

PROGRAMME COMPLETION REPORT VALIDATION

Smallholder Enterprise and Marketing Programme

Republic of Zambia
14 December 2010

A. Basic Data

A. Basic Project Data			Approval (US\$ m)		Actual (US\$ m)	
Region	ESA	Total project costs	18.3		19.3	
Country	Zambia	IFAD Loan and % of total	15.9	86.8%	16.8	86.8%
Loan Number	I 521	Borrower	1.6	8.6%	1.7	8.7%
Type of project (sub-sector)	Rural development	Co-financier 1				
Financing Type ¹	E	Co-financier 2				
Lending Terms ²	HC	Co-financier 3				
Date of Approval	09-12-1999	Co-financier 4				
Date of Loan Signature	16-02-2000	From Beneficiaries				
Date of Effectiveness	07-11-2000	From Other Sources: NGOs and market Intermediaries, in kind	0.84	4.6%	0.86	4.5%
Loan Amendments	3 ³	Number of beneficiaries				
Loan Closure Extensions		Cooperating Institution				
Country Programme Managers	4 ⁴	Loan Closing Date	30-06-2008		31-12-2008	
Regional Director(s)	3 ⁵	Mid-Term Review <i>(Two Tri-term Reviews)</i>			Sep 2003 Jun 2006	
PCR Reviewer	Jicheng Zhang	IFAD Loan Disbursement at project completion (%)			100%	
PCR Quality Control Panel	A. Muthoo; F. Felloni					
Comments (if any): Very high turnover of CPMS						

¹ C-type programmes refer to a programme initiated by another financial institution and cofinanced by IFAD. F-type programmes refer to a programme initiated by IFAD and cofinanced by other donor(s). E-type programmes refer to a programme initiated and exclusively financed by IFAD.

² According to IFAD's Lending Policies and Criteria, there are three types of lending terms: highly concessional (HC), intermediate (I) and ordinary (O). The conditions for these are as follows: (i) special loans on highly concessional terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75%) per annum and have a maturity period of forty years, including a grace period of ten years; (ii) loans on intermediate terms shall have a rate of interest per annum equivalent to fifty per cent of the variable reference interest rate, and a maturity period of twenty years, including a grace period of five years; (iii) loans on ordinary terms shall have a rate of interest per annum equivalent to one hundred per cent of the variable reference interest rate, and a maturity period of fifteen to eighteen years, including a grace period of three years.

³ Three amendments of financing agreements dated: 16 May 2003, 12 Nov 2004, and 29 Sep 2006

⁴ The current CPM is Carla Ferreira, and the previous CPMs were Jens Sorensen, Marian Bradley, and Francisco David e Silva.

⁵ The current director is Ides De Willebois, and the previous directors were: Gary Howe, and Joseph Yayock (Officer in Charge).

Data sources: Programme documents, PPMS, LGS, communication with Eastern and Southern African Division, IFAD

B. Project Outline

B.1 Project Objectives (3 - 4 line summary) The primary objective was to improve the smallholder farmers' access to input and output markets, with the overall goal of realizing increased smallholder incomes and food security. There were five specific intermediate objectives: (a) formation and strengthening of smallholder-enterprise groups; (b) improvement in physical access to input and output markets; (c) building an efficient network of agribusiness/trading enterprises that serve smallholder farmers; (d) diversification in production and marketing; and (e) strengthening the policy, legislative and institutional framework.	
B.2 Project Area (3 - 4 line summary) The programme was national in scope, but it supported interventions in certain locations or "focal areas" that had a comparative advantage for agricultural production and allowed for effective application of market-linkage mechanisms. The programme focal areas were located predominantly in the provinces along the 'line of rail' (Southern, Central, Lusaka), but also included parts of Eastern Province and small parts of adjoining provinces such as Copperbelt.	
B.3 Beneficiaries and main benefits expected (3 - 5 line summary) The direct and indirect beneficiaries of all programme activities were smallholder farmers living in seven focal areas and ten smaller nodes in programme areas. Within the total estimated population of some 300 000 households, the programme's target population were about 85 000 households. Some 20 000 to 25 000 households were expected to benefit directly from enterprise group formation and strengthening activities. A larger number of households, estimated at 50 000- 60 000 would benefit indirectly, mainly through improved year-round physical accessibility. The major benefits to farmers were increased income and food security through improved market access and trade volume.	
B.4 Project Components and % of total Project costs at approval	
1) Support for smallholder enterprise group development	24%
2) Market linkage development	50%
3) Policy, legislative and institutional support	26%
B.5 IOE Comments. <i>This may include comments on the logical framework, description of project area, beneficiaries and expected benefits. In particular, strong assumptions in the project design / logical framework, risks and opportunities may be highlighted.</i> The rationale of the intervention was that there was an absence of functioning market for smallholder farmers to obtain inputs and sell produce; to address this issue, the programme would support road access to markets, help existing marketing linkages work more smoothly, and form smallholder enterprise groups to tap the newly expanded market opportunities. The original logical framework had flaws both in logic and indicators. The logic line between activities and outcomes was obscure, and it created difficulty for start-up in implementation. The indicators for the objectives were not specific and some of them could be even misleading. For example, one key indicator was "reduced food purchases by smallholder in focal areas" which could be explained in both positive and negative ways regarding food security and agricultural production. The programme design did not include a farm-production component, because the initial design intended to build synergy with other ongoing projects focusing on farm production in the programme areas. However this cross-project coordination was not realised. Also the design did not fully address the needs of the target groups. The target groups were smallholder farmers, whose livelihood was mainly depending on farm production and selling produce. The programme design did not include the role of agriculture production in the value chain, and therefore no financial allocation to farm production. This arrangement proved problematic as the traditional production could not supply the expanded markets sufficiently.	

