

Independent Office  
of Evaluation



**Republic of Moldova**

**Rural Financial Services and Agribusiness Development Project  
(RFSADP)**

**Project performance evaluation**

**Approach paper**

**February 2018**

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## **Currency equivalent, weights and measures**

### **Currency equivalents**

Currency Unit	=	Leu (MDL)
US\$1.0	=	MDL 12.6 (at appraisal in June 2010) MDL 19.7 (at project completion in September 2016)
100 MDL	=	US\$7.9 (at appraisal in June 2010) US\$5.07 (at project completion in September 2016)

### **Weights and measures**

1 kilogram	=	1,000 g
1 000 kg	=	2.204 lb.
1 kilometre (km)	=	0.62 mile
1 metre	=	1.09 yards
1 square metre	=	10.76 square feet
1 acre	=	0.405 hectare
1 hectare	=	2.47 acres

## **Abbreviations and acronyms**

CPIU	Consolidated Programme Implementation Unit
GDP	Gross Domestic Product
IFAD	International Fund for Agricultural Development
IOE	Independent Office of Evaluation
M&E	Monitoring and Evaluation
NRM	Natural Resource Management
PCR	Project Completion Report
PPE	Project Performance Evaluation
RIMS	Results and Impact Management System
RFSADP	Rural Financial Services and Agribusiness Development Project
SCA	Savings and Credit Associations
SME	Small and medium-sized enterprise
VC	Value Chain

# Map of the project area

## Republic of Moldova

IFAD-funded operations in the country

Design report



27-7-2010



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD Map compiled by IFAD

# **I. Background and introduction**

## **A. Project performance evaluation**

1. In line with the International Fund for Agriculture Development (IFAD) Evaluation Policy<sup>1</sup> and as approved by the 122<sup>nd</sup> Session of the IFAD Executive Board, the Independent Office of Evaluation (IOE) will undertake a project performance evaluation (PPE) of the IFAD-financed Rural Financial Services and Agribusiness Development Project (RFSADP) in Moldova. The main purpose of this evaluation is to assess the results and impact of the RFSADP and generate findings and recommendations for the design and implementation of ongoing and future operations in Moldova.
2. This approach paper presents the overall design of the RFSADP project performance evaluation. It contains a summary of background information on the country and the project being evaluated. It outlines the evaluation objectives, methodology, process and timeframe. The evaluation framework presented in annex 2 provides a summary of the evaluation criteria and the key questions that will be used in conducting this evaluation.
3. The PPE will provide inputs to the two new projects currently being conceptualised. It will also feed into the Corporate Level Evaluation on Value Chains and the Evaluation Synthesis Report on Rural Finance.
4. This PPE will provide a detailed and independent assessment of the project's results and lessons learned. It will build on the information included in the Project Completion Report (PCR) but it is important to note that PPEs are expected to primarily fill important information gaps; they are not expected to investigate all activities financed under the project/programme or to undertake in-depth impact assessments.<sup>1</sup> The PPE will benefit from a field visit in addition to a desk review, so that additional data can be collected and stakeholders interviewed.

## **B. Country background**

5. **Overview.** The Republic of Moldova is a small landlocked country in Eastern Europe bordering Romania and Ukraine, occupying a territory of 33.8 thousand km<sup>2</sup>. It has a population of 2.8<sup>2</sup> million with a life expectancy of 71.6 years and a school enrolment rate of 91.3 per cent. With a GNI per capita of US\$2.120 in 2016<sup>3</sup> Moldova is classified as a lower-middle income country.

### **Political developments**

6. After the break-up of the Soviet Union, a disruptive restructuring process, triggered by the collapse of Soviet supply and marketing channels, led to severe economic decline in the 1990s and a steep increase in poverty. In addition, Moldova's economy took a serious blow during, and after, the internal conflict in 1991 when the separatist region of Transnistria, where most of the major industrial undertakings of the country were located, severed its economic ties with the rest of Moldova. The hostilities did not last long, but the stalemate persists<sup>4</sup>.

### **Economic developments**

7. While economic growth resumed at the end of the 1990s and was relatively stable in the subsequent decade, GDP contracted by 6.5 per cent in 2009 because of the global economic crisis and reduced inflows of remittances. The economy recovered quickly and grew until 2014 averaging 5.4 per cent growth between 2010-14<sup>5</sup>. Its economic trajectory has, however, been increasingly volatile. As a small and open

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<sup>1</sup> Page 57.

<sup>2</sup> National Bureau of Statistics of the republic of Moldova, population census, 2014 (consulted 24 January 2018 <http://www.statistica.md/pageview.php?l=en&idc=479>).

<sup>3</sup> Using the World Atlas methodology. World Bank indicators <https://data.worldbank.org/country/moldova?view=chart> consulted 23 January 2018.

<sup>4</sup> IFAD 2014, Country Programme Evaluation – Moldova.

<sup>5</sup> World Bank Group, Moldova Poverty assessment 2016, page 1.

economy, Moldova has experienced not only several external economic shocks in the past, but also climatic shocks that have particularly affected its agricultural sector, as well as the wider economy. In 2015, a confluence of events pushed the economy into a downturn (-0.5 per cent growth in GDP). The main factors behind this recent poor performance were weaker external flows, large scale bank fraud, and a drought, all of which took place in an environment of political instability.

