates; pricing / tariff policies; cost recovery	Substantial
Economic	
Macro-economic policies (fiscal; monetary; trade)	Modest
Sector policies	High
Institutional	High
Social	Not Applicable
Environmental	Not Applicable
Private sector development	Modest
Other (specify):	

B1a. Outcomes — Relevance

1. Indicate the extent to which each of the project's objectives was relevant in terms of the Bank's / Borrower's current country or sectoral objectives:

Physical	Substantial
Financial (interest rates; pricing / tariff policies; cost recovery	High
Economic	
Macro-economic policies (fiscal; monetary; trade)	Substantial
Sector policies	Substantial
Institutional	Substantial
Social	Not Applicable
Environmental	Not Applicable
Private sector development	Substantial
Other (specify):	

2. Summary Rating of Relevance

Rate the extent to which, as a whole, the project's goals were consistent with the Bank's strategies, taking account of the relevance and importance of each of the project's objectives: Substantial

Average rating: Substantial

If your overall rating differs from the average rating, please comment on reasons for this difference:

B1b. Outcomes — Efficacy

1. Indicate the extent to which each of the following objectives was in fact accomplished:

Physical	Modest
Financial (interest rates; pricing / tariff policies; cost recovery	Modest
Economic	
Macro-economic policies (fiscal; monetary; trade)	Modest
Sector policies	Modest
Institutional	Modest
Social	Not Applicable
Environmental	Not Applicable
Private sector development	Negligible
Other (specify):	

2. Summary Rating of Efficacy

Rate the efficacy of the project, taking account of the importance of the objectives and the extent to which they were accomplished: Modest

Average rating: Modest

If your overall rating differs from the average rating, please comment on reasons for this difference:

B1b. Outcomes — Efficacy (cont'd)

3. Rate the extent to which each of the following factors affected the achievement of this project's objectives:

World markets / prices	Negative	Performance of contractors / consultants	Positive
Natural events	Not Applicable	War / civil disturbance	Not Applicable
Cofinancier(s) performance	Negative	Other (specify):	

B1c. Outcomes — Efficiency

1. Is an **Economic Rate of Return** (ERR) available for this project?
   - (●) Yes
   - ( ) No

   If No, is a **Financial Rate of Return** (FRR) available?
   - ( ) Yes
   - ( ) No

If a rate of return is available, provide the following information (in percent):

		Point Value	Range	Weighted Average	Coverage / Scope
At Appraisal	( ) Not Available ( ) Not Applicable	+23 %	From : To :		+100 %
At Completion	( ) Not Available ( ) Not Applicable	+24 %	From : To :		+100 %

2. Was another measure of efficiency provided?
   - ( ) Yes
   - (●) No

   If Yes, then answer the following:

   Measure used

   Coverage / scope of measure

   Comparison to appraisal estimate

3. If no measure of efficiency was provided for this project, would it have been reasonable to expect one?
   - ( ) Yes
   - ( ) No

   If Yes, explain:

4. Rate the quality of the economic analysis according to the following criteria:

Soundness of analysis	Modest
Conduct of sensitivity / risk analysis	Substantial
Consideration of institutional constraints to achieving results	Substantial
Extent to which benefits accrue to target population	Not Applicable
Consideration of environmental externalities	Not Applicable
Consideration of fiscal impact	Substantial
Consideration of alternatives to meeting objectives	Not Applicable

Overall rating of quality of analysis: Modest

Average rating: Modest

If your overall rating differs from the average rating, please comment on reasons for this difference:

B1c. Outcomes — Efficiency (cont'd)

5. Summary Rating of Efficiency

Rate overall to what extent the project accomplished its goals efficiently: Substantial

Average rating:

If your overall rating differs from the average rating, please comment on reasons for this difference:

B1d. Outcomes — Summary

1. SUMMARY OUTCOME RATING

Rate the project's outcome (i.e., the extent to which it achieved relevant objectives), taking account of its relevance, efficacy, and efficiency: Marginally Unsatisfactory

Average rating: Marginally Satisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

Although the project ERR, as reestimated by the ICR, was 24%, it failed to achieve the other of its major objectives. "Project failed to achieve most of its major relevant objectives, but had some substantial development results",

B2. Sustainability

1. Rate the extent to which each of the following conditions is expected to influence this project's sustainability :

Technical viability	Highly Positive	Policy environment	Negative
Financial viability	Negative	Institution / management effectiveness	Negative
Economic viability	Positive	Local participation	Not Applicable
Social conditions	No Effect	Other (specify):	
Environmental concerns	No Effect		
Government commitment	Positive		

2. SUMMARY SUSTAINABILITY RATING

Rate the probability of maintaining the project's relevant development achievements generated or expected to be generated: Uncertain

Average rating: Unlikely

If your overall rating differs from the average rating, please comment on reasons for this difference:

Not clear why average rating is "unlikely", as positives and negatives effectively cancel out.

B3. Institutional Development

1. Was this project directed primarily toward Institutional Development?
   - ○ Yes
   - ◉ No

2. If not, did the project contain components with significant Institutional Development objectives?
   - ◉ Yes
   - ○ No

3. Did the project's Institutional Development activities include each of the following:

Establishment of a new organization	No
Elimination of an existing organization	No
Restructuring / privatizing of an organization	Yes

4. For this particular project, rate the relevance of the following Institutional Development objectives:

National capacity	
Economic management	Not Applicable
Civil service reform	Not Applicable
Financial intermediation	Not Applicable
Legal / regulatory system	Not Applicable
Sectoral capacity	High
Other (specify):	
Agency capacity	
Planning / policy analysis	Substantial
Management	Substantial
Skills upgrading	Substantial
MIS	Substantial
Other (specify):	
NGO Capacity	Not Applicable

5. For this particular project, rate its efficacy in achieving the following Institutional Development objectives:

National capacity	
Economic management	Not Applicable
Civil service reform	Not Applicable
Financial intermediation	Not Applicable
Legal / regulatory system	Not Applicable
Sectoral capacity	Modest
Other (specify):	
Agency capacity	
Planning / policy analysis	Substantial
Management	Modest
Skills upgrading	Substantial
MIS	Negligible
Other (specify):	
NGO Capacity	Not Applicable
Overall ID Efficacy	Modest

6. SUMMARY INSTITUTIONAL DEVELOPMENT IMPACT RATING

Rate the extent to which, as a whole, the project resulted in improvement of the country's/sector's ability to effectively use its human, organizational, and financial resources: Modest

Average rating: Modest

If your overall rating differs from the average rating, please comment on reasons for this difference:

C1. Bank Performance

1. To what extent did each of the following apply during project identification / preparation:

Involvement of government	Substantial
Involvement of beneficiaries	Modest
Project consistency with Bank strategy for country	High
Grounding in economic and sector work (ESW)	High
Other (specify):	

Overall rating on identification / preparation	Satisfactory
Average rating	Satisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

2. Indicate the extent to which the Bank took account of the following during project appraisal:

Technical analysis (inc. alternatives)	Substantial
Financial analysis (inc. funding provisions, fiscal impact)	Substantial
ERR/FRR cost-benefit analysis	Substantial
Institutional capacity analysis	Substantial
Social and stakeholder analysis	Modest
Environmental analysis	Substantial
Risk assessment (inc. adequacy of conditionalities)	Substantial
Incorporation of M&E indicators	Modest
Incorporation of lessons learned	Substantial
Readiness for implementation	Modest
Suitability of lending instrument	Substantial

Overall rating on appraisal	Satisfactory
Average rating	Satisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

3. Considering the identification / preparation and appraisal processes discussed above, rate the overall quality of the project at the time of Board approval (Quality at Entry): Unsatisfactory

4. Indicate the extent of Bank project supervision in the following areas:

Reporting on project implementation progress	Modest
Identification / assessment of implementation problems	Substantial
Use of performance indicators	Modest
Enforcement of Borrower provision of M&E data	Substantial
Advice to implementing agency	Substantial
Enforcement of loan covenants / exercise of remedies	Substantial
Flexibility in suggesting / approving modifications	Substantial
Other (specify):	

Overall rating on supervision	Satisfactory
Average rating	Satisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

C1. Bank Performance (cont'd)

