

# **Project Performance Evaluation**

## **Republic of Nicaragua**

### **National Agricultural Technology and Training Programme: Technical Assistance Fund**

#### **Executive summary**

##### **Background**

1. The Independent Office of Evaluation of IFAD (IOE) undertook a project performance evaluation (PPE) of the National Agricultural Technology Programme: Technical Assistance Fund (FAT, as per its acronym in Spanish) in Nicaragua. The main objectives of this evaluation were to: (i) provide an independent evaluation of the overall results and impact of the project, for reporting and management purposes; and (ii) draw lessons learned by generating conclusions and recommendations to identify the main factors underlying the project performance and poverty reduction results, for learning and self-assessment purposes.
2. This evaluation was based on a review of available data, project-related documents and a mission to Nicaragua that took place from 8 to 17 March 2016. In addition to the documentary review, methods used to gather data included interviews with stakeholders – government personnel, IFAD staff, programme partners and beneficiaries – as well as discussion groups and direct observation. The sites for field visits in Managua, Leon and Chinandega were selected on the basis of a review of available data and in consultation with IFAD and the Ministry of Finance and Public Credit, with the aim of gathering information and evidence on activities, achievements and challenges in different contexts.

##### **The programme**

3. FAT (1999-2013) was one of 20 projects funded under the Flexible Lending Mechanism and was presented to the Executive Board in September 1998. On 9 December 1999, the Executive Board approved a loan in the amount of Special Drawing Rights (SDR) 10.15 million (equivalent to USD 14 million) and a grant for SDR 150 000 (equivalent to USD 200 000) to finance the FAT. The financing agreement for both the loan and grant was signed on 29 May 2000. The loan and grant entered into effect on 20 June 2001. The programme was completed on 10 June 2013, and both the loan and the grant closed on 31 December 2013.
4. The project was divided into three phases with the following development objective: "increase the productive and marketing capacity of small- and medium-scale farmers and small-scale entrepreneurs living in rural areas by contributing to family incomes and improving living conditions". The specific objective was to "ensure access by small-scale farmers and rural entrepreneurs to technical assistance services in a sustainable manner based on the competitive supply of services and in accordance with beneficiary needs". However, following a change in public policy at the end of phase II, a new element was included in the specific objective for phase III: "capitalization of beneficiary families through delivery of the Food Production Bond (BPA) to improve food production and food security". The BPA programme helped promote empowerment and gender equality within the project. FAT reached a total of 25 municipalities in the area classified as dry-tropical, characterized by low annual precipitation.
5. During phases I and II of the project, the Agriculture and Forestry Technology Development Foundation (FUNICA) was the executing agency under the direction of the Ministry of Agriculture (MAG). In phase III, MAG provided project steering as executing agency, and the Nicaraguan Institute for Agricultural Technology (INTA)

joined FAT as co-executing agency in accordance with the amendment made in 2010.

### **Main findings**

6. **Relevance.** The principle of flexibility that guided FAT design enabled its strategies and activities to adapt to the changes that occurred in strategies, policies and programmes within the agriculture sector. Similarly, the FAT development objective and specific objective were relevant to IFAD's mandate and the objectives and strategy set forth in the country strategic opportunities programme of 2005. However, the design did not fully reflect certain items that were relevant at the time of design, such as the complexity of the operation to achieve an appropriate learning level, differentiated strategies in delivering technical assistance services, and distances between target communities as a major constraint on associative projects. For this reason, the project design required a major effort to define strategies adapted to the characteristics of producers within the target population so that technical assistance services would meet their needs and achieve greater impact.
7. The inclusion of BPA at the end of phase II and throughout phase III ensured that gender equity and food security approaches were incorporated in the project on a cross-cutting basis, as they were not reflected in any specific strategies or methods at design. The decision to include BPA was in line with the policies set forth by both the Government and IFAD.
8. **Effectiveness.** The project's specific objectives and results were achieved and in most cases exceeded: 18 909 producers received technical assistance services in accordance with their needs and ability to pay, exceeding the design target by 23 per cent. The project made a major effort to set up temporary partnerships (142) and BPA groups (139), which in some cases ended up incorporating as cooperatives. This called for a major effort since to incorporate as cooperatives they needed to meet certain requirements to acquire legal status. The project provided 34 technologies on post-harvest management, integrated pest management, use of certified seed, live fences, farm field bunding, use of plant residues, infiltration ditches, use of enzymes, drip irrigation systems, and others. Women's participation was very important to the project: 50 per cent of beneficiaries were women, exceeding by 60 per cent the design target (30 per cent). This was made possible by incorporating women's groups and organizations benefiting from BPA.
9. It is important to note, however, that not all producers who were counted as beneficiaries participated fully in the project. During phase I, some producers only participated in one-off activities such as talks and training, which may not have led to any significant changes in their production systems. Others simply submitted their proposals and did not implement them. The project lacked a detailed evaluation framework to guide monitoring and evaluation (M&E) officers as to the type of information they needed to collect on an ongoing basis as inputs for evaluation processes.
10. **Efficiency.** The approval process up to loan effectiveness was very slow and much longer than the IFAD average. The project experienced a very slow start to implementation and also showed a low level of disbursement during the first five years. However, many of the fiduciary processes improved over the years, resulting in better and greater project implementation. The BPA implementation resulted in a massive execution of investments. Management costs were slightly above the IFAD average, taking into account the unique nature of this project.
11. **Rural poverty impact.** Among the most notable areas of project impact are family incomes and assets; food security and productivity; and greater emphasis on human capital and empowerment. A highlight is women's participation and empowerment through different associative groups set up by the project. The

producers improved their yields, by up to 50 per cent in some cases, on production and harvest of crops such as sesame, beans and rice, as well as on dairy production. In some cases they even entered new markets and obtained higher prices for their products.

