

Project Completion Report Validation

Rural Business Development Project (RBDP)

Bosnia and Herzegovina

Date of validation by IOE: June 2020

I. Basic project data

			Approval (US\$ m)		Actual (US\$ m)	
Region	Near East and North Africa	Total project costs	30.2		23.6	
Country	Bosnia and Herzegovina	IFAD loan and percentage of total	12.6	42%	9.5	40%
Loan number	I-859-BA	IFAD Grant and percentage of total	0.8	3%	0.6	3%
Grant number	I-C-1337-BA					
IFAD project ID	1100001593	Domestic Financing Institutions	1.8	6%	1.4	6%
Type of project	Storage, Processing and Marketing	National Government	6.8	23%	1.7	7%
Financing type	Loan Grant	Beneficiaries	2.7	9%	6.6	28%
Lending terms	Hardened Terms*	OFID	5.3	18%	3.8	16%
Date of approval	13/12/2011					
Date of loan signature	December 2013					
Date of effectiveness	26/03/2014	Number of beneficiaries	20 000 HHs direct and indirect (70 787 beneficiaries)		72 379 HHs direct and indirect (256 174 beneficiaries)**	
Loan amendments	21/2/2018					
Loan closure extensions	None					
Country programme managers	Abdelaziz Merzouk Mikael Kauttu	Loan closing date			30/09/2019	
Regional director(s)	Khalida Bouzar	Mid-term review			15/10/2017	
Project completion report reviewer	Valentina Di Marco	IFAD disbursement: at project completion: Loan (%)*** Grant (%)***			75% 75%	
Project completion report quality control panel	Eoghan Molloy; Fabrizio Felloni	Date of the project completion report			18/11/2019	

Source: Operational Results Management System (ORMS), Project Completion Report (PCR).

* Loans on hardened terms, bearing a service charge of three fourths of one per cent (0.75%) per annum and having a maturity period of 20 years, including a grace period of 10 years. ** There is an inconsistency between Page 2 in the PCR, which reports the equivalence of 72,379 households (HHs) to 256,174 beneficiaries and Appendix 4 on the Internal Rate of Return (IRR) analysis, where the same amount of HHs is equal to 244,268 beneficiaries. ***Source: PCR. Figures from ORMS as of May 2020 report: IFAD 99 per cent, Grant 100 per cent.

II. Project outline

Country & Project Name	Rural Business Development Project (RBDP), Bosnia and Herzegovina
Project duration	Total project duration: Five years; Date of effectiveness: 26/3/2014; Available for disbursement: 19/2/2016; Completion date: 31/3/2019.
Project goal, objectives and components	The overall project goal was to enable poor rural people to improve their food security, raise their incomes and strengthen their resilience by building profitable farm and non-farm enterprises in Bosnia-Herzegovina. The development objective of the project was to help subsistence farmers make the transition to commercial farming and support development of the non-farm enterprise sector for rural employment generation. The project had four main components: (i) rural business support; (ii) rural business investments; (iii) rural market infrastructure; and (iv) project management. The rural business support component had three sub-components: (i) farm enterprise development; (ii) business development services; and (iii) non-farm employment generation.
Project area and target group	Bosnia and Herzegovina have a complex governance structure, established in accordance with the Dayton Peace Agreement of 1995. It consists of a State-level Government and two Entities: Federation of Bosnia and Herzegovina ("FBiH") and the Republika Srpska ("RS"), plus the self-governing Brcko District. The project placed its geographic focus on underdeveloped municipalities (27 in FBiH and 20 in RS) and concentrated the attention in areas with the majority of poor and underserved people. Selection of beneficiaries (households) was conducted at design according to the poverty categories of very poor (58 per cent), poor (23 per cent) and border line poor (19 per cent), in line with monthly incomes.
Project implementation	The complex government structure in Bosnia and Herzegovina was the reason for RBDP to have the two separate management units established at entity level (each one headed by a Director): (i) the Project Coordination Unit (PCU) in FBiH; and (ii) the Agricultural Projects Coordination Unit (APCU) in RS. In each Entity, the lead agency (the Ministry of Agriculture) established a high-level inter-ministerial Project Steering Committee (PSC), tasked to define the general policy framework, ensure implementation in accordance with sound financial and administrative procedures, and provided overall policy decisions and guidance at the entity level. Each PSC was chaired by the Entity Minister of Agriculture or his representative, while the PCU/APCU Directors serve as PSC secretaries. In addition, both the PCU and the APCU entered into service agreements at the local level to support implementation of project activities: the PCU with the Sarajevo Economic Region Development Agency in FBiH and the APCU with the Agency for Extensions Officer Services in RS.
Changes during implementation	The commencement of project implementation in both RS and FBiH was significantly delayed due to late signature of the Project Agreements with the two entities. As a result, actual implementation only started in 2016, giving the project a total lifespan of only 3.5 years for implementation. A project Mid-Term Review (MTR) took place in 2017 where a number of key recommendations were identified with the aim of accelerating implementation and streamlining resources with the ongoing IFAD Rural Competitiveness Development Project (RCDP, approved in 2017). Reallocation of funds and amendment to the financial agreement occurred in 2018. These changes included: (i) streamlining the co-financing of starter packages in FBiH with the reallocation of US\$1.2 million from component 1 (Rural Business Support) to component 2 (Rural Business Investments); (ii) reallocation of US\$1 million from component 2 to component 1 in RS, to support producer organizations and production packages under the Enterprise Support Fund; (iii) reallocation of US\$3 million from component 2 to component 3 (Rural Market Infrastructure) to facilitate construction of market-based rural infrastructure. As a result, the RS entity did not spend any planned budget under component 1.3 and component 2. Following the MTR recommendation to reallocate funds from Component 2 to Component 1 and Component 3 more funds were made available in RS for implementation of rural business support activities and rural infrastructure activities.
Financing	Total budget at appraisal was US\$30.2 million (for both FBiH and RS). The IFAD financing consisted of two parts: Part A, implemented in FBiH (to be co-financed by the OPEC Fund for International Development [OFID]) for the amount of US\$13.4 million and Part B, implemented in RS, financed by an IFAD loan agreement for the amount of US\$5.4 million. The expected contributions from the FBiH and RS entity Governments amounted to US\$6.8 million. Other co-financers included beneficiary contributions (municipalities and project beneficiaries) for a total amount of US\$2.7 million and participating financial institutions, which totaled US\$1.8 million. After MTR, two main revisions occurred with regard to financing: 1) a reduction of the original design budget from US\$30.2 million to US\$18.8 million caused by the two-year delay in implementation (the project started in 2016 and not in 2014 as planned); and 2) a reallocation of funds at MTR for a total of US\$2.2 million from component 2 to component 1 and US\$1.3 million from component 2 to component 3.

