

Project Completion Report Validation

Rural Productive Inclusion Project

United Mexican States

Date of validation by IOE: February 2020

I. Basic project data

			Approval (US\$ m)		Actual (US\$ m)	
Region	Latin America and the Caribbean	Total project costs	19,5		2,07	
Country	United Mexican States	IFAD loan and percentage of total	6,6	34%	1,49	72%
Loan number	2000001399	Borrower	0,8	4%	0,34	17%
Type of project (subsector)	Credit and financial services	Cofinancier 1 (Productive development programmes)	10,6	54%	0,21	10%
Financing type	Loan and grant	Cofinancier 2				
Lending terms*	Ordinary	Cofinancier 3				
Date of approval	28/11/2015	Cofinancier 4				
Date of loan signature	02/03/2016	Beneficiaries	1,06	5.4%	0,022	1%
Date of effectiveness	21/06/2016	IFAD grant	0,5	2,6%	0	0
Loan amendments		Number of beneficiaries	8 533 (12 800 was the original target)		7 533	
Loan closure extensions	None	Project completion date	30/06/2019		11/07/2018	
Country programme managers	Juan Diego Ruiz Cumplido; Francisco Pichòn	Loan closing date				
Regional director(s)	Rossana Polastri	Mid-term review			08/12/2017	
Project completion report reviewer	Chiara Maria Grimaldi	IFAD loan disbursement at project completion (%)			22.7%	
Project completion report quality control panel	Fabrizio Felloni	Date of the project completion report			30/09/2018	

Source: President's report, Project completion report.

II. Project outline

1. **Introduction.** With an effort to have a full and more balanced picture of the Rural Productive Inclusion (PROINPRO) pilot project, this Project Completion Report Validation (PCR) has taken into account the perspective of the Government of the United Mexican States on the project's implementation, as described in the project completion report (PCR). It has also considered the point of view of IFAD's Latin America and the Caribbean division (LAC), through the comments made by this division on a draft version of the PCR.¹ The United Mexican States' Country Strategy and Programme Evaluation led by IFAD's Independent Office of Evaluation (IOE), has also been taken into account as an additional information source and for cross-reference.²
2. IFAD financing for PROINPRO in the United Mexican States was approved in November 2015, the loan agreement was signed in March 2016 and it entered into force in June 2016. In addition, an IFAD grant to the National Coordination Office (NC) of PROSPERA Social Inclusion Program was signed and became effective only in December 2016.^{3,4} The project was expected to be implemented over a period of three years, with the original date for its completion being June 2019.
3. **Project area.** PROINPRO has been implemented in 26 municipalities of the states of Guerrero, Hidalgo and Zacatecas, with 211 localities being selected in accordance with the following criteria: (i) high incidence of rural poor population; (ii) significant presence of families served by PROSPERA, especially those with land; (iii) presence of municipalities included in the National Crusade Against Hunger; (iv) presence of indigenous population; and (v) high proportion of families with migrants.⁵
4. **Project goal, objectives and components.** PROINPRO was one of the Government's pilot initiatives conducted by PROSPERA within its new mandate to promote the productive inclusion of its beneficiary population, by creating a synergy between the income support (mainly conditional cash transfers) and the public productive development programmes.⁶ The project was to facilitate access to investments and services – such as productive investments, technical assistance for implementation, rural financial services – that were being offered by the other government agencies or private actors. PROINPRO's goal was to contribute to the effective implementation of the national strategy of the Government for productive inclusion and the reduction of rural poverty. The project's development objective was to help the beneficiary families increase their income by implementing profitable and sustainable productive activities.
5. The project sought to achieve its development objective through two components: (i) productive inclusion component (84 per cent); and (ii) institutional strengthening component (16 per cent). The productive inclusion component consisted of developing the productive capacities and abilities of family members of PROSPERA and achieve their effective access to productive and income generation programmes. The institutional strengthening component consisted of strengthening

¹ The comments and final ratings provided by IFAD's Latin America and the Caribbean division on the PCR's draft version were not included in the PCR's final version, as the Mexican Government was in disagreement with them.

² See IFAD's Country Strategy and Programme Evaluation for the United Mexican States, September 2019.

³ The Social Inclusion Programme PROSPERA, which is the country's largest conditional cash transfer programme, was established in 2014 to implement the productive inclusion policy. PROSPERA's mandate was to create synergy between the social and productive policies, including the numerous programmes for productive development (PROINPRO Supervision mission report, 2017).

⁴ The purpose of the IFAD grant was to complement the loan by providing resources for activities related to institutional strengthening, to foster the capacity building and technical support of PROSPERA at the central level and in the project area, in addition to support knowledge management activities.

⁵ The National Crusade against Hunger is a national plan developed by the Mexican government to combat the causes of extreme poverty and food insecurity through social programmes.

⁶ This new approach highlighted the need to overcome the persistent dissociation between social protection and rural productive development policies to comprehensively address the situation of households, communities and territories facing a situation of persistent poverty and vulnerability.

the capacities of PROSPERA staff and personnel involved in the project's development, through training on specific topics of productive and financial inclusion. Financial inclusion was to be incorporated as a cross-cutting axis, to allow the families benefiting from PROINPRO receive information and become aware of the importance and availability of financial services for their productive ventures, as well as contribute to the formation of solid organizations, based on mutual trust among its members.