B.6 Background and changes during implementation

During the implementation, there were major modifications in the design. In September 2003, the first Tri-term Review (TTR-1) redesigned the programme by enhancing the support to market intermediaries and networking. The TTR-1 repacked the programme components into: a) agribusiness development (support market intermediaries and networking), b) market access improvement (road improvement); and c) smallholder enterprise development. The TTR-1 also reformulated the logical framework.

The major feature of the modification was the introduction of marketing intermediaries support and upgrading the road intervention. In the original design, the smallholder enterprise development was the priority. After the first three years of implementation, it became apparent that there was an urgent need to strengthen market linkages and enable smallholder farmer to manage agriculture as business.

Under the market access improvement, the road improvement was revised. The purpose was to upgrade the road interventions (e.g. the road width changed from 3.5m to 4.5m, and added construction of appropriate drainage structures), rather than focusing on spot repairing, in order to improve the overall quality of the roads. Because of the high cost of upgrading, the target was reduced from 1 300 km to 800 km, and further reduced to 700 km.

As part of the restructuring, the contracts for service providers were also reviewed to include elements of agribusiness development, improve adherence to the terms of reference, and to make supervision more effective.

A major change in programme management was the discharge of the M&E officer after the TTR-1, and the vacancy was not filled till the end of the implementation; and in consequence, there had been a lack of basic M&E function through the implementation.

B.7 IOE Comments. *This may include comments on the completeness of the description of changes during implementation and explanations provided in the PCR.*

By and large, the PCR description on the changes in design and in programme management is comprehensive, and the coherence of the description is verified by triangulating different data sources.

The modifications in design made by the TTR-1 proved relevant and appropriate. However, the implementation strategy was not sufficiently enhanced and outlined, which partly contributed to the long delay in starting up the recommended agribusiness development. The agribusiness development started in 2006, two years before the programme completion, and the potential synergy between this component and the enterprise development and market access was not fully realised⁶.

C. Main Assessment – Review of Findings by Criterion

PROJECT PERFORMANCE⁷

C.1 RELEVANCE - Summarise PCR Assessment (key findings and data)

The objectives of the programme are to contribute to the implementation of the National Strategy for Poverty Reduction by piloting market outlet support for smallholder farmer's production, and to strengthen smallholder agriculture as a business. The goal on improving income and food security were very relevant to the social and economic context and the needs of smallholder farmers, as 82 percent of the rural population were living below the poverty line (1998).

The major changes in the design after the TTR-1, including the reformulated logic framework and

⁶ According to the comments from ESA, the delay in starting up the agribusiness component was also due to procurement delays in finding a service provider.

⁷ Use IFAD Evaluation Manual (2009) as the reference for definition of criteria.

the repacked components, significantly enhanced the relevance. The repacked major components - supporting market intermediaries, improving road to market, and developing farmers' enterprise groups - remained relevant to the priority needs of the smallholder farmers.

Participatory methods were relevant in design, but the approach used by the local NGOs in supporting smallholder enterprise groups was less relevant, as the NGOs were constrained by the "menu of activities" provided by the initial design, which meant the applicable activities were not necessarily corresponding to the priority concerns of the farmers.

The M&E arrangement was not appropriate. The main responsibility of monitoring fell on service providers who were executing contract in certain focal areas, but the programme-wide M&E information was not available.

One note made in the PCR: At the beginning of the implementation, there were too many objectives (seen in section B.1), which complicated the start up of the implementation and confused project staff on the priority activities.

