

3 Learning theme: Sustainability of benefits

Background

198. As agreed by the Executive Board in December 2014, the 2015 ARRI learning theme focuses on the sustainability of benefits of IFAD-funded operations. Sustainability was selected as the 2015 learning theme because it has recurrently been an area of weak performance in IFAD operations.

Definition of sustainability

199. Sustainability is one of IFAD’s central principles of engagement in delivering on its mandate of rural poverty reduction. In line with the OECD/DAC definition of sustainability, the IFAD Evaluation Manual defines sustainability as “the likely continuation of net benefits from a development intervention beyond the phase of external funding support.” It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project’s life.

Objectives of the learning theme

200. The overall objectives of the learning theme are to: (i) deepen the understanding of results in sustainability; and (ii) identify key factors that drive or limit the achievement of sustainable benefits.

Approach

201. The results presented in this chapter draw from the findings of three complementary analyses: (i) statistical analysis of the “all evaluation data series” ratings, with a specific focus on sustainability, to examine the relationships between sustainability and other evaluation criteria; (ii) country visits to China, Ghana and Mozambique to assess the post-completion sustainability in six IFAD-supported projects; and (iii) desk review of previous evaluations and studies as well as an outlier analysis of ten closed IFAD-supported

Chart 23 Proportion of all ratings and ratings for sustainability of benefits



projects that were previously rated either high or low for sustainability to identify the drivers and limiting factors for sustainability.

Main findings

Statistical analysis

202. Chart 23 shows that 57 per cent of the historically available independent evaluation ratings for sustainability (219) are in the satisfactory zone, whereas 43 per cent lie in the unsatisfactory zone. However, a large number of projects rated satisfactory are in effect only moderately satisfactory and none are highly satisfactory for sustainability. The same figure also shows that a greater proportion of sustainability ratings are in the unsatisfactory zone (43 per cent as mentioned earlier), as compared to the proportion of unsatisfactory ratings (28 per cent) for all criteria evaluated by IOE since 2002.
203. The mean rating for sustainability of the entire data set analysis is 3.59 with an SD of 0.92. Chart 24 shows how mean sustainability ratings differ by region and by subsector

(i.e. the IFAD project types). It shows that the mean rating for IFAD-supported projects is highest in the Asia and Pacific region and lowest in the West and Central Africa region, thus confirming the findings from the benchmarking analysis done in the previous chapter. However, in none of the regions is the mean more than moderately satisfactory (4). Sustainability also differs by subsector, though less consistently than by region. On average, sustainability ratings are higher than the mean for access to credit and research projects, whereas they are lower than the mean for irrigation and livestock projects.

204. A correlation analysis of the mean rating for sustainability with the mean ratings for all other evaluation criteria rated by IOE was also conducted. The aim of this analysis was to assess the extent of the relationship between sustainability and the other evaluation criteria. The results of this analysis are shown in chart 25. In a nutshell, the correlation analysis reveals that IFAD's efforts to improve project sustainability might best focus on: (i) overall project achievement: (ii) project