Table 1
Project costs (US\$ millions)*

Funding source	Appraisal (US\$)	% of appraisal costs	Actual (US\$ After MTR)	% of actual costs	% disbursed
IFAD (loan)	12.6	42%	9.5	40%	75%
IFAD (grant)	0.8	3%	0.6	3%	75%
Government	6.8	23%	1.7	7%	25%
Domestic Financial Institutions	1.8	6%	1.4	6%	78%
Beneficiaries	2.7	9%	6.6	28%	244%
OFID **	5.3	18%	3.8	16%	72%
Total	30.2	100%	23.6	100%	79%

Source: Appendix 3 Table 2. Project Design Report vs. PCR Total Project Costs and Funding Sources.

*PCR includes actual costs in EUR; amounts in table converted based on PCR official exchange rate: PCR: EUR 1 =1.96 BAM; US\$1=1.74 BAM. The original project design reflected total project costs of EUR 26.6 million, reduced to actualize EUR 20.9 million during project implementation. EUR 4.1 million from FBiH beneficiary contribution is not recorded through financial software but tracked throughout the project lifecycle (PCR Appendix 3). ** APCU/PCU, June 2019: OFID loan remaining balance is estimated at EUR 0.8 million to be actualized until September 2019.

Table 2
Component costs (US\$ millions)

Funding source	Appraisal (US\$)	% of appraisal costs	Actual (US\$ After MTR)	% of actual costs	% disbursed
Rural Business Support	3.3	11%	3.2	17%	97%
Rural Business Investments	9.2	30%	4.0	21%	43%
Rural Market Infrastructure	14.4	48%	10.1	53%	70%
Project management	3.3	11%	1.8	9%	55%
Total	30.2	100%	19.1*	100%	63%

Source: PCR Appendix 3 Table 3 (amounts in table converted based on PCR official exchange rate: PCR: 1 Euro=1.96 BAM; US\$1 =1.74 BAM). *Total excluding FBiH beneficiary's contribution in the amount EUR 4.1 million (approx. US\$4.5 million)

III. Review of findings

PCR finding	Rating
A. Core Criteria	
Relevance	
<p>1. From 2001 onward, in Bosnia and Herzegovina IFAD shifted from projects concentrated on emergency aid in the immediate post-conflict setting to a longer-term development focus, embodied in the design of the second and third generation IFAD projects, namely in the Rural Enterprise Enhancement Project (2012) and the Rural Livelihood Development Project (RLDP) (2016). These projects adopted more specific pro-poor targeting approaches, which RBDP embraced to capitalize on past achievements by mainly targeting the development of smallholder farmers and rural entrepreneurs. The RBDP was designed in line with the IFAD Country Strategic Opportunities Programme (2007-2012), strengthening of farmer's organizations, increased production and productivity, access to finance as well as provision of rural marketing infrastructure. Additionally, RBDP project activities were in line with the current IFAD Country Strategic Opportunities Programme (2013-2021), which suggested a programmatic market driven approach to move from geographically focusing on the poorest municipalities to a more nationwide cluster approach, with an emphasis on stimulating business development services to improve competitiveness.</p> <p>2. The targeting of farmers in RBDP was relevant and followed a categorization of the poor farmers based on the household monthly income per person and the</p>	4