5. SUMMARY RATING OF BANK PERFORMANCE

Rate the Bank's overall performance, taking account of identification / preparation, appraisal, and supervision activities:	Satisfactory
Average rating	Satisfactory
If your overall rating differs from the average rating, please comment on reasons for this difference:	

C2. Borrower Performance

1. Rate the Borrower / Implementing Agency performance on the preparation of this project: Satisfactory

2. Rate the extent to which government / implementing agency performance on the following dimensions supported project implementation:

Factors generally subject to government control

Macro policies / conditions	Modest	Administrative procedures	Modest
Sector policies / conditions	Modest	Cost changes	Substantial
Government commitment	Substantial	Implementation delays	Substantial
Appointment of key staff	Modest	Other (specify):	
Counterpart funding	Substantial		

Factors generally subject to implementing agency control

Management	Modest	Use of technical assistance	High
Staffing	Substantial	Beneficiary participation	Not Applicable
Cost changes	Substantial	Other (specify):	
Implementation delays	Modest		

C2. Borrower Performance (cont'd)

3. Summary Rating of Borrower Performance on Project Implementation

Overall rating: Unsatisfactory

Average rating: Unsatisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

4. Rate Borrower compliance with loan covenants / commitments:

Unsatisfactory

5. SUMMARY RATING OF BORROWER PERFORMANCE

Overall rating: Unsatisfactory

Average rating: Unsatisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

D. Special Themes

1. Indicate whether each of the following social concerns was a major project emphasis:

Gender related issues	No
Settlement / resettlement	No
Beneficiary participation	No
Community development	No
Skills development	Yes
Nutrition and food security	No
Health improvement	No
Other (specify):	

2. Did the project have an unintended or unexpected effect on social concerns, regardless of the project's objectives?

No

If Yes, was the effect positive or negative?

3. Did the project place a major emphasis on poverty alleviation?

○ Yes
◉ No

If Yes:

Was this a Poverty Targeted Intervention?	○ Yes	○ No
Did it emphasize broad-based growth with labor absorption?	○ Yes	○ No
Did it emphasize human development (education, health, or nutrition)?	○ Yes	○ No
Did it emphasize the provision of a social safety net?	○ Yes	○ No

4. Indicate whether each of the following environmental concerns was a major project emphasis:

Natural resource management	No
Air / water / soil quality	No
Urban environmental quality	No
Other (specify):	

D. Special Themes (cont'd)

5. Did the project have an unintended or unexpected effect on environmental concerns, regardless of the project's objectives?

No

If Yes, was the effect positive or negative?

6. Indicate whether each of the following private sector development (PSD) concerns was a major project emphasis:

Improvement in legal or incentive framework designed to foster PSD (e.g., trade, pricing)	No
Restructuring / privatization of public enterprises	No
Financial sector development	No
Direct government financial and / or technical assistance to the private sector	No
Other (specify):	

7. Rate the priority of the project for audit

Medium

8. Rate the priority of the project for impact evaluation

Medium

E. Rating of ICR

1. Rate the quality of the ICR by the following characteristics:

Analysis	
Coverage of important subjects	Satisfactory
Recalcualtion of ERR or FRR	Satisfactory
Soundness of analysis	
Internal consistencies	Satisfactory
Evidence complete / convincing	Satisfactory
Adequacy of lessons learned	Satisfactory
Aide-memoire of the ICR mission	Satisfactory

Future orientation	
Plan for future project operation	Not Applicable
Performance indicators for the project's operations phase	Not Applicable
Plan for monitoring and evaluation of future operations	Not Applicable
Borrower / cofinancier inputs	
Borrower input to ICR	Not Available
Borrower plan for future project operation	Not Available
Borrower comments on ICR	Not Available
Cofinancier comments on ICR	Not Available

2. SUMMARY RATING OF ICR

Rate the quality of the ICR:	Satisfactory
Average rating	Satisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

E. Rating of ICR (cont'd)

3. Rate the quality of borrower participation in the project completion process on the following:

Analysis	Not Available	Focus on lessons learned	Not Available
Concern with development impact	Not Available	Self-evaluation	Not Available
Internal consistency	Not Available	Evaluation of Bank	Not Available
Evidence to justify views	Not Available		

F. Summary of Ratings

1. SUMMARY OF RATINGS

	ICR	EVM
Outcome	Unsatisfactory	Marginally Unsatisfactory
Sustainability	Uncertain	Uncertain
Institutional Development efficacy / impact	Modest	Modest
Bank performance	Satisfactory	Satisfactory
Borrower performance	Unsatisfactory	Unsatisfactory
ICR quality		Satisfactory

2. Explain any differences between OED ratings and those in the ICR:

Outcome: "Project failed to achieve most of its major relevant objectives, but had some substantial development results". This description, which is the guide definition of a marginally unsatisfactory outcome, best describes the performance of the project. The ICR might have chosen this, but did not have the option and , therefore, chose unsatisfactory.

G. Overall Judgements / Miscellaneous Comments

1. Enter any overall judgements or rationales and miscellaneous comments below.

The ICR might have examined the relationship between this project and related adjustment operations more closely. As the ICR does note "while measures taken and investments implemented under the project have strengthened institutional capacity, physical facilities and service performance in the subsector, the production effect was muted untilsignificant policy reform measures to improve farmers' production incentives were implemented in the context of AgSAC (Agricultural Sector Adjustment Credit, approved in FY92) (para xvii). This raises the issue as to whether the Bank might not have made more effective use of this linkage earlier. The PCR (prepared in 1991) for the First and Second Adjustment Credits (SACI, approved in FY87, and SACII, approved in FY89) raises trhe same issue: "Parallel crdits also had a potentially important role to play in sustaining and deepening dialogue between the Government and the Bank on specific issues. For example, the emphasis on the cocoa sector was much less in SACII than SACI because the institutional and marketing reform elements were subsumed under the Cocoa Rehabilitation Project. In the event, the planned study on the reform of cocoa marketing was not carried out and a key opportunity for further dialogue on reducing COCOBOD operating costs was thereby missed. In the face of fiscal pressure, this effectively prevented full achievement of the SAC II objective of improving cocoa producer incentives." (para 62)

This suggests that a lesson from the project is that the Bank should look more closely at issues related to "local commitment and project ownership". The experience in the CRP suggests that it is important, when dealing with a significant sector where one actor, in this case COCOBOD, is predominant and has substantial political clout, to ensure that other actors, such as the Ministry of Finance, which can provide some pressure for change on the major agency, have some effective levers to do so, such as a SAL or AgSAL, where they are the lead agency. This is an issue for the overall country stategy, rather than the performance of the appraisal, which was rated deficient in the ICR.

THE WORLD BANK GROUP

ROUTING SLIP	DATE: September 4, 1997

RECEIVED
97 SEP -5 AM 8:20
DGO

NAME	ROOM. NO.
Mr. Robert Picciotto, DGO	G 7-121
Through: Mr. Roger Slade, Acting Manager, OEDST	G 7-035

	URGENT		PER YOUR REQUEST
	FOR COMMENT		PER OUR CONVERSATION
	FOR ACTION		NOTE AND FILE
✓	FOR APPROVAL/CLEARANCE		FOR INFORMATION
	FOR SIGNATURE		PREPARE REPLY
	NOTE AND CIRCULATE		NOTE AND RETURN

RE: GHANA—Cocoa Rehabilitation Project (Cr. 1854-GH)
Implementation Completion Report

REMARKS:

No comments have been received from the Region. Please sign the attached EVM.

FROM	ROOM NO.	EXTENSION
John English, Task Manager, OEDST	G 7-013	31024

THE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

DATE: August 27, 1997

TO: Mr. Serge Michailof, Country Director, AFC10

FROM: Roger Slade, Acting Manager, OEDST

EXTENSION: 35050

SUBJECT: **GHANA: Cocoa Rehabilitation Project (Credit 1854-GH) Implementation Completion Report**

1. Attached is a draft Evaluative Memorandum (EM) from the Director-General, Operations Evaluation, which is based on OED's review of the Implementation Completion Report (ICR). We would appreciate receiving any comments you might have by September 3, 1997.