12. One-hundred per cent of the beneficiary families improved their diet and self-consumption of their own produce. Producers with land benefiting from FAT-BPA show higher per-capita consumption of milk and eggs than the comparison group, but lower consumption of maize, beans and chicken. The project helped create technical assistance capacity for producers, but two years later has not managed to create a fully developed technical assistance services market. Accordingly, it is vital for the development and sustainability of a technology market to create policies or strategies that include ways of activating markets on both the supply and demand sides.
13. **Sustainability of benefits.** Those producers who belong to small and medium producers' cooperatives in existence prior to FAT show greater potential for sustainability in terms of incomes and food security. It was remarkable how the producers who still belong to such organizations continue to produce and apply the technologies introduced with FAT support, maintain produce quality and yields, and continue to receive technical assistance services on production and marketing, facilitated by technicians from their cooperatives.
14. There is viability around a large number of producers who are members of small and medium producers' cooperatives and families benefiting from BPA in terms of sustaining the changes that the project brought in their livelihoods: income, food security, production yields, and human and social capital. In addition, it is clear that the agriculture sector's oversight agencies (Ministry of Family, Cooperative, Community and Associative Economy, INTA, INATEC, MAG and others) are undertaking important initiatives at the national level to provide technical assistance and other services to producers who are less able to contract technical assistance.
15. **Innovation and scaling up.** FAT involves basically three innovations: (i) decision-making by small and medium producers in defining demand for technical assistance services and quality control of services provided; (ii) establishment of economic linkages between demand and supply of technical assistance to carry out business between them; and (iii) the creation of FUNICA, composed of public and private-sector actors and academia. As to scaling up, FAT was expanded to Segovias with support from Danish cooperation, and with execution under FUNICA.
16. **Gender equality and women's empowerment.** At design, the project did not have a strategy for gender equality and women's empowerment. FAT design included only a target for women's participation of 35 per cent. However, women's participation exceeded the target of all beneficiaries set at design. A total of 7,000 women benefited, representing 48 per cent of all project beneficiaries, and this was achieved through full inclusion of BPA as a result of FAT. Women's participation in the rural promotion programme was outstanding, accounting for 80 per cent of all promoters trained. Implementation of the Solidarity Promotion Network began with the Food Production Programme and was boosted by FAT during the final phase.
17. **Environment and natural resources management.** The ex-ante appraisal considered several measures that needed to be taken into account for environmental protection and natural resources management, such as strengthening producers' knowledge of environmental conservation and environmental development actions, using exchange techniques. It is crucial for this type of project in dry-tropical zones to have concrete strategies and policies that include climate-smart farming practices so that families are able to lower their climate-change risks.

## **Recommendations**

18. **Recommendation 1: Integrated and adapted technical assistance services.** Development projects geared to providing technical assistance services to poor rural producers should spend more time at the design stage on characterizing and learning about the different types of producers within the target population, along with their production systems, their constraints and potential, and the inputs and processes required to improve their participation in value chain links, as well as their market positioning. Better knowledge of all these aspects is a crucial input to adjust or define approaches and strategies that are more fully integrated and adapted to the specificities of each type or group of producers – such as herders, breeders and basic crop farmers – so that the technical assistance services have greater impact on producers in particular circumstances, e.g. those who are landless or living in extreme poverty.
19. **Recommendation 2: Technology market.** Developing a sustainable market for technology, in addition to ensuring supply and demand, calls for policy instruments in the form of incentives to activate the technology market. IOE recommends that IFAD, together with the Government, consider such incentives as follows: (i) for technology providers (enterprises, non-governmental organizations, universities and individual professionals), entrepreneurial and technical capacity-building, support in terms of facilities and access to financial services; and (ii) for producers on the demand side, technical and financial incentives to facilitate access to technology products, and capacity-building so that they can apply the technologies sustainably.
20. **Recommendation 3: Environment and natural resources management, and climate change adaptation.** Rural development projects implemented in dry-tropical areas need to combine strategies to build resilience into family livelihoods and reduce vulnerability to climate change: technologies appropriate to the surroundings, implementing climate-smart farming practices, diversified and appropriate use of water resources, rational soil use, eco-efficient agricultural value chains, access to competitive markets, and others. These strategies should be aligned with national, municipal and communal policies and strategies.
21. **Recommendation 4: Evaluation methods.** It is recommended that IFAD prepare a detailed evaluation plan from the design stage or during the first months of implementation. The plan should specify indicators, evaluation questions and sources, the type of evaluation being applied, the type of design and its constituent elements, methods for gathering information, and the timing of each one of these factors.