

Project Completion Report Validation

Inclusion of Family Farming in Value Chains Project (Paraguay Inclusivo)

Republic of Paraguay

Date of validation by IOE: April 2020

I. Basic project data

			Approval (US\$ m)		Actual (US\$ m)	
Region	Latin America and the Caribbean	Total project costs	26.55		14.91	
Country	Paraguay	IFAD loan and percentage of total	10.00	37.7%	9.21	61.9%
Loan number	866-PY	Borrower (Government of Paraguay)	3.51	13.2%	3.21	21.5%
IFAD Project ID	1100001611					
Type of project (subsector)	Rural development	New Zealand Grant	0.73	2.7%	0.72	4.8%
Financing type	Loan	Beneficiaries	12.31	46.4%	1.76	11.8%
Lending terms	Highly Concessional					
Date of approval	2 April 2012					
Date of loan signature	1 August 2012					
Date of effectiveness	26 February 2013					
Loan amendments	2	Number of beneficiaries*	14 500 households		16 915 households	
Loan closure extensions	None					
Country programme managers	Paolo Silveri Claus Reiner Marco Camagni (current)	Loan closing date	31 March 2019		31 March 2019	
Regional director(s)	Josefina Stubbs Joaquín Lozano	Mid-term review			13 September 2016	
Project completion report reviewer	Ernst Schaltegger	IFAD loan disbursement at project completion (%)			92%	
PCR quality control panel	Eoghan Molloy	Date of the project completion report			22 June 2018	

Source: Inclusion of Family Farming in Value Chains Project (Paraguay Inclusivo) (PPI) Completion Report, 2018.

II. Programme outline

Country & Project Name	Republic of Paraguay Inclusion of Family Farming in Value Chains Project (Proyecto Paraguay Inclusivo, PPI)
Project duration	Total project duration: six years; Date of effectiveness: 23 February 2013; Completion date: 30 September 2018.
Project goal, objectives and components	The project's main objective was to contribute to increasing incomes and the quality of life of small family farmers and the poor rural population by means of their inclusion in value chains, on a sustainable basis and with a focus on gender and environmental concerns, through representative social organizations. The project had two main components: (i) promotion and pre-investment; and (ii) investment. It also included a management and a monitoring & evaluation support component. ¹
Project area and target group	The project area encompassed all departments in the eastern region of Paraguay, where 97 per cent of the country's population and virtually all family farms are concentrated. By the end of the implementation period, it was expected that the project will have directly benefited 14,500 families (about 72,500 people), plus 1,000 indigenous households.
Project implementation	The Ministry of Agriculture and Livestock (MAG), through the project implementation unit, was responsible for implementing project activities. A key element of project implementation was the preparation and approval of "Articulated Business Plans" (PNAs), agreed between "Social Farmer Organizations" (OSCs) and lead enterprises in a given value chain. For smaller family farms with less articulation to markets, so-called "Plans for Micro-Capitalizations" (PMCs) were foreseen.
Changes during implementation	The loan and grant agreements (the latter concerning the New Zealand grant) were amended twice to reshuffle some cost categories. The loan closing date remained unaltered.
Financing	Table 1 below displays project cost figures by funding source, totalling US\$26.6 million at appraisal, and US\$14.91 million at completion, i.e. 56 per cent of overall disbursement. Table 2, detailing component costs at appraisal and at completion, is consistent with the totals in Table 1. At completion, the beneficiaries' contribution reached only 14 per cent of the appraisal estimates.

Table 1
Project costs (US\$ '000)

<i>Funding source</i>	<i>Appraisal</i>	<i>% of appraisal costs</i>	<i>Actual</i>	<i>% of actual costs</i>	<i>% disbursed</i>
IFAD (loan)	10 000	37.7%	9 208	61.9%	92%
Government of Paraguay	3 507	13.2%	3 214	21.5%	92%
New Zealand (grant)	730	2.7%	723	4.8%	99%
Beneficiaries	12 309	46.4%	1 758	11.8%	14%
Total	26 546	100%	14 903	100%	56%

Source: PPI Completion Report, 2019, Table 11.

Table 2
Component costs (US\$ '000)

<i>Component</i>	<i>Appraisal</i>	<i>Actual</i>	<i>% of actual costs</i>	<i>% disbursed</i>
Promotion and pre-investment	1 638	473	3.2%	29%
Investment	22 054	10 184	68.3%	46%
Project management	2 854	4 246	28.5%	149%
Total	26 546	14 903	100%	56%

Source: PPI Completion Report, 2019, Table 14.

