Sustainability of rural development projects

Best practices and lessons learned by IFAD in Asia

PHILIPPINES CASE STUDY

Asia and the Pacific Division

IFAD
Enabling poor rural people to overcome poverty

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Northern Mindanao Community Initiatives and Resource Management Project and Cordillera Highland Agricultural Resource Management Project

by

TANGO International

This case study was carried out as part of a larger review on "Sustainability of rural development projects. Best practices and lessons learned by IFAD in Asia", published as the eighth occasional paper produced by the Asia and the Pacific Division, IFAD

Enabling poor rural people to overcome poverty

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Acronyms

ADB	Asian Development Bank
AIMS	Area Information Management System
ARRI	Annual Report on Results and Impact of IFAD Operations
BHW	Barangay Health Worker
CADC	Certificate of Ancestral Domain Claims
CADT	Certificate of Ancestral Domain Titles
CDP	community development plan
CHARM	Cordillera Highland Agricultural Resource Management Project
CIs	community institutions
DAR	Department of Agrarian Reform
DHO	Department of Health
DTI	Department of Trade and Industry
GK	Gawad Kalinga (NGO)
HADP	Highland Agricultural Development Project
IPs	indigenous peoples
LCOV	Local Community Organizer Volunteer
LGU	Local Government Unit
M&E	monitoring and evaluation
NGO	non-governmental organization
NMCIREMP	Northern Mindanao Community Initiatives and Resource Management Project
NRM	natural resource management
PAF	Poverty Alleviation Funds
PFO	Programme Facilitation Office
PHO	Provincial Health Office
RIMS	Results and Impact Management System
SCOPE	Strengthening Capacities of Organizations of the Poor – Experiences in Asia
SHG	self-help group
TANGO	Technical Assistance to Non-Governmental Organizations, Inc.
UNOPS	United Nations Office for Project Services
UNICEF	the United Nations Children's Fund

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Executive Summary

This study was conducted and its report authored by Richard Caldwell, of TANGO International, with the gracious support of IFAD staff in Rome, Mindanao, Bagio, and with the patient collaboration of many community and institutional representatives.

Designing projects that provide sustainable benefits has long been a primary concern with IFAD. While sustainability has been on its agenda for some time, there remain significant obstacles to designing and implementing projects that are sustainable in all aspects. In an effort to move towards more sustainable programming, IFAD has sought clearer structure and guidance to enhance the effectiveness of their development efforts. This document provides insights into sustainability by looking at two projects in the Philippines: The Department of Agrarian Reform (DAR)/IFAD Northern Mindanao Community Initiatives and Resource Management Project (NMCIREMP) and the Cordillera Highland Agricultural Resource Management Project (CHARM).

Several important lessons related to sustainability emerge from the two projects:

1. There is a theoretical imbalance between the number of communities reached and the sustainability of the effort, given the local context and budget. In the quest to serve as many beneficiaries as possible, projects often end up spreading staff too thin, having minimal contact with community members and institutions, and unable to monitor areas that need shoring up. This is evident in both NMCIREMP and CHARM, where the need to reach a large number of communities comes into conflict with the need to have physical presence as Local Government Units (LGUs), community organizations, and partners implement activities.
2. NGOs should be treated as partners and not contractors, and should have a large stake in project planning and implementation. Their work needs to be appropriately phased so that community-led processes are well along before other dimensions of the programme take place.
3. Gains in natural resource management (NRM) are associated with livelihood systems. Where there is a clear link between NRM and livelihoods, people will become engaged in NRM activities if they see a potential short-to-medium term return. Where returns are longer (watershed rehabilitation, agroforestry, soil regeneration) there has to be an entirely different strategy and set of expectations. In addition, moving from the resource planning stage (usually a resource management plan or a land use plan) to the activity or implementation phase has proved challenging in almost all projects. For one, the time horizon for observing measurable change is usually much longer than with other project components, so that NRM activities quickly get out of sync with other activities. This often results in communities losing momentum or interest in the NRM sector.
4. There are many analogies to that of an orchestra. Projects need diversified instruments and strategies to achieve desired change. They must have strong leadership and make use of local knowledge and experience. The different

components of the project have to come in and out of play at the appropriate time, and any missing factor will be noticed in the outcome.

5. NRM must include the promotion of indigenous knowledge systems and practices, natural resource management and enhancement, and the use of natural resources in production systems. These concepts have to be introduced early and in a manner that will ensure participation in resource management (specially off-farm) in the long term. This may mean a radically different model than that followed in either CHARM or NMCIREMP. It may include strict land use allocation (recognizing the implications on productions systems), cropping insurance, monetary or other incentives to invest in long-term enhancement, and the strategic use of hillside crops such as coffee and tea that can be grown under canopy.
6. Risk mapping should be made a prerequisite and be instilled as part of the project design process. Sustainable strategies for remote areas and areas with diverse groups need a risk management lens to identify what kinds of risk management capacity needs to be in place at the household and community level, what types of safety nets need to be available at various levels in case local capacity to manage risk becomes overwhelmed, and what kinds of social protection mechanisms need to be in place at the provincial level in case the lower levels are not able to respond to a shock (productive safety nets to rebuild assets).
7. Foundaton processes for sustaining gains need to be instituted from the beginning of each project. In CHARM, People's Organizations were still relatively weak after Phase I. At both the municipal and *barangay* (district) levels, a continuing attitude of institutional dependency still exists (as demonstrated, for example, by continued requests for basic operational inputs and maintenance funds). Improved participation, ownership and wider capacity-building would contribute to a greater likelihood of sustainability. Ensuring that these foundation processes are recognized and integrated into project components would be facilitated by the development of a sustainability plan (replacing the term 'exit strategy') during Year 1 of any project.
8. Attitudinal and behavioural change regarding protection of the environment was brought about through links with cultural traditions and by first promoting self-interest (e.g. protecting sources of potable water) rather than moralistic entreaties regarding biodiversity or heavy enforcement and stiff penalties.
9. As is common, maintenance emerged as an issue in sustainability. No fee structures were implemented for maintenance and communities remain mostly reliant on local government for maintenance funding, which is both bureaucratic and time-consuming. More creative combinations of maintenance strategies are required to ensure sustainability, and sustainability plans are crucial for defining these strategies early in the project.

I. Introduction

Designing projects that provide sustainable benefits has long been a primary concern with IFAD. While sustainability has been on its agenda for some time, there remain significant obstacles to designing and implementing projects that are sustainable in all aspects. In an effort to move towards more sustainable programming, IFAD has sought clearer structure and guidance to enhance the effectiveness of their development efforts.

To provide this guidance to the Asia and Pacific Division of IFAD on sustainability, a consultancy was commissioned to TANGO International to design a framework and supporting programmes that will more systematically enhance IFAD's approach to ensuring the sustainable benefits of IFAD-funded interventions. The detailed objectives of this consultancy include: assessing the performance of IFAD related to practices and approaches to programme design and implementation; clarifying the different aspects of sustainability with a view of contributing to a regional policy on the issue of sustainability; identifying relevant lessons learned and factors influencing post-project sustainability; and the identification of indicators to monitor sustainability with a performance management framework.

A desk review was conducted as the first phase of the process. The central goals of this exercise were: a) to understand and clarify what sustainability means to IFAD, from the household to the institutional level; b) identify key issues and challenges related to the sustainability of IFAD-supported programmes; and c) determine the degree to which IFAD has considered sustainability in programme design and implementation in its Asia-Pacific country programmes. The desk review helped in finalizing the instruments and processes for the field-based case studies.

The second phase of this study was to carry out a series of case studies in selected countries in Asia and the Pacific. This document represents the summary of findings from the case study carried out in the Philippines. It is important to note that this case study is not intended to be an evaluation of the projects visited, but rather primarily explores issues that are critical to promoting sustainability. It is also important to recognize that the projects reviewed were designed before the different dimensions of sustainability were considered by IFAD, and so should not be evaluated against such criteria.