IOE Observations. *Consistency with available information, quality of analysis / data, comprehensiveness, information gaps. In case of disagreement in rating, please explain.*

The PCR assessment on the relevance of objectives in relation to the national agricultural and poverty reduction strategies and the need of the smallholder farmers are well justified; the assessment of the alignment to various IFAD policies and strategies was provided as well. The PCR also made an analysis on targeting and gender empowerment, which is appropriate and commendable.

The PCR noted that the initial programme components were over-focusing on improving market access and forming smallholder enterprise groups, and did not sufficiently emphasize the necessity of supporting market intermediaries and improving farm production and productivity, which led to a mismatch between enhanced market access and weak farm production. This is a major flaw in the design, and it was partly addressed by the TTR-1; but the implementation of supporting market intermediaries and market information networking was delayed.

In IOE assessment, the implementation strategy was less relevant, as the programme management and execution responsibilities was not clearly defined; there was no clear indication on how to achieve synergy of the components, and the necessity for building a functional M&E in the given context was not sufficiently highlighted. In particular, the programme management arrangement is a pilot, as the Ministry of Agriculture and Cooperatives contracted out most of the management and execution responsibilities to a consultancy firm, MASDAR, that ran the Programme Coordination Office. This is considered as an innovative feature. However, the firm proved less experienced than expected, partly because of the major change in design, and it was awarded a contract for the entire life of the programme⁸.

C.2 EFFECTIVENESS - Summarise PCR Assessment (key findings and data)

Based on the PCR, the programme made measurable achievement in line with the major objectives of: improving market access, enhancing market linkages with intermediaries, increasing smallholder's trade volume, and therefore contributing to improved income and food security of smallholder farmers.

Objective 1: Economic operators trading with the smallholder sector are stronger and more efficient.

⁸ According to the comments from the Government, the consultancy firm MASDAR was lacking of local management function during the implementation. It was the MASDAR, UK who "actually supervising the Programme Coordination Office in Zambia from UK"; the MASDAR Zambia was "generally non-existent".

The agribusiness development yielded a number of good results since January 2006. A local trade information system was built to use SMS updating pricing information of 13 selected commodities. Registered traders updating information on the SMS market system increased from 109 traders in 2006 to 150 by the end of 2007. Cross border trade increased resulting from the provision of cross border market information system. Traders of cassava, goats, and horticultural products could export to the more profitable markets in DR Congo. The Cotton Association of Zambia reached agreement with five major ginners on contractual price increases for the 2007 marketing season, which benefited 130 000 cotton farmers.

Objective 2: Smallholders have adequate and sustainable market access to trade in inputs and produce.

The road improvement significantly reduced transport costs, and brought greater access to input and output markets and social and economical services as well. The volume of trade went up along the improved road. For example, the maize trade increased eight times along the Kasoso road from the marketing seasons of 2004/05 to 2005/06. Particularly, there was one notable trade made by the programme: Tiger Animal Feeds (a private sector company) purchased 220 tons of cassava chips from smallholder farmers in Serenje District. However, in the later years, as there was not support to agricultural production, the farmers could not produce that amount of chips, therefore that market linkage was not sustained. Another major effort, the goat marketing, suffered from the lack of coordination of various partners, and brought no success in the end. Besides, an inventory credit system (warehouse receipt system) was developed for smallholder farmers' storage of produce and facilitating farmers' access to credit. Eight operators were certified to operate warehouse, however smallholders were unable to obtain credit against the warehouse receipt, therefore there was no improvement in access to credit.

Objective 3. Smallholders operate farm and value-adding enterprises profitably in response to real market demands.

There is increased diversification in on- farm and off-farm production. Farmers learned not to reinvest all the income into a single business, which improved their economic resilience. In terms of business management, the smallholder enterprise groups could identify all the cost areas including non-monetary costs that were normally overlooked in traditional farming system. And they were more concerned about both the quantity and quality of their produce to the market demands. Africare, a service provider, reported that out of the 158 smallholder enterprise groups in one focal area, 127 were operating profitably. One particular case is that the production and marketing of bee products by members of the Zambia Honey council were significantly enhanced.

IOE Observations (*consistency with available information, quality of analysis / data, comprehensiveness, information gaps*). In case of disagreement in rating, please explain.

The PCR assessed the effectiveness of programme in line with the three major components, which differs from the IOE approach to evaluate the achievement against the objectives, not activities and outputs (components). The assessment on effectiveness should include the gaps in achieving the targets, and explain the why factors, which are partly missing in the PCR. The information contained in the PCR is generally consistent with that in other programme documents.