2. Based on this review, we intend to include the following ratings in OED's database:

	OED	**ICR**
Outcome	**Marginally Unsatisfactory**	**Unsatisfactory**
Sustainability	**Uncertain**	**Uncertain**
Institutional Development	**Modest**	**Partial**
Bank Performance	**Satisfactory**	**Satisfactory**
Borrower Performance	**Unsatisfactory**	**Unsatisfactory**

3. Except for the rating of the overall outcome, these ratings agree with those in the ICR. While the project failed to achieve most of its major relevant objectives, it had some limited development results, reflected in part in the reestimated ERR of 24 percent. The outcome is therefore, rated as "marginally unsatisfactory", rather than "unsatisfactory", which would imply that the project failed to achieve all its major objectives and is not expected to have any substantial development results, which is belied by the reestimated ERR.

4. The ICR provides a good account of the implementation and outcome of the project, and is rated as satisfactory. However, it might have examined the relationship between this project and related adjustment operations more closely. As the ICR notes "while measures taken and investments implemented under the project have strengthened

institutional capacity, physical facilities and service performance in the subsector, the production effect was muted until significant policy reform measures to improve farmers' production incentives were implemented in the context of the AgSAC (Agricultural Sector Adjustment Credit, approved in FY92)" (para xvii). This raises the issue as to whether the Bank might not have made more effective use of this linkage earlier. The PCR (prepared in 1991) for the First and Second Structural Adjustment Credits (SAC I, approved in FY87, and SAC II, approved in FY89) raised the same issue: "Parallel credits also had a potentially important role to play in sustaining and deepening dialogue between the Government and the Bank on specific issues. For example, the emphasis on the cocoa sector was much less in SAC II than in SAC I because the institutional and marketing reform elements were subsumed under the Cocoa Rehabilitation Project (CRP). In the event, the planned study on the reform of cocoa marketing was not carried out and a key opportunity for further dialogue on reducing COCOBOD operating costs was thereby missed. In the face of fiscal pressure, this effectively prevented full achievement of the SAC II objective of improving cocoa producer objectives." (para 62).

5. This suggests that a lesson from the project is that the Bank should look more closely at issues related to "local commitment and project ownership". The experience in the CRP suggests that it is important, when dealing with a significant sector where one actor, in this case COCOBOD, is predominant and has substantial political clout, to ensure that other actors, such as the Ministry of Finance, which can provide some pressure for change on the major agency, have some effective levers to do so, such as a SAC or AgSAC, where they are the lead agency. This is an issue for the overall country lending strategy, rather than the performance of the appraisal, which is rated deficient by the ICR.

6. This ICR review was prepared by John English and reviewed by Christopher Gibbs.

Attachment

cc: Ms. Salop (MDOPS), Mr. McCalla (AGRDR), Mr. Schreiber (AFTA2).

FOR OFFICIAL USE ONLY

The World Bank
Washington, D.C. 20433
U.S.A.

Office of the Director-General
Operations Evaluation

OED EVALUATIVE MEMORANDUM ON IMPLEMENTATION COMPLETION REPORT

Ghana: Cocoa Rehabilitation Project (Credit 1854-GH)

The Ghana Cocoa Rehabilitation project (CRP), supported by Credit 1854-GH for SDR 31.3 million (US$40.0 million equivalent) was approved in FY88. The credit was closed on June 30, 1996, two years after the original closing date. A total of SDR 13.1 million (US$18.2 million equivalent) was canceled. Cofinancing was provided by the African Development Bank (AfDB) for US$33.0 million, UK Overseas Development Administration (ODA) for US$12.9 million, and the Arab Bank for Economic Development in Africa (BADEA) for US$5.1 million. The Implementation Completion Report (ICR) was prepared by the FAO/World Bank Cooperative Programme (FAO/CP) for the Africa Regional Office. UK/ODA and AfDB have endorsed the findings of the ICR, but no comments have been received from the other cofinanciers or the Borrower.

The objectives of the project were to: (i) support the sectoral policy reforms agreed under the first Structural Adjustment Credit (SAC); and (ii) increase cocoa yields and production to stabilize output at about 300,000 tons per year. This was to be achieved by: (i) maintaining producer price incentives; (ii) improving the institutional efficiency of the Ghana Cocoa Board (COCOBOD), particularly its extension, seed production, and disease control activities, and by privatizing input supply; (iii) improving cocoa marketing and quality control; (iv) implementing a road rehabilitation program; (v) tackling Cocoa Swollen Shoot Virus Disease (CSSVD); and (vi) strengthening cocoa research.

Performance in implementing the project's various components was mixed. The project was not declared effective until almost a year after approval because of delays in finalizing the cofinancing arrangements, while COCOBOD never established a workable system for procuring goods and services or adhered consistently to the Bank's procurement guidelines. The components aimed at improving the technical services for cocoa production (including seed production and distribution) and enhancing the efficiency and effectiveness of the cocoa extension services were implemented broadly as designed, but the pilot program for the unification of cocoa extension services with those of the Ministry of Food and Agriculture was not implemented. Progress under the CSSVD program was slow and only picked up when increased incentives were paid late in the implementation period. Although there were delays in completion of physical facilities, progress was made in improving research at the Cocoa Research Institute of Ghana, particularly through the ODA-financed technical assistance. COCOBOD established a Monitoring and Evaluation Unit, but only two of the four studies planned were undertaken and the information base for sectoral monitoring and policy formulation remained weak. The roads program was not carried out as planned. At the time of preparation COCOBOD had its own program for construction and maintenance of feeder roads in cocoa producing areas. By appraisal this responsibility had been given to the Department of Feeder Roads (DFR). Agreement between DFR, COCOBOD (which continued to provide funds to DFR) and IDA on construction and maintenance standards took three years to resolve. The program implemented had a different composition from that appraised and amounted to US$35 million, as against a plan of US$48 million.

COCOBOD initiated a process to identify private companies to take over input supply. However, it then sold all its stocks of inputs to the Coffee, Cocoa, and Sheanut Farmers Association (CCSFA), which then, de facto became the sole distributor for cocoa inputs in the country. Thus, in practice no privatization occurred. CCSFA continues to subsidize inputs, contrary to the objective of creating a competitive input supply system. At appraisal it was considered premature to attempt the immediate privatization of cocoa marketing, and emphasis was placed on improving the efficiency of the Cocoa Buying Company, COCOBOD's marketing subsidiary. Some improvements were achieved. In 1992, under the Agricultural Sector Adjustment Credit (AgSAC - Credit 2345-GH), COCOBOD was required to introduce competition. By 1995/96, 11 Licensed Buying Companies were operating, which only bought about 25 percent of the crop.

Between project appraisal in 1987 and completion in 1996, the Ghanaian cedi has devalued from 160 per US$ to 1,600, with the decline being most rapid since 1992. At appraisal the producer price was only about 30 percent of the world price and the objective was to increase this share. However, the administered price system mitigated against this, especially since 1992, as nominal price increases were overtaken by the decline in the exchange rate. The project's target delivery of 300,000 tons was reached in 1989/90, but varied thereafter as real prices and relative prices in neighboring countries fluctuated widely. The ICR reestimated the ERR as 24 percent, compared to 23 percent at appraisal. But this is based on very crude estimates of the incremental production attributable to the project. Furthermore, the ICR indicates that these production increases were within reach in 1988, when the project was approved, and are largely a response to better prices attributable to AgSAC.

The Operations Evaluation Department (OED) concurs with the ICR ratings of institutional development as modest, sustainability as uncertain, and Bank performance as satisfactory. Since most of the relevant sectoral policy reforms were not achieved, despite the satisfactory ERR, the ICR rates the overall project outcome as unsatisfactory. OED rates it as marginally unsatisfactory because of the strength of the production improvements.

The ICR provides a clear and concise description of the implementation of a complex project and is rated as satisfactory. However, it might have examined more deeply the relationship between the CRP, the AgSAC, and the earlier SACs, given that little progress was made on the major policy initiatives until the advent of the AgSAC.

The principal lesson from the project is that, where the aim is to induce changes by a major semi-independent agency with strong political support, attempting to do so primarily through a project implemented by that agency may not be an effective approach. Government as a whole may have limited ability to push for change unless it has appropriate means to do so, such as through the conditionality in a Structural Adjustment Credit (or similar operation) for which a central ministry is the lead agency.

An audit is planned.