The selection of the Philippines as a focus for a case study was based on the fact that the two programmes (reviewed here) are regarded as being strong in at least one element of sustainability. The two projects that are part of this case study are: the Department of Agrarian Reform (DAR)/IFAD Northern Mindanao Community Initiatives and Resource Management Project (NMCIREMP) and the Cordillera Highland Agricultural Resource Management Project (CHARM). More details are available on the former project since all project staff were present for discussions and the project is in full implementation mode. In contrast, the CHARM project is between phases, and the loan negotiations for Phase II were ongoing during the case study. Project staff have been greatly reduced while awaiting the start-up of Phase II, and hence fewer discussions were possible.

A. Purpose of the Study

IFAD has been active in the Philippines for nearly 30 years. Since 1978, it has committed over US$125 million in financing for projects related to agricultural development. From its first project, which financed year-round irrigation to improve productivity in the Cayagan Valley of Northern Luzon, to the most recent, which emphasizes financial services supporting the development of micro-enterprises, IFAD has played an important role in efforts to reduce poverty in the Philippines. Its goals include enabling poor rural people to improve their incomes and food security, and provide better food, education and health care for their families.

IFAD-Philippines works in close partnership with the Government of Philippines, the Asian Development Bank (ADB), and other donors. IFAD's current strategy in the Philippines is closely aligned with the Government of Philippine's strategic initiatives contained in its social reform agenda, as well as IFAD's own strategic framework and key strategies for the Asia and the Pacific region, and from lessons learned from past operations. IFAD's primary focus is on the more remote and marginal upland and coastal areas, both of which contain large numbers of the poorest households. IFAD-supported project beneficiaries include indigenous peoples (IPs) and people who benefited from agrarian reform in the uplands, coastal fishers, landless people and women, in general, who are among the poorest of the poor.

The primary IFAD loans support: decentralization through strengthening the capacities of local institutions; enterprise and market development; private sector involvement in operations; improved management of natural resources and the environment; and access to assets, technologies and markets.

Programmes and projects financed by IFAD promote innovative approaches to some of the issues that perpetuate rural poverty. Key innovative features of IFAD operations in the Philippines focus on securing access to land in ancestral domains for IPs, on putting in place land use planning, and on helping IPs achieve better management of natural resources.

This case study highlights specific features of NMCIREMP and CHARM that support or inhibit sustainability. More precisely, the study: a) collected and documented the views of the various project stakeholders on what sustainability means for them; b) documented the experience and performance of the projects in ensuring sustainability of project benefits beyond project implementation; c) helped IFAD better understand how project designs, monitoring and evaluation (M&E) systems, supervision and overall implementation relate to the issue of sustainability; and d) generated lessons learned on the specific approaches that have greater chances to lead to sustainability. Detailed Terms of Reference for the study are attached as Annex A.

B. Methods and Limitations of the Study

The case study was conducted using several methods. First, project documentation was reviewed and assessed to obtain a broad overview of project objectives and features. While this served primarily as an overview, it also provided some insight as to what the most prominent sustainability issues might be. In the case of NMCIREMP, a field visit was made to the project office in Butuan, Mindanao, 11-15 April, 2008. There, discussions were held for three days with a number of key project staff. A field visit was

also made on 13 April to several project sites. Discussions with local government staff and beneficiaries were held during the field visits. For CHARM, the case study started with attendance at a Learning Workshop held on 10 April at the Department of Agriculture. The workshop focused primarily on the CHARM evaluation findings and recommendations as well as reflections on future country programming. It was attended by a large number of Government of the Philippines and IFAD representatives and provided a solid background to the project. Travel was made to the Bagio area in northern Luzon from 16-18 April where CHARM Phase I was based. Since the project was between phases there was only a limited number of project staff available for discussions. Two excellent field trips in Mountain Province and Batangas, however, provided clear insights into sustainability features of CHARM Phase I. Details on the itinerary and documents reviewed are included as Annexes B and C.

Two main constraints could affect the accuracy of the findings and conclusions presented later in this report. First is the short timeframe allowed for covering two fairly complex projects (one between phases) implemented over a vast geographic area. Only two out of 270 *barangays* (districts) were visited in the case of NMCIREMP and two out of 82 *barangays* for CHARM. Discussions with staff made it clear that there is considerable variation among districts. Secondly, the fact that IFAD-Philippines works with so many indigenous cultures adds to the variation of experience, much of which cannot adequately be addressed in the context of sustainability by this report.

II. Design Elements and Their Relationship to Sustainability

A. Project Overviews

Two projects were reviewed in the Philippines to provide insights into commonalities and contrasts with respect to sustainability. The NMCIREMP is a newer project based in Mindanao, southern Philippines. The other is the CHARM project based in northern Luzon, now transitioning into its second phase.

NMCIREMP

NMCIREMP seeks to reduce vulnerability and enhance food security of approximately 58,500 low-income households (310,000 individuals). To achieve this goal, the project supports: a) the promotion or strengthening of community institutions (CIs) and self-help groups (SHGs) by transforming them into self-reliant groups capable of undertaking their own development initiatives; b) conservation of and improvement in the natural resource base; c) improvements in local and village infrastructure; d) representation of IPs in local councils and the issuance of certificates of ancestral land titles/domain titles; and e) improved responsiveness of Local Government Units (LGUs) and other service providers to the needs of communities.

The project target groups include agrarian reform beneficiaries, upland farmers, IPs, fisher folk and women. These groups are located in 73 agrarian reform communities, 21 ancestral domain areas, and in upland, coastal and lakeside communities in the CARAGA Region and Region X, all in Mindanao.

CHARM

CHARM was designed as a poverty reduction programme aimed at agricultural productivity improvements and sustainable natural resource management (NRM) practices. It is fairly representative of its generation of development projects. The objective was to substantially increase on-farm incomes and reduce the number of households living below the poverty line. The project was implemented in 82 *barangays* located in 16 municipalities within Abra, Banguet and Mountain Provinces. The area is characterized by steep slopes of poor to medium fertility. Bottom lands appropriate for more intensive agricultural production are scattered throughout, resulting in high variation in agricultural potential among communities.

It is important to note that CHARM followed on from the ADB-IFAD-financed Highland Agricultural Development Project (HADP) implemented from 1987 to1994. A feasibility study conducted prior to CHARM noted that while HADP did support increases in crop yields and incomes, it also contributed to increased pesticide use, encroachment on forest resources, and deterioration of soil fertility. Suggested design improvements included the reduction of environmentally unsustainable practices, increased participation of farmers, and strengthening of institutional support mechanisms.

The main components of CHARM were: community mobilization and resource management; rural infrastructure development; and agricultural support services.

B. Programming Models

NMCIREMP and CHARM have different design histories and, thus, varying programme models. CHARM was a follow-on to a project originally designed in the mid-eighties. Its design took into account deficiencies in the first project – primarily around issues of local participation and ownership as well as support to indigenous practices. Incorporation of gender as a focus was also groundbreaking in the northern Luzon communities. All communities in the Cordillera Administrative Region, where CHARM is focused, were involved in self-determination activities and legal delineation of communal and individual land titling, and the design took particular note of the dilemmas between aims of achieving agricultural production increases while concomitantly promoting sustainable NRM.

The aim of CHARM is primarily income-oriented, but the design is grounded in community-level processes and is not market-focused per se. This has implications in the choice of crops that have been promoted, how and why communities make certain decisions about land use, and what type of technical support is made available. The design of CHARM down-played several key factors – such as the remoteness and topography of the region – that would later bear considerable weight in terms of outcomes.

NMCIREMP is very much a demand-driven project, based on perceived needs of participating communities with involvement and support from local Government and key service providers. Communities are to take charge of their own development with improved access to knowledge, technologies and resources. Institutions and LGUs are to provide the appropriate support for communities to improve their lot. Thus, capacity-building of local institutions and Government is a keystone of the project. Its programming model highlights the diversity of communities, the unique cultures and customs of the various IPs, as well as the socio-cultural affinity of communities in the region.

Improved access to and use of credit was to be an integral part of the design framework. This component was eventually dropped and replaced by increasing community funds.