¹ IFAD. Republic of Paraguay, Proposed loan to the Republic of Paraguay for the Inclusion of Family Farming in Value Chains Project (Paraguay Inclusivo), EB 2012/LOT/P.1/Rev.1, Rome, 1 April 2012.

III. Review of findings

<i>PCR finding</i>	PCR Rating
A. Core Criteria	
Relevance	
<ol style="list-style-type: none"> 1. The President’s Report refers to the Paraguayan Strategic Economic and Social Plan (2008–2013), which defined broad objectives in the areas of macroeconomics, marketing, public sector management and decentralization, public investment, public health and education services, and the fight against extreme poverty.² The same source perceives PPI as a coherent response to the pervasive rural poverty. In 2010, 50 per cent of the rural population (1.3 million Paraguayans) lived in conditions of poverty, with an estimated 60 per cent of this group living in extreme poverty. The target population of 14,500 households consisted of three groups: (i) small family farms already linked more or less formally with markets; (ii) vulnerable groups, including landless farmers, beneficiaries of cash transfers for the very poor (Tekoporá), women heads of households and young people; and (iii) indigenous communities. 2. The Project Completion Report (PCR)³ sustains that the objectives of PPI were consistent with national policies, in particular with Axis 1 of the Strategic Agricultural Framework 2008-2013, with the objective of generating an attractive business environment for value chains that are socially inclusive, create jobs, and form human and social capital. 3. The criteria for the selection of value chains were: (i) capacity to include poor family farms and other rural poor people (pro-poor chains); (ii) presence of an expanding market; and (iii) capacity to maintain stable marketable flows. Four main value chains were prioritized at project design: (i) cassava for the production of starch for export; (ii) sesame for export in grain; (iii) sweet sugar cane for the production of sugar for export; and (iv) milk for the domestic market. This choice can be assessed as judicious as the mentioned commodities were well known in the family farm environment. 4. The design of PPI as a distinct value chain-based operation was not a problem per se. The PCR, however, notes that the underlying strategy visible in the logical framework was predominantly based on “pushing” the OSCs with little involvement of the participating lead enterprises that were supposed to be the “pull forces” of any given value chain. This assessment can be confirmed, by simply analysing the logframe indicators. Out of 35 indicators, only five refer to the lead enterprises, and all of these impose tasks upon these firms in terms of extension personnel and demonstration plots, with quotas for female agents and coaching density. Again, this can be meaningful in value chain promotion, but the logframe suggests that the design of PPI was not geared towards the performance of the entire chain but mostly to the strengthening of the primary suppliers. Indeed, the PCR makes the case that the logframe indicators related to component 2 (value chain investments) do not avail of verifiable magnitudes to measure value chain performances. 5. The mid-term review (MTR) is similarly critical. By 2015, only two enterprises had signed articulation plans while this number increased to 18 at the date of the MTR (September 2016). The above observations are consistent with the findings of the 2019 corporate-level evaluation on IFAD’s engagement in pro-poor value chain development,⁴ which notes that the design and implementation of value chain projects, due to the relative novelty a decade ago or more, has been challenging. It notes that value chain development in IFAD operations occurred without a shared conceptual framework and its complexity was not fully 	5

² IFAD. Proposed loan to the Republic of Paraguay for the Inclusion of Family Farming in Value Chains Project (Paraguay Inclusivo), President’s Report, EB 2012/LOT/P.1/Rev.1, 1 April 2012.

³ FIDA: República de Paraguay, Proyecto Paraguay Inclusivo (PPI), Informe de Terminación del Proyecto, marzo de 2019.

⁴ IFAD, IOE. IFAD’s Engagement in Pro-Poor Value Chain Development, Corporate-Level Evaluation, 2019.