THE WORLD BANK GROUP

ROUTING SLIP	DATE: August 26, 1997

NAME	ROOM. NO.
Mr. Roger Slade, Acting Manager, OEDST	G7-035
Through: Mr. Christopher Gibbs, Panel Member	

	URGENT		PER YOUR REQUEST
	FOR COMMENT		PER OUR CONVERSATION
	FOR ACTION		NOTE AND FILE
✓	FOR APPROVAL/CLEARANCE		FOR INFORMATION
	FOR SIGNATURE		PREPARE REPLY
	NOTE AND CIRCULATE		NOTE AND RETURN

RE: Ghana—Cocoa Rehabilitation Project (Cr. 1854-GH)
Implementation Completion Report

REMARKS:

The above ICR package is attached for your signature.

FROM	ROOM NO.	EXTENSION
John English JCE	G 7-013	31024

THE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

DATE: August 25, 1997

TO: Hernan Levy, Deputy Chair, ICR Review Panel

FROM: Christopher Gibbs, Senior Evaluation Officer, OEDD1

EXTENSION: 3-1735

SUBJECT: **ICR Review - Ghana - Cocoa Rehabilitation Project - Cr. 1854**

I have reviewed the ICR review prepared by John English and recommend that it be cleared and sent to the Group Manager for distribution to the Region. I concur with the review's ratings and have made editorial recommendations which are marked on the attached copy of the draft.

cc: John English (OEDST)

FOR OFFICIAL USE ONLY

The World Bank
Washington, D.C. 20433
U.S.A.

Office of the Director-General
Operations Evaluation

DECLASSIFIED

MAY 25 2023

WBG ARCHIVES

OED EVALUATIVE MEMORANDUM
ON IMPLEMENTATION COMPLETION REPORT

Ghana: Cocoa Rehabilitation Project (Credit 1854-GH)

The Ghana Cocoa Rehabilitation project (CRP), supported by Credit 1854-GH for SDR 31.3 million (US$40.0 million equivalent) was approved in FY88. The credit was closed on June 30, 1996, two years after the original closing date. A total of SDR 13.1 million (US$18.2 million equivalent) was canceled. Cofinancing was provided by the African Development Bank (AfDB) for US$33.0 million, UK Overseas Development Administration (ODA) for US$12.9 million, and the Arab Bank for Economic Development in Africa (BADEA) for US$5.1 million. The Implementation Completion Report (ICR) was prepared by the FAO/World Bank Cooperative Programme (FAO/CP) for the Africa Regional Office. UK/ODA has endorsed the findings of the ICR, but no comments have been received from the other cofinanciers or the Borrower.

The objectives of the project were to: (i) support the sectoral policy reforms agreed under the first Structural Adjustment Credit (SAC); and (ii) increase cocoa yields and production to stabilize output at about 300,000 tons per year. This was to be achieved by: (i) maintaining producer price incentives; (ii) improving the institutional efficiency of the Ghana Cocoa Board (COCOBOD), particularly its extension, seed production, and disease control activities, and by privatizing input supply; (iii) improving cocoa marketing and quality control; (iv) implementing a road rehabilitation program; (v) tackling Cocoa Swollen Shoot Virus Disease (CSSVD); and (vi) strengthening cocoa research.

Performance in implementing the project's various components was mixed. The project was not declared effective until almost a year after approval because of delays in finalizing the cofinancing arrangements, while COCOBOD never established a workable system for ~~the~~ procur~~ement of~~ing goods and services or adhered consistently to the Bank's procurement guidelines. The components aimed at improving the technical services for cocoa production (including seed production and distribution) and enhancing the efficiency and effectiveness of the cocoa extension services were implemented broadly as designed, but the pilot program for the unification of cocoa extension services with those of the Ministry of Food and Agriculture was not implemented. Progress under the CSSVD program was slow and only picked up when increased incentives were paid ~~using EU Stabex funds,~~ late in the implementation period. Although there were delays in completion of physical facilities, progress was made in improving research at the Cocoa Research Institute of Ghana, particularly through the ODA-financed TA. COCOBOD established a Monitoring and Evaluation Unit, but only two of the four studies planned were undertaken and the information base for sectoral monitoring and policy formulation remain~~s~~ed weak. The roads program was not carried out as planned. At the time of preparation COCOBOD had its own program for construction and maintenance of feeder roads in cocoa producing areas. By appraisal this

(You might have to explain what EU Stabex is.)

technical assistance

responsibility had been given to the Department of Feeder Roads (DFR). Agreement between DFR, COCOBOD (which continued to provide funds to DFR) and IDA on construction and maintenance standards took three years to resolve. The program ~~actually~~ implemented had a different ~~balance of~~ composition from ~~types than~~ that appraised and amounted to US$35 million, as against a plan of US$48 million.

COCOBOD initiated a process to identify ~~of identifying~~ private companies to take over input supply. However, it then sold all its stocks of inputs to the Coffee, Cocoa, and Sheanut Farmers Association (CCSFA), which then, de facto became the sole distributor for cocoa inputs in the country. Thus, in practice no privatization occurred. CCSFA continues to subsidize ~~the~~ inputs, contrary to ~~thus negating~~ the objective of creating a competitive input supply system. At appraisal it was considered premature to attempt the immediate privatization of cocoa marketing, and emphasis was placed on improving the efficiency of the Cocoa Buying Company, COCOBOD's marketing subsidiary. Some improvements were achieved. In 1992, under the Agricultural Sector Adjustment Credit (AgSAC - Credit 2345-GH), COCOBOD was required to introduce competition. By 1995/96, 11 Licensed Buying Companies were operating, ~~but only~~ which bought about 25 percent of the crop.

* Since project appraisal in 1987,

Since the project was appraised, in 1987, the Ghanaian cedi has devalued from 160 per US$ to 1,600 per US$ at credit closing, with the decline being particularly rapid since 1992. At appraisal the producer price was only about 30 percent of the world price and the objective was to increase this share. However, the administered price system mitigated against this, especially since 1992, as nominal price increases were overtaken by the decline in the exchange rate. The project's target delivery of 300,000 tons was reached in 1989/90, but ~~fluctuated~~ varied thereafter as real prices and relative prices in neighboring countries fluctuated widely. ~~Based on this crop performance~~ The ICR reestimated the ERR as 24 percent, compared to 23 percent at appraisal. (**)

The Operations Evaluation Department (OED) concurs with the ICR ratings of institutional development as modest, sustainability as uncertain, and Bank performance as satisfactory. Since most of the ~~significant objectives~~ relevant sectoral policy reforms were not achieved, despite the satisfactory ERR, the ICR rates the overall project outcome as unsatisfactory. OED rates it as marginally unsatisfactory because of the strength of the ~~ERR~~ production improvements.

The ICR provides a clear and concise description of the implementation of a complex project and is rated as satisfactory. However, it might have examined more deeply the relationship between the CRP, the AgSAC, and the earlier SACs, given that little progress was made on the major policy initiatives until the advent of the AgSAC.

(from whom? government or producers, or both?)

The principal lesson from the project is that, where the aim is to induce changes by a major semi-independent agency with strong support, attempting to do so primarily through a project implemented by that agency may not be an effective approach. Government as a whole may have limited ability to push for change unless it has appropriate means to do so, such as through ~~the~~ conditionality or components in a Structural Adjustment Credit (or similar operation) for which a central ministry is the lead agency.

project (?)

An audit is planned.

* Between project appraisal in 1987 and project completion in 1996, the Ghanaian cedi has devalued from 160 per US dollar to 1600, with the decline being most rapid since 1992.

• Marginally unsatisfactory - project did not achieve most of its major relevant ~~development results~~ objectives and had or is expected to have limited development results, with some shortcomings.

within each year appraised.

satisfactory response

	Estimated	Actual	
output	300 K	403 K	✓
cutting out	17 K	13 K	=
replanting	17.K	4 K	✗
planting	40 K	35 K	=
roads	3 K	0.4 K	✗
college	1	1	✓
FTCs	17	6	✗
Housing	150	–	✗
seed garden	80 ha	24 ha	✗
reduce offices to	39	✓	
reorg. extn		✓	
reduce buying		✓	
est M&E		✓	

24% ERR.
23% RERR

Technical service improvement OK.
Pilot extn. progr. not OK.
Seed prodn. improved OK.
Seed sale still subsidized not OK.
CSSND mixed
Input supply privatized (?) but not not subsidy.
Roads not OK.
M&E units but not studies not OK.