PCR finding	Rating
<p>size of the land plot in possession/number of livestock. The primary target groups of RBDP were: (i) smallholder farmers, both men and women interested in commercial agriculture; (ii) producers' associations and agriculture cooperatives with an outreach to smallholder farmers; and (iii) women and youth interested in non-farm enterprise employment or self-employment. The RBDP capitalised on the targeting strategies on poverty, youth and gender from other IFAD projects in the region, especially with regard to the social inclusion of the marginalised groups and women.</p> <ol style="list-style-type: none"> 3. The project had a delay in implementation, caused by the late signature of the project agreements with the two political entities. This PCRV considers the project design to be ambitious in terms of the high number of components and sub-components, which did not seem realistic about the actual capabilities of the two different implementation units. These issues were solved at MTR, which contributed to expedite project implementation. 4. The changes introduced at MTR enabled the PCU (in FBiH)-ACPU (in RS) to gain momentum and support main improvements related to staffing (introducing an assistant coordinator in the PCU in FBiH to reinforce synergy amongst project components), funding for farmers' organizations (increasing the thresholds for investment of grants to farmer's organizations with IFAD financing up to 70 per cent of the costs and streamline the co-financing of starter packages with the ongoing RCDP) and reallocating funds (to support rural business services and rural infrastructure activities in RS). The MTR also highlighted that PCU in FBiH had piloted financing modalities for component 1 by learning from other previous IFAD projects, such as RLDP. The ACPU in RS could not benefit from this previous knowledge and experience, which led to a late start in the starter package mechanism. 5. The project was designed in line with the new political and economic challenges of the country. Inevitably, having two separate implementation units with different capabilities hampered the pace of implementation. However, the recommendations at MTR were received with positive support and helped expedite the project implementation. Because of a relevant targeting strategy and the capability of adjusting the design despite the initial late start, this PCRV agrees with the PCR's self-assessment for relevance, which is moderately satisfactory (4). 	
Effectiveness	
<ol style="list-style-type: none"> 6. Project outreach. The PCR reports that against an appraisal target of 20,000 direct households, a total of 72,379 households was reached (361 per cent of initial target), equivalent to 256,174 beneficiaries.¹ The PCR indicated that 266 new jobs were created (44 per cent of the target of 600), of which 175 for women, 198 for young people. 7. The PCR assessed effectiveness for each political entity (FBiH and RS) in separate sections. There are some inconsistencies between the figures reported in the PCR and those in both logframes for RS and FBiH. The consolidated progress towards project outcomes is reported in Appendix 1 of the PCR, hence this PCRV assesses effectiveness of RBDP based on these outputs. 8. <u>Outcome n.1: Increase in productivity and enterprise through strengthened business and advisory services.</u> The results under this outcome were mixed, with two different levels of outputs. Under <u>output 1.1 (Strengthened Producer Associations and Agriculture Cooperative)</u>, the focus was to strengthen smallholder farmers' capacity building through training and the establishment of an Enterprise Development Fund to provide financial assistance to farmers' organizations for small infrastructure, equipment, improved inputs and herd improvements. The expected output was achieved through strengthening producer associations and Agriculture Cooperatives. The project initially targeted 60 Producers Associations/Agricultural Cooperatives, but it succeeded in reaching 	4

¹ The same number of HHs (72379) is reported with difference number of beneficiaries in the PCR (Page 2 vs Appendix 4). In addition, the target is indicated as "direct" HHs, while the outreach does not make any distinction between direct and indirect.