### **Remittances**

8. The inflow of remittances plays a key role in Moldova's economy. Remittances transferred through formal channels were valued at US\$1.8 billion or 26.2 per cent of GDP in 2016<sup>6</sup>, the fifth largest in the world. Overall, about a quarter of the population benefited from remittances in 2014 and remittance receiving households were more likely to be in rural areas (56 per cent).

### **Agriculture**

9. Agriculture has long been the country's economic foundation accounting for 14 per cent of GDP and employing 25 per cent of the labour force; together with agro-processing, it generates more than 20 per cent of GDP. Moldova has the world's highest ratio of arable land (56 per cent arable), coupled with high quality Chernozom soils<sup>7</sup>, a favorable climate and low labour costs, which gives the country a comparative advantage with regard to farming and agro-food products.
10. The Government of Moldova identifies agriculture as one of the main drivers of growth in its 2020 National Development Strategy. The Government of Moldova's strategic vision is to modernize agriculture to improve competitiveness and better integrate producers into markets. Improving competitiveness becomes even more important as Moldova seeks to increase agricultural exports to the European Union (EU) under the Association Agreement and the Deep and Comprehensive Free trade Area (DCFTA)<sup>8</sup>.
11. While the share of agriculture in value added and employment is significant, productivity is low at about 60 per cent of average national productivity<sup>9</sup>. Low productivity is linked to missing investments and a lack of capital and credit availability, which results in low-yield technologies and low use of fertilizers and pesticides.
12. Private businesses dominate agriculture, but the sector is fragmented and inefficient along the entire value chain. The land privatisation process that took place in the 1990s resulted in over one million new landowners. Average land holding is very small (2.5 hectares)<sup>10</sup>. Small landholders get poor access to higher value markets and have limited capacity in coping with market and weather risks.

## **C. Poverty, social, gender and youth issues**

13. Between 2007 and 2014 the national poverty rate fell from 26.0 per cent to 11.4 per cent. This progress notwithstanding, Moldova is one of the poorest countries in the region and the poorest country in Europe.
14. Although poverty rates generally declined the gap between urban and rural areas persists. The rural poverty rate stands at 19 per cent, compared with 5 per cent in urban areas. Poverty is particularly found among landless people, small and medium-scale farmers, entrepreneurs and people engaged in agro-processing in rural areas and small towns. In general, rural people are more vulnerable to poverty due to high (farm) income volatility and a strong dependence on remittances.

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<sup>6</sup> World Bank 2016, Migration and remittances Fact book, third edition, page vi.

<sup>7</sup> Chernozem, named for the Russian words that translate to "black earth", is recognized as a unique soil type by the United Nations system of soil classification; Chernozem soils are prized, and known, worldwide, as soils with some of the highest rates of fertility which are tied to high crop yields.

<sup>8</sup> World Bank 2015, Public Expenditure Review: Agriculture, page 2.

<sup>9</sup> Ibid.

15. While 57 per cent of the population lives in rural areas, 84 per cent of the poor are concentrated there. The lowest poverty rate is in the capital city, Chisinau, and the highest poverty rate is in the center and southern regions. These two regions account for 66 per cent of the poor, but a little less than half of Moldova's total population<sup>10</sup>.
16. The continuing high levels of poverty and unemployment and the growing urban-rural divide have had a negative effect on gender equality, with the socio-economic status of women deteriorating in rural areas. The exodus of working age population outside the country in search of better paid jobs has had a direct impact on demographic security of the population. Although unemployment is a challenge for both women and men, women face specific barriers in the labour market<sup>11</sup>. These include a significant payment gap<sup>12</sup>.
17. Access to finance is low for both, men and women, with only 19 per cent of women and 16 per cent of men having a bank account<sup>19</sup>. Women also have unequal access to state funded programs on business and entrepreneurship development. The nationwide share of women entrepreneurs is only 27.5 per cent and is significantly lower in rural areas (14.9 per cent). The most vulnerable to poverty are women in rural areas, female headed households and women from ethnic groups, particularly the Roma<sup>13</sup>.
18. Youth represents a quarter of the country's population (2015). Recent research shows that young people are disproportionately vulnerable to various risks such as poverty, inequity of educational and training opportunities, and access to information and economic opportunities. Young people face a clear labour market disadvantage. The risk of being unemployed is twice as high for young people as for adults. The lack of decent employment opportunities is also a major push-factor for migration. As a result over 16 per cent of the country's youth are looking for a job abroad<sup>14</sup>.

#### **D. IFAD's position in the Moldovan context and RFSADP**

19. IFAD began its operations in Moldova in 1999 and has provided funding for seven projects (IFAD I through VII) which have been dominated by rural finance channeled through participating financial institutions. A particular focus has been on credit lines for lending in rural areas through commercial banks. While this has been the main approach in all projects, in later projects additional elements were introduced firstly to support market-driven rural infrastructure to enhance the viability of on-farm investments financed by banks; secondly, to help farmers to participate in value chains; and thirdly to promote conservation farming to preserve soil fertility and help farmers adapt to increasingly volatile weather patterns. RFSADP (IFAD V) was no exception to this overall focus with some 85 per cent of the resources allocated to rural finance. A series of climate related events, droughts in 2003 and 2007, and floods in 2008, led to a new sense of the importance of climate change adaptation. Therefore an innovative feature of IFAD V was a component to develop demonstration plots for conservation agriculture. Another important feature of IFAD V was that IFAD was able to secure major external grant co-financing from the Danish Government of US 4.5 million. This enabled IFAD to support the development of young entrepreneurs. In addition, IFAD V sought to diversify the sources of financing available by establishing an equity fund.