Chart 24 Mean ratings of sustainability by region and sector

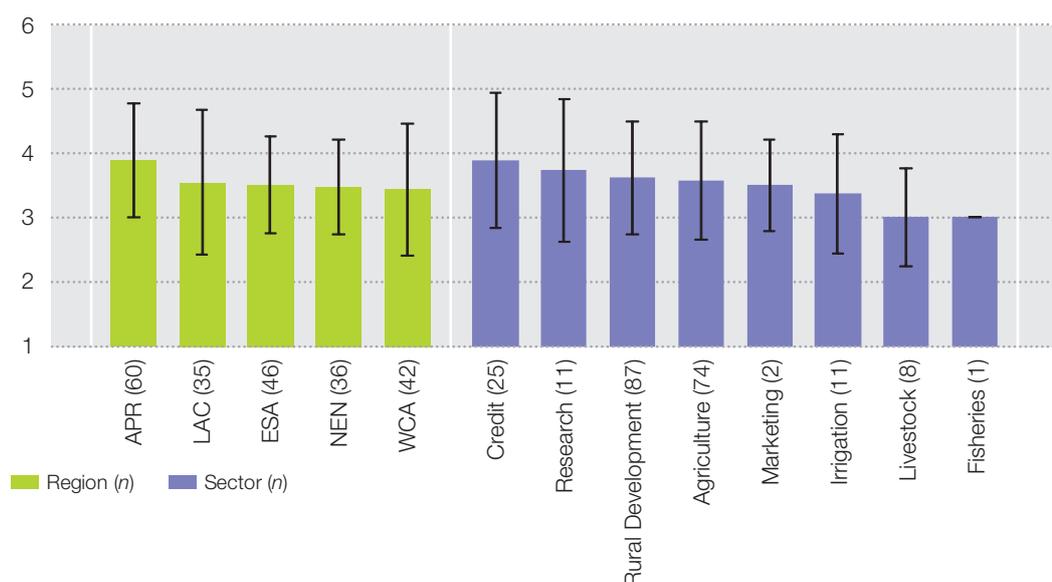
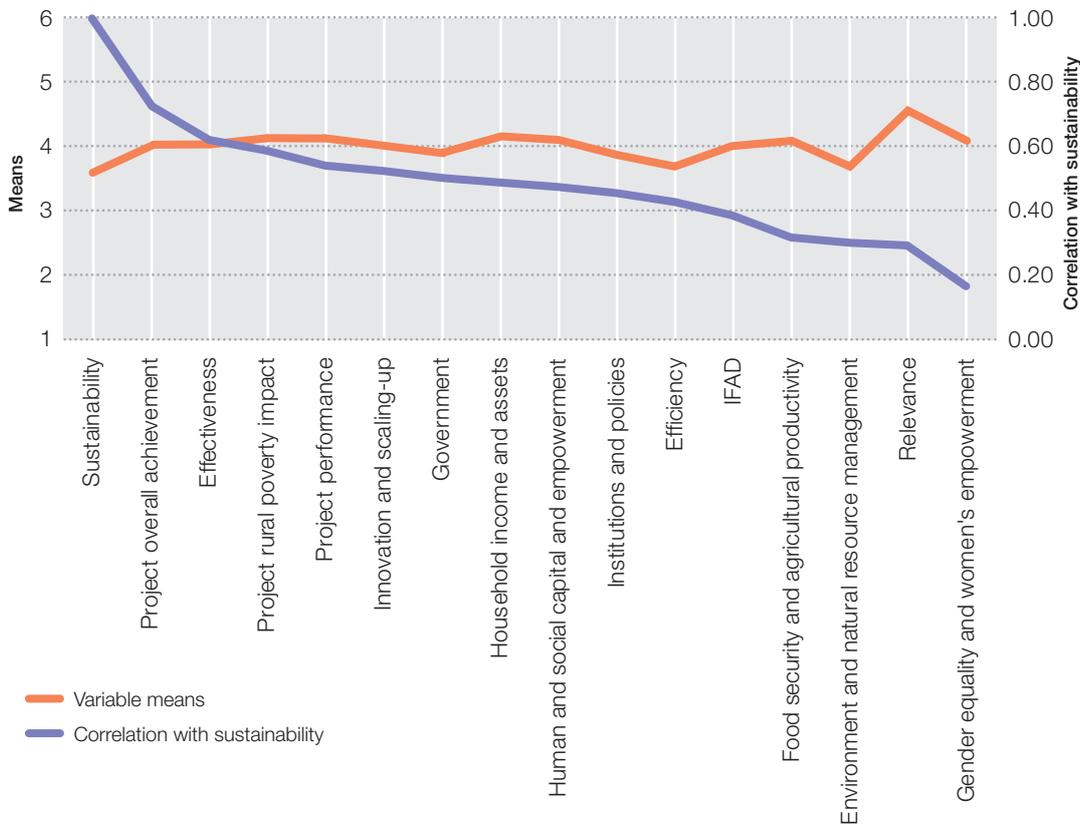


Chart 25 Means of each evaluation criteria correlated with the mean for sustainability



performance; (iii) effectiveness; and (iv) rural poverty impact.