C. Community Participation in Design

Both CHARM and NMCIREMP had some level of community involvement in design, but NMCIREMP more so. No detailed livelihood assessments per se were conducted as a design input for CHARM. However, NMCIREMP addressed recommendations of its start-up workshop and conducted *Quick Thematic Assessments* on thirteen major thematic areas of concern, including: 1) Community and Gender Development; 2) Cooperatives Development; 3) Small Rural Infrastructure; 4) Livelihoods and Enterprise (which helped defined parameters of the Poverty Alleviation Funds (PAF)); 5) Microfinance; 6) Land Management; 7) Watershed Development; 8) Fishery Development; 9) Food Security; 10) Health Development; 11) IPs Education; 12) IPs Development Concerns; and 13) Peace and Development Issues. Such assessments can focus on many sustainability issues and would be recommended as part of the design process itself.

NMCIREMP did, however, make significant efforts to include community, local government, NGO and service providers into both project design and project start-up activities, focusing on trying to foster a team approach and commitment from the very beginning. The project was able to make use of strong local NGOs by involving them as partners from the beginning. Some were former partners with the DAR, and so knew each other already.

In contrast, CHARM contracted NGOs to perform specific services. Procurement and other delays stalled the input and services of these NGOs, and in many cases other implementation activities had proceeded before the necessary and critical groundwork in participation was laid.

For NMCIREMP, interventions in participating communities are designed using a participatory approach. NGOs facilitate the mobilization of community members and assist in forming groups through which project activities might be undertaken. Community-development plans (CDPs) are at the center of community involvement and are rolled out in three-year phases. Each CDP is also incorporated at the *barangay* level, and then aggregated to the provincial level. There is no pre-determined set of intervention options for communities to follow. Participation is also evident in SHGs.

Although the CHARM project may have played a more assertive role in selecting activities than was described during this brief visit, it was obvious that the two community groups visited feel a strong sense of ownership of both the processes and products. This may not be the case in all or even the majority of villages as the project acknowledges that improvements in community participation can be achieved in CHARM II. IFAD itself will also need to participate more as it was not substantially involved in much of the implementation under Phase I. Increased country presence should help IFAD stay more involved in future efforts.

D. Targeting Approach

It is fair to say that the main focus of NMCIREMP's targeting approach has been based more on geographical and Certificate of Ancestral Domain Claims (CADC)/Certificate of Ancestral Domain Titles (CADT) distinctions rather than socio-economic targeting mechanisms. While these types of targeting mechanisms are important, they are insufficient for identifying and working with the poorest households in communities. However, to its credit NMCIREMP noted this deficiency and conducted studies utilizing the tools and methodology on poor household categorization (wealth ranking). Households were categorized into four levels (extremely poor; highly poor; moderately poor; and slightly poor) using socio-economic indicators. This study was conducted in all project areas and has helped in the design of strategies and interventions for the poorest households. The results of the studies were made available to and used by field offices. The study was conducted by NGO partners.

For CHARM, the project planned to directly benefit approximately 23,150 farm households for poverty reduction. An additional 50,000 households were projected to receive indirect benefits, mainly from rural road infrastructure and other spillover effects. Project completion reports generally confirmed these numbers. However, the Completion Evaluation[1] found internal targeting mechanisms within participating *barangays* were not well developed. It noted that although communities were generally poor, those who were better off were able to capture a disproportionate amount of benefits, in particular agricultural support services. This was confirmed by project staff, however it was noted that this was not evident for all communities. Training for farmers in diversified cropping and other farm management practices may have been biased more toward non-poor households. This is not unusual, as poorer households have

1 Republic of the Philippines. Cordillera Highland Agricultural Resource Management Report Completion Evaluation. July 2007. IFAD Office of Evaluation.

significant time constraints, and unless they can make time or be compensated for their time they often end up not participating as often.[2]

In CHARM II there is room for improvement in beneficiary targeting, and it starts with a strong baseline that identifies key indicators of poverty derived from wealth-ranking exercises and applied in an unbiased way to all households.

CHARM did have a good area targeting strategy. The Cordillera is rough, mountainous terrain and historically its population has received less assistance than other, more accessible populations in the region. The terrain and isolation make sustainable development particularly challenging. Asset-based wealth ranking may provide a more accurate targeting mechanism to reach the structural poor. Using asset-based wealth ranking as a targeting mechanism is consistent with Results and Impact Management System (RIMS) impact measurement, and its use is recommended.

E. Linkages among Components

For the most part, there is clear and useful integration in NMCIREMP of project components, with the exception of rural credit which never met project expectations. The use of NGOs has been strategic. The project uses NGOs in two important ways – as operational NGOs that are community-based and develop the LCOVs and organize the SHGs; and as resource NGOs which are more short-term and whose services are based around thematic areas. The better performing NGOs prepared the communities, CIs and SHGs. Approximately 20-30 per cent of SHGs and CIs are in advanced stages. The LCOVs are actually the sustaining mechanisms for the NGO services and in a significant number of project areas, the Local Community Organizer Volunteer (LCOVs) are now being recognized as a focal point in facilitating development. Thus the project planned the sustainability of NGO services through the LCOVs. It is very important, however, that LCOVs continue to be strengthened and that there is a mechanism whereby they continue to learn from each other.

For CHARM, integration was acceptable given the terrain the project works in and the distances between sites. More geographical focus could have improved this even more. The project had a broad mix of interventions that as a set respond well to the observed and expressed needs of communities and are often complementary. For instance, infrastructure development such as road construction and maintenance is clearly linked with the expansion of cash crop production.

F. Adequacy of Institutional Analysis

In general, both projects have done a very good job of identifying potential institutions to work in their respective areas. However, in CHARM they fully recognize the weaknesses in the NGO model that they used and are correcting this should CHARM II be implemented. NMCIREMP has had some difficulties in staff recruitment but recognizes that involving more IPs in implementation is an asset. In terms of sustainability there are some important lessons. During the recruitment of technical staff, for example, only one of the Programme Facilitation Offices (PFOs) was involved in recruitment and selection, and the rest of the key officers were not included as members of the selection committee. The selection committee was an inter-agency group and the

2 For example, fields of poorer households may be farther away from the village than those of wealthier households. Aside from taking more time to travel, these farmers are less likely to be available during hours when project or Government staff are present.

PFO had to accept those that were selected by the committee. The majority of the key officers were not allowed to participate in the selection of technical staff at all. Thus, there was not the appropriate level of participation in the selection process. This is an issue at the policy level.

G. Factoring Risk Management into Design

Currently the projects in Mindanao and Luzon do not adequately incorporate a risk management lens in the intervention designs being promoted. Given the number of severe climatic events that impacted communities in the Philippines (typhoons, floods, drought, landslides), a risk management orientation is important to protecting household and community assets against such risks and protecting the investments made by IFAD-supported projects.

A risk management strategy in NMCIREMP would focus on income diversification for IPs households. Given the limited land holdings of many IPs households, alternative income-generating strategies would be useful. In Luzon, CHARM could have developed infrastructure more appropriate for local topographical conditions and weather elements, and weak performance in maintenance poses a high risk of losing infrastructure from even medium-intensity storms that pass over the region annually.

H. Consideration of Environmental Issues

There is an environmental component to both projects, but in both locations the project is scaling (NMCIREMP) or did scale (CHARM) back on their environmental activities for various reasons. In NMCIREMP, the NRM activities have been poorly integrated with other activities, and significant lag times have occurred between the resource management plan phase and the action phase, leaving many unmotivated to fully participate. In CHARM, natural resource planning outputs were very positive.

I. Exit/Sustainability Strategy

An exit strategy for a programme is a specific plan describing how the programme will withdraw from a region or population while assuring that the achievement of development goals is not jeopardized and that further progress towards these goals will continue after the end of the programme.

NMCIREMP is beginning to think about articulating an exit strategy and has plans to finalize a strategy this coming year. While it would have been advantageous to do this earlier, they are well-positioned to develop a strong exit strategy and have already performed some groundwork for thinking about sustainability (e.g. commissioned a consultancy by Kasanyangan Rural Development Foundation on A General Framework for Sustainability and a Guide for Action Planning).