PCR finding	PCR Rating
<p>appreciated. Moreover, few staff members had experience in value chains or familiarity working with the private sector, which had become a vital partner.</p> <p>6. The PCR assigns a rating of highly satisfactory to the relevance of PPI, mostly building on its consistency with national policies and two IFAD Country strategic opportunities programmes. The above, however, suggests that PPI design had some flaws in terms of value chain actor involvement. Consequently, this Project Completion Report Validation (PCR) rates relevance one point lower than the PCR, i.e. <i>as satisfactory</i> (5).</p>	
Effectiveness	
<p>7. In its assessment of project effectiveness, the PCR refers to the indicators in the logical framework and to data from the baseline and end-line surveys. It painstakingly compares indicator target values with attained magnitudes at PPI completion in its Section D1.</p> <p>8. Regarding Component 1 (promotion and pre-investment), the achievements are generally lower than targets, but somewhat variable. Only 33 of the 50 targeted OSCs are deemed to be self-managed by the PCR. The number of 48 PNAs was close to the target of 50, but only two of them were signed at completion. 64 of the 70 OSC implemented internal strengthening farm coaching plans, but the benefitting members reached was less than 50 per cent of the 11,000 targeted ones.</p> <p>9. The number of 98 Plans for Micro-capitalization, specially directed to the more vulnerable households of the target population, was above the target of 30, but not integrated in OSCs with a PNA, benefitting 3,494 families versus the 1,000 targeted. Instead of 10 indigenous communities estimated at appraisal, 17 received PPI support, with 823 families, against a target of 1,000.</p> <p>10. Component 2 (investments) displays a similar pattern. Only 46 per cent of families are reported to have been trained in good environmental practices, while 48 per cent indicate production increases, and 65 per cent improved market access. The PCR provides further precision regarding the latter by noting that only 37 per cent instead of 80 per cent of the family farm suppliers were complying with the agreed supply contracts (volumes and quality).</p> <p>11. There were five indicators related to the involved enterprises: These did comply with the provision of extension staff and number of demonstration plots, to the extent of only 25 per cent and 38 per cent, respectively, while the number of field tours was close to the target. What the PCR does not indicate, by lack of relevant data, is the extent of additional labour days generated by PPI in the participating lead enterprises, with a target of 400,000. On the other hand, 80 per cent of the target in terms of agreements with municipalities for funding improved infrastructure were achieved.</p> <p>12. In view of the above mixed achievements, the PCR proposes a rating of moderately satisfactory for PPI effectiveness. The PCR concurs and assigns as well a rating of <i>moderately satisfactory</i> (4).</p>	4
Efficiency	
<p>13. In its narrative, the PCR displays a soberly critical position with regards to the efficiency of PPI. The effectiveness lag of 11 months, not mentioned in the PCR, is somewhat better than the regional average of 13 months.⁵ The overall disbursement rate is however only 56 per cent, mainly due to the underperformance of the beneficiaries' contributions, i.e. US\$1.76 million instead of US\$12.31 million. The PCR explains this substantial gap with the difficulties of PPI to register the financial contributions of the beneficiaries, the participating lead enterprises and financial institutions. Consequently, the financial inputs of these partners may have been higher in reality.</p>	3

⁵ IFAD. Portfolio Performance Report, Annual Review July 2013 - June 2014, Rome, 18 August 2014.

PCR finding	PCR Rating
<p>14. The PCR is also relatively silent on the reasons why the part of project administration went up by 50 per cent, between the appraisal estimates and the effective cost at completion. The costs of Component 3 (program management) attained close to 29 per cent of total project costs. Given the underperformance (29 per cent of the budget) of Component 1, i.e. promotion and pre-investment, which would typically be human resources-intensive, the proportion of project administration appears to be high. For the sake of comparison, the efficiency of the ORIENTE Programme in Guatemala, which increased the corresponding cost ratio between appraisal to completion from 17.5 per cent at appraisal to 22.8 per cent at completion, is deemed unsatisfactory by both the related PCR and PCR.V.⁶</p> <p>15. Total cost per beneficiary household is not mentioned in the PCR. By dividing the effective project cost by the final number of beneficiary households, a per beneficiary household cost of US\$882 results. Considering the low performance in the human resource-intensive of Component 1 (Paragraph 14), this per beneficiary household cost appears to be relatively high. The 2018 ARRI⁷ contains a comparison of per-beneficiary costs in IFAD-funded operations: In LAC, three countries display higher per-beneficiary costs than the Paraguay PPI: Guatemala with US\$1,583, El Salvador with US\$1,163 and Haiti with US\$952. On the lower side are Peru with US\$281 – 460 over five projects, Bolivia with US\$232 and Panama with US\$256 (Footnote).</p> <p>16. The PCR displays its method of calculation of the benefits and costs in a concise and transparent manner, taking into account the annual beneficiaries of project instruments (PNAs and PMCs). At project completion, the internal return rate (IRR) stood at 7 per cent, and the benefit cost ratio at 1.3. At appraisal, 24 per cent of IRR were estimated. The PCR is not explicit in explaining this substantial difference, while alluding that cassava commodity prices has fallen by about 50 per cent between appraisal and 2014.</p> <p>17. Weighing the above positive elements (effectiveness lag, attained beneficiary households) against the low overall disbursement rate, the low IRR, the unavailability of data on beneficiary contributions and the relatively high ratio of administration to total project cost, this PCR rates PPI efficiency as <i>moderately unsatisfactory</i> (3), one point below the PCR rating.</p>	
Rural poverty impact	
<p>18. The PCR systematically refers to the Results and Impact Management System data, and the baseline and end-line surveys. Regarding one important indicator, such as income, data from non-project control groups are referred to, which is commendable.</p> <p>19. The above proves particularly beneficial for the assessment of income and asset trends, in particular income changes, which the PCR displays differentiated by ten percentiles. The 70 per cent with the highest incomes at project inception increased incomes by 19 per cent over project life while the 30 per cent with the lowest initial incomes saw a decrease of 20 per cent in the same period (Paragraph 25). Against a target of 70 per cent, 63 per cent of the beneficiaries increased household assets (no control group data on record).</p> <p>20. The PPI fell short of the poverty reduction target in 6,000 households as the PCR notes that overall poverty levels actually increased over project life by 13 per cent with project beneficiary households, against a 31 per cent increase in non-beneficiary households.</p> <p>21. Regarding food security and agricultural productivity, the chronic malnutrition reduction target of 50 per cent within the target population was not attained as the reduction at project completion was reported as only 27 per cent. The PCR</p>	4