6. The project's specific objectives were to: (i) support PROSPERA beneficiaries and their families to increase their production, access productive investments, and to enable them to link to markets. To this aim, they would be provided with technical assistance and would develop new productive, organizational and managerial capacities; (ii) strengthen institutional capacities of PROSPERA and other actors for the successful implementation of the project as well as of the Government's national strategy for productive inclusion.
7. **Target group.** The project target group embraced PROSPERA heads of households and their families that: (i) lived in rural areas in the selected states and municipalities; (ii) lived in situations of poverty; (iii) were engaged in agricultural and non-agricultural productive activities with potential for income-generation; (iv) expressed interest to participate in the project.
8. **Financing.** The project's total estimated cost at design amounted to US\$19.5 million. IFAD was supposed to contribute with a loan of US\$6.6 million and a grant to PROSPERA's NC of US\$0,5 million, all equivalent to about US\$7.1 million. PROSPERA was to finance US\$0.8 million in counterpart funds, whereas the Government contribution would amount to US\$10.59 million and the one from beneficiaries to US\$1.06 million to co-finance the productive investments. The tables below show the cost of the project and its components at appraisal and the actual expenditures.

Table 1
Project cost by financier

<i>Funding source</i>	<i>Planned expenditure at appraisal</i>	<i>Actual expenditure</i>	<i>% disbursed</i>
IFAD loan	6,583,000	1,496,264	22.7%
IFAD grant	500,000	0	0
Counterpart (PROSPERA)	788,000	340,419	43%
Productive programmes	10,595,000	214,687	2%
Beneficiaries	1,060,000	22,530	2.1%
Total	19,526,000	2,073,900	10.6%

Source: President's report and Project completion report.

Table 2
Project cost by component

<i>Component</i>	<i>Allocation at appraisal</i>	<i>Total expenditure</i>	<i>% disbursed</i>
Productive Inclusion	17,171,000	1,647,400	9.6%
Institutional strengthening	2,356,000	426,500	18%
Total	19,526,000	2,073,900	10.6%

Source: Project completion report.

9. **Project implementation.** The executing agency for the project's direction and coordination has been the Secretariat of Social Development (SEDESOL), through PROSPERA's NC. Strategic direction to the project was to be provided by the Technical Subcommittee on Employment, Income, and Savings (STEIA), chaired by the Ministry of Finance and Public Credit, with representatives of PROSPERA's NC

and heads of the productive development programmes.⁷ In addition, at state-level there were also installed STEIA to strengthen the inter-institutional coordination strategy.⁸ A technical team was appointed within PROSPERA's structure, specifically within the Directorate General of Coordination and Linkages (DGCV), to direct project implementation in coordination with the various PROSPERA operating divisions, as well as with state-level divisions. The Office of the General Administration and Finance was responsible for the project's administrative and financial management. Other General Directorates of the PROSPERA's NC were also involved, in coordination with the technical team of the DGCV.

10. **Intervention logic.** PROINPRO has been formulated in the framework of the Government's new social policy, which was testing different approaches to promote productive inclusion. PROINPRO's approach was to bridge the gap between social transfer programmes and public productive development programmes, allowing the beneficiaries of the first to access the latter and implement sustainable productive projects. In doing this, PROINPRO was not meant to directly finance productive investments, but was to facilitate access to investments and services (such as productive investments, technical assistance for implementation and rural financial services) that were being offered by the other government agencies or private actors. The project was conceived to be a pilot providing a learning opportunity for PROSPERA, as this did not define a single operating modality for the implementation of the productive inclusion strategy, but was rather testing different methods to assess which modality was the most efficient and effective.
11. **Changes in the context and development during implementation.** There was a delayed start of project's activities in late 2016, as a result of the delay in the signing process of the financing agreements due to the revisions made by the Ministry of Finance and Public Credit, the Financial Agent and IFAD. This left only 2017 as the year of full project's execution and part of 2018. Thus, PROINPRO was implemented in less than two years, in spite of its original implementation period of three years, as it was early closed in June 2018.
12. The delays in the project's start and the encountered operational difficulties called for an adjustment in the activities and goals that had been programmed over the project's implementation period. As a result, the logical framework was revised and changed in March 2017 to match the project's targets/goals to its operational situation.⁹ At the time of the mid-term review (MTR) conducted in December 2017, the logical framework indicators were further revised in the new Operational Results Management System format, proposed by IFAD. During project's implementation, adjustments were also made concerning the individual and geographic targeting, with a refinement of the original selection criteria.
13. The project also experienced changes to the execution modalities, as: (i) there was a dimensioning in the role initially envisaged of STEIA; (ii) part of the operational tasks of the overloaded DGCV's technical team was delegated to the Autonomous University of Chapingo (UACH), which was an external agent of PROSPERA.
14. With due changes made in June 2017, the targeting scheme was also better adapted to the conditions of the project's beneficiary communities, both in terms of the individual targeting as well as the geographical targeting.

⁷ STEIA was a collegiate body that grouped PROSPERA together with seven units (SEDESOL, SAGARPA - Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación, SE -Secretaría de Economía, SEMARNAT, Secretariat of Labour and Social Welfare, CDI - Comisión Nacional para el Desarrollo de los Pueblos Indígenas, and FND - Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero) in charge of the productive development programmes. STEIA was to be actively involved in the major processes that governed the conduct of the project: from its planning, strategic orientation to implementation and learning.

⁸ These technical subcommittees were launched to seek the participation of state delegations of federal units in charge of the productive development programmes.

⁹ The agreement to the revision of logical framework took considerable time, as the 'no objection' to its definitive version was just given in October 2017.

15. **Delivery of outputs.** Table 3 in annex III summarizes programme's outputs delivery, by comparing the physical outputs achieved at implementation to the targets set at design level. Although the matrix of indicators presented in table 3 shows quite favorable results for PROINPRO, only one indicator is related to the fundamental axis for the success of the project, which is the number of projects effectively financed by the productive development programmes: this indicator was drastically low and largely explained the decision to close the project early.^{10,11} It should be noted that the indicators in which percentages above 100 per cent have been reported, are related to mass promotion or training activities.