In IOE assessment, the achievements of the programme are well justified in the PCR; however, the synergies of the components are not achieved as the agribusiness started too late; the service providers hired for facilitating smallholder enterprise groups were less capable in supporting rural enterprises; and the warehouse receipt could not facilitate access to any credit. Particularly, the training provided by some service providers was less effective because of no follow-up activities for application and lack of financial support. In addition, the lack agriculture production in programme design could mean a missed opportunity to address the upstream challenges facing smallholder farmers in the value chain. The case of Tiger Animal Feeds (seen in C.2, paragraph 5) proved that agriculture production should have been enhanced in parallel with marketing efforts,

to enable smallholder farmers benefit from the increased market opportunities.

C.3 EFFICIENCY - Summarise PCR Assessment (key findings and data)

The maximum outcome was not achieved for the given outputs. The delay of the agribusiness development meant that the programme could not fully exploit the expected synergies. The weak supervision of the various service providers indicated that the programme did not get full value of the money paid. One example is that the quality of some road works was very poor which compromised the usefulness; however, the payments for road works had been fully disbursed before the work was passed as complete. Besides, the partnership with other agencies in sharing cost in certain activities proved less efficient in the case of the goat marketing.

A cost comparison with a national Agriculture Support Programme (ASP) showed that the management arrangement of the programme is much more expensive than that of the ASP, as the management of the programme, run by the contractor, was “isolated and almost insulated” from the existing government agriculture and rural services structure.

No analysis has been undertaken to evaluate the financial and economic impact of the programme. It was felt that though desirable in other circumstances, such an analysis would not have been appropriate for this programme, as economic activities were only part of the programme intervention.

IOE Observations (*consistency with available information, quality of analysis / data, comprehensiveness, information gaps*). *In case of disagreement in rating, please explain.*

The PCR addressed explanatory factors for efficiency although did not treat them in a structured manner, as the analysis was rather scattered in the PCR. The PCR pointed out rightfully the delay in agribusiness development and the missed opportunity of building synergies among programme activities, the sub-standard quality of some road works, and the weak supervision of contracted services, which all led to reduced efficiency. And the cost comparison with the ASP is a convincing approach.

However, in IOE assessment, the PCR judgement on the reason of not conducting an economic analysis was not fully convincing. At least some part of the investment activities, such as the road works and enterprise development, could have gone through one financial or economic analysis. In addition, the six-month extension of the completion date led to increased management and administration cost for both IFAD and the government. Also, the Government expressed the concern on the high frequency of IFAD missions which caused high time and financial cost of the programme; and for any important decision following supervisions, the programme had to wait for final decisions from IFAD headquarters⁹.

Through there are various inefficient performance factors, one counter balance consideration is that the programme management arrangement was of pilot nature, and the programme implementation context was challenging.

C.4 IMPACT - Summarise PCR Assessment (key findings and data)

Please highlight methods used for impact assessment

(a) Household Income and Assets

As a result of road improvement, farmers sought better markets for their produce, and the group members shared cost for marketing and transport, and negotiated better price in bulking. The expanded market access and the trade volume contributed to the increase in household assets, such as better houses, capital assets including machinery, tools and equipment, and livestock. The beneficiary families also improved financial ability for sending children to school. Another

⁹ Based on the comments from the Government

contributing factor is the increased employment opportunities due to the road works of the programme and increased rural enterprises.

(b) Human and Social Capital and Empowerment

The smallholder farmers acquired knowledge and skills on diversifying business. A significant number of farmers were combining the on-farm and off-farm business for better income and reducing vulnerability to shocks. Women were more active in household plans and in community activities due to training in HIV/AIDS and gender issues.

(c) Food Security and Agricultural Productivity

Food security of the rural poor beneficiaries had improved, because of improved sales of produce and diversified livelihoods. Food security level of beneficiaries was obviously better than that of non-beneficiaries. However, except the improved access to input market, there was no specific activity for improving agricultural productivity.

(d) Natural Resources and Environment (including climate change issues)

No comprehensive analysis provided, except a brief general analysis on the environment impact of the road works and quarry exploitation.

(e) Institutions and Policies

In the PCR, there was no analysis on the impact on local institutions and policies. The PCR mentioned that the smallholder enterprise groups had been built in programme areas, and the members acquired skills in collective purchasing and marketing. Also the value of trust and transparency among the groups were appreciated by the members. These points mentioned in PCR are relevant to the impact on human and social capital, but less relevant to the impact on institutions and policies.

IOE Observations (consistency with available information, quality of analysis / data, comprehensiveness, information gaps). In case of disagreement in rating, please explain.

In terms of methodology, the analysis on rural poverty impact is a relatively weak point of the PCR, in that there is no baseline data for comparison, no probe on negative impact, and no sufficient explanation for the identified impact, which partly because of the lack of M&E data for impact analysis.