⁶ IFAD. República de Guatemala, Programa Nacional de Desarrollo Rural, Regiones Central, Nororiente y Suroriente, Informe de Término del Programa, 28 de junio de 2018.

⁷ IFAD, IOE. 2018 Annual Report on Results and Impact of IFAD Operations, 2019.

PCR finding	PCR Rating
<p>also notes that chronic malnutrition rates in indigenous communities decreased from 17 per cent to zero, albeit without further explanation.</p> <p>22. The PCR is particularly laconic about agricultural productivity progress. First, the related indicator in the logical framework is ambiguous, as it mentions agricultural production “or” productivity without differentiating. This may be misleading because production could have been increased by simple area expansion. Out of the 6,000 targeted households, the PCR reports only 4,686 households having increased “production” without indicating whether this was obtained with techniques of sustainable land use, which was part of the indicator (see also Paragraph 10). The PCR only notes that “successful cases” were farms availing of a mix of mechanization, technical assistance, and access to training and to agricultural inputs.</p> <p>23. The PCR makes the case that PPI fostered the formation of human and social capital, hence empowerment. It provided training to 131 OSCs and 17 indigenous communities. The baseline and end-line surveys apparently measured an “organizational maturity index” that progressed by 15 per cent over the project life. Special emphasis is given to the fact that PPI applied direct fund transfers to the OSCs, which, in the words of the PCR, enhanced confidence and self-esteem, and contributed to empowerment. The PCR is also aware that this was not sufficient to foster systematic relations with other actors along the value chain, a key premise of PPI.</p> <p>24. As for institutions and policies, the PCR notes that PPI was able to generate space for the participation of OSCs and that these have managed resources effectively and efficiently. On the other hand, the PCR states that this has apparently not induced a perceptible process of policy rethinking on a wider scale.</p> <p>25. The overall rural poverty impact of PPI may be, as the PCR puts it, that beneficiary households only fell by 13 per cent into poverty compared to 31 per cent in non-project households. The PCR explains this phenomenon with the fall of cassava prices in this period only. It is true that the growth of the gross social product of Paraguay slowed, from more than 8 per cent in 2013 to about 4 per cent between 2014 and 2018.⁸ It is also mentioned in the PCR that, according to official data, in the national context during the project, impact data measurement period, the number of rural poor increased.⁹ There may have been selection biases, depending on how beneficiary and control households were selected. Moreover, the statement in Paragraph 19 that “<i>the 70 per cent with the highest incomes at project inception increased incomes by 19 per cent over project life while the 30 per cent with the lowest initial incomes saw a degradation of 20 per cent in the same period</i>”, may contradict the above mention of the descent into poverty of beneficiary and non-project households.</p> <p>26. Based on the assessments above, the PCR rates the rural poverty impact of PPI as moderately satisfactory. This PCRV considers the key argument in the PCR that PPI may have slowed an otherwise faster descent into rural poverty, due to external circumstances mentioned in paragraph 25 and rates this criterion equally as <i>moderately satisfactory</i> (4).</p>	
Sustainability of benefits	
<p>27. The MTR of PPI, dated November 2016,¹⁰ devotes substantial attention to sustainability, rating the six sub-indicators in the satisfactory range, except the insufficient institutional strengthening of the OSCs (rating of 3) and the absence of an exit strategy (rating of 2).</p> <p>28. On the basis of end-of-project workshops with the beneficiaries (OSCs), the PCR identifies a number of factors enhancing sustainability. The first positive factor perceived was that the tools made available by PPI, such as the participatory</p>	4