III. Review of findings

A. Core criteria

Relevance

16. **Relevance of objectives.** PROINPRO has been very relevant to the policy environment where it was framed. It was embedded in the Government's social policy design and within the promotion efforts being formulated in the framework of the country's National Development Plan 2013-18, more specifically the Special Program to Democratize Productivity and the Social Development Sector Program, which coordinated Government's actions aimed at carrying out public policies to remove the barriers limiting the productive potential of citizens and enterprises. The project area also fell within the areas of the National Crusade against Hunger, which encompassed the Government's priority areas for poverty reduction. The project was aligned with the IFAD Strategic Framework 2011-15 in promoting an economic asset base that was resilient to market and climate change, and in improving access to technical assistance services in support of smallholders. The project was also aligned with IFAD's country strategy, which set forth two main objectives: (i) help smallholders and farmers significantly increase their productivity by strengthening their assets, capacities, organization and access to public services and to goods and service markets; and (ii) contribute to making public spending for the economic development of smallholders and peasants more efficient and equitable.
17. **Relevance of design.** PROINPRO has been relevant as an input for the formulation of the Integral Model of Productive Inclusion (MIIP), being a privileged intervention scheme of the productive inclusion strategy promoted by PROSPERA.^{12,13} PROINPRO has been considered to be pertinent, aiming to respond to the problem of poverty and marginalization of the rural communities in which it aimed to intervene. It was also relevant to needs and characteristics of the beneficiary families, and the technical assistance provided by the project was considered appropriate to the context and the set objectives.
18. The project design turned out to be ambitious in relation to its original assumption whereby, through an inter-institutional coordination mechanism, Government's existing productive development programmes could be accessible to social protection beneficiaries, including those of PROINPRO. From a policy engagement point of view, PROINPRO aimed at making public spending for the economic inclusion of smallholder families more efficient and equitable through this inter-institutional coordination mechanism, which was one of the fundamental pillars of

¹⁰ As indicated in row 15 of table 3, annex III.

¹¹ Other indicators below targets are the number of people in rural areas trained in financial education and/or use of financial products and services (48 per cent); the number of people who formulated and submitted productive projects (48 per cent); and the number of public servants of the PROSPERA's NC trained in productive and financial inclusion issues (62 per cent).

¹² PROINPRO is part of the four experiences from which the MIIP was built; the other three intervention modalities are: (i) Traditional linkage; (ii) the Productive Territories Pilot Programme; and (iii) the pilot project 'De la mano con PROSPERA.

¹³ The main objective of the MIIP was to "contribute to poverty reduction by increasing production, productivity and incomes of micro-entrepreneurs and small producers, through their participation in strategic projects" (PROSPERA, 2018).

PROINPRO's design. However, this inter-institutional articulation, which was flagged at project design as a significant implementation risk, did not occur due to the lack of binding actions or regulations at the level of the secretariats, as well as due to the lack of project's capacity in pushing forward a strategic direction within the STEIA's domain.

19. This PCRV notes that, already at design level it had been highlighted that 'one of the risks identified for the implementation of the strategy of productive inclusion had to do with the provision of financing of productive projects, because these resources did not depend from PROSPERA but from other government institutions that operated a set of programmes aimed at productive promotion'.^{14,15} This PCRV considers that the mitigation measures foreseen at design level were not sufficiently appraised, as it was just agreed that 'project management risks would be mitigated by ongoing dialogue between government authorities and IFAD, and full ownership by PROSPERA during execution'.
20. In conclusion, given the project's critical weaknesses at design level that strongly affected its implementation, the PCRV rating for relevance is **moderately unsatisfactory (3)**, one point below the PCR rating (4).

Effectiveness

21. **Outreach.** As per its design, PROINPRO was to: (i) provide basic advice to 12,800 families; (ii) formulate 1,400 productive projects corresponding to 8,400 families; and (iii) approve 900 of them for around 5,400 families. Specialized technical assistance was to be provided to 5,400 beneficiary families, as well as 400 young people were to be trained in project management and leadership, and 3,400 PROSPERA public officials were to receive training on the implementation of the productive inclusion strategy. Due to the project's delays and administrative difficulties, in 2017 these goals were revised, as follows: basic advice would be provided to 8,533 families; 5,880 of them would formulate a productive project, of which 3,780 would receive financing; trained officials would amount to 2,267; and the new goal for the young people to be trained would be 280.
22. Overall, there has been a poor achievement of the project's specific development objectives, with few results mainly related to the strengthening of the beneficiaries' capacities.
23. **Objective (i):** support PROSPERA beneficiaries and their families to increase their production, access productive investments, and to enable them to link to markets. Due to the late start of project's execution, in 2016 the UACH selected and coordinated a team of 26 Productive and Financial Inclusion Promoters (PIPFs) that led the promotion, awareness raising, and training of the project's beneficiary groups, as well as participatory diagnostics and identification of their potentially entrepreneurial initiatives. As a main result, there were identified 1,059 groups with investment ideas, made up of 5,035 participants. In 2017, the approval of the registered productive projects was affected by a considerable decrease in the financial contribution by the governmental institutions.¹⁶ In light of this event, UACH team's activities were reoriented to provide specialized technical assistance to potentially interested groups, and the working team increased up to a total of 20 PIPFs and 44 Technical Assistance Providers. Thanks to detailed information on the needs of each group, a "tailored" training programme was designed for those groups that were not supported by any productive development programme. Of the 685 groups for which a project was formulated, only 350 were registered in the

¹⁴ See IFAD 2015, President's report for the Rural Productive Inclusion Project.

¹⁵ As also highlighted in the 2019 Country Strategy and Programme Evaluation for the United Mexican States.