PCR finding	Rating
<p>more than double of what was planned. Both implementation units adopted the mechanisms of the starter packages, to provide timely finance to small farmers. The outreach, however, was lower in RS compared to FBiH, due to fewer active farmer organizations in RS with low capacities to develop sound business plans in the project area. Additionally, the PCU in FBiH was already familiar with the mechanism of starter packages from other IFAD projects. Under <u>output 1.2.(Farmers and enterprises with upgraded technical and business skills)</u>, business training was less successful than technical training provided to farmers and producers' associations. In particular, training in income-generating activities or business management (8.8 per cent of the target, mostly because of the lack of implementation of output 2 in RS) and training in livestock (27.1 per cent of target) performed below target, while more people were reached with training on facilitated advisory services (68 per cent of target), training in crops (121 per cent) and vocational training (120 per cent of target).</p> <p>9. <u>Outcome 2: increased access to sustainable financial services.</u> This outcome included only <u>output 2.1. (enterprises and farmers in the target group provided with financial services)</u>. The project disbursed 630 credits (31 per cent of target) only in FBiH for smallholder farmers of small and medium enterprises from the partnering financial institutions, of which 141 were provided to women (18 per cent of the target). In RS, after several unsuccessful attempts to realize the credit line with the mediation of the Ministry of Finance, commercial banks and microcredit organizations, the MTR recommended to reallocate the funds intended for the credit line under Component 2 to Component 1 and Component 3.</p> <p>10. <u>Outcome 3: improved access to markets and business opportunities.</u> The co-financing of this component in RS, after the cancellation of the contribution from OFID, was met through a domestic co-financing from RS Government budget (US\$3.4 million). According to the PCR, the RS impact survey (not included in the PCR) confirmed the positive effect of rehabilitated roads on smallholder farmers (increase of asphalt roads from 63.8 per cent before the project to 84 per cent after the project) and a better access to public sewage systems (8.3 per cent before project vs. 21.4 per cent after the project). In FBiH, due to the late signature of the OFID loan agreement, the implementation of this activity lagged behind in the beginning but picked up after MTR. Since 2017, OFID got involved in direct approval and management of the activities under their financing to be finalized by 30 September 2020, as the OFID loan agreement runs until 2020.</p> <p>11. In sum, despite the late start of the project and the uneven capabilities of the two different project units, RDBP managed to achieve most of its physical targets. The effects of the delay in implementation mainly resulted in the cancellation of the rural business investment component in RS, where the government and beneficiary guaranteed support to infrastructure interventions, in lieu of the OFID loan. The PCU in FBiH was particularly able to take advantage of the learnings from previous IFAD projects in the country and had an overall larger outreach in all components. On balance, this PCR rates effectiveness <i>moderately satisfactory (4)</i>, same as the PCR.</p>	
Efficiency	
<p>12. Upon RBDP project completion, 99.7 per cent of IFAD's loan and 99.9 per cent of IFAD's grant were utilised (PCR, page 1, data referred to September 2019). Funding from government (FBiH and RS) was utilised at 36 per cent (Source: ORMS). Contribution from beneficiaries was much higher than the amount envisaged at appraisal, because of OFID withdrawal from RS being compensated by beneficiaries, whose disbursement ratio at completion was 140 per cent (source: ORMS). The partnering financial institutions disbursement rate at completion was equal to 119 per cent (source: ORMS). According to the PCR, full implementation of Component 3 in FBiH is expected to be finalised by 30 September 2020, as the OFID loan agreement runs until the end of 2020.</p> <p>13. RBDP's time from approval to entry into force was particularly long (27 months), due to the delays in the signatures of the agreements with the two separate political entities. The effectiveness lag was higher than the average for IFAD's</p>	4

PCR finding	Rating
<p>project in Bosnia (14.9 months) and the Near East and North Africa (NEN) Region (12.1 months). Time from entry into force to first disbursement of funds was 1.8 years. The main effects of this delay were the cancellation of the rural business investment component in RS, with the consequent need for fund reallocations at MTR.</p> <p>14. With regard to Component 4 on project management and coordination, this PCR highlights how the two implementation units (PCU in FBiH and APCU in RS) did not have the same capabilities, with the former having more experience in other IFAD projects and the latter sharing the same implementation unit with another IFAD project at the time (RCDP). To some extent, this has led to staff turnover from the RBDP to RCDP, leaving RBDP with less staff allocated to implement project activities and resulting in delays.</p> <p>15. The PCR does not outline particular challenges in procurement for both project units (A/PCU). Project management accounted for 9 per cent of the total project costs, against the 3 per cent planned at design.</p> <p>16. The original end target was 20,000 households from 47 targeted municipalities. The project outreached 72,379 households equivalent to 256,174 beneficiaries (direct and indirect) from 47 targeted municipalities. With an initially estimated 20,000 households in the target group, the cost per households planned was about EUR 1,328. At project completion, it was equal to EUR 232 due to the reallocation of costs across components, with beneficiaries mostly gaining from the adoption of starter packages and diversified agricultural practices. As a result, the internal rate of return (IRR), estimated at 37 per cent at appraisal, was reported at 19.7 per cent at project completion, lower than the appraisal.</p> <p>17. It is clear from the PCR's assessment that, despite the late implementation and the asymmetries in capabilities of the different implementation units, the project had reached most of its physical targets and managed to follow MTR recommendations properly so that funds were disbursed and most activities implemented in a shorter timeframe than planned and a lower cost per beneficiaries. However, the project was affected by delays in start-up and reported a lower IRR at completion than that which was estimated at appraisal. Considering these findings, the PCR rates this criterion as <i>moderately satisfactory (4)</i>, in agreement with the PCR rating.</p>	
Rural poverty impact	
<p>18. The project's impact on rural poverty is assessed against the following four impact domains: (i) household incomes and assets; (ii) human and social capital and empowerment; (iii) food security and agricultural productivity; and (iv) institutions and policies. The PCR outlined how it was not possible to comprehensively confirm or triangulate part of the field impact data collected with reliable data from project baseline and impact studies from neither Entities, due to the insufficient quality of the baseline report in both FBiH and the late sharing of the impact survey from RS.² The conclusions on impact findings are presented with the caveat that the PCR could not verify or validate the methodology and sampling approach of the impact studies.</p> <p>19. According to the PCR logical framework, RBDP reached overall 114 per cent of target in terms of increase in average household incomes. However, only 40 per cent of the targeted household reported increase in income coming from agricultural activities. These results cannot be exclusively attributed to the RBDP and should be interpreted within the country context and macro-economic changes, which also may have affected rural household incomes.</p> <p>20. The data by single entity is more accurate for RS, whose logical framework mentions that about 85 per cent of beneficiaries reported an increase in agricultural incomes as a result of the project (target at appraisal 75 per cent). However, as stated in the PCR, neither the claim that the outcome targets of 50 per cent increase in non-farm incomes nor the expected 5-10 per cent increase</p>	4