SUGGESTION FOR END OF PARA DEALING WITH ERR - para. 5 9 EUM.

(**)

The ICR reestimated the ERR as 24 percent, compared to 23 percent at appraisal. ~~However~~ But this is based on very crude estimates of the incremental production attributable to the project. Furthermore, the ICR indicates that these production increases were within reach in 1988, when the project was approved, and are largely a response to better prices attributable to AgSAC.

THE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

DATE:

TO: Mr. Serge Michailof, Country Director, AFC10

FROM: Roger Slade, Acting Manager, OEDST

EXTENSION: 35050

SUBJECT: **GHANA: Cocoa Rehabilitation Project (Credit 1854-GH) Implementation Completion Report**

1. Attached is a draft Evaluative Memorandum (EM) from the Director-General, Operations Evaluation, which is based on OED's review of the Implementation Completion Report (ICR). We would appreciate receiving any comments you might have by

2. Based on this review, we intend to include the following ratings in OED's database:

	OED	**ICR**
Outcome	**Marginally Unsatisfactory**	**Unsatisfactory**
Sustainability	**Uncertain**	**Uncertain**
Institutional Development	**Modest**	~~**Modest**~~ Partial
Bank Performance	**Satisfactory**	**Satisfactory**
Borrower Performance	**Unsatisfactory**	**Unsatisfactory**

3. Except for the rating of the overall outcome, in part these ratings agree with those in the ICR. While the project failed to achieve most of its major relevant objectives, it had some ~~substantial~~ limited development results, ~~as~~ reflected in the reestimated ERR of 24 percent. The outcome is therefore, rated as "marginally unsatisfactory", rather than "unsatisfactory", which would imply that the project ~~did not have substantial~~ failed to achieve all its major relevant objectives and is not expected to have ~~and~~ any substantial development results, which is belied by the reestimated ERR.

4. The ICR provides a good account of the implementation and outcome of the project, and is rated as satisfactory. However, it might have examined the relationship between this project and related adjustment operations more closely. As the ICR notes "while measures taken and investments implemented under the project have strengthened institutional capacity, physical facilities and service performance in the subsector, the

production effect was muted until significant policy reform measures to improve farmers' production incentives were implemented in the context of the AgSAC (Agricultural Sector Adjustment Credit, approved in FY92)" (para xvii). This raises the issue as to whether the Bank might not have made more effective use of this linkage earlier. The PCR (prepared in 1991) for the First and Second Structural Adjustment Credits (SAC I, approved in FY87, and SAC II, approved in FY89) raised the same issue: "Parallel credits also had a potentially important role to play in sustaining and deepening dialogue between the Government and the Bank on specific issues. For example, the emphasis on (CRP) the cocoa sector was much less in SAC II than in SAC I because the institutional and marketing reform elements were subsumed under the Cocoa Rehabilitation Project. In the event, the planned study on the reform of cocoa marketing was not carried out and a key opportunity for further dialogue on reducing COCOBOD operating costs was thereby missed. In the face of fiscal pressure, this effectively prevented full achievement of the SAC II objective of improving cocoa producer objectives." (para 62).

5. This suggests that a lesson from the project is that the Bank should look more closely at issues related to "local commitment and project ownership". The experience in the CRP suggests that it is important, when dealing with a significant sector where one actor, in this case COCOBOD, is predominant and has substantial political clout, to ensure that other actors, such as the Ministry of Finance, which can provide some pressure for change on the major agency, have some effective levers to do so, such as a SAC or AgSAC, where they are the lead agency. This is an issue for the overall country lending strategy, rather than the performance of the appraisal, which is rated deficient by the ICR.

Attachment

cc: Ms. Salop (MDOPS), Mr. McCalla (AGRDR), Mr. Götz Schreiber ( ).

ICR/PCN REVIEW PANEL

Date: 8/21/97

TO: MR. C. GIBBS, ICR/PCN Panel Member

Re: ICR/~~PCN~~ GHANA - CR. 1854

Attached please find the ICR package referenced above for your review, as per ICR/PCN processing guidelines. Upon completing your review, please return package to Aracely for logging and forwarding to the corresponding task manager. The originating task manager would be expected to resubmit the final package for your initials within the prescribed 7 working days from this date.

Signed: [signature]

THE WORLD BANK GROUP

ROUTING SLIP	DATE: August 15, 1997

NAME	ROOM. NO.
Mr. Roger Slade, Acting Manager, OEDST	G 7-035

	URGENT		PER YOUR REQUEST
	FOR COMMENT		PER OUR CONVERSATION
	FOR ACTION		NOTE AND FILE
✓	FOR APPROVAL/CLEARANCE		FOR INFORMATION
✓	FOR SIGNATURE		PREPARE REPLY
	NOTE AND CIRCULATE		NOTE AND RETURN

RE: GHANA—Cocoa Rehabilitation Project (Credit 1854-GH)
Implementation Completion Report

REMARKS:

Please find attached for your approval a draft Evaluative Memorandum from the DGO to the Board on the above ICR, together with a memorandum for your signature addressed to the Country Director.

This ICR was reviewed by John English.

FROM	ROOM NO.	EXTENSION
Christopher Gibbs, OEDST	G 7-029	31735

The World Bank
Washington, D.C. 20433
U.S.A.

Office of the Director-General
Operations Evaluation

OED EVALUATIVE MEMORANDUM ON IMPLEMENTATION COMPLETION REPORT

Ghana: Cocoa Rehabilitation Project (Credit 1854-GH)

The Ghana Cocoa Rehabilitation project (CRP), supported by Credit 1854-GH for SDR 31.3 million (US$40.0 million equivalent) was approved in FY88. The credit was closed on June 30, 1996, two years after the original closing date. A total of SDR 13.1 million (US$18.2 million equivalent) was canceled. Cofinancing was provided by the African Development Bank (AfDB) for US$33.0 million, UK Overseas Development Administration (ODA) for US$12.9 million, and the Arab Bank for Economic Development in Africa (BADEA) for US$5.1 million. The Implementation Completion Report (ICR) was prepared by the FAO/World Bank Cooperative Programme (FAO/CP) for the Africa Regional Office. UK/ODA has endorsed the findings of the ICR, but no comments have been received from the other cofinanciers or the Borrower.

The objectives of the project were to: (i) support the sectoral policy reforms agreed under the first Structural Adjustment Credit (SAC); and (ii) increase cocoa yields and production to stabilize output at about 300,000 tons per year. This was to be achieved by: (i) maintaining producer price incentives; (ii) improving the institutional efficiency of the Ghana Cocoa Board (COCOBOD), particularly its extension, seed production, disease control activities, and by privatizing input supply; (iii) improving cocoa marketing and quality control; (iv) implementing a road rehabilitation program; (v) tackling Cocoa Swollen Shoot Virus Disease (CSSVD); and (vi) strengthening cocoa research.

Performance in implementing the project's various components was mixed. The project was not declared effective until almost a year after approval because of delays in finalizing the cofinancing arrangements, while COCOBOD never established a workable system for the procurement of goods and services or adhered consistently to the Bank's procurement guidelines. The components aimed at improving the technical services for cocoa production (including seed production and distribution) and enhancing the efficiency and effectiveness of the cocoa extension services were implemented broadly as designed, but the pilot program for the unification of cocoa extension services with those of the Ministry of Food and Agriculture was not implemented. Progress under the CSSVD program was slow and only picked up when increased incentives were paid using EU Stabex funds, late in the implementation period. Although there were delays in completion of physical facilities, progress was made in improving research at the Cocoa Research Institute of Ghana, particularly through the ODA financed TA. COCOBOD established a Monitoring and Evaluation Unit, but only two of the four studies planned were undertaken and the information base for sectoral monitoring and policy formulation remains weak. The roads program was not carried out as planned. At the time of preparation COCOBOD had its own program for construction and maintenance of feeder roads in cocoa producing areas. By appraisal this responsibility had been given to the Department of Feeder Roads (DFR). Agreement between DFR, COCOBOD (which continued to provide funds to DFR) and IDA on construction and maintenance standards took three years to resolve. The program actually implemented had a different balance of types than that appraised and amounted to US$35 million, as against a plan of US$48 million.