Household income and assets: the PCR mentioned improvement in access to market, which improved the household income. However, it did not provide empirical evidence on income increases and it could not be assessed whether increases were significant. Also, the project did not have an agricultural development component; this may represent a missed opportunity for income increase for smallholder farmers. For these reasons a rating of moderately satisfactory is appropriate.

Human and social capital and empowerment: it needs further analysis on the capacity of enterprise groups, gender empowerment, and access to public services.

Food security and agricultural productivity: PCR findings pointed to significant increases in food security; but there was not specific activity in the project for improving agriculture productivity. An overall rating of moderately satisfactory is recommended.

Natural resources and environment: there are no specific activities in relation to land, water, forestry or pasture management.

Institutions and policies: the PCR analysis is very weak on this point, as it did not provide analysis on the changes in local public services, NGOs, training institutions, rural finance or other service providers, or local policies and regulatory frame in relation to agricultural and rural development and poverty reduction. PMD rating on institutions and policies is moderately unsatisfactory. IOE concurs with PMD on this rating; based on the information in PCR and other programme documents, the programme did not make significant achievement in this respect.

C.5 SUSTAINABILITY - Summarise PCR Assessment (key findings and data)

The prospects for the continuation of the programme activities were generally favourable, as the market activities supported by the programme were generally self-sustaining. The market intermediaries had formed lasting links with smallholder enterprise groups and their apex organisations; the local market information system was managed by local market participants, and could sustain after the programme completed. Many smallholder enterprise groups, formed as appropriate into apex organizations, would be profitably trading in the market. In relation to road activities, some 950 km of feeder roads would be maintained by the government road authorities. Also, through the programme implementation, the government execution agencies and district staff gained appreciation and experience.

IOE Observations (*consistency with available information, quality of analysis / data, comprehensiveness, information gaps*). *In case of disagreement in rating, please explain.*

The PCR's favourable prospect on sustainability is a reasonable judgment, as the market information activities, access to market, and enterprise groups were self-sustaining, and, particularly, the market access and trade linkages for smallholder farmers were the major programme objectives and achievements. However, there was not full analysis on the negative side of sustainability. It is noteworthy that the PMD rating on sustainability is not consistent with the PCR, as the PCR analysis is very positive, but the PMD rating is moderately unsatisfactory.

In IOE assessment, the achievements in relation to the main project objectives of building market access and marketing linkages were sustainable, as analysed in the PCR: the road would be maintained by government road authorities, the trade information market and other local markets were self-sustaining, and most farmers' enterprise groups were making profit and therefore sustainable. On the negative side, there were some risks for sustainability, not treated in the PCR analysis. They include: the mismatch between production and marketing activities (the case of the Tiger Animal Feeds), risks of insecure financial resources for road maintenances, the compromised quality of some roads, and no follow-up practice for the training conducted by local service providers. Overall, the sustainability of the market achievement could be expected to outweigh the risk and a rating of moderately satisfactory would be more appropriate.

C.6 PRO-POOR INNOVATION, REPLICATION AND SCALING-UP - Summarise PCR Assessment (key findings and data)

The identified innovation features were: development of linkages between smallholder producers and markets; development of smallholder enterprise groups along sound business lines; and contracting out large elements of programme implementation to a service organisation.

The PCR provided a list of activities worth replication and scaling up, including agribusiness development, support for smallholder market intermediaries, and support for market diversification, etc.

IOE Observations (*consistency with available information, quality of analysis / data, comprehensiveness, information gaps*). *In case of disagreement in rating, please explain.*

The innovation features in the PCR were well assessed. However the PCR analysis on replication and scaling up were not sufficient as the PCR did not mention the efforts or achievements in this respect. According to the comments from ESA, some replication and scaling-up activities were not captured in the PCR, such as: the labour-based construction of community roads was replicated somewhere else in the country, the use of SMS for market/trade information spread beyond the

project areas and is still being used, and the practice of bulking marketing expanded to other areas. Overall, the PMD ratings in terms of innovation, and replication and scaling up are slightly over favourable compared with the PCR analysis. As indicated in IFAD's mandate, IFAD should promote the successful innovations for the purpose of the replication and scaling up, so that the tested innovations could be applied by the government and other development partners in the country. While there is evidence of some replications, the project did not make systematic efforts to promote replication and scaling up among government and development partners. Therefore a rating of moderately satisfactory is appropriate.