Neither project has articulated an exit strategy in the appraisal document or any other documents generated by the projects. Each component of the project needs to specify how the activities being promoted will be sustained after the project ends. Discussions in NMCIREMP noted that each project component will be producing a sustainability strategy for their respective activities in the near future. Obviously for CHARM I the time has passed. It never developed an exit strategy and, perhaps as a result, did not promote adequate foundation processes to build the local capacity necessary to sustain gains.

As part of future exit strategies, clear indicators need to be identified for each component to determine if key outcomes have been reached that demonstrate progress toward sustainability of the respective project component. Inter-linkages among components must also be addressed. It should also be stressed that while exit strategies should be developed for each component, an overall strategy that links across components is also needed.

Annex D provides additional guidance for NMCIREMP and CHARM II on developing exit strategies.

III. Implementation Issues Related to Sustainability

A. Sustainability Issues Related to Specific Components of NMCIREMP

Community Institutions and Participatory Development

NMCEREMP stands out among IFAD-supported projects in the work it has accomplished with institutions, and multiple lessons learned related to sustainability are available. Included in the discussion are SHGs, CIs (largely livelihood-based), and LGUs. The project fully recognizes that not all groups are in a sustainable position, but ongoing monitoring of capacity development and participation help to identify where weaknesses exist. It makes all efforts to work with existing institutions first.

SHGs are provided, to the extent possible, with access to organizational support through the CIs. This provides a 'big brother/big sister' type of mentoring that is really useful. Selected SHGs, those that have demonstrated a certain level of evolution, have access to livelihood funds through the PAF. These provide a modest seed fund to the SHG and also allow them to follow the well-developed PAF Manual. There have been relatively few PAF projects implemented by SHGs but the situation is improving.

SFGs also have access to TA through LCOVs and certain CIs. The LCOVs vary in style and knowledge, but have proven to be valuable resources. NMCIREMP has already ensured some sustainability in the LCOV approach by promoting *multiple pathways* to their sustainability. Although they are volunteers, they are provided stipends and resources in a number of ways, including receiving funds from *balangays*, municipal governments, and/or proposals to external funding sources. These multiple pathways to their sustainability provide more assurance that they will be supported after NMCIREMP exits. Since the context varies from area to area, multiple support mechanisms are needed to fit the variety of situations.

NMCIREMP supports approximately 250 CIs in both CADC and non-CADC areas. It assesses their progress using well-developed organizational assessment tools. One of their functions is to help SHGs. Some CIs have taken on new activities such as the management of infrastructure, which greatly enhances ownership of the project and allows close community monitoring. In rarer cases some SHGs have also become engaged in infrastructure maintenance. Sustainability of CIs is enhanced through access to LGUs and to support networks among SMEs and select government agencies. Under the project they have access to credit through PAFs and (in a few cases) micro-finance institutions, but future financial sustainability needs further strengthening. The sustainability of institutions is difficult to judge, however NMCIREMP is doing the right things to promote sustainability – capacity-building, linkages to service providers, linkages to other like-institutions, and periodic institutional assessment to illuminate strengths and weaknesses.

LGUs are the last piece of the institutional puzzle. As the most aggregated unit, they are responsible for providing timely and high-quality services to CIs. In general, the integration of the project's coordination structures and implementation processes in the LGUs has been strategic and beneficial. To improve sustainability, continual capacity-building of LGUs is required. Also, more sustained access to technical support and assistance through partnerships with relevant networks at the municipal and

provincial levels (both government and non-government) will be beneficial, but this takes time and effort of staff (a general issue of promoting sustainability). Some partnerships have already proved beneficial, such as those with the Department of Trade and Industry (DTI) and Buyers' Networks, with the Caraga Health network, with Gawad Kalinga (GK) for housing, just to name a few. The challenge is to institutionalize it to the point that no hand-holding is required, and LGUs take it upon themselves to seek and forge linkages.

Community Investments

NMCEREMP supports infrastructure development through the community investments component. Implementation of this component has lagged in IPs communities but efforts are being made to catch up. The component is very demand-driven which promotes more community ownership. As with almost all projects, there are some issues with respect to the sustainability of infrastructure. While many CIs (mainly Operations and Maintenance Committees) and some SHGs are engaged in maintenance, it remains an issue in sustainability. Many of the committees for road infrastructure used the road-zone assignment. This entails the assignment of a defined road length to a zone composed of community members headed by a *barangay* official. However, since much of the project-related infrastructure is relatively new, few large maintenance issues have emerged. Continual upkeep of roads, canals, and other productive infrastructure, however, is essential to the success of other components.

Natural Resource Management

The NRM component was designed to assist LGUs and communities in the planning and implementation of watershed and coastal activities that would sustain the resource base, namely through improved watershed management, land resource planning, and fisheries/coastal development. Despite the overall importance of the natural resource base to sustaining livelihoods in the project area, this component has lagged behind the others. Herein lies a significant dilemma for NMCIREMP in particular, and IFAD in general. First, gains in NRM are associated with livelihood systems. Where there is a clear link between NRM and livelihoods, people will become engaged in NRM activities if they see a potential short-to-medium term return. Where returns are longer (watershed rehabilitation, agroforestry, soil regeneration) there has to be an entirely different strategy and set of expectations. In addition, moving from the resource planning stage (usually a resource management plan or a land use plan) to the activity or implementation phase has proved challenging in almost all projects. For one, the time horizon for observing measurable change is usually much longer than with other project components, so that NRM activities quickly get out of sync with other activities. This often results in communities losing momentum or interest in the NRM sector. In projects where the logic of outcomes is predicated on changes in the natural resource base it creates problems.

NMCIREMP has long recognized the problems in NRM. One strategy it is pursuing that will facilitate advances and sustainability in the NRM sector is more use of local knowledge and practices in farming and fishery systems. Also, the introduction of technologies in CADC areas requires more time and effort, facts that have to be factored into initial planning in NRM.

Support to Indigenous Peoples

NMCIREMP works on a number of specific issues related to IPs. It supports the integration of tribal leaders into LGU development councils, promotes land tenure of IPs ancestral domains and lands, integrates Ancestral Domain Sustainable Development and Protection plans with local development plans, and extends support to IPs in non-CADC areas. The sustainable benefits should be reflected in more participation and decision-making by IPs in local councils, and measureable benefits from increased land tenure. Gains have been made in tribal leaders becoming members of local governing bodies and in the number of resolutions from local governing bodies accepted by tribal councils. However, some problems still plague the project. From a sustainability perspective, NMCIREMP has learned how challenging it is to work with so many different groups over such a large area. They are all unique in their own way, and so there is no single approach that is appropriate. Customary laws, practices and views have to be factored into planning and respected. More one-on-one time is required, and the importance of hiring IPs staff is not lost on the project. However, finding qualified staff is a problem.

Support Services and Studies

This component is a kind of catch-all, and supports advisory services (private and public), research counseling and marketing information. Rural Health Units, literacy classes, vegetable gardens and education are all supported here as well. The major issue is how to secure the gains already made in these areas. NMCIREMP is aware of this issue and is always seeking strategic partnerships and linkages. For example, the Barangay Health Worker's (BHW) extension services were tapped by the project with additional training inputs and material support. The BHWs, by the very nature of the health institutions' structure, are consolidated through the inter-local health zones of the Provincial Health Office (PHO) and the Department of Health (DHO). As another example, IPs education is secured through the Department of Education's Alternative Learning System Division at the district, province and national levels with the accreditation and mainstreaming workshops of the project. The IPs education framework promoted by the Project through the SIKAT Curriculum (School of Indigenous Knowledge, Arts and Traditions) has been recently declared accredited by the Department of Education, as the curriculum addresses the provisions contained in the "Basic Education Sector Reform Agenda" of the country and the "Education for All" of the United Nations' Millennium Development Goals.

These and other efforts are stellar examples of promoting sustainability by identifying important linkages and using the project to facilitate these linkages among various entities.

The role of the LCOV is critical, as is the commitment from local government to provide support after the project. In some cases it appears that the agendas of LGUs and of NMCIREMP are different, and it may be that more joint planning is required.