¹⁶ As emphasized by the LAC division, the participation of productive development programmes achieved its best results in the first two years, while between 2016 and 2017, there was a drastic reduction in the level of contribution of productive development programmes. This reduction is not only explained by the budgetary restrictions that were conducted since 2017 at national level, but also due to the restructuring of the Productive Options programme, the main funder of the strategy in 2015-16.

assistance windows of the productive development programmes, because PROSPERA beneficiaries did not meet the conditions required by these programmes.^{17,18} However, out of the 350 projects, only 29 projects were supported with resources to start their implementation, which led to a discontent in the population involved.¹⁹ A number of 277 young people were trained in the three Mexican states covered by the PROINPRO.

24. **Objective (ii):** strengthen institutional capacities of PROSPERA and other actors for the successful implementation of the project as well as of the national strategy for productive inclusion. In order to strengthen the public servants' capacities, thanks to a platform developed by UACH and managed by PROSPERA's NC, 1,396 public servants from PROSPERA state delegations were trained in an online course covering the productive and financial inclusion strategy.²⁰ Ninety PROINPRO operators were trained to provide assistance with methods and materials adapted to the target population. Three meetings were also held at state level to strengthen the institutional capacities of the project's personnel appointed to the state delegations, as well as to exchange experiences and raise some reflections on the productive inclusion theme. A total of 128 persons participated in these events, with involvement of the productive inclusion teams of PROSPERA's state level delegations, the DGCV working team, the UACH technical team, public officials from the productive development programmes and PROSPERA's beneficiaries.
25. As part of the cross-cutting axis of financial inclusion, only half of the foreseen targeted people were trained on financial education whereas 62 per cent of the planned public servants of PROSPERA's NC were trained on financial inclusion. The PCR also reported that of a total of 2,590 PROINPRO beneficiaries, 1,374 of those located in the municipalities of Hidalgo and Zacatecas states were involved in the financial inclusion activities implemented by the Comprehensive Financial Inclusion Programme.²¹
26. **Early closing of PROINPRO.** In the several reports issued towards the end of 2017, it was recommended to extend PROINPRO's duration, as well as to continue promoting its strategy, to seek effective financing for those projects that had not been approved. In the 2017 MTR, there were detected favorable conditions for PROINPRO's continuation, stemming from the high-level good political support. To this aim, some efforts were carried out by PROSPERA's NC in the first months of 2018. However, following coordination meetings carried out in early 2018 between DGCV of PROSPERA's NC and the representatives of the productive development programmes, it became evident that channelling a greater amount of resources to productive projects submitted by PROSPERA families would not lead to any further change, which motivated PROINPRO's early closing. PROINPRO's early closing was also motivated as the execution of the federal programmes occurred within a framework of restrictions on the promotion and delivery of transfers and other subsidies to the recipient population. This affected the 14 national programmes focusing on productive inclusion, with which PROINPRO was seeking to link its target population in the different states.

¹⁷ The governmental institutions managing the productive development programmes had their rules of operation objectives, target population, opening and closing of windows, amounts, types of support, and executing entity, which PROSPERA families could not always meet (PROINPRO Supervision mission report, 2017).

¹⁸ These projects were directed mainly to three productive development programmes: 56 per cent of these projects concerned the Small Producers Support Programme, run by SAGARPA; 37 per cent the Programme for Promotion of the Social Economy, run by SEDESOL; and 7 per cent of the projects concerned the Employment Support Programme, run by the Secretariat of Labour and Social Welfare.

¹⁹ The productive development programmes that provided funding to the 29 production projects were SEDESOL, through the "Program for the Promotion of the Social Economy"; and SAGARPA, through the "Small Producer support program".

²⁰ This training lasted 15 hours and included general topics related to productive inclusion.

²¹ The Comprehensive Financial Inclusion Programme was managed by the National Coordination of PROSPERA together with the national savings and financial services bank.

27. **Factors that affected the effectiveness.** PROINPRO's implementation has been affected by relatively unfavorable context elements.
28. Out of the initially envisaged 14 productive development programmes, only seven were effectively accessible by the PROINPRO's target population, as the other productive development programmes targeted groups with different characteristics concerning their legal constitution or the length of the projects to be implemented.²² A second reason concerned the changes resulting from the budgetary adjustments of the Federal Government, which prevented the productive development programmes from financing the productive projects prepared and presented by the PROINPRO's beneficiary families. The government's agencies in charge of the productive development programmes had also to fulfill commitments and requests from their own beneficiaries, who demanded preferential attention in the budget allocation process to the detriment of a greater inclusion of PROSPERA beneficiary families.²³ As a result, the priority of attention of each productive development programme became more important than the initial binding agreements, and the opportunities to linking PROSPERA beneficiaries to these programmes were reduced.
29. PROINPRO has also been affected by the difficulty to make commitments, both at federal and state level, between PROSPERA and the secretariats responsible for the implementation of the productive development programmes.²⁴ As a result, it was not possible to form a public offering suitable to the needs of the PROINPRO's target group through an articulation between the PROSPERA and the Government's institutions, with detrimental consequences on PROINPRO's implementation.
30. The chain of administrative procedures of both IFAD and Government also contributed to hinder the project's implementation. IFAD's delay in the approval process of project's documents, such as the Annual Operational Plan and the Procurement and Contracting Plan, has affected the labeling of resources by the Government, as well as the late contracting of project's services and activities.²⁵
31. During its supervision missions, IFAD argued that one reason for the project's low performance was the absence of a specific Project Coordination Unit that should have been responsible for the full-time project's implementation. The absence of the Project Coordination Unit aggravated the challenge of inter-institutional coordination and other administrative bottlenecks. A number of PROSPERA's public officials were also dedicated part-time to the project's tasks. These two factors have had an effect on the project's administrative and financial spheres, resulting in the non-execution of the activities planned at design. The PCR noted that IFAD's frequent rotation of its country programme managers had repercussions on the project's administrative sphere, compromising the final results. However, on one hand, as argued by the LAC division, the change in the three country programme managers who were in charge of the project has made it difficult to sustain the high-level dialogue envisaged at design. On the other hand, IFAD's guidelines on the productive inclusion approach have remained constant over the project's cycle, and there have not been temporary vacuums in the country programme managers' transition processes. The LAC division has also highlighted that changes did occur in the PROINPRO's personnel too, although the PCR reported that personnel