² The lack of impact assessment is indicated also in the Quality Assessment of PCR Reports in NEN Region (September 2019) as a reason for questioning the 100 per cent reliability of the PCR data.

PCR finding	Rating
<p>in the share of women and unemployed youth in wage employment could be verified.</p> <p>21. The FBiH log frame does not provide evidence on income increase. Nevertheless, the PCR suggests that agricultural incomes increased based on estimates that gherkin production had increased from 1.5 tons to 4-5 tons per dunum (0.1 hectares), amounting to a turnover of about 4,000-5,000 BAM additional per season per household. The impact survey for FBiH also suggested a decrease in the number of unemployed household members from 37 per cent to 25 per cent. It is plausible that the project created opportunities for poor households to participate in producer associations and agricultural cooperatives through an inclusive value chain model, because of its empowerment of communities to plan their farming business and sustainably engage in profitable farming.</p> <p>22. The Project log frame reports that 9 per cent of households have upgraded their assets. The PCR referred to the RS impact survey, mentioning that an increased number of households built their houses with bricks, as compared to before project start. However, the A/PCUs were able to provide sound statistical data on improvement of household assets.</p> <p>23. In terms of human and social capital empowerment, the FBiH impact survey reported: 40 per cent of the beneficiaries after project completion produce their annual agricultural production for a known buyer (against 24 per cent for non-beneficiary households). The PCR indicated that the RS impact survey reported an increase in water supply, through the installation of water faucets at farm level (inside house and outside). The survey also claimed that more households (21 per cent) are accessing public sewage systems today as compared to before the project (8 per cent).</p> <p>24. In terms of agricultural productivity, the project showed that diversifying farming production seems to be lucrative. The mono-production of raspberries, despite being the most profitable, is vulnerable to price fluctuations. Diversified agricultural activities (mixed farming systems/two cash crops) showed more benefits, especially when supported by access to productive equipment and irrigation mechanisms. The most profitable intercropping system (based on the economic and financial analysis) was cherries and strawberries and strawberries and paprika. Pro-poor attention of RBDP in particular favoured the production of commodities suitable for poor and very poor households (i.e. gherkins production).</p> <p>25. No data or evidence on nutrition are mentioned in the PCR. The only reference is related to the farmers interviewed claiming that they eat three meals per day (standard for Bosnia and Herzegovina) and that they have started growing organic production and consume products they produce at household level (which has also decreased household expenditure on food).</p> <p>26. With regard to institutions and policies, RBDP contributed to draw government attention on the approach to value chain development through producer associations and agricultural cooperatives linked to the private sector, which was extended to the subsequent RCDP project in the country. Furthermore, functioning institutional arrangements were established to support project management units in both entities at cantonal and municipal level.</p> <p>27. The PCR makes many references to impact surveys, despite not including any detailed quantitative evidence on the project impact on rural poverty and its sub-domains. Nonetheless, qualitative impacts are reasonably well documented in Appendix 4 of the PCR. This PCRV rates rural poverty impact as <i>moderately satisfactory</i> (4), in line with the PCR.</p>	
Sustainability of benefits	
<p>28. The high contribution from beneficiaries (EUR 5.9 million against planned EUR 2.4 million) in RBDP could be considered as an assurance for sustainability, besides the engagement of municipalities, who played a key role in facilitating investments in infrastructure, equipment and rural infrastructure related to the selected value chains. The PCR highlighted that, during RBDP, agricultural policies</p>	5