⁸ <https://www.macrotrends.net/countries/PRY/paraguay/economic-growth-rate>

⁹ República de Paraguay, DGEEC. Reporte de Encuesta Permanente de Hogares 2017, Marzo de 2018.

¹⁰ IDA. República del Paraguay, Proyecto Paraguay Inclusivo (PPI), Informe de Revisión de Medio Término, noviembre de 2016.

PCR finding	PCR Rating
<p>rural appraisal, PNAs and PMCs enabled the OSCs to gain maturity for the independent and transparent management of their resources. In the words of the PCR, the OSCs have gained recognition at local level, translating into social capital.</p> <p>29. The increase of incomes, at least for 70 per cent of the beneficiary households (paragraph 19), was also seen as a factor pointing towards the sustainability of benefits. The micro-capitalization plans helped resource-poor producer families to improve food security and sales of produce.</p> <p>30. On the other hand, the PCR also notes that the OSCs only complied to about 50 per cent with the agreed produce volumes on the basis of the delivery contracts with the lead enterprises. Occasional cases of failed renewals in executive organs in the OSCs and attempts of influence from political parties are also on record. A threat against sustainability was the reported lack of sensitivity for the maintenance of agricultural machinery, which was made available in the framework of the PNAs, probably due to unclear arrangements of rights and duties.</p> <p>31. The supervision report dated October 2017¹¹ very much went into aspects of the environment and natural resources management, being aware that the PNAs, approved or not, had very little leverage on the environmental dimension of agricultural operations. The PCR mirrors these concerns, stating that the deficient sensitivity for issues of natural resources management and adaptation to climate change was a factor depressing sustainability.</p> <p>32. The PCR underlines the fact that both the government and IFAD have agreed to fund a second phase of the project was an indication that the foundations of PPI were deemed solid enough to justify a continuation. Based on the above assessment, the PCR and this PCRV rate the sustainability of benefits as <i>moderately satisfactory (4)</i>.</p>	
B. Other performance criteria	
Innovation	
<p>33. The President's Report states that PPI supported an innovative and comprehensive framework for the pursuit of the basic objective of sustainable rural poverty reduction through: (i) a programmatic and articulated vision with a national scope; (ii) priority support to family farms with potential for market access and insertion into value chains; (iii) improved technical assistance services; (iv) access to capital and financial services; (v) strengthening of family farming organizations and the organizations of poor rural people; and (vi) deepened policy dialogue.</p> <p>34. The MTR perceives the application of participatory rural appraisals as particularly innovative as such exercises listen to the beneficiaries and sharpen the focus on potentials, and not only on problems. The PCR lists three essential innovations of PPI: (i) the direct transfer of funds to the OSCs, which enhanced transparency and ownership; (ii) territorial alliances with local governments and the Directorate of Agricultural Extension of MAGA; and (iii) the explicit relations with lead enterprises of the private sector as actors of the relevant value chains.</p> <p>35. Regarding the last point mentioned above, it is necessary to revisit paragraphs 4 and 5 under the assessment of relevance. As much as the involvement of the private sector makes sense in a value chain project, existing and new actors higher up in the value chain should be given more visibility and the opportunity to bring their commercial clout to the table. As PPI apparently was understood by the ones who designed and implemented it, these actors rather remained transmission channels. The reasons why PNAs were only implemented by about</p>	4

¹¹ FIDA. República del Paraguay, Proyecto Paraguay Inclusivo (PPI), Informe de Supervisión, octubre de 2017.