<sup>10</sup> World Bank 2016, Moldova Paths to sustained Prosperity a systematic Country Diagnostic, page 16.

<sup>11</sup> Women earn 74 Per cent of what men earn (2015).

<sup>12</sup> World Economic Forum 2015, Gender Gap Report.

<sup>13</sup> EBRD 2017, Country diagnostic, page 17.

<sup>14</sup> <http://www.oecd.org/countries/moldova/youth-issues-in-moldova.htm> and

[http://moldova.unfpa.org/sites/default/files/pub-pdf/Demographic%20Barometer%203\\_Situation%20of%20Youth%20in%20RM\\_2015.pdf](http://moldova.unfpa.org/sites/default/files/pub-pdf/Demographic%20Barometer%203_Situation%20of%20Youth%20in%20RM_2015.pdf)

20. The total project costs at appraisal in 2010 were US\$39.3 million. Specifically, IFAD provided a loan of US\$19.3 million (49.1 per cent) on highly concessional terms and an IFAD grant of US\$4.5 million (11.3 per cent). Additionally, IFAD secured a DANIDA grant of US\$4.46 (11.3 per cent). Government contribution was of US\$1.52 million (3.8 per cent), PFI contribution of US\$1.77 million (4.5 per cent) and beneficiary contribution of US\$11.73 million (29.9 per cent).
21. The project's focus was on agribusiness sector development to meet buyer's requirements, both for domestic and export markets; to enhance the profitability of rural business and to give rural people, including young people, decent employment opportunities.
22. The **specific objectives** were to: (i) improve in a pro-poor manner the efficiency of agriculture related value chain, particularly by supporting the introduction and establishment of internationally recognized quality and food-safety standards, and the development of contract farming; (ii) increase poor rural peoples access to credit by supporting appropriate and affordable rural financial instruments; and (iii) mitigate or remove infrastructural bottlenecks that inhibit improvements in the assets and incomes of poor rural people.
23. The project had national coverage, while priority was given to areas of the highest concentrations of poor rural women and men. The number of direct beneficiaries was estimated to be 37,000 people, including 1,450 people benefitting directly from the rural financial services component and some 34,730 people benefitting from the small-scale infrastructure component. The project also planned to generate 1,500 additional full time equivalent employment positions.
24. The President's Report stated that the primary **target group**, in line with the IFAD policy on targeting, comprised: (i) commercially oriented poor people; (ii) economically active poor people; and (iii) very poor people. Targeting was to be implemented through a four tier approach: (i) geographic targeting in order to direct investments to areas with the highest concentrations of poor rural people, as identified by the Ministry of Economy's multiple deprivation index and the national bureau of statistics poverty ranking systems; (ii) economically active poor people; and (iii) self-targeting to promote activities that are of interest primarily to the project's target group; and (iv) direct targeting on the basis of eligible criteria for services provided under rural finance and small-scale rural infrastructure.
25. **Project approach.** RFSADP had four components: (i) Pro-poor Agribusiness Development; (ii) Rural Financial Services; (iii) Small-Scale Rural infrastructure; and (iv) project management. The project would provide rural financial services and capacity-building interventions based on a market-driven approach that involved active beneficiary participation and socially driven opportunities to improve roads, natural gas, electricity and water supply.
26. Specifically, the agribusiness development initiatives would act complementarily to the rest of the components. A contract farming "template" incorporating the elements that constitute a successful contract farming arrangement (transparency, trust, enforcement) would be developed; and "mentoring" services to facilitate interaction between farmers and enterprises would take place. Additionally, an Agribusiness Equity Fund would be established to provide alternative methods of growth through capitalisation.
27. The financial component worked through three different modalities: i) a 50 per cent loan to Small and medium-sized enterprises (SMEs) up to a maximum of US\$150.000 –through Participating financial institutions including commercial banks; micro-loans through Savings and Credit Associations (SCAs) up to a maximum of US\$9.000; and loans to young entrepreneurs for up to a maximum of MDL 300.000 - these loans would be backed with a 40 per cent matching grant



from the “Danish grant”. For both the support to SMEs and Young Entrepreneurs the financing was to be directed to value chains identified by the project.

28. The infrastructure component provided contributory grants on a competitive basis up to a maximum value of US\$200,000 to applicants that fulfilled the following criteria: (i) the infrastructure would be in the public domain; (ii) they would offer a minimum of 15 per cent own contribution; and (iii) they would secure operation and maintenance arrangements. First-time applicants for support would be eligible for a subsidy of 50 per cent of the cost of required business plan.
29. **Management and implementation arrangements.** The Ministry of Agriculture and Food Industry was the lead implementing agency and an IFAD steering committee provided oversight and overall policy and other guidance for the project.
30. The existing Consolidated Programme Implementation Unit (CPIU) assumed the overall day-to-day responsibility for project planning, management and coordination; monitoring and evaluation of project results; and administrative and financial reporting. The CPIU also had administrative and financial autonomy to enter into contracts with third parties for project implementation requirements.