PCR finding	Rating
<p>in Bosnia and Herzegovina had started to focus on strengthening the commercialisation of agriculture. According to the PCR, it is expected that the ongoing RCDP and the new Rural Enterprises and Agricultural Development Project will complement and further support RBDP, especially with regards to infrastructure.</p> <p>29. The PCR considers the stronger focus on component 3 (which received all resources from component 2 in RS after MTR) as reinforcing rural infrastructure which could open up opportunities for rural tourism (smallholders may sell their traditional products and accommodate tourists in producer association led hostels). According to the PCR, examples of exit strategies are Annex 2 (Memorandum of Understanding signed between PCU and municipalities on rural market infrastructure in FBiH) and Annex 3 (co-financing agreement for local infrastructure and equipment in RS). These documents outline the handover arrangements of specific infrastructure to ensure the future maintenance by municipalities, but beyond that, they do not provide a holistic exit strategy for the programme as a whole.</p> <p>30. Despite the lack of a clear exit strategy, this PCRV recognizes the future potential synergies of RBDP with other IFAD projects in the country, all aiming to adopt a market driven approach with an emphasis on stimulating business development services and supporting rural infrastructure. Based on the above, this PCRV rates this criterion as <i>satisfactory (5)</i>, same rating as the PCR.</p>	
B. Other performance criteria	
Innovation	
<p>31. According to the PCR, the non-farm employment activities were innovative, but this is not substantiated any further. The PCR considered the business plan approach, where producer associations and agricultural cooperatives liaise with private sector players to develop a specific value chain development plan involving business leaders, as an innovative approach (to be scaled up in RCDP), since it ensured a business minded and sustainable value chain development.</p> <p>32. The PCR assessed that co-financing mechanisms for financing equipment, starter packages, small infrastructure and rural infrastructure were innovative. The starter package mechanism in particular had been previously tested by the PCU in the previous RLDP, unlike in RS where the novelty of the mechanism contributed to limited distribution. Another innovative aspect can be mentioned with regard to the engagement of households in diversified agriculture activities (i.e. farming two cash crops with different harvest time), which showed potential additional benefits than those for poor and very poor households engaged almost exclusively in mono-production</p> <p>33. For the above reasons, the criterion of innovation is rated <i>moderately satisfactory (4)</i>, in line with the PCR rating.</p>	4
Scaling up	
<p>34. RBDP was implemented as part of a sequence of IFAD projects in the country and has benefitted from the PCU capabilities in starter packages and co-financing mechanisms. In RS, the infrastructure component has created the conditions for supporting a value chain linkage for the ongoing RCDP, which did not have an infrastructure component itself.</p> <p>35. For the most part, the PCR assessment is based on the potential for scaling up RBDP practices, but is not supported by clear indications on how the Government/institutions will scale up the project's successful features. The same concerns were noted in the September 2019 quality assessment of the PCR, which suggested that the analysis of potential for scaling up needed strengthening in order to justify the satisfactory rating. The activities in RBDP are assumed to show complementarity and synergies with the ongoing RCDP and future projects. For example, the RBDP programmatic approach envisaged that farmer organizations receiving support (equipment) could further develop business skills with new business plans. For RS, the PCR claims that "<i>all activities... serve as a</i></p>	5

PCR finding	Rating
<p><i>good practice... and are scaled up in other development initiatives</i>". The PCR mentions one example of scaling up in FBiH, where the government, based on the experience from RBDP, has provided additional funds to finance cooling storage facilities accessible to smallholder farmers. In particular, funding was provided for new cooling storages in Kiseljak (capacity of 800 tons) and in Begov Han (capacity of 2,500 tons) that have allowed farmers to store vegetable and fruits properly, resulting in increased prices.</p> <p>36. While the PCR analysis under this criterion lacks sufficient evidence, additional information has been provided during the drafting of this PCRV, which suggests that RBDP results have been more credibly scaled up by other development partners acting in the project area. For example, an ILO project supporting the development of agriculture and agritourism, funded by the European Union and the Federal Republic of Germany (EU4Business Project), has reportedly continued and built on the achievements of the PZ Klekovača, Drinić cooperative. Several cooperatives and associations of agricultural producers have reportedly attracted additional support for equipment and mechanization from USAID and the Swedish government, as well as support from municipalities. Meanwhile, other associations have replicated the good practices of RBDP using their own funds to buy machinery.</p> <p>37. Despite the limited evidence in the PCR, this PCRV acknowledges that certain aspects of RBDP's have indeed been scaled up, based on additional information provided by IFAD's NEN division. For these reasons, this PCRV rates scaling up as <i>satisfactory (5)</i>, the same rating as the PCR.</p>	
Gender equality and women's empowerment	
<p>38. Despite the challenges in labour market participation of women in poor households in BiH, the project made some efforts to empower women and strengthen their position in community organisations. The PCR credited RBDP for an increase in women's empowerment objectives, such as access to inputs, financial source and technologies, as well as reduction of women's workload and increased employment opportunities. The PCR highlighted that, in both entities, the project teams have developed Gender Action Plans and that appointed Gender and Targeting focal persons in APCU and PCU were established to report on gender and targeting in the annual and semi-annual reports. Based on the data in the project logical framework, 96 per cent of the target of producers' associations with women in leadership roles was achieved, with a 216 per cent of target in terms of women beneficiaries. In the area of new job-opportunities for women and youth, a total of 266 women and youth have been employed in off farm activities (44 per cent of target) and eight new women led small and medium enterprises have been established.</p> <p>39. According to the PCR, the RS impact survey indicated that the share of women in off-farm employment among project beneficiaries was 13.7 per cent, as compared to 12.5 per cent before the project, and for youth 13.2 per cent before project vs. 25.6 per cent after project. However, it is difficult to draw any conclusions on the achievements of the indicators in question due to weak baseline data and unclarified direct attribution of the project to the increased employment rates among women and youth.</p> <p>40. The weakest area in women's empowerment was related to training, with only one target being achieved (for vocational training) and underperformance across all other types of training (15 per cent of the target in training on income-generating activities; 50 per cent on advisory services; 67 per cent trained in crop; 22 per cent in livestock). In the area of support of enterprises with financial services, targets for women's participation were underachieved (only 18 per cent of target received loans under these activities).</p> <p>41. While, on the one hand, the project showed positive results in terms of women holding positions of leadership, on the other hand, results were mixed in terms of women's on- and off-farm employment, and women were underrepresented in project trainings. On balance, this PCRV rates gender equality and women's empowerment as <i>moderately satisfactory (4)</i>, one rating lower than the PCR.</p>	4