B. Sustainability Issues Related to Specific Components of CHARM

Community Mobilization and Resource Management

CHARM contracted seven local NGOs to provide a range of services in community mobilization and resource management. Hindsight showed that overall the local NGOs

were comparatively weak, and the use of a contracting mechanism instead of a partnership arrangement resulted in little capacity-building of NGOs. In addition, the timing of their services did not always match other component inputs. There is a consensus that the quality of participation on the part of community members suffered (although not uniformly across the project), and reflected in part the quality of the NGO facilitation. In many areas, participation was limited to representation by local leaders in government processes rather than broad-based community development processes. Thus the interests of the community were not always expressed or followed through. In some areas cultural factors played an important role in the degree of participation as well. The importance placed on participation also varied throughout the project, and in areas where it was fostered, there tend to be visible gains.

In resource management almost all of the physical outputs were achieved, including surveying and mapping, plantation establishment, and seedling production. The outcomes associated with physical outputs in reforestation provide some lessons for sustainability. Much of the reforestation work was done under contract, with payments contingent on survival rates being 80 per cent or above. This put a lot of pressure on some areas where even 70 per cent survival (due to slope, soil fertility, and moisture availability) may have been technically acceptable. The rigid processes set forth did not always promote good practice, as many noted an increase in forest fires and encroachment. Some communities received poor technical advice on agroforestry species and site selection. Enthusiasm for reforestation was impacted by payment delays and poor plant performance.

Rural Infrastructure

More sustainable gains were achieved in rural infrastructure than any other component. Evidence clearly suggests that farmers benefitted from increased access to markets, improved water management, and improved access to inputs and services. Installation of potable water systems was also seen as very beneficial. At the same time, some communities complained that CHARM was too strict and did not always respect community input in infrastructure selection.

As is common, maintenance emerged as an issue in sustainability. No fee structures were implemented for maintenance and communities remain mostly reliant on local government for maintenance funding, which is both bureaucratic and time-consuming. The typhoon of 2004 resulted in serious road and irrigation damage, and no contingencies were in place to repair or replace much of this infrastructure. The Completion Evaluation identified weaknesses in some Irrigators Associations where procedures and resources for continuing maintenance had not been well established. Also, CHARM only implemented gravity-fed potable water systems. In one community that was visited, twenty households were thus situated for gravity feed, but a water system was not their priority, so now maintenance is an issue. In other cases, pipes have broken and replacements requested from provincial government in January have gone unfilled. Repair costs of some systems are quite high. Despite this, in many communities establishment of potable water systems has been of real value.

Agricultural Support Services

Coupled with rural infrastructure development, CHARM contributed to increased agricultural yields in rice and other major crops. This had a significant impact on many

households. In diversifying income through organic agriculture, achievements were limited more by a lack of support in product development and marketing. According to the completion evaluation, extension services were implemented with lead farmers in each *barangay*, limiting the impact to relatively few farmers. It was a similar case for training, where the extension reach was relatively low, as were the adoption rates of crop technologies. Here again it may be trying to do too much with too little. Extension takes follow-up, and CHARM worked in areas difficult to access and spread out over a large area. Driving times are significant, leaving little time in communities during normal working hours and too few repeat visits to communities and groups. A more decentralized management strategy is needed for such cases.

C. Project Management

To date, few supervision missions and annual reporting events have focused on the sustainability of project activities. The completion evaluation of CHARM I did raise sustainability issues in several key areas, and it would be advantageous to carry through with these issues in the design/implementation of CHARM II should it occur. One of the best vehicles for doing this would be the development of a sustainability (exit) strategy in the very early stages of CHARM II after baseline surveys are completed. Each supervision mission and annual report generated in CHARM II should devote a section to highlighting sustainability issues and tracking sustainability indicators for each project component.

IFAD was heavily engaged in the design phase of CHARM and made significant contributions to the project strategy in terms of community participation, local planning and indigenous knowledge. However during implementation, especially in the early phases, there was virtually no assistance from IFAD in getting these and other important areas established (including micro-credit and empowerment). Several NGOs noted the absence of IFAD in the early stages where more guidance on community mobilization would have been beneficial. IFAD also did not participate in early review missions and only had a minor role in the mid-term review. This changed to a more active role later in the project but by then it was very late to make significant contributions in areas of IFAD's strength, many of which could have contributed to sustainability.

In NMCIREMP, the technical skills of staff drove some of the implementation outcomes. For example, the first NRM advisor for the project was a forester, and as a result nearly all of the environmental aspects were grounded in forestry, despite the fact that there are coastal and other issues. To be sustainable, the NRM needs to have a multi-disciplinary perspective.

What has benefitted NMCIREMP is low staff turnover. In addition, the project has tried to hire IPs to work with IPs communities, and it has hired as many local staff as possible. This is especially critical for an IPs-focused project where cultural norms guide choices. It has been difficult, however, to find qualified people. Experience and technical capabilities of staff are critical in order for individuals and communities to make informed choices.

D. Monitoring and Evaluation

NMCIREMP has fairly well-established M&E systems. It has conducted a RIMS survey and has a dedicated M&E staff. It also has systems for conducting poverty rankings,

assessing institutional change, and monitoring inputs and outputs. It is working to improve its capacity to objectively evaluate outcomes and impacts. Although sustainability indicators per se have not been identified for each component, there are indicators being tracked that will provide some future insight into sustainability. It does, however, lack strong indicators on natural resources and environment. NMCIREMP provides a good example in monitoring institutional changes.

The project is currently piloting an area-based information management system as part of its sustainability framework whereby project partners such as LGUs and community-based organizations have continual access to information and knowledge. AIMS, or Area Information Management System, will improve LGUs system of delivery of basic services by having on-line tracking of the development of their communities and the interventions they have provided.

The system will also provide feedback from communities relative to their needs (including emergency cases) and up-to-date information after disasters. For example, in 2006 more than 20 IPs in a target rural village died due to an unknown illness. The municipal LGU was the first one to know about the incident as this was immediately reported by *barangay* and tribal leaders. NMCIREMP's Municipal Project Manager immediately dispatched a message via cell phone to the provincial government as well. The PHOs, the National Commission on Indigenous Peoples and the DOH at the regional level were also contacted. Immediately the PFO's Operations Chief visited the municipality and had a meeting with the tribal leaders to get more detailed information. UNICEF contacted their project's contact person with the provincial government and accelerated the provision of support from the province. Information through the cell phones was fast. What was the more difficult part was reaching the area. If AIMS can be situated in highly inaccessible areas, then local governments can have access to information and relay such information to national government agencies for quick response. It is an endeavour worth pursuing and it will be important to assess the effectiveness of the AIMS system as an input into sustainability strategies.

In CHARM the main impact indicator was income. The project aimed to more than double the income of targeted households. Yet the measurement of income was so inconsistent over time that by the end of the project, changes in income were not verifiable. The ADB Completion Report estimated that the per cent of households in poverty had declined from 67 to 53 per cent while annual household income had been raised by 66 per cent. However, the Final Benefit Monitoring and Evaluation Survey concluded from a small sample of *barangays* that there had only been a marginal change in income.

The point here is that M&E methods need to be rigorous enough to validate real changes when they occur. One hypothesis in CHARM is that real income changes were only realized in selected project sites where infrastructure development had occurred, and income increases based on changes in agricultural practices were primarily restricted to the wealthier families. The income gains of poorer households were primarily dependent on participation in employment generation schemes related to infrastructure development and reforestation. First, the monitoring systems need to be able to track such changes annually or at least every two years in order to contribute to real project learning. Second, changes in income resulting from output-based construction or reforestation are not sustainable, only income changes resulting from changes in practices should be considered.

For CHARM, despite the fact that the majority of the outcome and impact indicators are quantitative, no time series household studies were made available nor were referenced in completion or other reports. The Final Benefit Monitoring and Evaluation Survey conducted toward the end of Phase I was based primarily on perceptions of poverty, on perceptions and well-being-based ranking of project activities, and on the involvement of respondents in various phases (from planning, implementation to M&E) of specific projects and activities. No population based survey was conducted for a multi-year, multi-million dollar investment.