Table 1

**Planned vs actual costs by component**

<i>Components</i>	<i>Planned US\$ million</i>	<i>% of Base costs</i>	<i>Actual US\$ million</i>	<i>% of actual total costs</i>
Agribusiness Development	1 7307.4	4	1218.8	2.9
Rural Finance	33 197.9	84.5	34179.5	82
Small-Scale Rural Infrastructure	3 3716	8.4	2 918.8	7
Project management	912	2	1025.5	2.4
Total	39 281.7		41 516.6	

Source PCR

31. RFSADP became effective in 2011 and was closed in 2017.

## **II. Evaluation objectives and scope**

32. **The objectives of the PPE** are to: (i) assess the performance of the IFAD V; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in Moldova; and (iii) provide a deeper understanding of RFSADP as an input into the CLE on Value Chains and the Evaluation Synthesis on Rural Finance.
33. The **scope** of the PPE has been elaborated based on the following criteria: (i) areas identified through a desk review – the PPE will review additional evidence and propose a complete list of consolidated ratings; (ii) selected issues of strategic importance for IFAD; and (iii) limitations set by the available time and budget – the PPE will have to be selective in focussing on key issues where value can best be added, given the limited time and budget available.
34. The PPE will use the standard IOE criteria plus selected key issues developed for this particular exercise, as stipulated by the IOE Evaluation Manual<sup>15</sup>. The following paragraphs provide an overview of the key issues and questions that will be addressed by the PPE. A theory of change is included in annex 1 and the detailed evaluation questions can be found in annex 2.

<sup>15</sup> IFAD 2016, Evaluation Manual, chapter 3.

35. **Relevance.** The PPE will analyse the extent to which the project approach (e.g. agribusiness complementary to the rural finance activities) was appropriate and in line with the needs of the country and the target groups and conducive to obtaining the project objectives. Furthermore, the PPE will assess the appropriateness of the choice of implementing partners and examine the extent to which the poor rural producers participated in the identification of VC products and models.
36. **Effectiveness.** The PPE will assess the extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance. More particularly, the PPE will review the existing evidence base to establish the results achieved by RFSADP and conduct further analysis on which parts of the project have been more effective and how and why project activities have achieved the intended results.
37. **Efficiency.** In addition to the efficiency of the project management the PPE will address efficiency in the assessment of the financial institutions.
38. **Impact.** The project has made efforts to document impact through an impact assessment, the Results and Impact Management System (RIMS), various studies and the PCR. The PPE will review the conclusions drawn and assess the plausibility of the narrative of the various reports through the evidence provided and additional evidence from the field. It will examine the external validity of the results and investigate the context for the results achieved.
39. **Sustainability.** Sustainability is rated moderately satisfactory in the PCR. The PPE will provide an opportunity to revisit some of the project sites and assess in particular the sustainability of benefits streams of the rural financial institutions. .
40. **Gender equality and women's empowerment.** The project's objectives were not explicitly gender sensitive, although two of them were pro poor. However, the project did pay particular attention to youth. Both gender and youth will be assessed as part of the projects targeting strategy.
41. **Environment and climate change.** The PCR reports significant environmental impact through the use of conservation agriculture techniques. The PPE will analyse the extent to which the activities have helped farmers adapt to increasingly volatile weather patterns.
42. **Innovation and scaling-up.** RFSADP has introduced a number of innovations (e.g. contract farming, young entrepreneurs, conservation agriculture and the equity fund). The PPE will examine whether these approaches were innovative in the Moldovan context and investigate the extent and nature of the scaling up outside the IFAD portfolio by government, private sector and other development partners.
43. **Performance of partners.** The PPE will look at selected issues which have affected the performance of IFAD and Government partners. For IFAD, the key question will be whether the rating system has provided a reliable base for tracking RFSADP progress. For Government, the PPE will identify the key factors that led to low management costs.

## **E. Key issues for further analysis**

44. IOE has conducted a preliminary review of the PCR and the available documentation to identify key RFSADP issues. This PPE will focus on three main issues: (a) the relevance and effectiveness of the project design in creating pro poor and efficient value chains; (b) the appropriateness and effectiveness of the rural finance modalities in creating increased access and diversification of financial products; and (c) the appropriateness of the targeting strategy. Specifically, the PPE will assess the following:
  - (a) The relevance of the project design and the linkages between the three project components. The project narrative follows a value chain approach.

The PCR states that the agribusiness component would be complementary to the rural finance component which made up 85 per cent of the investment. The PPE will explore the extent to which linkages between the different components were created in order to achieve the objective of pro poor, efficient value chains as well as increased access to affordable rural finance instruments. As part of this assessment the PPE will examine whether the value chains selected corresponded to market demands. In addition, the relevance of the Equity Fund which was canceled following a supervision mission in 2015 will be assessed.