PCR finding	PCR Rating
<p>50 per cent in terms of agreed deliveries, are not on record, but may be also due to the above relationships.</p> <p>36. Despite the above, both the PCR and the PCRV acknowledge the innovative dimension of PPI and propose a rating of <i>moderately satisfactory (4)</i> regarding innovation.</p>	
Scaling up	
<p>37. The PCR does not treat scaling-up explicitly as a separate evaluation criterion while mentioning the term in the title together with innovation. It notes that the government was convinced of the value chain-centred approach of PPI and that, consequently, PPI deserved a second phase. This being another IFAD-supported operation, it would not fully qualify for a full scaling up, or mainstreaming, in accordance with the 2015 IFAD Evaluation Manual.¹² The PCR, however, mentions the fact that the government planned to scale-up the value chain focus of PPI in an upcoming project with the World Bank worth US\$100 million.</p> <p>38. The above suggests that the upscaling potential of PPI was intact at the time of the PCR. Recently, the Paraguayan parliament has approved the US\$100 million World Bank funded project, the design of which is almost entirely based on PPI. Thus, both the PCR and the PCRV rates up-scaling as <i>highly satisfactory (6)</i>.</p>	6
Gender equality and women's empowerment	
<p>39. In the President's Report, emphasis is made on the participation of women, given that rural women were among the most vulnerable of the country's poor. Of those living in extreme poverty, 34 per cent were women heads of households. The logframe does disaggregate gender data while the PCR frequently refers to women (and youth) separately, thus allowing a fair assessment of gender equality and women's empowerment in generic terms. For the impact domains of income and assets, there are no gender-disaggregated data in the PCR. The comments by the IFAD Programme Management Department (PMD), however, confirm that 45 per cent of the direct beneficiaries were female heads of household, compared to an expected 25 per cent.</p> <p>40. In Table 4 of the PCR, the achievements in this impact domain are given in detail. Against a target of 50 per cent, 48 per cent of the supported OSCs had women in executive organs. While 70 OSCs were estimated to be included in PPI with at least 30 per cent female membership, the membership ratio of women was 43 per cent at completion, in 64 OSCs. The PMCs were deemed to become a development tool foremost for women and youth. Against the 30 planned PMCs for 1,000 families, 98 of these in favour of 3,464 vulnerable families were prepared while 4,392 families in total had executed PMCs. However, the targeted women and youth ratios of the respective beneficiaries were not attained (33 per cent and one per cent against initial estimates 50 per cent and 25 per cent, respectively). In absolute terms, it is true that more PMCs were directed to women than planned at appraisal. This is not so for youth, though, and the PCR is inconclusive about this pattern, which is similar also with other indicators (e.g. OSC membership of youth). PMD comments infer that the above figures on exceptional PMCs were not ascertained and in contradiction with supervision reports, but the two cited reports of 2017 do not shed additional light on this issue. This suggests that the PCR exercise was not exhaustive enough to ascertain basic indicators reported.</p> <p>41. The PCR does not contain information whether PPI had a bearing on the workload of women. The women reported that in order to carry out the activities, a greater degree of organization and planning of the tasks was required, both at group and intra-family level. At the collective level, they generated rotation systems to assist the stalls and to prepare the merchandise to carry. PCR data suggest a certain intersectionality, stating that 17 indigenous communities were attended by PPI, with a proportion of 52 per cent of women. An additional, indirect, indicator of economic empowerment of women may be that 14 per cent of the</p>	4

¹² IFAD, Independent Office of Evaluation. Evaluation Manual, Second Edition, 2015.

