

# **Republic of Malawi**

## **Rural Livelihoods Support Programme**

### **Project Performance Evaluation**

#### **Executive summary**

1. The Independent Office of Evaluation of IFAD (IOE) undertook a project performance evaluation (PPE) of the Rural Livelihoods Support Programme (RLSP) in the Republic of Malawi. The main objectives of the evaluation were to: (i) assess the results of the programme; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in the country; and (iii) identify issues of corporate, operational or strategic interest that merit further evaluative work.
2. In addition to the desk review, the methods used to conduct the evaluation consisted of individual and group interviews with project stakeholders, beneficiaries, former project staff, and local and national government authorities, as well as direct observations in the field. The evaluation team visited the three target districts of the programme. Where applicable, the PPE also made use of additional data available through the programme's monitoring and evaluation (M&E) system and impact surveys. Triangulation was applied to verify findings emerging from different information sources.

#### **The programme**

3. RLSP was an integrated rural development programme and was financed under the Flexible Lending Mechanism. Its overall objective was to "sustainably reduce poverty through the promotion of on- and off-farm and wage-based incomes". The programme had a broad design and its interventions were decided by target populations through participatory processes. The programme used district-level line departments (devolved line ministries) to extend technical services to the target beneficiaries. A Programme Facilitation Unit (PFU) located in Blantyre city was responsible for coordinating the programme. The programme did not have an explicit theory of change and the PPE report has reconstructed the theory of change based on the document review and the interviews with various stakeholders during field visits. The reconstructed theory of change lays out three paths necessary to meet the overall objective (i) increasing production and productivity of livestock and farming systems; (ii) strengthening individual and community capacities to access resources; and (iii) facilitating beneficiaries' access to markets and interaction with economic actors.
4. The programme comprised of three components: (i) investment in human capital, by establishing and strengthening village-level governance structures and training individual beneficiaries in off- and on-farm livelihood activities (ii); village investments, under which initiatives such as agriculture extension services, community water development, rural financial services, small business development were undertaken; and (iii) programme and policy coordination.
5. The programme undertook a wide variety of activities ranging from constructing/rehabilitating roads and school buildings and digging borewells, to providing agriculture extension services and vocational training to individual beneficiaries, to distributing small livestock. The activities taken to scale include the extension services for enhancing maize production and the distribution of small livestock.
6. The programme was characterized by weak M&E. In light of the weak M&E the PPE has used the theory of change (elaborated in annex VI) to lay out three impact

pathways and rigorously test each pathway to assess the project's performance on various criteria.

### **Main findings**

7. **Relevance.** The programme's objectives were in line with national policies. The targeting was found to be relevant at district as well as village levels. The evolving design was characterized by the presence of some essential elements as well as significant gaps. Design did not put adequate emphasis on mitigating the effects of the stalled decentralization process, integrating various elements of the farming system, developing approaches to support the improvement of soil and water management practices, and supporting access to markets, especially through farmers' organizations and cooperatives. These gaps affected the efficiency and sustainability of the programme.
8. **Effectiveness.** Of the three pathways laid out in the theory of change, most gains appear to have been made under enhancement of production and productivity. This pathway has witnessed some islands of success, especially in maize productivity and goat rearing. However, such interventions do not adequately build in critical elements for environmental sustainability and climate change adaptation. Therefore, while some pre-selected stand-alone crop and livestock packages have improved productivity, their contribution to environmental sustainability is by no means assured. Along the second pathway, village development committees have been extended with RLSP financing to plan and implement their stated priorities, thus strengthening the village-level institutions. However, gains at district level are unclear in light of the stalled decentralization process and weak human and financial capacities. RLSP did not undertake any substantial intervention on facilitating access to input and output markets, which was the third pathway in the reconstructed theory of change.
9. **Efficiency.** The programme was approved in September 2001 and became effective in August 2004, thus accounting for a gap of nearly 36 months from approval to effectiveness. The programme's management costs were over 40 per cent of the total programme costs. This is attributed primarily to:  
(i) relatively high salaries of PFU staff; (ii) a dense implementation structure; and  
(iii) a long implementation period (nearly 10 years), which led to an increase in the fixed costs accrued by the programme.
10. **Rural poverty impact.** One of the successes under the criterion of rural poverty impact was the increases in productivity of maize, as indicated in the impact surveys undertaken by the programme. The small livestock (especially goats) distributed acted as a "value bank" for the target populations. However, the intervention lacked scale, as only a fourth of the target households were reached as of the end of RLSP. There was not much difference between the income and asset distribution between target and control areas and across time periods. It is unclear if this lack of difference could be a result of the methodology, sampling, selection bias in the survey, etc. The programme provided grassroots institutions such as Village Development Committees (VDCs) with the capacity and funding to implement their priorities. However, beyond project closure, the VDCs have been hampered by the limited funding available to the local governments. The PFU assumed the majority of the responsibilities for programme implementation, with support from district extension staff for technical services. This limited the scope for institution building at the district level.
11. **Sustainability of benefits.** The programme achieved sustainability in several activities, especially in the livestock pass-on system and maintenance of small infrastructure. However, the programme's momentum could not be sustained beyond its closure to enable the beneficiaries to move up the economic ladder, from subsistence to market-led economic activities. The institutional and financial resources available to build upon and consolidate gains made by RLSP remain