- (b) **Rural finance.** The PPE will pay particular attention to the outreach, relevance, effectiveness, efficiency and sustainability of loan financing of SMEs and young entrepreneurs as well as the micro financing of on and off farm rural entrepreneurs. It will do so by looking at the strengths and weakness of the different financial modalities. The PCR identified a number of challenges related to the sustainability of, in particular, the SCAs, but also SMEs . Apart from scattered mention of capacity building of SCAs the design documents makes few references to institution building. The PPE will investigate if institution building and policy issues were adequately considered and whether there have been any changes to the sustainability of these institutions two years after project closure.
- (c) **Targeting.** The project built on the assumption that investing in leading enterprises would benefit the rural poor through e.g. job creation. Some efforts to translate this assumption into operational strategies were made in the project design namely use of contract farming, relevant economic activities for small holders and rural labourers, enhancing product quality. The PPE will take a closer look at the effort to measure the rural poverty effects of enterprise development through the monitoring and evaluation (M&E) system, impact studies and PCR. Specifically, the PPE will assess the nature of the jobs created (e.g. extent to which the jobs were un skilled or low skilled posts) and the extent to which the project resulted in purchasing of raw goods from poor households. As part of the assessment of targeting the PPE will also look at the projects use of the multiple deprivation indexes as a tool for the project's geographic targeting. The PPE will furthermore assess the efforts to include gender and youth in the project.

### III. Analytical framework and methodology

- 45. The methodological approach will focus on establishing plausible causal links between the RFSADP interventions and the observed changes. The PPE will use a theory of change for a systematic examination of assumed causal linkages and whether there is sufficient evidence to support these linkages. The PPE will collect and analyse data from different sources, to cross-check, validate and supplement the findings presented in the PCR.
- 46. The IFAD V's intended **impact pathway** involves an explicit value chain approach building linkages between production, processing and marketing which complements the financial investment.
- 47. The provision of medium-term credits channeled through the banking system to support small and medium family agro-enterprises is the key link in the assumed impact pathway. The SMEs were provided with access to finance which in turn increase the level of agricultural production, enterprise development and job creation with indirect impact on poverty reduction. The draft theory of change is included in the annex I.
- 48. **Sampling approach.** IFAD V was a national project and was implemented in 32 of Moldova's 35 districts. The mission will cover the north, central and south of the county. The sampling strategy for selecting the districts will be based on the

following criteria: level of investment; number of beneficiaries; type of activities and number of previous visits through supervision. The PPE will also conduct an electronic structured survey of SMEs and Young Entrepreneurs. This survey will be sent to all beneficiaries (approximately 528). In addition a structured telephone interview will be conducted with clients of SCAs of which the PPE will aim to reach 1/3 of the beneficiaries (approximately 424 beneficiaries). Key areas of focus for the surveys will be the linkages with value chains, use of loans and repayment.

49. **Data collection methods.** Careful analysis and triangulation of reported programme achievements will be a key feature of this PPE. Validation of programme results will be done through bringing in and cross-checking multiple stakeholder perspectives, data sources as well as findings across the evaluation team.
50. Documentation of the RFSADP is extensive. It includes annual project status reports (along with PSR ratings), mid-term reviews, supervision reports, and a project completion report prepared at the end of a project, which also includes a set of ratings (PCR ratings). RIMS includes a menu of indicators used to measure and report on the performance of IFAD projects – at activity, output and impact level. In addition, an impact assessment was carried out in December 2016 by the project. The impact assessment included analysis of a treatment and comparison group of certain activities. To the extent possible the evaluation will also make use of Government statistics, external studies and reports where reliable data is available.
51. Additional data will also need to be collected to verify stated causal links between activities and outcomes. The following strategies for data collection, including the opportunity to undertake limited fieldwork are proposed:
52. First, an analysis of all relevant IFAD documentation will be carried out to verify the consistency of findings and availability of data at different levels in the results hierarchy. This will include analysis of the impact reports for RFSADP that provided the evidence for the PCR, design, and supervision reports, M&E reports, and other studies.
53. Second, secondary data at national, state and local government level, or from businesses or traders, will supplement the above and substantiate indirectly the achievements of the project.
54. Third, key informant interviews will be used to explore a number of issues, including: the existence of additional reports or surveys, exploring the justifications for ratings in PCR or supervisions, and to understand the evidence base for the ratings and judgements given in the various performance reports. Interviews will be conducted with IFAD, Government of Moldova representatives (regional and district level), Non-Governmental Organizations and Microfinance Institutions, SCAs and other private sector actors involved, beneficiaries and other development partners. As part of the PPE preparation an inventory of such key informants will be prepared.
55. Fourth, in order to complement the above information a number of structured surveys will be conducted with clients of Microfinance Institutions (e.g. SMEs and Youth Entrepreneurs via email) and SCAs (telephone interviews). An asset verification form will also be used to collect evidence on the condition of visible assets.
56. Lastly, a case study on rural finance SCA's will be undertaken and specific questions on the value chain addressed which will feed into higher level evaluations.
57. **Limitations.** IFAD has supported similar types of interventions in Moldova since 1999 (IFAD I-IFAD VII). Since the completion of the RFSADP two projects have

been designed and are currently being implemented namely the Rural Resilience Project and the Inclusive Rural Economic and Climate Resilience Programmed. Given IFAD's long involvement with quite similar projects, isolating the RFSADP interventions will inevitably be challenging.