PCR finding	PCR Rating
<p>beneficiary households were women-headed, against a target of 10 per cent. On the other hand, the PCR does not provide an indication whether the 30 per cent with the lowest initial incomes that saw a degradation of 20 per cent over project life (paragraph 25) had a high share of women-headed households, at the start and/or the end of the project.</p> <p>42. The figures reported in the PCR mostly refer to women's participation in PPI, but there is limited evidence on the quality of their empowerment. Therefore, this PCR rates this criterion as <i>moderately satisfactory (4)</i>, one point below the PCR rating.</p>	
Environment and natural resources management	
<p>43. The President's Report states that the project approach was inspired by the need to address the increasing threats to the environment in which family farms operate, with key risks being attributable to climate change, soil erosion, deforestation, loss of soil fertility and pressure on land availability.</p> <p>44. Already the supervision report dated January 2015¹³ was aware that PPI did not put adequate emphasis on the environment in terms of tangible inputs into the PNAs and PMCs, with an unsatisfactory rating for this criterion. This was attributed to the fact that the head of the environmental unit in the project implementation unit was employed as the head of the pre-investment division. The MTR reiterated the unsatisfactory rating, noting that PPI activities were neither consistent, nor coordinated, with the national environmental policies, and did not take advantage of institutional alliances to generate synergies.</p> <p>45. The PCR concurs with the critical position of the MTR and perceives the lack of attention to the environment and the management of natural resources as a factor affecting the sustainability of project benefits (Paragraph 31). It notes that PPI handled such issues only with respect to the fulfilment of administrative directives, but did not enter into the substance of sustainable agricultural practices. Environmental considerations in the PNAs and the plans for micro-capitalization were scant, and so was information processed by PPI on compliance with environmental principles that were, from the start, a major concern of project design.</p> <p>46. The PCR rates the consideration of the environment and of natural resources management as <i>moderately unsatisfactory</i>. Given the persistent lack of responsiveness of the project of duly taking into account basic premises of PPI, this PCR concurs and assigns as well a rating of <i>moderately unsatisfactory (3)</i>.</p>	3
Adaptation to Climate Change	
<p>47. The design documents of PPI emphasize the issues of adaption to climate change as prominently as those related to the environment and the management of natural resources. The PCR remarks that climate change was an issue clearly perceived by the OSCs at the end-of-project workshops. They claimed that the phenomenon did negatively affect productivity and production. Under such circumstances, it is not easily understandable why MAG was so recalcitrant against even a minimal consideration of adaptation to climate change. Paraguay's National Policy for the Adaptation to Climate Change¹⁴ is explicit in that it considers the Strategic Framework for Agricultural and Food Risk Management as one of the pillars of its national climate strategy, at par with climate change mitigation, inter alia.</p> <p>48. The same source notes that sesame, cotton, and soy, specifically are expected to experience decreasing yields by 2050 under a business as usual scenario. Paraguay also faces challenges from deforestation, erosion and land degradation, and managing pesticide use.¹⁵ In view of the above, and congruent with the assessment of project performance regarding the environment and natural</p>	3

¹³ FIDA. República del Paraguay, Proyecto Paraguay Inclusivo (PPI), Informe de Supervisión, enero de 2015.

¹⁴ República del Paraguay, Secretaría del Ambiente. Estrategia Nacional de Adaptación al Cambio Climático, Asunción, 2015.

¹⁵ <https://climateknowledgeportal.worldbank.org/country/paraguay/impacts-agriculture>

PCR finding	PCR Rating
resources management, the PCR rates PPI's approach to adaptation to climate change as <i>moderately unsatisfactory (3)</i> , at par with the PCR rating.	
C. Overall Project Achievement	
<p>49. PPI was relevant to the needs of poor and marginalized rural populations and coherently placed such rural households in a context of value addition, in concert with lead enterprises along the identified value chains, which can be considered a good choice (Paragraph 3).</p> <p>50. On the downside, the PCR and the PCRV note that PPI was not sufficiently geared towards pull-factors from the markets and the involved lead firms. The fact that no indicators on the effective performance of the selected value chains were formulated, and even less information is on record on the financial contributions from the beneficiaries, associated firms and financial institutions, is indicative of substantial blind spots in the understanding of how a value chain promotion project should work.</p> <p>51. PPI is in the (moderately) satisfactory range concerning effectiveness, impact on rural poverty, sustainability, innovation, scaling up and the empowerment of women. Both the PCR and the PCRV concur that aspects such as the environment and the management of natural resource, as well as adaptation to climate change, were clearly neglected. This is in contrast with the strategic outlook of PPI at design.</p> <p>52. Taking into account the positive project features and the identified shortcomings, both the PCR and the PCRV concur and assign a rating of <i>moderately satisfactory (4)</i> to overall project performance.</p>	4
D. Performance of Partners	
IFAD	
<p>53. The PCR dedicates only a short section to the performance of IFAD. In its Appendix 5, it displays the dates of the supervision and implementation support missions of IFAD. Between June 2013 and October 2018, there were nine supervision and eight implementation support missions, plus the MTR in September 2016. It is fair to say that IFAD gave good support to PPI.</p> <p>54. IFAD was also outspoken, from the first supervision mission onwards, with regards to the deficient attention given by the project to key aspects such as the environment, natural resources management and adaptation to climate change. IFAD bears however, a distinct responsibility in the supply-side oriented approach to value chain promotion by PPI, by pushing much more than by pulling together with clearly identified lead firms on the various value chains. This approach was never critically reviewed, neither at the MTR nor in the consulted supervision mission reports. In hindsight, and this is suggested by the PCR, PPI was also vulnerable to the fall of commodity prices starting in 2014, which may partly explain the increase of poverty over project life for the poorest 30 per cent of the beneficiaries. In a value chain-based project, such developments are however difficult to act upon.</p> <p>55. Considering the overall good performance, the PCR rates this evaluation criterion as satisfactory. This PCRV, taking into account the pronounced and persistent supply-side orientation of PPI, assigns a rating for IFAD's performance of <i>moderately satisfactory (4)</i>.</p>	4
Government	
<p>56. As with IFAD's performance, the PCR is also parsimonious in its specific assessment of government performance. It simply notes that the counterpart funding was adequate (see Table 1) and that the audit reports were sent to IFAD on time. The PCR also sustains that the government complied with the loan agreement covenants.</p>	4