205. However, it is important to keep in mind that correlations are linear associations between criteria, which do not explain why they are associated (or not). Given the aforementioned, the results of the correlation analysis were triangulated with other sources of evaluative evidence such as in-depth project reviews and country visits to identify drivers and limiting factors to the achievement of sustainable benefits.

206. A further analysis was undertaken (see table 13) to benchmark only the ratings for the sustainability of IFAD-financed projects with the agriculture sector operations of ADB and the World Bank.²⁷ For all three organizations, the table shows less than sixty per cent of operations evaluated in

2005-2015 are moderately satisfactory or better for sustainability. However, the results for sustainability of IFAD operations are better than in the two comparator organizations.

Key drivers and limiting factors for sustainability

207. As mentioned above, this analysis was conducted triangulating evidence from different sources: (i) desk reviews of available IFAD studies on sustainability, including the ARRI produced since 2003; (ii) in-depth review and outlier analysis of ten projects; and (iii) country visits to China, Ghana, and Mozambique.

208. This learning theme has narrowed down the analysis and distilled four main drivers that can contribute to promoting sustainability of benefits, which are discussed here below.

27 These two organizations were selected given the availability of separate ratings for sustainability.

Table 13 **Sustainability – Percentage of agricultural and rural development projects completed in 2005-2014 rated moderately satisfactory or better**

Time period	IFAD	AsDB	WB
2005-2014 (percentage)	58	56	51
Number of agricultural projects evaluated	101*	86	227

Source: Independent evaluation ratings databases of ADB, IOE and the World Bank.

*PCR/PPA data series.

Firstly, there is need for adequate integration of project objectives into national development strategies

209. That is, designing project objectives in full harmony with government development strategies and long-term vision is an essential driver for ownership and sustainability. In this context, it is necessary to have sufficient political will in the country to advance the promotion of smallholder participation and empowerment in agricultural and rural development initiatives. For example, the Rural Enterprises Project II (REP-II) in Ghana was designed with the aim of ensuring that project interventions were mainstreamed into the national system. The delivery mechanisms proved to be well anchored in both national and district level institutions, while the commitment of national stakeholders to sustain benefits was still strong four years after project completion.
210. When projects are adequately connected with policies at the national level, they are more effective in supporting the government's institutional, policy and legal developments for lasting impact of project benefits. For example, the Sofala Bank Artisanal Fisheries Project supported Mozambique's Fisheries Sector Economic Development Plan and the development of the policy and regulatory framework for the Strategic Plan for the Artisanal Fisheries Sector (PESPA 2006). In so doing, it laid the foundations and guidelines for further development in the subsector. At the time of the country visit – three years after completion – all national and sector policies, strategies, and plans continued to guide project interventions, thereby providing a conducive environment and the required continuity to sustain project impacts. The perception among all interviewed heads of key government institutions was that the project was a milestone in the development of the country's artisanal fishery subsector. Moreover, the innovative and ambitious livelihoods approach introduced by the project reportedly delivered wide-ranging, tangible and sustainable results beyond fishery development.
211. It is equally important that projects' objectives align with complementary initiatives of other development partners working in agriculture and rural development in the same country. In some cases, although the national policy and institutional environment provide cohesion, stability and commitment to continuing project benefits, there may be contradictions in donors' approaches that undermine project sustainability. For example, in the Sofala Bank Artisanal Fisheries Project in Mozambique – some of the donor interventions in the agricultural and fisheries sectors were based on "hand-out" approaches, which clashed with the development rationale on which the IFAD projects were based – i.e. participation of beneficiaries. When these interventions were implemented side-by-side, the contradictions caused confusion and even suspicion towards participatory approaches on the ground.