#### IV. Process and timeline

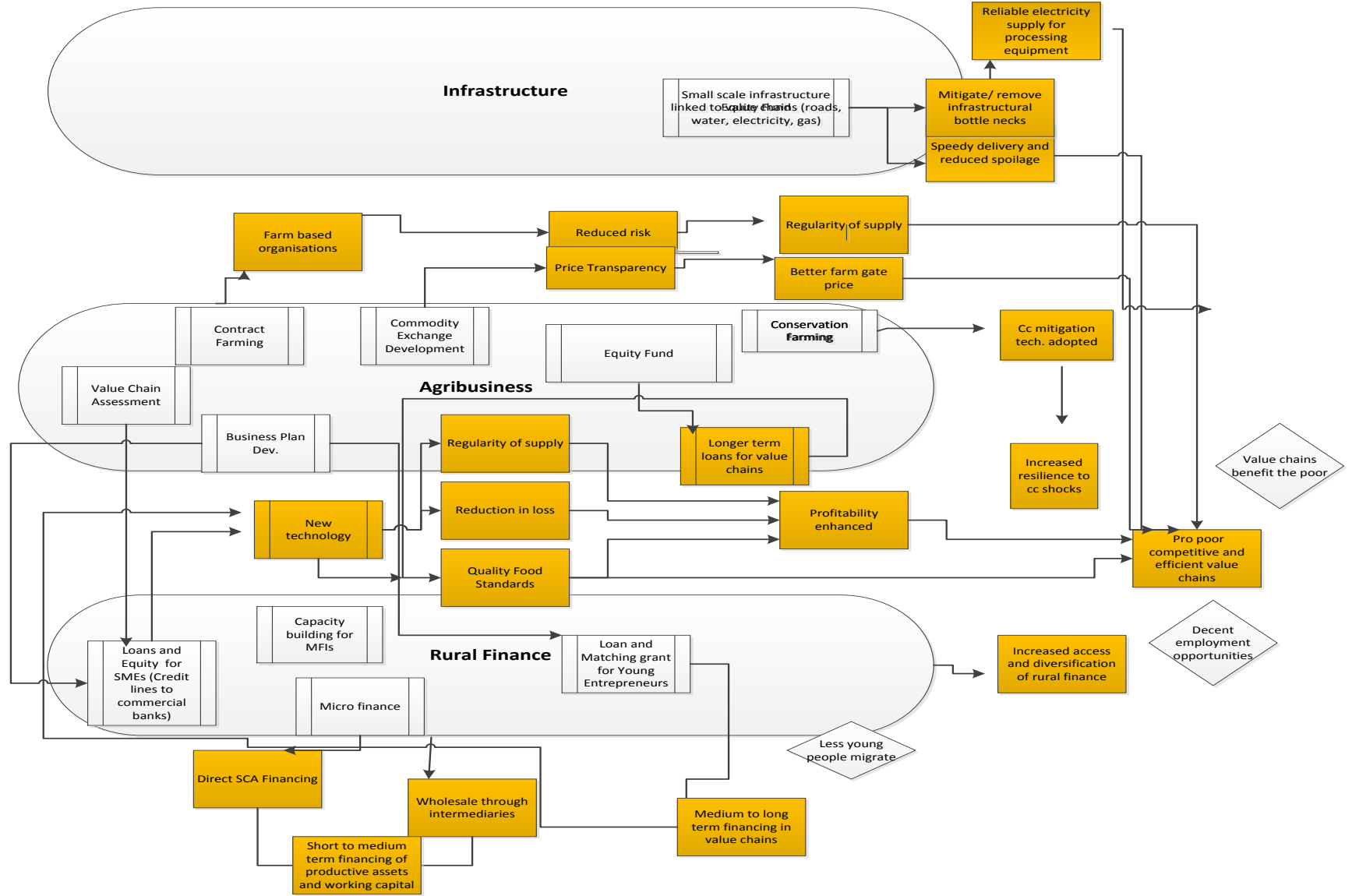
58. Lead Evaluator for this PPE will be Catrina Perch, Evaluation Specialist in IOE. She will focus on Innovation, Natural Resource Management (NRM), and targeting and gender issues. IOE has appointed George Polenakis as senior consultant. His main area of expertise is rural finance and value chains. He will be responsible for the drafting the report. Lasha Khonelidze, will be in charge of developing and analysing the results of the surveys and developing a working paper on the results. Additionally, he will undertake a case study of the SCAs. Renate Roels, evaluation analyst will prepare a working paper on value chains.
59. The PPE process has been designed in a way to enable cross-over linkages with the ongoing CLE and ESR and to maximise stakeholder participation and learning.
60. **Preparation.** The PPE approach paper, including the evaluation framework and the draft theory of change will be shared with Near East North Africa and Europe Division and Government in February 2018.
61. **Desk review.** The evaluation team will conduct a desk review of the available project documentation as well as relevant studies, surveys or other background information prior to the main country mission in March 2018. The team will prepare the detailed field methodology and start conducting phone interviews with former project staff and other relevant stakeholders during this phase.
62. **Country mission.** The PPE country visit by the evaluation team will take place in March 2018. A debriefing will be held with Government authorities and the CPM for Moldova who will also attend the discussions.
63. **Comments by the Near East and North Africa Division and Government.** The draft PPE report will be available for comments by the Near East and North Africa Division and Government in May 2018.
64. **Communication and dissemination.** The final report will be disseminated among key stakeholders and the evaluation report published by IOE, both online and in print. IFAD Management will prepare a written response on the final evaluation report, which will be included in the published version of the document. The recommendations addressed to IFAD will be followed up in the President's Report on the Implementation Status and Management Actions of Evaluation Recommendations.
65. The IOE team liaises with the government and project authorities to prepare a mission schedule.