scarce. The exit strategy for RLSP was not well elaborated and was built on the assumption that district and local governments would take over the programme's activities, which did not come to full fruition.

12. **Innovation and scaling up.** RLSP's livestock pass-on system has demonstrated that such a system can be implemented on a large scale as an effective means of reaching the very poor among smallholder farmers. In terms of scaling up, the PPE finds the intervention in the goat rearing and pass-on scheme to be a tested model which can be scaled up. Deliberations have taken place between IFAD and the Government of Malawi to replicate the RLSP's microfinance intervention through a new IFAD project. The PPE finds RLSP's operations in microfinance to be unsuccessful and unsustainable and finds the intervention to be unsuitable for scaling up.
13. **Gender equality and women's empowerment.** Overall, women's participation in local government was observed to be low. In terms of drudgery reduction, access to potable water has improved significantly. However, access to energy for cooking has not seen much improvement, with women still largely relying on maize stocks or firewood from forests nearby and afar.
14. **Environment and natural resource management.** Conservation agriculture was promoted on a limited scale by the programme. The evaluation team observed that, more generally, target farmers in the three districts grow maize and grain legumes but rarely in intercropping pattern or rotation. The emphasis on maize in mono-cropping pattern, encouraged by Government policies, is not suitable for maintaining soil fertility. The fuel requirements of the target population were not adequately met, resulting in the use of maize stocks which in turn resulted in deprivation of organic matter required to replenish soil nutrients.
15. **Adaptation to climate change.** The mainstreaming of goats and dairy cow pass-on strengthened farmers' resilience to climate variability and climate change. For poor households, livestock has become an important link to the 'cash economy' and also an essential element in their resilience strategies. However, the emphasis on maize in mono-cropping pattern is not a suitable strategy for adaptation and resilience.

### **Recommendations**

16. **Recommendation 1.** Projects to be implemented in the ongoing context of local governance reforms should be based on thorough diagnostics of the capacity of national and local government institutions such as VDCs, Area Development Councils and District Councils. This will help introduce more realistic project design expectations and interventions that support capacity development of local government organizations and efficiently deliver benefits to target groups.
17. **Recommendation 2.** IFAD should support and build on collective institutions of target beneficiaries such as cooperatives and farmers' organizations and support delivery of services – such as extension, microfinance, bulking, quality control, packing and transportation – through these institutions, in order to promote better prospects for the sustainability of results. Such institutions would help create a more market-driven economic system and reduce dependence on the public sector.
18. **Recommendation 3.** IFAD's programmes and projects in Malawi should aim to enhance resilience and climate change adaptability of smallholders and marginal farming systems by pursuing a higher level of integration of activities (e.g. crops, trees, forages, small livestock, soil and water management) into a single farming unit. Better integration at the farm level would not only refer to the presence of multiple elements but also to their coherent and cohesive functioning to enhance the economic value of a farm's output. A focus on improving the diversity in smallholder farming systems will also help enhance the nutritional well-being of IFAD's target groups.

19. **Recommendation 4.** To ensure sustainable development and secure livelihoods for the smallholder farmers, there is need for increased attention to access to markets (for inputs and agricultural or livestock production). This entails a two-pronged strategy: (i) developing partnerships with relevant private sector actors; and (ii) supporting the capacity of grassroots organizations of farmers to engage with them.