Secondly, investment in activities that enhance communities' human and social capital through inclusive development is another driver of sustainability

212. Building human and social capital and promoting effective participation and empowerment of rural communities are key drivers of lasting social benefits. Those drivers are essential to achieving IFAD's mandate for rural poverty reduction, as set forth in its Strategic Framework 2011-2015: "enabling poor rural people to improve their food security and nutrition, raise their incomes and strengthen their resilience." The IFAD projects reviewed in this study employed various ways to promote equitable participation and adequate outreach to benefit different community members, for example, through the introduction of (i) quotas for participation for vulnerable groups, like women and youth; (ii) targeted skills-training for groups usually not included in development interventions; and (iii) alternatives tailored to the poorest or most remote households.
213. In the case of Microfinance for Marginal and Small Farmers Project (MFMSFP) in Bangladesh, the project impacted considerably on the human capital of participating households through improved nutrition and capacity-building, and by helping communities make linkages with external actors. These included public agencies, such as the Department of Agricultural Extension, which provided training and other support for technical and social aspects of development. In value-chain development projects, such as the Agricultural Markets Support Programme in Mozambique, the main sustained social benefits were found five years after project completion – farmer group development resulted in improved local leadership and enhanced levels of trust along the value chain, as well as in the community as a whole.
214. The Northern Region Poverty Reduction Programme in Ghana introduced incentive mechanisms to stimulate the incorporation of community needs into district planning processes, making district assemblies' access to resources dependent on performance and delivery to communities. The practice of developing community action plans as the basis for Medium-Term District Plans, was found one year after project completion to be fully integrated into the decentralized planning process of the National Development Planning Commission. As such, aside from sustaining project benefits, the project's new approach influenced the Government of Ghana to transform its decentralized planning process from top-down to bottom-up, with lasting impact.
215. In addition to the above, IFAD should promote investments in activities that strengthen rural enterprises and producer organizations and promote markets. Strengthening the capacity of individual farmers and producers, rural enterprises or producer organizations to manage themselves and to strengthen their position in markets and vis-à-vis government is essential to ensure their ability to operate beyond the life of the project without outside support. Key factors contributing to this continuity were a combination of social mobilization, access to microfinance, strengthened market linkages, and the provision of guidance, technical support and training. Vertically along value chains, the ability of producers to satisfy buyers' product requirements and fulfil contractual obligations enhanced business trust and resulted in continuous trade deals.
216. The MFMSFP in Bangladesh provides a good example of the far-reaching effects of intensive guidance of producer organizations. In the highlighted case of Mozambique's sugar cane producer "Association Against Poverty", the sustainability of financial benefits was attributed to the quality of local leadership and its vision, proactive attitude and business acumen demonstrated in its growing influence within the community as a promoter of local economic development ideas – some of which

were funded by the Fair Trade Foundation – as well as the ability to manage the association’s production and financial activities successfully. The risk to the financial sustainability in this case was largely external and connected to the global sugar market and price fluctuations.

Thirdly, clear and realistic strategies for gender mainstreaming are crucial in promoting sustainability

217. In fact, the learning theme found that the absence of appropriate gender strategies can lead to: (i) project designs that do not pay sufficient attention to tailoring gender and poverty targeting, as in the case of the Northern Region Poverty Reduction Programme in Ghana, and (ii) limited attention to gender issues during implementation even when gender is embedded at design as a cross-cutting issue, as shown in the outlier analysis of the Guatemala National Rural Development Programme. In both cases, the lack of gender strategies compromised sustainability.
218. On the other hand, gender-equality benefits are more likely to achieve long-term sustainability when gender strategies: (i) include realistic targets for women’s participation and (ii) strengthen relevant national and PMU capacities to address gender issues in implementation. In most of the projects reviewed, special attention was given to gender-equality issues and the promotion of specific benefits targeted to women, including income generation and increased representation in farmer groups or local government, both of which have proven to contribute considerably to empowering women and improving their self-perceived well-being. For example, in the Rural Finance Sector Programme (RFSP) in China, gender equality and women’s empowerment was promoted through: (i) gender sensitive training for all stakeholders at each level; (ii) involvement of women’s federations in programme design and implementation; (iii) inclusion of women into village-investment

groups; and (iv) design and implementation of women-specific activities, including health and education interventions and a women’s credit programme for income generation. These activities brought sustainable human and social capital benefits that were visible five years after project completion, including higher women’s literacy rates, reduced maternal mortality rates and increased women’s decision-making in household and community affairs.