IV. Challenges and Opportunities for Addressing Different Dimensions of Sustainability

It is interesting to note the differences in NMCIREMP and CHARM with respect to sustainability issues and, in particular, the manner in which they were designed. The comparisons, in a sense, are not valid because CHARM was not designed nor implemented when sustainability was a driving issue in IFAD. The language of CHARM's inception report and follow-on reports speak little to sustainability. This is a function not only of design, but of IFAD's marginal involvement in implementation. Indeed, it may be encouraging to note that when IFAD is engaged in implementation then sustainability issues will more likely emerge. NMCIREMP implements with sustainability in mind, and it is not perfect; one can see stronger systems in place to promote sustainability.

In general, both projects still show challenges of linking components to insure that project interventions promote sustainable improvements in income and food security. NMCIREMP still has the opportunity to explore how each component can be better implemented to contribute to improved market access and value chain development. Given the state of infrastructure and access to markets found in its *barangays*, such a market orientation could be advantageous.

It is also evident that more conceptual guidance is needed at the inception phase for environmental sustainability. IFAD's experience is grounded in agricultural development, and it has only relatively recently embraced NRM and environmental stewardship into its design process. It is no surprise, then, that NRM is lagging behind in many projects. What is needed is more understanding of how to balance anticipated gains in fisheries, agricultural production, and other livelihood outcomes with the more communal changes needed in environmental protection. What is abundantly clear is that the pace or calendar of changes in both these arenas is much different, and expectations (outcomes) must be tempered to account for these differences or the timelines of projects should be adjusted. For example, many IFAD-supported projects last two phases, and it is in the second phase that some important NRM changes can be seen and measured. Yet Phase I is unlikely to see realistic goals, impacting both on implementation and evaluation of impact. Phase I is an appropriate platform for establishing the groundwork for important environmental change and Phase II is when gains could actually be realized and measured. For now, however, there has to be better and more realistic alignment of programming.

A. Institutional Sustainability

NMCIREMP has a very positive approach to institutional support and is taking steps to ensure sustainability. This starts by facilitating a process that promotes community participation (and thus ownership) and determines what communities wanted, and being open to all expressed needs. In doing so, however, the project somewhat limits the funding available to communities so that more intra-community debate is required and the selection on how to use funds had to be based much more on consensus. This is a very strategic capacity-building strategy, and if communities demonstrate such

capacity they can get more funding for other needs. The focus on community-based initiatives is important.

In what sounds like an oxymoron, the project has developed strict guidelines for institutional development with built-in flexibility. The guidelines help staff and partners remain consistent in their message and processes with communities, but also allow decisions to be based on local contexts and circumstances. This is especially important when working in diverse settings and with IPs communities where needs may be quite different than in non-IPs communities. NMCIREMP also tries to promote transformation by applying its own (IFAD) institutional needs and changes to how it promotes change in communities.

Peer-pressure and 'learning from others' has been an institutional change strategy, especially for SHGs. This involves getting SHGs to talk and share experiences together to solve specific problems or to generate new ideas. Many SHG participants had little experience in group decision-making, but their participation in SHGs reportedly has boosted their confidence and made them much more assertive. This was certainly evident in the one SHG that was visited during the field trip.

Despite the positive work being conducted there are some constraints. One is the lack of IFAD country presence for policy engagement. Mindanao, especially, is isolated from the central government of Manila. Policy issues that arise, especially with respect to IPs, often need support from national and international entities in Manila to both explain the costs/benefits of specific policy initiatives, but also to lobby for their passage and enforcement. This is linked to sustainability not only in the specific policy initiatives being addressed, but also in building capacity in local government on how to advance policy issues up the 'chain of command', or in this case up the government hierarchy.

Another is that the institutional support for marketing is lagging behind, and in some cases farmers are unable to sustain production due to this. Initially the project did not focus heavily on value chains but this is changing with new linkages to, for example, DTI for Abaca production and the Fiber Industries Development Authority for Abaca fiber.

Partnering needs to evolve over the lifetime of the project. It is unreasonable to assume that all partnership opportunities can be identified at the outset of a project. The institutional environment is not static – new organizations emerge and others fade; some become stronger while others become weaker; those that were not relevant at one phase may become relevant at a later phase. This theme emerged strongly out of the lessons of NMCIREMP. The project partnered with three new institutions after taking stock of their situation. This included GK, a local NGO now working with IPs on shelter in project villages; De La Salle University in Manila which provides scholarships to IPs students for further advanced studies; and DTI for identification of potential products to promote and linkages to market chains. NMCIREMP needs to work with existing institutions as far as possible and then package appropriate technical/advisory support for as long as feasible.

A final issue is the age-old question of maintaining infrastructure. Both NMCIREMP and CHARM need to find more creative solutions to infrastructure maintenance which would likely include some mix of low user fees, local government line-item budgeting, and voluntary support (for example, in irrigation groups).

B. Household and Community Resilience

Both NMCIREMP and CHARM have contributed to increasing community resilience, mostly by supporting local institutions and building rural infrastructure. Infrastructure, the formation of SHGs (NMCIREMP) and improvements in cropping have encouraged some income diversification in households. Increased support from service providers combined with improved access to knowledge and information can also improve the lot of farmers and fisher folk.

Both projects also work with IPs, and these populations have been historically underserved in development. Just the fact that they are now participating more and are talking to other groups in various forums likely increases their level of confidence and gives them a newfound sense of pride, more openness to new ideas and alternatives, a greater appreciation of the value of education, and greater awareness of the economic impact of social issues.

In CHARM it was not clear if the production support activities were always consistent with the livelihood realities of households and communities in the project area. For CHARM II, resource constraints need to be better factored into intervention selection, and production support needs to be better linked to credit access and infrastructure improvements. Intervention design also needs to include risk management, which it currently does not.

C. Environmental Sustainability

It is difficult to find many cases in either the NMCIREMP or CHARM where environmentally sustainable practices have been achieved. An environmentally sustainable system must maintain a stable resource base, avoid over-exploitation of renewable resources, and maintain biodiversity. For both projects, this implies that while gains are made in agriculture or fisheries that ultimately raise household incomes, soils and water must not be depleted, forest resources must be conserved, and plant diversity must not decline. Factors related to this dimension can take many years to be realized and are not likely to be achieved in the first cycle of any project.

In NMCIREMP, success has been found in engaging coastal communities in natural resource assessment, perhaps due to the more diversified nature of resource users and issues along coastal areas. In more upland areas progress has been slower due to a number of challenges in addressing both environmental and livelihood needs (although the two are very interrelated).

In CHARM, there were reported achievements in recognition and use of traditional forest management systems, in natural resource planning through the Barangay Resource Management Plan, and in reforestation and enforcement of local environmental ordinances.[3]

There is no evidence from any of the project reporting or from field discussions that any environmental indicators are or were being tracked. In CHARM the survival rate of trees in reforestation was tracked, not as an environmental indicator but as a benchmark for repayment to labour. Had it been used as an environmental indicator it would have provided information on what additional resources (in terms of replanting, etc.) were required to bring the planting density up to environmentally acceptable standards. However, in one of two communities visited, this consultant observed several

3 IFAD, CHARM Completion Evaluation.

problems with site and species selection for reforestation, with site selection and management of shaded coffee plantations, and with soil erosion. Often gains in NRM are minimal when weighed against changes in agricultural practices that encourage rather than mitigate natural resource degradation. It should also be recognized that rural infrastructure (especially roads), while necessary and beneficial, will likely encourage more land encroachment, at least in the short-term.

If IFAD continues to have NRM as a key component of agricultural projects, and it wants to ensure environmental sustainability, it has to be much more strategic and systemic in its choice of interventions, how changes in the natural resource base are monitored, and how these changes impact on households and communities. The two brief field visits conducted for CHARM highlighted both positive and negative environmental consequences of project activities. For example, in one area visited in CHARM there had been irrigation development and part of the land it opened up had been set aside for nurseries of forest species. In other areas, however, villagers said the reduction in forest cover that was continuing unabated was negatively impacting the flow of water.

Although many villagers perceive reforestation as important, it is not clear if payments for labour are the only factor driving reforestation. Reportedly few nurseries are still operating from CHARM and maintenance (e.g. replacement of dead trees) is low. More positive stewardship is seen when forests are protected for timber and non-timber forest products, when agroforestry is incorporated into household production systems, and when crops such as coffee and tea are appropriately introduced into local systems.