²² These were: (i) Rural Productivity Program; (ii) Small Producers' Support Program; (iii) Program for the Improvement of Indigenous Production and Productivity; (iv) National Entrepreneurial Fund; (v) Social Economy Promotion Program; (vi) National Fund Program for the Promotion of Crafts; (vii) Conservation Program for Sustainable Development.

²³ As reported in the 2017 MTR, the budgets allocated to these programmes were not exclusive to the strategy of productive inclusion, partly because of the commitments of the entities in charge of the productive development programmes with the social organizations that demanded preferential attention in the budgetary allocations.

²⁴ See the draft version of the PROINPRO's PCR, with comments made by IFAD's LAC division.

²⁵ According to IFAD's LAC division, a reason for the delay in the POA's and the Procurement and Contracting Plan's approval process was related to the unsatisfactory quality of the documents sent by PROSPERA to IFAD on several occasions.

changes within the International Affairs Department of the Treasury did not affect the project's operation.

32. **In conclusion**, the project did not achieve its specific development objectives. It failed to ensure that PROSPERA beneficiaries had access to productive investments to increase their production and link to markets. Access to the offer of the productive development programmes did not occur, as only 29 projects were approved and were not given resources for their implementation. The only positive results concerned the promotion and the training activities that were conducted and exceeded the original project's goals. For all these reasons, the PCRV rating for effectiveness is **moderately unsatisfactory (3)**, in line with the PCR rating.

Efficiency

33. According to the economic analysis conducted at design level, the project would be a profitable investment, with an economic internal rate of return of 29.5 per cent and a net present value of US\$164.6 million. As indicated in the PCR, the project's rate of return, as understood in terms of the approved projects, has been low, which, *inter alia*, is explained by the lack of financial support from the productive development programmes. PROINPRO's efficiency has also been deemed to be low when considering that the disbursement rate of the IFAD loan stood at 22.7 per cent, whereas the IFAD grant was not disbursed.²⁶ PROINPRO ended up in early 2018 after having provided support to just 4.2 per cent of the target group.²⁷
34. As emphasized by the PCR, at project's start, the delayed signing of the financing agreements by IFAD and by the Government offset the project's operation for a period of six months. Project's efficiency has also been hampered by the difficulties in labeling resources, given the delays to issue and approve the Annual Operational Plan and the Procurement and Contracting Plan. These two documents were validated on different occasions, until they received a 'no objection' in late October 2017, causing a lag in the contracting of the project's services and activities. As mentioned in the MTR report, this was due to a prolonged response time of both parties, IFAD and PROINPRO, but also to the lack of attention to IFAD's comments from the project team. According to the PCR, these delays can be explained by the recent nature of the contractual relationship between IFAD and PROSPERA's NC and the mutual learning curve regarding the processes of each institution has to be taken into account. Finally, the personnel turnover of both IFAD and the Government also contributed to exacerbate the project's administrative challenges.
35. In conclusion, given the project's low disbursement rate as well as the administrative and operational difficulties that strongly affected its implementation, the PCRV rates efficiency as **moderately unsatisfactory (3)**, one point below the PCR rating (4).

Rural poverty impact

36. Given the project's poor implementation, this section reports on the very few results achieved by PROINPRO at impact level. The PCR preparation process benefitted from a survey conducted in March 2018 by PROSPERA on PROINPRO's participating households, with the aim to characterize the population participating in the productive projects registered in PROINPRO, as well as to identify its main results in the short term. Despite being a significant effort to track the project's results, this exercise has provided information that was methodologically debatable for some of the selected indicators and insufficiently differentiated to discern project's results according to the type of service provided. Moreover, the detected information did not have a clear point of comparison, since the baseline information was never established.

²⁶ Given the lack of data and poor information, the ratio of project management costs to total project costs has not been calculated.

²⁷ IFAD's Country Strategy and Programme Evaluation, 2019.

37. **Household incomes and assets.** There is no data to measure the results achieved in this impact domain, because the project's duration has not been sufficient to generate such types of changes.
38. **Food security and agricultural productivity.** Given the project's overall poor performance, there is no data to report on this impact domain.
39. **Human and social capital and empowerment.** PROINPRO's beneficiaries gave a favorable opinion on the technical assistance provided by the project for the productive, organizational and business-related issues. PROINPRO has allowed to widen beneficiaries' perspective in relation to their productive development, and the participation of people interested in developing their productive activity has been surprisingly high, if considering the low level of approved and registered projects. According to the PCR, beneficiaries' capacities have been increased so that they would have more tools to manage their productive projects, regardless of not having received financial support in 2017/2018.
40. **Institutions and policies.** PROINPRO has provided some inputs for the design of MIIP conducted by PROSPERA in 2017 and which started in 2018. As mentioned by the PCR, in the framework of PROINPRO in particular, and of the productive inclusion strategy in general, a series of documents and recommendations were generated that have been collected in different reports related to the political sphere; among them, the governing document of the MIIP and the public policy note for a strategy of productive inclusion coordinated by the World Bank and IFAD.
41. The project's overall impact is deemed to be low, although there have been some positive achievements in the human and social capital impact domain; some institutional work has also been conducted. The PCR rates PROINPRO's overall rural poverty impact as **moderately unsatisfactory (3)**, lower than the PCR rating (3.67).