C.7 PERFORMANCE OF PARTNERS - Summarise PCR Assessment (key findings and data)

(a) IFAD's Performance

IFAD was the lead financier and designer, and assisted the preparation and the start-up of the programme. During the implementation, IFAD fielded annual direct supervision to review the progress, and organized two tri-term review missions in 2003 and 2006. The TTR-1 redesigned the programme, and the modifications proved relevant. Particularly, the introduction of agribusiness development component was commendable. However, the initial design was flawed, which led to a major change in the design in the middle of the implementation. A particular criticism made by the PCR is that IFAD had a strong hand on the implementation, often stifling the role of local stakeholders. One case in point is that IFAD did not listen to the suggestions by the programme consultative committee on the harmonization of feeder roads with productive areas. Besides, facing the appreciation of local currency, IFAD's approach was to reduce some activities to ensure that key elements were maintained. However, the scale-down abandoned some trainings organised by local NGOs and the termination of developing women focal groups.

(b) Government's Performance

The government jointly prepared the programme with IFAD in the course of national poverty reduction. In general, the government had been compliant with the loan agreement covenants, and the financial contribution of the government was transferred timely to the programme. However the overall programme management was problematic. The main management duties were contracted out to a company who ran the Programme Coordination Office (PCO). The PCO is under-staffed, and it failed to re-hire a planning and M&E officer since 2003; without a proper M&E function, the programme lost track of the overall progress. And by 2006 the PCO became "one man office", only left with the supporting accounting personnel.

(c) Cooperating Institution

The programme was directly supervised by IFAD.

IOE Observations (*consistency with available information, quality of analysis / data, comprehensiveness, information gaps*). *In case of disagreement in rating, please explain.*

(a) IFAD's Performance

The assessment on IFAD's performance is appropriate, however the direct supervision, partnership building, and exit strategy were not adequately analysed. And, as mentioned in C.3, the Government expressed the concern on the high frequency of IFAD missions which caused high time and financial cost of the programme; and for any important decision following supervisions, the programme had to wait for final decisions from IFAD headquarters¹⁰.

(b) Government's Performance

The assessment on compliance with loan agreement and the financial contribution is fair. However, the government ownership was not assessed in the PCR. The programme management

¹⁰ Based on the comments from the Government

function contracted to a service provider, which did not discharge that function effectively. And there was a need for tighter due diligence for the various service providers¹¹.

C.8 OVERALL ASSESSMENT OF PROJECT PERFORMANCE - Summarise PCR

Assessment (key findings and data) - If available

No overall assessment is provided in the PCR.

IOE Observations (*consistency with available information, quality of analysis / data, comprehensiveness, information gaps*).

The PCR provided a good accountability report on the programme design and implementation. By and large, the analysis on relevance, effectiveness and efficiency are appropriate and sufficient. However, the impact analysis is weak as there is a lack of cause-and-effect analysis and concrete evidences to justify the impact assessment.

The IOE ratings on the overall performance is moderately satisfactory, taking into account of moderately satisfactory ratings for relevance, effectiveness, sustainability, rural poverty impact, and innovation, and replication and scaling up, and moderately unsatisfactory ratings for efficiency.

C.9 ADDITIONAL CRITERIA BY PMD - Please provide a brief assessment of these criteria

a) Implementation

The programme management was contracted out to a service provider with a 7-year contract till the end of the programme, which proved highly risky for the programme performance; as showed in this case, the service provider was not sufficiently experienced in dealing with a complex integrated intervention. Because the Programme Coordination Unit was isolated from the existing public service structure, it had very limited capacity in mobilizing public resources and coordinating other stakeholders, therefore the operational cost was high; but the service delivery was less effective because the local governments were not well involved. Also the revised key component, agribusiness development, started too late, which cost the chance of building synergy with other activities. In the end, the effectiveness and efficiency was compromised.

b) Targeting

The targeting approach was to deliver services to smallholder farmers, with the aim to form smallholder enterprise groups for bulk produce and marketing. The rational for this targeting approach is appropriate. In implementation, the two local NGOs, CLUSA and Africare, formed smallholder enterprise groups first, and then assisted farmer groups to work together for the common business interests. This approach was inappropriate as farmers in the same groups may have very different business interests, and led to unsustainable activities in some cases.¹²

c) Gender

The gender strategy had not been ideally appropriate. At the beginning of implementation, there had been attention to support women focal groups. Their needs would be identified, and they would be assisted with access to credit. Following the review of 2003, this support was withdrawn and emphasis was shifted to the general integration of women in all aspects the activities. Although women played a big part in the implementation, the programme is judged by women as not have been gender friendly.

¹¹ The comments of ESA also raised the issue of the ownership of the Government; however this concern was not reflected in the PCR.