D. Addressing Structural Dimensions of Poverty

The NMCIREMP region is characterized by marginalized IPs that have not historically benefited from centrally-funded, macro-economic improvements due to language, illiteracy, and cultural barriers. Many project staff are not familiar with the local languages, which creates great difficulties in social mobilization, conveying project messages, and encouraging the adoption of project sponsored interventions. It is critical to focus on ways to improve household and community participation by concentrating on communication strategies. Such strategies will provide important lessons learned that can be incorporated into other projects.

The hilly regions where CHARM operates have the highest number of poor households suffering from structural poverty in Luzon. These areas have a large number of ethnic minorities that have language and cultural differences that could affect their full participation in the project. Value chain improvements that are likely to occur in other parts of the province will be more difficult to promote in these communes and villages. For this reason, the project may need to develop a different poverty reduction strategy for these communities. Lessons learned from each project relative to IPs could provide critical input. Cross visits between the two projects should be promoted to encourage learning and collaboration.

The remote location of many villages presents travel challenges, which result in inadequate interaction between communities, project and government staff, and service providers.

V. Conclusions and Lessons Learned

NMCIREMP has the potential to be a highly sustainable project and a good case study to build on IFAD's sustainability experience. It still requires strengthening in some of its approaches, with respect to M&E, NRM, and capacity-building at the LGU level. Many institutions and SHGs are well advanced and already functioning with a reasonable degree of independence. They are creating ideas and plans, working together to identify and resolve issues, and seeking access to services both with and without the direct support of the project. The sense of local empowerment, particularly of women, and ownership of project outputs is high.

A number of factors can be cited that explain the NMCIREMP's positive accomplishments regarding sustainability. Although the successes seen here may be due in part to local contextual factors, these points should also serve as lessons that can be applied to programming in other contexts:

- NMCIREMP is very responsive to the expressed needs of communities, and works closely with communities in the planning process. In the beginning it commits relatively little funding to the community, which creates more analysis and debate on how these funds should be used. Later when communities have more capacity in this self-analysis and planning they receive more funding.
- Both projects realize the need to recruit local staff, especially for work in IPs communities. This includes recruiting staff that have a multi-disciplinary approach to their work and have experience in facilitation.
- NMCIREMP has learned that strict guidelines, documented for project and partner staff to use, along with 'measured flexibility' produced the best results.
- In coastal communities, the project has successfully engaged communities in natural resource assessment by bringing together diverse stakeholders and facilitating joint review and planning.

Some important lessons related to sustainability emerge from the two projects:

1. There is a theoretical imbalance between the number of communities reached and the sustainability of the effort, given the local context and budget. In the quest to serve as many beneficiaries as possible, projects often end up spreading staff too thin, having minimal contact with community members and institutions, and unable to monitor areas that need shoring up. This is evident in both NMCIREMP and CHARM, where the need to reach a large number of communities comes into conflict with the need to have physical presence, as LGUs, community organizations, and partners implement activities. This does not necessarily mean that 'smaller is better' or that projects working over a large geographic area cannot be sustainable. It does mean, however, that geographic scale will have a bearing on sustainability, and that if mechanisms for good decentralization of management and activities are not put into place in the beginning then there will be a higher probability that sustainability goals will not be fully achieved.

2. NGOs should be treated as partners and not contractors, and should have a large stake in project planning and implementation. Their work needs to be appropriately phased so that community-led processes are well along before other dimensions of the programme take place.
3. Gains in NRM are associated with livelihood systems. Where there is a clear link between NRM and livelihoods, people will become engaged in NRM activities if they see a potential short-to-medium term return. Where returns are longer (watershed rehabilitation, agroforestry, soil regeneration) there has to be an entirely different strategy and set of expectations. In addition, moving from the resource planning stage (usually a resource management plan or a land use plan) to the activity or implementation phase has proved challenging in almost all projects. For one, the time horizon for observing measurable change is usually much longer than with other project components, so that NRM activities quickly get out of sync with other activities. This often results in communities losing momentum or interest in the NRM sector.
4. There are many analogies to that of an orchestra. Projects need diversified instruments and strategies to achieve desired change. They must have strong leadership and make use of local knowledge and experience. The different components of the project have to come in and out of play at the appropriate time, and any missing factor will be noticed in the outcome.
5. NRM must include the promotion of indigenous knowledge systems and practices, natural resource management and enhancement, and the use of natural resources in production systems. These concepts have to be introduced early and in a manner that will ensure participation in resource management (specially off-farm) in the long term. This may mean a radically different model than that followed in either CHARM or NMCIREMP. It may include strict land use allocation (recognizing the implications on productions systems), cropping insurance, monetary or other incentives to invest in long-term enhancement, and the strategic use of hillside crops such as coffee and tea that can be grown under canopy.
6. Risk mapping should be made a prerequisite and be instilled as part of the project design process. Sustainable strategies for remote areas and areas with diverse groups need a risk management lens to identify what kinds of risk management capacity need to be in place at the household and community level, what types of safety nets need to be available at various levels in case local capacity to manage risk becomes overwhelmed, and what kinds of social protection mechanisms need to be in place at the provincial level in case the lower levels are not able to respond to a shock (productive safety nets to rebuild assets).
7. Foundation processes for sustaining gains need to be instituted from the beginning of each project. In CHARM, People's Organizations were still relatively weak after Phase I. At both the municipal and *barangay* levels, a continuing attitude of institutional dependency still exists (as demonstrated, for example, by continued requests for basic operational inputs and maintenance funds). Improved participation, ownership and wider capacity-building would contribute to a greater likelihood of sustainability. Ensuring that these foundation processes are recognized and integrated into project components

would be facilitated by the development of a sustainability plan (replacing the term 'exit strategy') during Year 1 of any project.

8. Attitudinal and behavioural change regarding protection of the environment was brought about through links with cultural traditions and by first promoting self-interest (e.g. protecting sources of potable water) rather than moralistic entreaties regarding biodiversity or heavy enforcement and stiff penalties.
9. As is common, maintenance emerged as an issue in sustainability. No fee structures were implemented for maintenance and communities remain mostly reliant on local government for maintenance funding, which is both bureaucratic and time-consuming. More creative combinations of maintenance strategies are required to ensure sustainability, and sustainability plans are crucial for defining these strategies early in the project.

Annex A
Terms of Reference

1) Background

The issue of sustainability is a key concern for IFAD which has been highlighted by the Independent External Evaluation (IEE) and in successive Annual Reports on Results and Impact of IFAD Operations (ARRI). The 2006 ARRI evaluation confirms that sustainability remains a major challenge for IFAD with only 40 per cent of operations being rated as substantial or better.

The IFAD Strategic Framework 2007-2010 acknowledges that ensuring sustainability is a challenging endeavour – and for all international development agencies – but also that without sustainability it is not possible to claim lasting impact in terms of rural poverty reduction.

The Asia and the Pacific division of IFAD has undertaken initiatives on sustainability – especially of rural poor organizations – through its grant programme and the Strengthening Capacities of Organizations of the Poor - Experiences in Asia (SCOPE) project in particular, and consultations with the World Bank. It now plans to extend the investigation on the factors that affect the sustainability at large of the investment projects it funds in the region.

To this end, a study has been initiated which is to be conducted in three different stages:

a) Desk Review: the desk review has involved an analysis of selected documents and interviews with key resource persons at IFAD Headquarters. The ultimate purpose of the review was to set the boundaries of a theoretical framework for approaching the concept of sustainability and to start defining the term as it applies to IFAD-funded operations.
b) Case studies.
c) Source Book preparation: the Source Book will be the ultimate output expected from the whole study. Building on the theoretical framework defined the context of the Desk Review and on the findings of the case studies, this user-friendly guide for development practitioners should among others:
   - Suggest a very clear and practical definition of the multi-faceted concept of sustainability as it applies to IFAD-funded field operations;
   - Identify enabling factors (or constraints) for sustainability;
   - Identify important criteria for improved project design;
   - Identify indicators that will measure progress towards sustainability during project implementation.