Finally, promoting community-level ownership and responsibility is another key driver

219. The sustainability of economic benefits deriving from infrastructure improvements, such as construction of roads and markets, depends heavily on the extent to which governments and communities assume ownership and responsibility for ongoing maintenance and operations. In the projects reviewed, benefits at the community level were sustained when governments at the local, district and national levels were committed to continuing activities in the areas of leadership, political support, provision of funds for selected activities, provision of human resources, continuity of supportive policies and participatory development approaches, institutional support, community management and contributions as appropriate. Building community-level institutional capacities to promote ownership and responsibility was particularly effective in areas of governance, coordination, conflict resolution, social supports, access to formal or informal technical assistance, and maintaining and operating community infrastructure. The presence of competent and dedicated leaders able to mobilize the community was important for sustaining local level economic benefits.

Factors limiting sustainability

220. The 2015 ARRI learning theme identifies five major limiting factors constraining sustainability of benefits, which are discussed here below.

221. The first is related to weak assessment and management of risks. Project designs have a tendency to be ambitious, especially regarding the potential for successful delivery mechanisms. This is often a result of inadequate understanding of socio-political and institutional risks during project design, a situation that is aggravated by poor management of risks during implementation.
222. The Gash Sustainable Livelihoods Regeneration Project (GSLRP) in Sudan is a good example of these risks. Although the project met a number of its objectives, its overall achievements and sustainability fell short, mostly because the initial aspirations were ambitious, and the project area was challenging. Project design had underestimated the complexities of the social, political and institutional contexts. IFAD had to address delicate issues of access to land and water resources in a society with a strong tribal hierarchy and power structure, which was risky but courageous in pursuit of targeting disadvantaged poor people.
223. Box 6 below presents two examples from Latin America of underestimating institutional risks to sustainability.
224. Secondly, carrying out a sound financial and economic analysis (FEA) during project design, appraisal, and implementation can make a notable difference in achieving desired economic outcomes and increasing the likelihood of sustained economic benefits. In many projects reviewed that aimed at enhancing productivity and profitability of smallholder production systems and smallholders' access to markets, a FEA was not found to be an integral part of the project. This omission compromised the ability of decision makers to identify bottlenecks and make the required adjustments that could have led to better sustainability. Based on a sensitivity analysis carried out during project design, a FEA can be the tool for quantifying the effects of actual changes in key parameters during a project's implementation (e.g. costs, benefits, outreach, adoption and the pace of implementation) and the tool for validating the assumptions incorporated in the logical framework. A FEA may also help identify new risks during implementation or adjust the assumptions made during design, thus helping to identify risk-mitigating measures and modifications to implementation arrangements as needed. This review identified some good examples of effective

Box 6 Underestimating institutional risks to sustainability: The cases of Guatemala and Mexico

The design of the National Rural Development Programme (PRONADER) in Guatemala failed to identify major institutional weaknesses in the project's governmental counterpart, the Ministry of Agriculture. The analysis of the decentralization process that was taking place in Guatemala was inadequate and did not predict institutional changes that proved detrimental to implementation. The programme's poor performance and lack of sustainability were due largely to the highly fluctuating political and institutional context in the country. The Strengthening of the National Watershed Programme in Mexico had similar limitations. The programme's poor performance, premature closure and absence of any sustainable intervention were caused largely by an underestimation of institutional risks at all governmental levels as well as IFAD's failure to engage in policy dialogue with the Government to provide adequate supervision and follow-up on project implementation.

uses of FEAs during implementation (through business plans) that helped ensure resources were used for financially viable investments as a precondition for adoption and sustained use of technologies by beneficiaries.