Sustainability of benefits

42. PROINPRO's short duration and its early closure make it difficult to discern the sustainability of the (few) benefits that stemmed from its implementation. The groups that were supported with programmes' resources were in the implementation stage of their projects, and at the date of the PCR writing, it was not possible to speculate on the final results of these projects and their sustainability.
43. Some of the knowledge and skills acquired through PROINPRO might be used by the beneficiary population in the future, although there is no clear information. The PCR assumed that the support to the groups that participated in the PROINPRO until 2017 would be continued in the framework of the MIIP. However, it was noted that, in the context of government change, there were strong risks of discontinuation of the strategy of productive inclusion as an initiative led by PROSPERA.
44. The LAC division mentioned that IFAD's new operation, the Social Economy: Territory and Inclusion Project (PROECO), has been designed with an approach similar to that of PROINPRO, so the impact of PROINPRO and the lessons learned should not be easily dismissed as a failure.²⁸
45. Given the project's poor results, and considering that the Government's change could considerably affect the continuation of the productive inclusion strategy, the PCR rating on sustainability of benefits is **unsatisfactory (2)**, two points below the PCR rating (4).

²⁸ PROECO is executed by INAES, a decentralized entity of the Secretariat for Wellbeing (former Social Development Secretariat) that implements the national programme Sembrando Vida, holding the largest budgetary allocation to promote the productive and financial inclusion of the rural poor.

B. Other performance criteria

Innovation and scaling up

46. **Innovation.** PROINPRO has been designed as a pilot project to contribute to the Government's strategy for productive inclusion. It was part of a broader, innovative public policy, which entailed the design of an innovation to respond to PROSPERA's new mandate for productive inclusion, with the aim to link the population that received conditional social transfers with the other productive development programmes in order to overcome poverty. The assumption of the inter-institutional articulation was an ambitious bet lying at the heart of PROINPRO's theory of change; in practice, this could not be met.
47. Other innovations characterizing the project's design were: (i) the incorporation of activities and technical assistance for the management, setting up, operation and consolidation of production projects; (ii) the provision of training to young people, as a mechanism to strengthen community capacities for the management of new projects; and (iii) the cross-cutting axis of financial inclusion. In the latter case, the innovative factor was to seek synergy between productive inclusion and financial inclusion, in that this intention was absent from the other productive inclusion initiatives promoted by PROSPERA.
48. The PCRV rating for innovation is **moderately satisfactory (4)**, in line with the PCR rating.
49. **Scaling up.** PROINPRO's design was based on the ambitious assumption of setting up an inter-institutional articulation mechanism. If proven successful, the project could have been scaled up in accordance with government priorities. However, the way in which PROINPRO has operated this inter-institutional articulation does not allow to scale up this scheme at national level, as it would require deep changes in its design.
50. The PCRV rating for this criterion is **unsatisfactory (2)**, in line with the PCR rating.

Gender equality and women's empowerment

51. Although PROINPRO did not have a strong gender strategy, from its beginning it was designed to provide attention to PROSPERA's beneficiary families, whose heads of households were mostly women. During the first stage of project's implementation, when participatory diagnoses, dissemination and presentation activities were carried out, women reached 97 per cent of the participants. During the second stage, with the provision of technical assistance, 100 per cent of the groups formed were led and integrated by women, who required PROINPRO's support to get the tools needed to manage the production and commercialization of their ventures. The PCR noted that, despite the limitations due to its poor implementation achievements, PROINPRO did contribute intentionally to make women socially more visible, as they started to take decisions to develop their productive enterprises and their relatives gave them support to attend the training sessions and execute their projects. In conclusion, the PCRV rating for gender equality and women's empowerment is **moderately satisfactory (4)**, in line with the PCR rating.

Environment and natural resources management

52. Sustainable management of natural resources has not been considered an important feature of PROINPRO, although some specific actions were conducted in this regard. As part of the activities to identify the productive potentials of the localities to attend, there were identified natural resources (particularly water bodies) that would have allowed the development of productive projects, especially the agricultural ones. The PCRV rating for this criterion is **moderately unsatisfactory (3)**, in line with the PCR rating.

Adaptation to climate change

53. Given the project's poor performance, the PCRV does not provide any rating for this criterion and assess it as **not applicable (N.A.)**, in line with the PCR rating.

C. Overall project achievement

54. PROINPRO's development objectives were relevant and its targeting strategy, with the due refinements, was properly focused; the project's intervention instruments have been also considered pertinent to the context and objectives set. However, the hypothesis to set up an inter-institutional articulation mechanism was a critical design flaw that, together with several administrative bottlenecks, has led to a systematic reduction of the project's population served and the productive projects implemented. On the positive side, some fairly good results were achieved in the promotion, organization and strengthening of PROINPRO direct beneficiaries' capacities. However, the progress in promoting the articulation between the productive development and the socio development tools did not occur.
55. The PCRV rates overall programme achievement as **moderately unsatisfactory (3)**, almost one point below the PCR rating (3.88).