PCR finding	PCR Rating
<p>57. The PCR is critical about the failure of MAG, and of PPI more specifically, to implement even basic premises of the project in terms of the environment and adaptation to climate change (see Appendix 11 of the PCR). However, this does not seem to have weighed in the assessment of government performance, which is rated as satisfactory. The same applies to the increase of project management cost to 29 per cent, which is indicative of a less than satisfactory government implementation rigor.</p> <p>58. Given the importance of the above management and transversal issues, and the scant responsiveness of the government to address them, this PCR rates government performance as <i>moderately satisfactory (4)</i>, one point below the PCR rating.</p>	

IV. Assessment of PCR Quality

PCR finding	Rating
Scope	
59. The PCR contains all chapters, sections, and annexes as per the Guidelines for Project Completion Review (2015) and provides substantive and detailed content, except on IFAD and government performance. This PCR rates the scope of the PCR as <i>satisfactory (5)</i> .	5
Quality	
60. The PCR avails of a big number of appendices to support the narrative with solid evidence. In particular, the results reported on workshops conducted with the beneficiaries, and some lead firms, underline the participatory approach of the PCR exercise. On the other hand, is a document without bibliography, which conveys the impression that it was mainly an auto-referential exercise. The PCR may also be somewhat repetitive. The discrepancies between PCR figures and PMD comments in Paragraph 40 indicate that it may have been difficult, for both the project and the PCR team, to handle the big number of indicators as highlighted in Paragraph 7. In the light of these shortcomings, the PCR rates the quality of the PCR as <i>moderately satisfactory (4)</i> .	4
Lessons	
61. These lessons are found to be relevant and are well presented. The fact that the main lessons are derived from the results of the end-of-project workshops is commendable. For instance, this is true for strategic lessons such as the importance of strong, including pre-existing, commercial relations between OSCs and the relevant lead firms. The PCR rates the lessons of the PCR as <i>satisfactory (5)</i> .	5
Candour	
62. Narrative objectivity and candour of results reporting. The PCR narrative is relatively critical regarding most of the evaluation criteria. The ratings, as evidenced in Annex II, appear to be sometimes skewed towards the positive, e.g. for relevance, efficiency, gender equality, and in particular IFAD and government performance.	4
63. Consequently, this PCR rates the candour of the PCR as <i>moderately satisfactory (4)</i> .	

V. Final Remarks

Issues for IOE follow up (if any)
64. 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. 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. 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. 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	6	5	-1
Effectiveness	4	4	0
Efficiency	4	3	-1
Sustainability of benefits	4	4	0
Project performance^b	4.5	4	-0.5
Other performance criteria			
Gender equality and women's empowerment	5	4	-1
Innovation	4	4	0
Scaling up	6	6	0
Environment and natural resources management	3	3	0
Adaptation to climate change	3	3	0
Overall project achievement^c	4	4	0

Performance of partners^d			
IFAD	5	4	-1
Government	5	4	-1
Average net disconnect			-0.42

^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		5	

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

IFAD	International Fund for Agricultural Development
IOE	IFAD Independent Office of Evaluation
IRR	Internal Rate of Return
MAG	Ministry of Agriculture and Livestock
MTR	Mid-term review
OSC	Social Farmers Organization
PCR	Project Completion Report
PCRV	Project Completion Report Validation
PMC	Plan for Micro-Capitalization
PMD	Programme Management Department of IFAD
PNA	Articulated Business Plan
PPI	Inclusion of Family Farming in Value Chains Project (Proyecto Paraguay Inclusivo)

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