225. The Rural Enterprises Project II in Ghana provides a good example of financial analysis being a core element of any microproject or enterprise development plan, as a precondition for accessing project funds. Similarly, in the Armenia Rural Areas Economic Development Programme, the identification of commercially-derived infrastructure was based on an assessment of the economic viability and market linkages, and the requirement that all investments should be able to generate an economic internal rate of return of >10 per cent (among other criteria).

226. The third limiting factor relates to wide geographic and subsector coverage of operations. The tendency to target wide geographic areas and numerous subsectors decreases the likelihood of sustained benefits. General social and economic factors that define the environment within which the project is implemented have a significant impact on the level of risk to long-term sustainability, especially in cases where these factors are largely outside of the project's scope to mitigate. Realistic objectives and focused components, requiring the involvement of few agencies and simple institutional coordination efforts facilitates achievement of sustainable benefits.

227. The selection of project intervention areas was also found to have major impacts on the potential sustainability of benefits. For example, in the Agricultural Markets Support Programme in Mozambique, the ability of rural enterprises to operate without outside support beyond the life of the project – which was visited five years after completion – was influenced by external factors related to the choice of target area. There was a notable difference between sustainability of the same project

benefits between the north and the south of the country. In the north, benefits were not sustained due to the difficult business environment, which included high poverty, low human resource capacity, poor infrastructure development and low overall levels of trade. By contrast, in the south, more benefits were sustained as a result of the more favourable peri-urban business context favoured by shorter distances between businesses, higher technical and business skills and regular exposure to external and urban markets. Moreover, in the south, higher levels of literacy, especially among adult women, proved to have far-reaching social benefits.

228. The fourth constraint is the lack of exit strategies. The projects reviewed for this study transitioned to local control at the end of project implementation with varying degrees of success. In most organizations, including IFAD, designing and implementing viable exit strategies during the life of the project is a recurrent weakness that limits sustainability. For example, the project for the Restoration of Earthquake Affected Communities and Households (REACH) in Pakistan lacked an exit strategy. The absence of a process for handing over operations from the Pakistan Poverty Alleviation Fund to the Earthquake Reconstruction and Rehabilitation Authority lead to an institutional gap and the abrupt closure of regional and field operations upon the project's completion. This was also a consequence of a mismatch between project objectives and national development plans, the latter of which expressed no interest in maintaining the rural roads in remote areas built under the project. As a result, the thousands of community organizations established by the project were left with no support, as no funding was made available for institutional development or for maintenance of the community infrastructure schemes developed.

229. By contrast, the South Gansu Poverty Reduction Programme in China designed

and implemented a viable exit strategy with benefits that were visible 2.5 years after the project's completion. During the last stages of implementation, the provincial Project Management Office (PMO) and Department of Finance issued a "Post-Programme Management Guideline", covering a period of 10 years following completion. Each county PMO developed "Post-Programme Management Measures" accordingly, which detailed arrangements for the gradual handover of responsibilities for operation and maintenance of programme equipment and infrastructure, and the continuity of technical, social, and credit services. PMO staffing costs were included in the government's budget. At the time of the country visit for this study, the provincial and all three county PMOs were still active in carrying out post-project follow-up actions.

230. Finally, building communities' and households' resilience to withstand external shocks is a key element of sustainability, influenced by a multiplicity of social, economic, institutional and environmental factors. However, even with good resilience-building efforts from projects, IFAD's targeted beneficiaries often remain highly vulnerable to different types of shocks, requiring institutional safety nets. In some cases, environmental, economic, and political shocks were too challenging to overcome, resulting in the worst cases in increased vulnerabilities to future shocks. Weaknesses were noted in IFAD's capacity to incorporate disaster risk management into projects in countries with high vulnerabilities to climate fluctuations (floods, droughts, etc.) and natural calamities.