PCR finding	Rating
Environment and natural resources management	
<p>42. The PCR includes an “Environmental social and impact assessment” under Appendix 5, although the short paragraph in this appendix does not provide any more substantial information than that already provided in the brief analysis of the main text of the PCR. Despite the claim that all projects activities had no negative impact on environment and natural resources, no actual evidence is provided other than the assumption that good agricultural practices have been adopted. According to the PCR, the application of European Union standards and strict regulations have been guaranteed throughout the project implementation, with some farmers organizations/business leaders attaining certification of their products and two agricultural fairs promoting organic production. However, the PCR does not include evidence on the level of uptake of good agricultural practices (e.g. number of businesses certified as organic producers). Equally, since the project had more focus on small infrastructure, the PCR could have highlighted how environmentally friendly mechanisms have been adopted with regard to the construction of infrastructure.</p> <p>43. Despite the lack of detailed reporting, it is plausible that RBDP did not have a negative impact on the environment. On balance, this PCRV rates this criterion as <i>moderately satisfactory (4)</i>, in line with the PCR.</p>	4
Adaptation to Climate Change	
<p>44. The PCR assessment of this performance indicator was very brief and provided limited evidence to justify the rating. According to the PCR, all value chains promoted by the project were based on climate-change adaptation technologies, including irrigation, hail protection and adapted varieties, although it is not clear what qualifies these technologies as ‘climate change adaptation’. It also mentioned that natural resources have been used more efficiently, making smallholders more resilient to the challenges of climate change. However, according to information provided by IFAD’s NEN division, a post-project review confirmed that the project has indeed supported smallholder farmers by promoting technologies for a more efficient use of water and land (irrigation systems, greenhouses, hail and frost protection), along with the targeted capacity building to increase environmental awareness and adaptation measures. This has reportedly helped farmers adapt to the realities of climate change, in a region where climate change is manifested in frequent droughts, floods and the appearance of the hail and late frosts.</p> <p>45. While it is acceptable that the project has mainstreamed climate change and adaptation activities into its investments, this PCRV has the purpose to validate the evidence included in the PCR. The “detailed analysis” in Appendix 5 of the PCR merely reproduces the short paragraph (121) from the main PCR text and does not provide additional information. Moreover, no further evidence could be found in supervision mission reports and other project documentation to suggest that climatic risks had been (i) analysed and (ii) adequately addressed, although the PCRV acknowledges that RBDP was designed in 2011, before the introduction of IFAD’s Social, Environmental and Climate Assessment Procedures. In this regard, and based on the additional information provided by IFAD’s NEN Division, this PCRV rates the criterion adaptation to climate change as <i>moderately satisfactory (4)</i>, the same rating as the PCR.</p>	4
C. Overall Project Achievement	
<p>46. RBDP adopted an ambitious design, aiming to follow a value chain approach with focus on inclusive business development for underdeveloped municipalities in a context where the political situation compromised a quick implementation and implied different capabilities and diverse agricultural policies between the two entities. The late start could have compromised the overall effectiveness of the project. However, the design changes and funds reallocation proposed at MTR, provided a strong push to the activities and RBDP was able to reach most of its physical targets. A weak M&E has been a shortcoming all along, as well as un-coordinated targeting strategy for women and youth. The PCU/APCU staffing,</p>	4