COCOBOD initiated a process of identifying private companies to take over input supply. However, it then sold all its stocks of inputs to the Coffee, Cocoa, and Sheanut Farmers Association (CCSFA), which then, de facto became the sole distributor for cocoa inputs in the country. Thus, in practice no privatization occurred. CCSFA continues to subsidize the inputs, thus negating the objective of creating a competitive input supply system. At appraisal it was considered premature to attempt the immediate privatization of cocoa marketing, and emphasis was placed on improving the efficiency of the Cocoa Buying Company, COCOBOD's marketing subsidiary. Some improvements were achieved. In 1992, under the Agricultural Sector Adjustment Credit (AgSAC - Credit 2345-GH), COCOBOD was required to introduce competition. By 1995/96, 11 Licensed Buying Companies were operating, but only bought about 25 percent of the crop.

Since the project was appraised in 1987, the Ghanaian cedi has devalued from 160 per US$ to 1,600 per US$ at credit closing, with the decline being particularly rapid since 1992. At appraisal the producer price was only about 30 percent of the world price and the objective was to increase this share. However, the administered price system mitigated against this, especially since 1992, as nominal price increases were overtaken by the decline in the exchange rate. The project's target delivery of 300,000 tons was reached in 1989/90, but fluctuated thereafter as real prices and relative prices in neighboring countries fluctuated widely. Based on this crop performance the ICR reestimated the ERR as 24 percent, compared to 23 percent at appraisal.

The Operations Evaluation Department (OED) concurs with the ICR ratings of institutional development as modest, sustainability as uncertain, and Bank performance as satisfactory. Since most of the significant objectives were not achieved, despite the satisfactory ERR, the ICR rates the overall project outcome as unsatisfactory. OED rates it as marginally unsatisfactory because of the strength of the ERR.

The ICR provides a clear and concise description of the implementation of a complex project and is rated satisfactory. However, it might have examined more deeply the relationship between the CRP, the AgSAC, and the earlier SACs, given that little progress was made on the major policy initiatives until the advent of the AgSAC.

The principal lesson from the project is that, where the aim is to induce changes by a major semi-independent agency with strong support, attempting to do so primarily through a project implemented by that agency may not be an effective approach. Government as a whole may have limited ability to push for change unless it has appropriate means to do so, such as through the conditionality or components in a Structural Adjustment Credit (or similar operation) for which a central ministry is the lead agency.

An audit is planned.

THE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

DATE:

TO: Mr. Serge Michailof, Country Director, AFC10

FROM: Roger Slade, Acting Manager, OEDST

EXTENSION: 35050

SUBJECT: **GHANA: Cocoa Rehabilitation Project (Credit 1854-GH) Implementation Completion Report**

1. Attached is a draft Evaluative Memorandum (EM) from the Director-General, Operations Evaluation, which is based on OED's review of the Implementation Completion Report (ICR). We would appreciate receiving any comments you might have by

2. Based on this review, we intend to include the following ratings in OED's database:

	OED	**ICR**
Outcome	**Marginally Unsatisfactory**	**Unsatisfactory**
Sustainability	**Uncertain**	**Uncertain**
Institutional Development	**Modest**	**Modest**
Bank Performance	**Satisfactory**	**Satisfactory**
Borrower Performance	**Unsatisfactory**	**Unsatisfactory**

3. Except for the rating of the overall outcome, these ratings agree with those in the ICR. While the project failed to achieve most of its major relevant objectives, it had some substantial development results, as reflected in the reestimated ERR of 24 percent. The outcome is therefore, rated as "marginally unsatisfactory", rather than "unsatisfactory", which would imply that the project did not have substantial development results, which is belied by the reestimated ERR.

4. The ICR provides a good account of the implementation and outcome of the project, and is rated satisfactory. However, it might have examined the relationship between this project and related adjustment operations more closely. As the ICR notes "while measures taken and investments implemented under the project have strengthened institutional capacity, physical facilities and service performance in the subsector, the

production effect was muted until significant policy reform measures to improve farmers' production incentives were implemented in the context of the AgSAC (Agricultural Sector Adjustment Credit, approved in FY92)" (para xvii). This raises the issue as to whether the Bank might not have made more effective use of this linkage earlier. The PCR (prepared in 1991) for the First and Second Structural Adjustment Credits (SAC I, approved in FY87, and SAC II, approved in FY89) raises the same issue: "Parallel credits also had a potentially important role to play in sustaining and deepening dialogue between the Government and the Bank on specific issues. For example, the emphasis on the cocoa sector was much less in SAC II than in SAC I because the institutional and marketing reform elements were subsumed under the Cocoa Rehabilitation Project. In the event, the planned study on the reform of cocoa marketing was not carried out and a key opportunity for further dialogue on reducing COCOBOD operating costs was thereby missed. In the face of fiscal pressure, this effectively prevented full achievement of the SAC II objective of improving cocoa producer objectives." (para 62).

This suggests that a lesson from the project is that the Bank should look more closely at issues related to "local commitment and project ownership". The experience in the CRP suggests that it is important, when dealing with a significant sector where one actor, in this case COCOBOD, is predominant and has substantial political clout, to ensure that other actors, such as the Ministry of Finance, which can provide some pressure for change on the major agency, have some effective levers to do so, such as a SAC or AgSAC, where they are the lead agency. This is an issue for the overall country lending strategy, rather than the performance of the appraisal, which is rated deficient by the ICR.

Attachment

cc: Ms. Salop (MDOPS), Mr. McCalla (AGRDR)

This PIF has not been posted

OED ID :	C1854
Type :	EVM
Country :	Ghana
Project Description :	Cocoa Rehabilitation
Sector :	AA /
Subsector :	AP / Perennial Crops
Lending Instrument :	Specific Investment
L/C :	C1854

Problems

```
----------
| ERRORS |
----------

* These must be fixed before the PIF can be posted *

Section       Question      Error
-------       --------      -----

A1            3.9           No answer
```

Operations Evaluation Department
PROJECT INFORMATION FORM

Table of Contents

A1. General Project Information

OED ID :	C1854
Type :	EVM
Country :	Ghana
Project Description :	Cocoa Rehabilitation
Sector :	AA /
Subsector :	AP / Perennial Crops
Lending Instrument :	Specific Investment
L/C :	C1854

1. Reviewer: John English

2. Do you agree with the assigned primary Sector and Subsector?
   - (●) Yes
   - ( ) No

Sugg. Sector:
Sugg. Subsector:

3. Key Dates

	Original	Latest
Departure of Appraisal Mission		04/15/87
Approval		12/01/87
Signing/Agreement		02/18/88
Effectiveness	11/15/88	11/15/88
Physical completion	06/30/93	06/30/96
Closing	06/30/94	06/30/96
ICR receipt in OED		06/30/97
Review date		08/15/97
EVM/PAR approval		

4. Key Amounts ($US million)

Original Commitment	40
Total Cancellation	0
Total project cost	
Original	128
Latest	87.1

5. Cofinanciers

	First	Second	Third
Name	African Development	UK/ODA	BADEA
Original Commitment ($US million)	33	12.9	5.1
Total Cancellation ($US million)	4.6	1	1

6. Distribution of latest cost among component types ($US million):

Physical	57.6
Technical assistance	10
Balance of payments	0
Line of credit	0
Other	19.5

7. Applicable disbursement profile (no. of years): 8.5 years

8. Number of supervision missions: 11

9. Name(s) of primary author(s) of ICR (indicate if not known): H. Trupke (FAO/CP)

11. Names of managers

	At entry	At exit
Task manager	Arie Chupak	Gotz Schreiber
Division chief	Anand Seth	Jean-Paul Chausse
Department director	Caio Koch-Weser	Serge Michailof

A2. Project Objectives Evaluation

1. Were the project objectives revised during implementation? No

If Yes, did the Board approve the revised objectives as part of a formal restructuring?

Date of Board approval

Note: If objectives were revised, base the ratings in subsequent sections on the revised objectives.