D. Performance of partners

56. **IFAD.** PROSPERA believes that IFAD has been a strategic partner due to its experiences in promoting rural development. IFAD's contribution has been recognized through supervisory missions, a support mission and a MTR, from which necessary recommendations were provided to expedite and improve project implementation, as well as to highlight limitations and risks and provide suggestions and technical indications for the application of appropriate measures and implementation mechanisms.
57. However, IFAD shares with the Government the responsibility for the project's critical weaknesses at design, as well as for the administrative bottlenecks faced by at implementation level.
58. The PCRV rating for the performance of IFAD is **moderately satisfactory (4)**, in line with the PCR rating.
59. **Government.** The PCR has pointed out that the performance of the government agencies has been satisfactory, given that the contractual obligations were fulfilled and the audits were carried out in a timely manner and with the expected quality. It was argued that the problems encountered were related to the project's design, and in particular, to the hypothesis of relying on third party budgets, aiming to receive Government's contributions via the productive development programmes.
60. The 2017 MTR also noted that there has been a lack of internal coordination between the technical management, monitoring and evaluation and the administrative area, with consequences on the overall project's management. The LAC division has also pointed out that the changes in the personnel of the Government's units involved in the project have also played a role for its unsatisfactory performance.
61. **STEIA.** As highlighted by the LAC division, STEIA has been inefficient with regards to the mechanism for articulating the productive development programmes with PROSPERA beneficiaries, due to the lack of commitments to force its participants to implement concrete actions in order to activate the inter-institutional articulation mechanism. In the absence of binding schemes, the established arrangements were subject to the goodwill and personal nature of the relationship between PROSPERA operators and the productive development programmes. This led to the random participation of these programmes, and to their total absence from the year 2017.

62. **UACH.** The performance of the UACH is considered satisfactory. The hiring of the PIPF and technical assistance providers has responded to the context of each region. The collaboration between the UACH's technical team and the staff of the delegations allowed to expedite the project's activities, facilitating the approach with the beneficiary families. The only exception has been the case of Hidalgo, where this collaboration did not occur.
63. Given the Government's overall low performance and the fact that a project coordination unit has not been established, the PCRV rating for the Government performance is **moderately unsatisfactory (3)**, two points below the PCR rating (5).

IV. Assessment of PCR quality

64. **Scope.** The PCR covered all sections as per the PCR guidelines and almost all the requested annexes were included. The PCRV rating for PCR scope is **moderately satisfactory (4)**.
65. **Quality.** A fairly good analysis has been conducted to investigate both on the project's main achievements and on its unsuccessful results, making an effort to highlight the reasons for its poor performance. However, the overall quality of the PCR reflects PROINPRO's short duration and poor implementation in its lack of data and information availability.
66. The PCRV rates this criterion as **moderately satisfactory (4)**.
67. **Lessons.** The PCR has made an effort to draw on lessons learned from project design and implementation, in order to emphasize the project's most critical issues. However, as pointed out by the LAC division, the PCR did not fully compile the main reasons that supported the cancellation of the project and the lessons learnt from this process.
68. The PCRV rates lessons as **moderately satisfactory (4)**.
69. **Candour.** The PCR narrative seeks to be objective, although in a number of cases the evaluation criteria have been rated too generously compared to the project's final achievements. This PCRV notes that the PCR missed the opportunity to integrate the perspective and comments of IFAD's LAC division, through which a more complete picture of the project's whole story could have been provided. The PCRV rating for candour is **moderately satisfactory (4)**.

V. Lessons learned

70. Useful and relevant lessons drawn from the PCR include the following:
71. The new institutional arrangements promoted in the context of the productive inclusion strategy should have allowed PROSPERA's beneficiaries get greater access to public productive development actions and programmes. However, while it is feasible to promote and formulate productive projects that contribute to increase incomes of PROSPERA's beneficiary families, their funding is compromised by the programmatic, operational and political logic characterizing the productive development programmes that are part of the current public offer of the Federal Public Administration.
72. The strategy of productive inclusion requires resources, capabilities, goods and services very different from those available to PROSPERA's NC for the operation of the conditional transfer programmes. It is suggested to simplify the repetitive planning formats, as well as the administrative management processes (documents' validation) to facilitate its implementation.
73. PROINPRO has shown that, beyond the financing of local projects, the accompaniment and technical assistance needs of the target population are important, because, despite the poor response of the productive development

programmes, 350 groups requested and got organized to receive specialized assistance in the framework of their projects.

74. Additional lessons from the PCRV:
75. As highlighted by the LAC division, the coordination between government agencies in Mexico is a complex issue that has not been included as a lesson learned in the PCR. It is suggested that for future interventions, project's operating institutions should be provided with a set of key instruments to address the identified problem and with adequate financial resources to ensure the implementation of the productive inclusion policy.
76. The gap between the operative reality of the productive development programmes and the changes that PROSPERA wanted to push forward through the inter-institutional arrangements, shows how much it is difficult to implement the productive inclusion strategy by an executing agency that does not have the tools and the budgetary resources needed to execute this strategy.
77. In the future, IFAD authorities will have to work with authorities to identify contractual arrangements for Project Coordination Unit staff, which comply with both the national legislation and the requirements for a sound project implementation.
78. The structure of IFAD projects is not flexible enough to adapt to the frequent political and institutional changes that have occurred in Mexico.

Definition and rating of the evaluation criteria used by IOE

Criteria	Definition *	Mandatory	To be rated
Rural poverty impact	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.	X	Yes
	<i>Four impact domains</i>		
	<ul style="list-style-type: none"> Household income and net assets: Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time. 		No
	<ul style="list-style-type: none"> Human and social capital and empowerment: Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process. 		No
	<ul style="list-style-type: none"> Food security and agricultural productivity: Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition. 		No
	<ul style="list-style-type: none"> Institutions and policies: The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor. 		No
Project performance	Project performance is an average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits.	X	Yes
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted.	X	Yes
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.	X	Yes
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.	X	Yes
Sustainability of benefits	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.	X	Yes
Other performance criteria			
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of 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.	X	Yes
Innovation	The extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction.	X	Yes
Scaling up	The extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.	X	Yes
Environment and natural resources management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity - with the goods and services they provide.	X	Yes
Adaptation to climate change	The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures	X	Yes

<i>Criteria</i>	<i>Definition</i> *	<i>Mandatory</i>	<i>To be rated</i>
Overall project achievement	This provides an overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation and scaling up, as well as environment and natural resources management, and adaptation to climate change.	X	Yes
Performance of partners			
• IFAD	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.	X	Yes
• Government		X	Yes

* These definitions build on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOE's evaluation criteria and key questions.