2) Objectives

Overall objectives: the present consultancy will focus on conducting a field case study in selected Asian country as a second step of the initiative described above. It will therefore build on the Desk Review work and further advance the multifaceted definition of sustainability as it applies to IFAD-funded operations.

The case studies will represent an opportunity to shed some light on the reality of IFAD-funded field operations as they are currently being implemented, supervised and evaluated by IFAD and its countries' partners. The overall goal is to identify the enabling factors that led to sustainability or, in case of negative findings, the constraints that projects face (or may face) for sustaining project benefits after completion. The ultimate purpose is to improve the development effectiveness of IFAD-funded operations in the region.

Detailed objectives: more precisely, the objectives of the case studies are:

a) To collect and document the views of the various projects' stakeholders on what sustainability means for them, with particular attention on the views of projects' ultimate beneficiaries (farmers, livestock owners, rural producers, farmers' organizations, women, etc.).
b) To document the experience and performance of selected IFAD-funded projects in aiming at ensuring sustainability of project benefits beyond project implementation.
c) To help IFAD better understand how project designs, M&E systems, supervisions and overall implementation in selected IFAD-funded projects and specific country contexts have addressed – or should address – the issue of sustainability.
d) To generate lessons learned on the specific approaches that have greater chances to lead to sustainability and/or on the specific constraints that may impede prospects of sustainability.

3) Scope

The consultant will travel to the NMCIREMP and CHARM projects and visit selected project areas. The projects were chosen on an agreed set of criteria (including status at implementation, type of project, previous work on sustainability, environmental context) in order to offer a wide representation of IFAD's experience on sustainability in Asia.

4) Output

On the basis of the revised methodological note illustrating the methodology, processes and tools to be used in the development of the case studies and on the main results of the desk review, the consultant is expected to deliver a case study report.

5) Report's outline

While a detailed final report's outline will be agreed upon between IFAD and the consultant submission of the first draft, the report should at a minimum include the following:

a) A brief methodological note.
b) An assessment of the sustainability approaches and exit strategies used in IFAD-funded project and/or planned to be used, including the definition of sustainability.
c) A documentation of project stakeholders' views on sustainability (definition and performance so far).
d) A presentation of the key determining factors recognized as essential to ensure sustainability after project completion.
e) A presentation of the key risks or potential obstacles to sustainability.

f) An assessment of the indicators used to measure sustainability.
g) A presentation of the major lessons learned.

The case studies reports will have to be of such nature as to feed into the final Source Book. The reports should be kept as short and practical as possible (max. 20 pages).

6) Methodology

The methodology will include focus group discussions and interviews with key informants (beneficiaries, project and government staff). Outlines developed for these discussions will have a sustainability focus covering economic benefits accrued by individuals and households as a result of project interventions, changes in power structures and social capital, enhancement in or protection of productive resources, resilience of household and community-level livelihood strategies.

Prior to the field trip, the consultant will review key project documents for each project (appraisal reports, supervision reports, annual workplan and budget, progress report, M&E documentation and others as available). These documents will be provided by IFAD and reviewed prior to field travel, and will influence the formation of qualitative field instruments.

7) Schedule

The consultant will report to the Portfolio Management Cluster of the Asia and the Pacific Division. The assignment will take place during 9-19 April 2008.

Annex B
Itinerary

Date	Activity
9 April	Arrival in Manila
10 April	Participation in Government of the Philippines-IFAD Cordillera Highlands Agricultural Resource Management (CHARM) Learning Workshop, BSWM Convention Hall, Department of Agriculture, Manila
11 April	Travel to Mindanao, Meet with Ms. Verora for project overview
12 April	Meet with Project Director and Head of Finance and Administration
13 April	Travel to field to visit with several LGUs, community groups, and IPs
14 April	Meeting with Edgardo Soriano, M&E
15 April	Meeting with Staff on sustainability issues; departure for Manila; departure for Bagio
16 April	Meetings in Bagio; travel to Abiang to meet with representatives from local communities.
17 April	Travel to Lubon to meet with Lubon people's Association; tour agricultural sites.
18 April	Meet with CHARM Project Director and staff on sustainability issues for CHARM II; travel to Manila
19 April	Travel to Bangkok, Thailand and USA

Annex C
Main Documents Consulted

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Annex D
Additional Guidance on Developing Exit Strategies

IFAD needs to ensure that its strong capacity for development programming is accompanied by appropriate exits from projects. When and how IFAD concludes its activities depends on a range of factors. For IFAD, an 'exit' may take the following forms: moving into a second phase of a project; terminating assistance under a specific project; or ending its country presence.

An exit strategy should include possible indicators or 'triggers' for exit,[1] linked to IFAD's development strategy and specific project goals and objectives; systems for measuring progress; and identification of capacities to be built and left behind after IFAD assistance is terminated. In all cases the focus is on 'sustainability' rather than on exiting for exits' sake. Two key questions to be answered are: first, how best can IFAD's assistance be designed, from the initial planning stage, in order to facilitate eventual phase-out; and second, how has IFAD assistance contributed to a community's resilience and furthered their development. Most importantly, how can the gains made during IFAD's presence be assured after assistance ends? This not only applies to projects as a whole, but specific activities within projects as they are phased in or out.

An exit strategy for a programme is a specific plan describing how the programme will withdraw from a region or population while assuring that the achievement of development goals is not jeopardised and that further progress towards these goals will continue after the end of the programme. 'Exit' refers to the withdrawal of externally provided resources, whether material goods, human resources or technical assistance, from the operational area. The goal of an exit strategy is to assure the sustainability of the programme impacts and activities.

Alternatively, a programme may develop a graduation strategy, meaning it will withdraw resources from certain communities which have 'graduated' or met certain criteria within an operational area. The advantage of graduation strategies is that programme staff or graduated community members are able to oversee or mentor communities which have recently entered the programme. Also, the lessons learned from prior graduations will be continually fed back into the design of future graduation and/or exit strategies. *This would be particularly useful for CHARM II, and it could use communities that were 'successful' in CHARM I to help define criteria for its exit strategy in CHARM II.*

In order to qualify as a strategy, the graduation or exit strategy must contain the following:

- Specific criteria for graduation and/or exit;
- Specific and measurable benchmarks for assessing progress toward meeting this criteria;
- Clear action steps to reach benchmarks and identification of those responsible for taking these steps;

1 Triggers may be bureaucratic (donor interest, timing), programmatic (progress towards goals, a change in the overall situation), or systemic (capacity of host government).

- Periodic measures for the assessment of progress towards criteria and possible modification of plan based on any unforeseen difficulty in reaching these benchmarks; and
- A timeline (flexible to a degree) specifying when these benchmarks will be reached and when the assessments will be conducted.

Depending on the context, the exit strategy may be 'phase-out', 'phase-over', 'phase-down', or alternatively, the strategy may be a transition to livelihood protection. The 'phase-over' method transfers the full responsibility for programmatic activities to other organizations, government entities, community groups or individuals. This type of exit strategy requires significant management and technical capacity-building efforts, which must be initiated at the onset of the programme, to ensure a successful transfer and continuation of the programme. The success of this strategy depends on both the level of current capacity, and the motivation and commitment on the part of the group, organization or individual. Increased motivation and commitment are often a direct result of the visible and appreciated positive outcomes of the programme.

The 'phase-out' type of exit strategy occurs with the withdrawal of programmatic resources in the absence of transferring responsibility or ownership to another group. In this case, the programmatic inputs are believed to have made sustained changes which do not require continued oversight or input, such as the marked behavioural change of a target group.

'Phase-down' exit strategies refer to the gradual reduction of programmatic inputs or resources, often prior to a 'phase-over' or 'phase-out' strategy.

IFAD
The International Fund for Agricultural Development (IFAD) is an international financial institution and a specialized agency of the United Nations dedicated to eradicating poverty and hunger in rural areas of developing countries. Through low-interest loans and grants, it develops and finances programmes and projects that enable poor rural people to overcome poverty themselves.

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ISBN 978-92-9072-064-5
Printed, August 2009

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ISBN 978-92-9072-064-5