PCR finding	Rating
<p>despite some issues, has improved with the integration of a coordinator (in PCU) and made strong efforts to bring the project to completion without extensions, despite its delay in start of two years. The project provided a framework for forms of collaboration between smallholder producers, farmer organizations, private service providers and public institutions, in accordance to IFAD interventions in Bosnia and Herzegovina, aiming to enable small-scale farmers to shift from subsistence agriculture to market-oriented agriculture, and increase their competitiveness for export to the European Union market. Because of the above reasons, this PCRV rates the criterion overall project achievement as <i>moderately satisfactory (4)</i>, in line with the PCR.</p>	
D. Performance of Partners	
IFAD	
<p>47. IFAD's performance is rated as satisfactory (5), in line with the PCR. The two supervision missions, three implementation support missions and MTR mission were timely, planned and adequately staffed. Procurement and annual work programme and budget reviews were timely conducted. IFAD management and relevant services at headquarters, and IFAD country team were pro-actively engaged in accommodating project bottlenecks. Of particular importance was the interaction and proactive role of IFAD in addressing identifying needed design adjustments at MTR (2017). It is worth mentioning that the particular set up in Bosnia and Herzegovina with two separate Entities implementing a project is challenging as IFAD supervises APCU/PCU implementation progress as if dealing with two separate projects.</p> <p>48. In view of the above, this PCRV rates IFAD performance as a partner as <i>satisfactory (5)</i>, in line with the PCR.</p>	5
Government	
<p>49. Because of the different structure and experience of the two implementation teams, the project suffered from lack of knowledge sharing, affecting the quality of reporting and M&E system. The PCR highlighted that project teams needed more support in developing templates for M&E databases, or the development of an online M&E system, in order to have a more structured approach to collecting and analysing output and impact related data. The PCU in FBiH in particular had more experience from other IFAD projects, especially in starter packages and co-financing mechanisms, and benefitted from a project coordinator recommended after MTR. These aspects should be considered as a learning opportunity for IFAD's ongoing and future projects in the country.</p> <p>50. The Ministry of Finance and Treasury of Bosnia and Herzegovina, and the respective Entities' Ministries of Finance and Agriculture were reported to be active participants in all project supervision and implementation support missions. They ensured compliance with the covenants of the Financing Agreement and due follow-up on the recommendations of the supervision, MTR and implementation support missions annually. The actual level of collaboration and cross learning between the two implementation units, however, was hindered by their different capabilities.</p> <p>51. The criterion is rated as <i>satisfactory (5)</i>, in line with the PCR.</p>	5

IV. Assessment of PCR quality

PCR finding	Rating
Scope	
<p>52. The PCR contains all chapters, sections, and annexes as per the Guidelines for Project Completion Review (2015) and provides substantive and relevant content. The PCR did not capture information specifically related to the project impact sub-domains. However, a balanced overview of project successes and challenges and</p>	5

sufficient annexes were included and this PCRV rates the scope of the PCR as <i>satisfactory (5)</i> .	
Quality	
53. The overall quality of the PCR was adequate. However, the PCRV noted a number of data inaccuracies. The documents did not report data from the Results and Impact Management System and consolidated information on physical targets reported under the project logframe was not linked to the project components. However, data was analysed and reported in valid manner. This PCRV rates quality as <i>moderately satisfactory (4)</i> .	4
Lessons	
54. Lessons were comprehensive and well conceptualised covering a range of issues that the project faced during implementation. In light of this, Lessons is rated as <i>satisfactory (5)</i> .	5
Candour	
55. The PCR was objective and comprehensive and provided a balance of both achievements and shortcomings. Critiques from the supervision mission reports and MTR were accurately captured. <i>Candour</i> is rated as <i>moderately satisfactory (4)</i> .	4

V. Final remarks

Issues for IOE follow up (if any)
No issues have been identified for follow up by IOE.

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, 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>	<i>Programme Management Department (PMD) rating</i>	<i>IOE Project Completion Report Validation (PCRVR) rating</i>	<i>Net rating disconnect (PCRVR-PMD)</i>
Rural poverty impact	4	4	0
Project performance			
Relevance	4	4	0
Effectiveness	4	4	0
Efficiency	4	4	0
Sustainability of benefits	5	5	0
Project performance^b	4	4	0
Other performance criteria			
Gender equality and women's empowerment	5	4	-1
Innovation	4	4	0
Scaling up	5	5	0
Environment and natural resources management	4	4	0
Adaptation to climate change	4	4	0
Overall project achievement^c	4	4	0
Performance of partners^d			
IFAD	5	5	0
Government	5	5	0
Average net disconnect			-0.08

^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, 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	n.a.	4	n.a.
Lessons	n.a.	5	n.a.
Quality (methods, data, participatory process)	n.a.	4	n.a.
Scope	n.a.	5	n.a.
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.

Abbreviations and Acronyms

APCU	Agricultural Projects Coordination Unit
BiH	Bosnia and Herzegovina
FBiH	Federation of Bosnia and Herzegovina
HH	Household
IRR	Internal Rate of Return
MTR	Mid-Term Review
OFID	OPEC Fund for International Development
ORMS	Operational Results Management System
PCU	Project Coordination Unit
PCR	Project Completion Report
PSC	Project Steering Committee
RBDP	Rural Business Development Project
RCDP	Rural Competitiveness Development Project
RLDP	Rural Livelihood Development Project
RS	Republika Srpska

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