Table 2

**Tentative process and timeline for PPE**

<i>Activity</i>	<i>Date</i>
Review of project documentation	Jan-Feb 2018
Main field mission	5-17 March 2018
Debriefing (in country)	16 March 2018
Draft report	15 May 2018
Final Report	June 2018

Processors  
↑  
Farmers



## PPE Moldova Evaluation Framework

Evaluation Criteria	Key Questions	Main sources of data and information
Relevance	<ul style="list-style-type: none"> <li>• Were programme objectives realistic and consistent with Moldova’s agriculture and rural development context, including opportunities and challenges?</li> <li>• How coherent was the project in terms of how it fit in with the policies and programmes undertaken by the government?</li> <li>• Did any changes in the context affect project implementation and overall results?</li> <li>• Were the projects objectives consistent with the COSOP and relevant IFAD sector and subsector policies, as well as the needs of the rural poor?</li> <li>• Was the project design (including composition, synergies among activities and services, project management) appropriate for achieving the core objectives? In particular:               <ul style="list-style-type: none"> <li>○ To what extent were there synergies among the rural finance and agribusiness components?</li> <li>○ To what extent was the design conducive for achieving the objective of creating efficient value chains; establishing recognized quality and food-safety standards and linking farmers with high value chains? To what extent did the project analyse the demand for the promoted value chains? To what extent the project integrate a systematic value chain analysis in the project design?</li> <li>○ To what extent did the VC interventions integrate an adequate nutrition focus in the design?</li> <li>○ How relevant was the Equity Fund to the Moldovan context?</li> <li>○ To what extent was institution building adequately considered in the design?</li> </ul> </li> <li>• To what extent was the targeting strategy pro-poor, Youth and gender sensitive?</li> <li>• Was the programme design participatory and did poor rural farmers participate in the identification of VC products and models?</li> <li>• What are the main factors that contributed to a positive or less positive assessment of relevance?</li> </ul>	Project documents, interviews at IFAD headquarters, meetings in the country, project M&E
Effectiveness	<ul style="list-style-type: none"> <li>• To what extent have the objectives of the programme and its key components been attained?</li> <li>• What was the effectiveness of the targeting strategy?</li> <li>• What are the key factors accounting for the results?</li> <li>• To what extent has the interventions changed the capacity and behaviours of key actors in the value chain?</li> <li>• What are the results, positive and negative, of IFAD supported VC interventions of the HH incomes and assets of participants?</li> <li>• What is the result of the VC interventions on nutritional status of rural poor?</li> <li>• To what extent the contract farming resulted in transparent and fair contractual relationships with poor rural producers?</li> <li>• What is the profitability of interventions and approaches promoted by the project?</li> </ul>	Project M&E, project documents, interviews in the country, observation in field

	<ul style="list-style-type: none"> <li>• Why did the equity fund not work?</li> <li>• Why did PFI's not commit more of their own funds? (leveraging) Why was the project not able to diversify PFI structure?</li> <li>• To what extent were there synergies between the various components in implementation?</li> </ul>	
Efficiency	<ul style="list-style-type: none"> <li>• What are the costs of investments in supporting rural finance services, enterprise development, and small-scale infrastructure?</li> <li>• How does the economic rate of return at evaluation compared with project design? What is the finding of validation of the financial analysis of the PCR?</li> <li>• Was the mechanism leading on the Interest Rates fully competitive and efficient?</li> </ul>	Project M&E, project documents, interviews in the country, references of other projects
Rural Poverty Impact	What is the quality of the impact data available?	Project M&E, interviews with the government, project staff
Household income and assets	<ul style="list-style-type: none"> <li>• Did the composition and level of household incomes change (more diversification, higher income)? What changes are apparent in intra-household incomes and assets?</li> <li>• Were the rural poor able to access financial markets more easily?</li> <li>• Did rural entrepreneurs and rural poor's households' physical assets change (fixed assets, equipment, farmland, water, livestock, trees, etc.)?</li> <li>• Did households' financial assets change (savings, debt, and borrowing)?</li> <li>• Did the rural poor have better access to input and output markets?</li> </ul>	Project M&E, project documents, interviews in the country, observation in field, surveys of clients of rural finance
Human and social capital and empowerment	<ul style="list-style-type: none"> <li>• To what extent did the project empower the rural poor vis-à-vis local and national public authorities?</li> <li>• Are changes in the social cohesion and local self-help capacities of rural communities visible? Do the community groups play more effective roles in decision-making?</li> <li>• Were the rural poor empowered to gain better access to the information needed for their livelihoods?</li> </ul>	Interviews in the country, observation in field, project M&E, project documents
Food security and agricultural productivity	<ul style="list-style-type: none"> <li>• Did household food security change?</li> <li>• Was there an improvement in agricultural productivity?</li> <li>• Was there an improvement in agri-business and enterprise productivity? and, if so, to what extent? Did the returns to labour change?</li> <li>• To what extent did the rural poor improve their access to input and output markets that could help them enhance their productivity and access to food?</li> </ul>	Project M&E, project documents Interviews in the country, observation in field