¹² Based on the comments from the Government, CLUSA, one of the main service providers, spent time and resources on forming farmer groups which already existed; therefore the achievement of targeting may have been compromised in this regard.

d) Markets

The road improvement and trade information system significantly increased the market opportunities for smallholder farmers. Particularly, the members of smallholder enterprise groups could further tap the market opportunities by bulking buy and sell.

IOE Observations (*consistency with available information, quality of analysis / data, comprehensiveness, information gaps*).

The PCR assessment on the implementation mechanism, targeting and gender were appropriate: the implementation mechanism was problematic, which was one of the major factors for the loss in effectiveness and efficiency, as analysed in the PCR. However, PMD rated the implementation as moderately satisfactory, which is not consistent with the analysis provided in PCR. IOE agrees with the PCR analysis and rates the implementation as moderately unsatisfactory.

The targeting and gender approach in implementation was slightly flawed as well, however by and large they were relevant, and contributed to the overall goal.

The PCR assessment on markets was not comprehensive. In IOE assessment, the programme's achievement on markets was commendable, because the programme's focus was on market access and trade linkages, and the investment and implementation efforts in market access and marketing linkage were the key success factors of the programme. The PMD rating confirmed the good performance in markets, but this achievement was not well reflected in the PCR analysis on markets.

D. Overall Assessment of the PCR

D.1 Is the PCR addressing all key evaluation criteria (as per Evaluation Manual)?

YES / NO If NO what criteria are missing?

The PCR addressed all the key evaluation criteria as per Evaluation Manual; however the PCR did not address some of the key questions for certain evaluation criteria (such as poverty reduction impact), which shows the different understanding on the application of various evaluation criteria.

D.2 Please provide a brief assessment of the quality of the PCR:

- (i) Scope
- (ii) Quality (methods, data, participatory process)
- (iii) Lessons
- (iv) Candour

(a) Scope

The scope of the PCR was commendable, as the PCR covered all the key aspects of the programme design, implementation, management, and key criteria of results and impact.

(b) Quality (methods, data, participatory process)

The overall analysis method used in the PCR was valid; however the baseline data were not available, which compromised the quality of the assessment, particular for the impact assessment.

(c) Lessons

The lack of M&E data reduced the reliability of some assessment, and a chapter on overall programme performance would have been beneficial.

(d) Candour

Overall, the analysis and judgment were based on sound evidences, although some arguments, such as capital assets, food security and social capital and empowerment, were not sufficiently substantiated.

E. Learning Topics extracted from the PCRV and desk review

E.1 Outstanding Cross Cutting Issues (for example Indigenous People)

Enhancing marketing linkage for smallholder farmers.

This programme provided a good example on improving market access and supporting market intermediaries in selected commodities for the purpose of enabling smallholder farmers benefit from increased market opportunities and increase income. It included road improvement, building market information system through SMS communication, and linking market intermediaries and other farm produce buyers to smallholder farmers. However the programme did not take a more comprehensive value chain approach, as there was no support for agricultural production and productivity¹³. As aforementioned, Tiger Animal Feeds (a private sector company) purchased 220 tons of cassava chips from smallholder farmers through the project; however, in the later years, as there was no support to agricultural production, the farmers could not produce that amount of chips, therefore that market linkage was not sustained. Overall, though the agriculture production was missing in the programme, the road improvement and agribusiness development did increase the volume of farm trade.

E.2 Key explanatory factors for strong or weak performance, including key hypothesis at the design phase that have been confirmed or disconfirmed at implementation stage.

The key hypothesis of the intervention is that the programme would provide improved road and market linkages, and form smallholder enterprise groups to enable smallholder farmers to tap the enhanced market force to improve income and food security. This hypothesis was relevant and valid in the country context. However, one flaw is that this hypothesis ignored the role of agricultural production in the value chain. The intervention assumed that the marketing effort alone, without support to agricultural production, could lead to sustainable income increase. This is on the opposite extreme side of the traditional agricultural development projects where there were mainly agriculture production activities without much effort on marketing. However, the case of Tiger Animal Feeds showed that even if there was strong market demand, the low-level agricultural production could not sustain that supply contact and business connection.

The key success factor of the programme is the market access and marketing linkage effort mentioned above in E 1. In particular, the road improvement provided various market opportunities for smallholder farmers, and the agricultural trades along the road increased significantly.

The weak performance factor is the programme management. Although contracting out programme management to a company was a pilot model, there should have been provisions for monitoring the progress and for contract revisions. And the lack of an M&E officer since 2004 proved one of the major problems in keeping the programme implementation on track.