2. Taking into account the country's level of development and the competence of the implementing agency, to what extent did the project design have the following characteristics:

Demanding on Borrower / Implementing Agency	High
Complexity	Substantial
Riskiness	Substantial

3. Did the project include a monitoring and evaluation system for the implementation phase? Yes

If Yes, rate the extent to which the system met each of the following five criteria for a good M&E system:

Clear project and component objectives verifiable by indicators	Not Available
A structured set of indicators	Not Available
Requirements for data collection and management	Not Available
Institutional arrangements for capacity building	Substantial
Feedback from M&E	Not Available

4. For this particular project, rate the importance of the project's objectives:

Physical	Substantial
Financial (interest rates; pricing / tariff policies; cost recovery	Substantial
Economic	
Macro-economic policies (fiscal; monetary; trade)	Modest
Sector policies	High
Institutional	High
Social	Not Applicable
Environmental	Not Applicable
Private sector development	Modest
Other (specify):	

B1a. Outcomes — Relevance

1. Indicate the extent to which each of the project's objectives was relevant in terms of the Bank's / Borrower's current country or sectoral objectives:

Physical	Substantial
Financial (interest rates; pricing / tariff policies; cost recovery	High
Economic	
Macro-economic policies (fiscal; monetary; trade)	Substantial
Sector policies	Substantial
Institutional	Substantial
Social	Not Applicable
Environmental	Not Applicable
Private sector development	Substantial
Other (specify):	

2. Summary Rating of Relevance

Rate the extent to which, as a whole, the project's goals were consistent with the Bank's strategies, taking account of the relevance and importance of each of the project's objectives: Substantial

Average rating: Substantial

If your overall rating differs from the average rating, please comment on reasons for this difference:

B1b. Outcomes — Efficacy

1. Indicate the extent to which each of the following objectives was in fact accomplished:

Physical	Modest
Financial (interest rates; pricing / tariff policies; cost recovery	Modest
Economic	
Macro-economic policies (fiscal; monetary; trade)	Modest
Sector policies	Modest
Institutional	Modest
Social	Not Applicable
Environmental	Not Applicable
Private sector development	Negligible
Other (specify):	

2. Summary Rating of Efficacy

Rate the efficacy of the project, taking account of the importance of the objectives and the extent to which they were accomplished: Modest

Average rating: Modest

If your overall rating differs from the average rating, please comment on reasons for this difference:

B1b. Outcomes — Efficacy (cont'd)

3. Rate the extent to which each of the following factors affected the achievement of this project's objectives:

World markets / prices	Negative	Performance of contractors / consultants	Positive
Natural events	Not Applicable	War / civil disturbance	Not Applicable
Cofinancier(s) performance	Negative	Other (specify):	

B1c. Outcomes — Efficiency

1. Is an **Economic Rate of Return** (ERR) available for this project? ◉ Yes ○ No

If No, is a **Financial Rate of Return** (FRR) available? ○ Yes ○ No

If a rate of return is available, provide the following information (in percent):

		Point Value	Range	Weighted Average	Coverage / Scope
At Appraisal	○ Not Available ○ Not Applicable	+23 %	From : To :		+100 %
At Completion	○ Not Available ○ Not Applicable	+24 %	From : To :		+100 %

2. Was another measure of efficiency provided? ○ Yes ◉ No

If Yes, then answer the following:

Measure used

Coverage / scope of measure

Comparison to appraisal estimate

3. If no measure of efficiency was provided for this project, would it have been reasonable to expect one? ○ Yes ○ No

If Yes, explain:

4. Rate the quality of the economic analysis according to the following criteria:

Soundness of analysis	Modest
Conduct of sensitivity / risk analysis	Substantial
Consideration of institutional constraints to achieving results	Substantial
Extent to which benefits accrue to target population	Not Applicable
Consideration of environmental externalities	Not Applicable
Consideration of fiscal impact	Substantial
Consideration of alternatives to meeting objectives	Not Applicable

Overall rating of quality of analysis: Modest

Average rating: Modest

If your overall rating differs from the average rating, please comment on reasons for this difference:

B1c. Outcomes — Efficiency (cont'd)

5. Summary Rating of Efficiency

Rate overall to what extent the project accomplished its goals efficiently: Substantial

Average rating:

If your overall rating differs from the average rating, please comment on reasons for this difference:

B1d. Outcomes — Summary

1. SUMMARY OUTCOME RATING

Rate the project's outcome (i.e., the extent to which it achieved relevant objectives), taking account of its relevance, efficacy, and efficiency: Marginally Unsatisfactory

Average rating: Marginally Satisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

Although the project ERR, as reestimated by the ICR, was 24%, it failed to achieve the other of its major objectives. "Project failed to achieve most of its major relevant objectives, but had some substantial development results",

B2. Sustainability

1. Rate the extent to which each of the following conditions is expected to influence this project's sustainability :

Technical viability	Highly Positive	Policy environment	Negative
Financial viability	Negative	Institution / management effectiveness	Negative
Economic viability	Positive	Local participation	Not Applicable
Social conditions	No Effect	Other (specify):	
Environmental concerns	No Effect		
Government commitment	Positive		

2. SUMMARY SUSTAINABILITY RATING

Rate the probability of maintaining the project's relevant development achievements generated or expected to be generated: Uncertain

Average rating: Unlikely

If your overall rating differs from the average rating, please comment on reasons for this difference:

Not clear why average rating is "unlikely", as positives and negatives effectively cancel out.

B3. Institutional Development

1. Was this project directed primarily toward Institutional Development? ○ Yes ◉ No

2. If not, did the project contain components with significant Institutional Development objectives? ◉ Yes ○ No

3. Did the project's Institutional Development activities include each of the following:

Establishment of a new organization	No
Elimination of an existing organization	No
Restructuring / privatizing of an organization	Yes

4. For this particular project, rate the relevance of the following Institutional Development objectives:

National capacity	
Economic management	Not Applicable
Civil service reform	Not Applicable
Financial intermediation	Not Applicable
Legal / regulatory system	Not Applicable
Sectoral capacity	High
Other (specify):	
Agency capacity	
Planning / policy analysis	Substantial
Management	Substantial
Skills upgrading	Substantial
MIS	Substantial
Other (specify):	
NGO Capacity	Not Applicable

5. For this particular project, rate its efficacy in achieving the following Institutional Development objectives:

National capacity	
Economic management	Not Applicable
Civil service reform	Not Applicable
Financial intermediation	Not Applicable
Legal / regulatory system	Not Applicable
Sectoral capacity	Modest
Other (specify):	
Agency capacity	
Planning / policy analysis	Substantial
Management	Modest
Skills upgrading	Substantial
MIS	Negligible
Other (specify):	
NGO Capacity	Not Applicable
Overall ID Efficacy	Modest

6. SUMMARY INSTITUTIONAL DEVELOPMENT IMPACT RATING

Rate the extent to which, as a whole, the project resulted in improvement of the country's/sector's ability to effectively use its human, organizational, and financial resources: Modest

Average rating: Modest

If your overall rating differs from the average rating, please comment on reasons for this difference:

C1. Bank Performance

1. To what extent did each of the following apply during project identification / preparation:

Involvement of government	Substantial
Involvement of beneficiaries	Modest
Project consistency with Bank strategy for country	High
Grounding in economic and sector work (ESW)	High
Other (specify):	

Overall rating on identification / preparation	Satisfactory
Average rating	Satisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

2. Indicate the extent to which the Bank took account of the following during project appraisal:

Technical analysis (inc. alternatives)	Substantial
Financial analysis (inc. funding provisions, fiscal impact)	Substantial
ERR/FRR cost-benefit analysis	Substantial
Institutional capacity analysis	Substantial
Social and stakeholder analysis	Modest
Environmental analysis	Substantial
Risk assessment (inc. adequacy of conditionalities)	Substantial
Incorporation of M&E indicators	Modest
Incorporation of lessons learned	Substantial
Readiness for implementation	Modest
Suitability of lending instrument	Substantial

Overall rating on appraisal	Satisfactory
Average rating	Satisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

3. Considering the identification / preparation and appraisal processes discussed above, rate the overall quality of the project at the time of Board approval (Quality at Entry): Unsatisfactory

4. Indicate the extent of Bank project supervision in the following areas:

Reporting on project implementation progress	Modest
Identification / assessment of implementation problems	Substantial
Use of performance indicators	Modest
Enforcement of Borrower provision of M&E data	Substantial
Advice to implementing agency	Substantial
Enforcement of loan covenants / exercise of remedies	Substantial
Flexibility in suggesting / approving modifications	Substantial
Other (specify):	

Overall rating on supervision	Satisfactory
Average rating	Satisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

C1. Bank Performance (cont'd)