Natural resources, environment, and climate change	<ul style="list-style-type: none"> <li>To what extent were the agricultural conservation activities able to enhance the resilience of the farmers towards climatic shocks?</li> <li>To what extent were the VC approaches compatible with principles of sustainable NRM?</li> <li>What are the results of the VC interventions on NRM?</li> </ul>	Project M&E, project documents Interviews in the country, observation in field
Institutions and Policies	<ul style="list-style-type: none"> <li>Were there any changes in rural financial institutions (e.g. in facilitating access for the rural poor)?</li> <li>Extent to which project interventions have upgraded skills and knowledge of key government and project staff?</li> <li>What improvements were discernible in local governance, including the capacity and role of government departments, financial institutions, the private sector, and others?</li> <li>Were there any changes, or expected changes, in national/sectoral policies affecting the rural poor?</li> <li>Did the regulatory framework change insofar as its impact on the rural poor?</li> <li>Did market structures and other institutional factors affecting poor producers' access to markets change?</li> </ul>	Project documents, interviews at IFAD and in the country, project M&E
Gender equality and women's empowerment	<ul style="list-style-type: none"> <li>To what extent has IFAD supported VC interventions integrated an adequate gender equality perspective in project design?</li> <li>To what extent have the VC interventions integrated an adequate gender equality perspective in project implementation?</li> <li>What are the results of the project on women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods?</li> <li>Were gender dimensions adequately included in the project's annual work plans and budgets?</li> <li>What percentage of total project resources was invested in activities to promote gender equality and women's empowerment and how does that compare with other projects funded by IFAD?</li> <li>To what extent did the project define and monitor sex-disaggregated results to ensure that gender equality and women's empowerment objectives were being met?</li> <li>Was the project implementation structure adequate to support effective implementation of gender equality and women's empowerment goals?</li> </ul>	Project documents, interviews in the country, project M&E, observation in the field
Sustainability	<ul style="list-style-type: none"> <li>What is the likelihood that benefits generated by the programme in terms of financial services, enterprise development, and infrastructure support, will continue?</li> <li>To what extent has the government assumed ownership and leadership of value chain development, including in their policy frameworks?</li> <li>To what extent are the new technologies introduced at the various levels of the pro-poor value chains, economically and technically appropriate and will be sustained over time?</li> <li>How relevant will the RFS in the coming years (medium- term)?</li> <li>Is the impact on employment sustainable? Is the impact on local market sustainable?</li> </ul>	Project documents, interviews in the country, project M&E, observation in the field

- Is there a clear indication of government commitment after the completion? Was a specific exit strategy /approach prepared?
- Do project activities benefit from the engagement, participation and ownership of local communities, organizations, the programme beneficiaries, and the rural poor?
- What is the likely resilience of economic activities to shocks or progressive exposure to domestic and international competition?

Innovations, replication and scaling up	<ul style="list-style-type: none"> <li>• What are major innovations promoted by the programme, either truly innovative or new to the country context?</li> <li>• Were successfully promoted innovations documented and shared? Were other specific activities (e.g. workshops, exchange visits, etc.) undertaken to disseminate the innovative experiences?</li> <li>• Have these innovations been scaled up? If not, what are the realistic prospects that they can and will be replicated and scaled up by the government, other donors and/or the private sector?</li> <li>• Did the project address the potential drivers and constraints to effective scaling -up?</li> <li>• Were proactive efforts made to identify and develop strategic partnerships with organisations which could potentially be involved in scaling up of successfully piloted innovations?</li> </ul>	Project documents, interviews at IFAD headquarters and in the country, project M&E
IFAD	<ul style="list-style-type: none"> <li>• Were specific efforts made to incorporate the lessons and recommendations learnt from previous projects?</li> <li>• Did IFAD mobilize adequate technical expertise in the project design?</li> <li>• Was the design process participatory (with national and local agencies, grassroots organizations) and did it promote ownership by the borrower?</li> <li>• Did IFAD (and the government) take the initiative to suitably modify project design during implementation in response to any major changes in the context?</li> <li>• What was the performance of IFAD in direct supervision and implementation support? Has IFAD exercised its developmental and fiduciary responsibilities, including compliance with loan and grant agreements?</li> <li>• Was prompt action taken to ensure the timely implementation of recommendations stemming from the supervision and implementation support missions? Did IFAD undertake the necessary follow-up to resolve any implementation bottlenecks?</li> <li>• Has IFAD made proactive efforts to be engaged in policy dialogue and partnership building activities in order to ensure, inter alia, the replication and scaling up of pro-poor innovations?</li> <li>• Has IFAD, together with the government, contributed to planning an exit strategy?</li> </ul>	Project documents, interviews at IFAD headquarters and in the country, project M&E
Government	<ul style="list-style-type: none"> <li>• Has the government assumed ownership and responsibility for the programme? Have loan covenants and the spirit of the loan agreement been observed?</li> <li>• Judging by its actions and policies, has the government been fully supportive of programme objectives?</li> <li>• Was adequate staffing and project management been assured? Have appropriate levels of counterpart funding been provided on time?</li> </ul>	Project documents, interviews at IFAD headquarters and in the country, project M&E

- Has programme management (the CPIU) discharged its functions adequately, and has the government provided policy guidance to project management staff when required?
- Has an effective M&E system been put in place and does it generate information on performance and impact which is useful for project managers to take critical decisions?
- Did the government ensure suitable coordination of the various departments involved in execution? Have the flow of funds and procurement procedures been suitable for ensuring timely implementation?
- Has auditing been undertaken in a timely manner and have reports been submitted as required?
- Has the government (and IFAD) contributed to planning an exit strategy?
- Has the government engaged in a policy dialogue with IFAD concerning the promotion of pro-poor innovations?