E.3 Key Issues raised at TRC / OSC, Quality Assurance / Enhancement Phase that may have re-emerged during project implementation

The key issues raised in TRC and OSC are:

- i. Refine the targeting criteria.
- ii. Address the gender issue, especially the need to spell out clearly how women would participate in the activities, and how they would benefit.
- iii. Evaluate the experience of donors in activities relevant to the programme.
- iv. Address issues related to the institutional aspect, including the nature of the independent

¹³ According the comments from ESA, the project was set up to pilot different initiatives in the final two years, for the purpose of providing learning to new projects; therefore, some long-term interventions were not executed.

<p>Programme Coordination Office (PCO), the relationship between PCO and the relevant government institutions (particularly the Ministry of Agriculture, Food and Fisheries), the ways to harmonise the coordination role of PCO.</p> <p>The programme design and redesign addressed the first three issues fairly. However the issue on the independent PCO re-emerged during implementation, and proved the major weakness in the implementation¹⁴.</p>
<p>E.4 Other Main Lessons Learned or Outstanding Themes (no more than 2-3)</p>
<p>The programme design should have been more prepared for one or two unexpected natural or economical shocks during the seven-year implementation in a challenging context. One significant shock during the programme implementation was the appreciation of local currency against US dollar. Facing this challenge, IFAD's reaction was less ideal than expected: reducing certain activities including the termination of supporting women focal groups. This dismayed the local NGOs and women beneficiaries.</p>
<p>E.5 Issues for IOE to follow-up (if any)</p>
<p>N.A</p>

F. PCR Recommendations

F.1 Please provide a brief assessment of PCR Recommendations: connection to findings and conclusions, prioritisation, realism, identification of users.

In general, the lessons and some recommendations in various parts of the report were well connected to the base of findings based on field visit and verification. There is not a dedicated recommendations section in the PCR; however the key lessons provided by the PCR are generally relevant and specific, especially in the given country context.

F.2 Summarise key PCR Recommendations.

As aforementioned in F.1, the PCR does not contain a dedicated recommendations section, however it highlighted the key lesson learned, including:

- i. Improve the monitoring and supervision arrangements with service providers;
- ii. Set up a mechanism to mobilize local communities in maintaining the rural roads and other infrastructures;
- iii. Fully exploit the existing service and marketing structures and agencies rather than creating new ones;
- iv. Give priority to the development of smallholder farmer groups involved in marketing, as the marketing groups performed better than the production groups in terms of increasing income.

F.3 If important recommendations are missing, please add recommendations stemming from PCR exercise.

A consideration on the preparedness of natural disaster or economic shocks should be discussed in the design phase, and an anticipated mitigation plan should be in place to enhance the resilience of local communities when facing natural disasters, market crisis, or economic shocks.

¹⁴ Based on the comments from ESA, the problems associated with the programme management also resulted from the PCO's unfamiliarity with how government operated and the unfamiliarity of government in outsourcing. After 2004, with the change of programme co-ordinator, the programme became more visible within MACO, the government executing agency.

G. Rating Comparisons¹⁵

Project ratings				
Criterion	PMD Rating		IOE PCRV Rating	Net Rating Disconnect (IOE PCRV - PMD)
	Relevance	Design		
Relevance	4	4	4	0
Effectiveness	4		4	0
Efficiency	3		3	0
Overall Rural Poverty Impact	4		4	0
(a) HH Income and Assets	Financial Assets 5	Physical Assets 5	4	-1
(b) Human and Social Capital and Empowerment	Human Assets 4	Social Capital 4	4	0
(c) Food Security and Agricultural Productivity	Food Security 4	Agricultural Productivity 4	4	0
(d) Natural Resources and Environment	3		NA	NA
(e) Institutions and Policies	3		3	0
Sustainability	3		4	1
Innovation, Replication and Scaling Up	Innovation 5	Replication & scaling up 4	4	-0.5
Performance of partners				
(a) IFAD's Performance	4		4	0
(b) Government's Performance	3		3	0
(c) Cooperating Institution	-		-	-
(d) NGO/other	-		-	-
(e) Co-financier	-		-	-
Overall Assessment	4		4	0
TOTAL				-0.5
Ratings of the PCR document quality				
(a) Scope	4		5	0
(b) Quality (methods, data, participatory process)	5		5	0
(c) Lessons	4		4	0
(d) Candour	-		5	-
Overall rating PCR document	-		5	-
Additional PMD criteria				
Implementation	4		3	-1
Targeting	4		4	0
Gender	4		4	0
Markets	5		5	0

¹⁵ Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

H. List of Sources Used for PCR Validation

Programme Completion Report 2008

IFAD President's Report 1999

Appraisal report, 1999

Tri-term review report 2003

Tri-term review report 2006

Supervision report 2006, 2008

Project Status Reports 2008

Zambia COSOP 2004

Project implementation status, PPMS

Project loan status report, LGS