5. SUMMARY RATING OF BANK PERFORMANCE

Rate the Bank's overall performance, taking account of identification / preparation, appraisal, and supervision activities: Satisfactory

Average rating: Satisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

C2. Borrower Performance

1. Rate the Borrower / Implementing Agency performance on the preparation of this project: Satisfactory

2. Rate the extent to which government / implementing agency performance on the following dimensions supported project implementation:

Factors generally subject to government control

Macro policies / conditions	Modest	Administrative procedures	Modest
Sector policies / conditions	Modest	Cost changes	Substantial
Government commitment	Substantial	Implementation delays	Substantial
Appointment of key staff	Modest	Other (specify):	
Counterpart funding	Substantial		

Factors generally subject to implementing agency control

Management	Modest	Use of technical assistance	High
Staffing	Substantial	Beneficiary participation	Not Applicable
Cost changes	Substantial	Other (specify):	
Implementation delays	Modest		

C2. Borrower Performance (cont'd)

3. Summary Rating of Borrower Performance on Project Implementation

Overall rating: Unsatisfactory

Average rating: Unsatisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

4. Rate Borrower compliance with loan covenants / commitments:

Unsatisfactory

5. SUMMARY RATING OF BORROWER PERFORMANCE

Overall rating: Unsatisfactory

Average rating: Unsatisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

D. Special Themes

1. Indicate whether each of the following social concerns was a major project emphasis:

Gender related issues	No
Settlement / resettlement	No
Beneficiary participation	No
Community development	No
Skills development	Yes
Nutrition and food security	No
Health improvement	No
Other (specify):	

2. Did the project have an unintended or unexpected effect on social concerns, regardless of the project's objectives?

No

If Yes, was the effect positive or negative?

3. Did the project place a major emphasis on poverty alleviation?

○ Yes
◉ No

If Yes:

Was this a Poverty Targeted Intervention? ○ Yes ○ No

Did it emphasize broad-based growth with labor absorption? ○ Yes ○ No

Did it emphasize human development (education, health, or nutrition)? ○ Yes ○ No

Did it emphasize the provision of a social safety net? ○ Yes ○ No

4. Indicate whether each of the following environmental concerns was a major project emphasis:

Natural resource management	No
Air / water / soil quality	No
Urban environmental quality	No
Other (specify):	

D. Special Themes (cont'd)

5. Did the project have an unintended or unexpected effect on environmental concerns, regardless of the project's objectives?

No

If Yes, was the effect positive or negative?

7. Rate the priority of the project for audit

Medium

8. Rate the priority of the project for impact evaluation

Medium

6. Indicate whether each of the following private sector development (PSD) concerns was a major project emphasis:

Improvement in legal or incentive framework designed to foster PSD (e.g., trade, pricing)	No
Restructuring / privatization of public enterprises	No
Financial sector development	No
Direct government financial and / or technical assistance to the private sector	No
Other (specify):	

E. Rating of ICR

1. Rate the quality of the ICR by the following characteristics:

Analysis	
Coverage of important subjects	Satisfactory
Recalcualtion of ERR or FRR	Satisfactory
Soundness of analysis	
Internal consistencies	Satisfactory
Evidence complete / convincing	Satisfactory
Adequacy of lessons learned	Satisfactory
Aide-memoire of the ICR mission	Satisfactory

Future orientation	
Plan for future project operation	Not Applicable
Performance indicators for the project's operations phase	Not Applicable
Plan for monitoring and evaluation of future operations	Not Applicable
Borrower / cofinancier inputs	
Borrower input to ICR	Not Available
Borrower plan for future project operation	Not Available
Borrower comments on ICR	Not Available
Cofinancier comments on ICR	Not Available

2. SUMMARY RATING OF ICR

Rate the quality of the ICR:	Satisfactory
Average rating	Satisfactory

If your overall rating differs from the average rating, please comment on reasons for this difference:

E. Rating of ICR (cont'd)

3. Rate the quality of borrower participation in the project completion process on the following:

Analysis	Not Available	Focus on lessons learned	Not Available
Concern with development impact	Not Available	Self-evaluation	Not Available
Internal consistency	Not Available	Evaluation of Bank	Not Available
Evidence to justify views	Not Available		

F. Summary of Ratings

1. SUMMARY OF RATINGS

	ICR	EVM
Outcome	Unsatisfactory	Marginally Unsatisfactory
Sustainability	Uncertain	Uncertain
Institutional Development efficacy / impact	Modest	Modest
Bank performance	Satisfactory	Satisfactory
Borrower performance	Unsatisfactory	Unsatisfactory
ICR quality		Satisfactory

2. Explain any differences between OED ratings and those in the ICR:

Outcome: "Project failed to achieve most of its major relevant objectives, but had some substantial development results". This description, which is the guide definition of a marginally unsatisfactory outcome, best describes the performance of the project. The ICR might have chosen this, but did not have the option and , therefore, chose unsatisfactory.

G. Overall Judgements / Miscellaneous Comments

1. Enter any overall judgements or rationales and miscellaneous comments below.

The ICR might have examined the relationship between this project and related adjustment operations more closely. As the ICR does note "while measures taken and investments implemented under the project have strengthened institutional capacity, physical facilities and service performance in the subsector, the production effect was muted untilsignificant policy reform measures to improve farmers' production incentives were implemented in the context of AgSAC (Agricultural Sector Adjustment Credit, approved in FY92) (para xvii). This raises the issue as to whether the Bank might not have made more effective use of this linkage earlier. The PCR (prepared in 1991) for the First and Second Adjustment Credits (SACI, approved in FY87, and SACII, approved in FY89) raises trhe same issue: "Parallel crdits also had a potentially important role to play in sustaining and deepening dialogue between the Government and the Bank on specific issues. For example, the emphasis on the cocoa sector was much less in SACII than SACI because the institutional and marketing reform elements were subsumed under the Cocoa Rehabilitation Project. In the event, the planned study on the reform of cocoa marketing was not carried out and a key opportunity for further dialogue on reducing COCOBOD operating costs was thereby missed. In the face of fiscal pressure, this effectively prevented full achievement of the SAC II objective of improving cocoa producer incentives." (para 62)

This suggests that a lesson from the project is that the Bank should look more closely at issues related to "local commitment and project ownership". The experience in the CRP suggests that it is important, when dealing with a significant sector where one actor, in this case COCOBOD, is predominant and has substantial political clout, to ensure that other actors, such as the Ministry of Finance, which can provide some pressure for change on the major agency, have some effective levers to do so, such as a SAL or AgSAL, where they are the lead agency. This is an issue for the overall country stategy, rather than the performance of the appraisal, which was rated deficient in the ICR.

JE

ICR/PIF COVER SHEET   Run Date: 7/01/97

OED ID: C1854   Division: 1

Country:	Ghana
Project Description:	Cocoa Rehabilitation
Sector:	01 / Agriculture
Subsector:	01.05 / Perenn. Crops
Lending Instrument Type:	SIL
L/C:	C1854
Original IDA/IBRD Commitments:	40,000,000 ($US)
Total Cancellations:	0 ($US)

Key Dates	ORIGINAL	ACTUAL
Approval		12/01/87
Signing/Agreement		2/18/88
Effectiveness	11/15/88	11/15/88
Closing	6/30/94	6/30/96
PCR Receipt in OED		6/30/97

EVALUATOR NAME: John English

EVALUATOR SIGNATURE: ____________   DATE: Sept. 30, 1997

Please confirm the above information, sign and date this sheet and return a photo-copy to Helen Sioris when the EVM/Regional memo/PIF packet is submitted to OED Director.

******************* TO BE COMPLETED BY EVALUATION OFFICER *****************

Date of Review: ____/____/____ (mm / dd / yy)

Name of Reviewer: ____________

Type of Evaluation: PCR Review [ ] PAR Review [ ]

If this is a PAR Review, are there major differences in the judgements from those made in the PCR Review?

Yes [ ] No [ ]

If Yes, please discuss in detail on page 26 of the PIF

	ORIGINAL	LATEST
Date of Physical Completion	________ (mm/dd/yy)	________ (mm/dd/yy)
Total Project Cost ($US mill)	________	________

Applicable Disbursement Profile: ____________
(see note 11 in the PIF, page 31)

Number of Supervision Missions: ________

****