Rating comparison^a

<i>Criteria</i>	IOE Project Completion Report Validation (PCRVR) rating	Government's ratings ²⁹	Net rating disconnect (PCRVR-Government's ratings)	<i>Latin America and the Caribbean division (LAC)'s ratings</i>	<i>Net rating disconnect (IOE PCRVR-LAC's ratings)</i>
Rural poverty impact	3	3.67	-0.67	3	0
Project performance					
Relevance	3	4	-1	3	0
Effectiveness	3	3	0	3	0
Efficiency	3	4	-1	3	0
Sustainability of benefits	2	4	-2	3	-1
Project performance^b	2.75	3.75	-1	3	-0.25
Other performance criteria					
Gender equality and women's empowerment	4	4	0	4	0
Innovation	4	4	0	4	0
Scaling up	2	2	0	2	0
Environment and natural resources management	3	3	0	3	0
Adaptation to climate change	N/A	N/A	0	N/A	0
Overall project achievement^c	3	3.88	-0.88	3	0
Performance of partners^d					
IFAD	4	4	0	4	0
Government	3	5	-2	3	0
Average net disconnect			-6.67/12 = -0.55		-1/12 = -0.083

^a 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.

^b Arithmetic average of ratings for relevance, effectiveness, efficiency and sustainability of benefits.

^c This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, sustainability of benefits, rural poverty impact, gender, innovation and scaling up, environment and natural resources management, and adaptation to climate change.

^d The rating for partners' performance is not a component of the overall project achievement rating.

Ratings of the project completion report quality

	<i>PMD rating</i>	<i>IOE PCRVR rating</i>	<i>Net disconnect</i>
Candour		4	
Lessons		4	
Quality (methods, data, participatory process)		4	
Scope		4	
Overall rating of the project completion report		4	

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.

²⁹ The Government's ratings are the official ones against which the IOE PCRVR's ratings have been compared.

Delivery of outputs

Indicators		2016		2017		Accumulated	% Achieved
Unit	Project's goal	Annual goal	Result	Annual goal	Result		
1. People who receive basic project services							
Number of people	8533	5200	14 536	3 333	5 961	20 497	240%
1.a Households who receive basic project services							
Number of Households	8533	5200	14 536	3 333	5 961	20 497	240%
1.b Estimated members of households that benefit from the project							
Number of family members	33 279	20 280	56 690	12 999	23 248	79 938	240%
2. Clusters receiving project's services							
Number of groups	1 422	0	1 075	0	539	1614	114%
3. Increase in productive assets of supported groups							
Percentage	80	N/A					
4. Comprehensive operational model of productive inclusion for PROSPERA's families, developed on the basis of the learning of PROINPRO and other experiences of productive inclusion nationwide ³⁰							
Operating model	1	0	0	1	1	1	100%
5. Increase in the average income of the beneficiaries who have an investment project							
Percentage	18	N/A					
6. Approved productive projects that continue operating after one year							
Percentage	75	N/A					
7. People receiving technical or financial assistance from the project							
Number of people	8533	5200	14 536	3 333	5 961	20 497	240%
8. Groups receiving technical or financial assistance from the project, and applying the gained new skills							
Number of groups	1 422	0	1 075	0	539	1 614	114%
9. Projects implemented that consider that the quality and frequency of assistance received from service providers and promoters is satisfactory							
Percentage	75	0	0	0	85.7	85.7	114%
10. Groups with strengthened capacities in business and organizational management							
Number of groups	1 422	0	1 075	0	539	1614	114%
11. People trained in income generating activities and business management							
Number of people	8 533	5 200	14 536	3 333	5961	20 497	240%
12. Young people who are trained in project management and leadership							
Number of young people	280	0	0	171	277	277	99%
13. People in rural areas trained in financial education and/or use of financial products and services							
Number of people	5 880	0	0	3 587	2 832	2 832	48%
14. People who formulate and present productive projects							
Number of people	5 880	0	0	3 587	2 832	2 832	48%
15. People who receive financing to implement productive projects with technical and business training							
Number of people	3 780	0	0	2 306	115	115	3%
16. PROSPERA National coordinator public servers trained on productive and financial inclusion issues							
Number of people	2267	755	945	756	451	1 396	62%
17. People who provide services and meet the requirements for the attention of the population benefiting from PROINPRO							
Number of people	74	26	26	64	64	90	122%

Source: PCR.

³⁰ This indicator corresponds to the design activity of a model of productive inclusion, including conceptual, methodological and operational aspects.

Abbreviations and Acronyms

DGCV	Directorate General for Coordination and Linking
IOE	Independent Office of Evaluation
LAC	Latin America and the Caribbean Division
MIIP	Integral Model of Productive Inclusion
MTR	Mid-term review
NC	National Coordination Office
PCR	Project completion report
PCRV	Project completion report validation
PIPF	Promoter of productive and financial inclusion
PROINPRO	Rural Productive Inclusion Project
PROSPERA	Programme of Social Inclusion
SAGARPA	In Spanish: Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación
SEDESOL	Secretariat of Social Development
STEIA	Technical Subcommittee on Employment, Income and Savings
UACH	Autonomous University of Chapingo

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