

Project Completion Report Validation

Republic of Honduras

**Sustainable Rural Development Programme for the Southern Region
(Emprende Sur)**

Date of validation by IOE: May 2020

I. Basic project data

			Approval (US\$ m)		Actual (US\$ m)	
Region	Latin America and the Caribbean	Total project costs	36.72 ¹		36.4	
Country	Republic of Honduras	IFAD loan and percentage of total	9.5	26%	9.05	25%
Loan number	2000000345	Borrower	3.7	10%	0.66	2%
IFAD project ID	1100001535	CABEI	10.0	27.2%	6.8	18%
Type of project (subsector)	Rural Development	OFID	10.0	27.2%	9.5	26%
Financing type	Loan	Beneficiaries	3.5	9.6%	10.5	29%
Lending terms*	Highly concessional					
Date of approval	16/09/2010					
Date of loan signature	23/11/2010					
Date of effectiveness	01/02/2011	Number of households	40,000		39,080	
Loan amendments	1/12/2014; 21/3/2017	Number of direct beneficiaries	200,000		175,860	
Loan closure extensions	1					
Country Programme managers	Arnoud Hameleers (current) Glaysen Dos Santos	Loan closing date	30/9/2017		30/09/2019	
Regional director(s)	Rossana Polastri (current) Joaquin Lozano Josefina Stubbs	Mid-term review			01/11/2015	
Project completion report reviewer	Chiara Maria Grimaldi	IFAD loan disbursement at project completion (%)			95.3%	
Project completion report quality control panel	Eoghan Molloy Fabrizio Felloni	Date of the project completion report			20/02/2020	

Source: President's Report, Project Completion Report (PCR).

¹ As indicated in the PCR, the original Programme cost amounted to US\$37.21 million, with IFAD loan amount standing at US\$10.000,00 million. However, as the IFAD loan was signed in SDR, the final budget has been adjusted according to the fluctuation of the SDR exchange rate, with the IFAD loan amounting to US\$9.5 million and the Programme's total cost being US\$36.72 million.

II. Project outline

Country & Project Name	Sustainable Rural Development Programme for the Southern Region Honduras (Emprende Sur), Republic of Honduras.
Project duration	Total programme duration: eight years. Board approval: 16/09/2010. Loan signing: 23/11/2010. Date of effectiveness: 01/02/2011. Original completion date: 31/03/2017. Actual completion date: 31/03/2019. Loan closure: 30/09/2019; two-year extension. Effectiveness lag: five months. Time from entry into force to first disbursement of funds: three months.
Project goal, objectives and components	The overall goal of Emprende Sur was to contribute to increasing the incomes, employment and food security of targeted households, promoting insertion into value chains and access for competitive rural companies and businesses to national and external markets. The programme's objectives were to: (i) facilitate the participation of small rural enterprises in value chains and expand their access to national and external markets (supported by infrastructure for production and value addition, consolidated rural savings associations and improved rural access roads); (ii) increase food security and reduce vulnerability to the impacts of climate change; and (iii) contribute to enhanced social and human capital, and strengthened organizational, decision-making and entrepreneurial capacities of rural communities and producer associations (supported by expanded social infrastructure and enhanced municipal planning). The programme had three components: (1) markets access and development of entrepreneurial linkages; (2) human and territorial development; and (3) programme management.
Project area and target group	Emprende Sur was implemented in regions 11, 12 and 13 of Honduras according to the Country Vision Plan, covering the departments of Choluteca, El Paraíso, Francisco Morazán, La Paz and Valle. The programme's main target groups included: (i) poor small agricultural producers; (ii) micro entrepreneurs with potential to take part in agricultural and non-agricultural value chains; (iii) small entrepreneurs engaged in processing and value addition activities; (iv) traditional inland fish harvesters; (v) Lenca indigenous populations; and (vi) rural women and young people. The targeting criteria were those established and defined in the approach strategy. The targeting approach in the area of influence conducted first with the local government authorities, later with government entities, projects already present in the areas and producer organizations already established in the zones.
Project implementation	The Ministry of Agriculture and Livestock (SAG) was the programme's executing agency. Other main implementing partners were: (i) municipalities and their associations; (ii) social organizations and producer associations; (iii) rural savings associations and microfinance institutions; (iv) government agencies, such as the National Fund for Sustainable Rural Development, a unit of the Ministry specialized in rural financial services; and (v) contracted private-sector operators. Until 2014, programme administration was carried out by the United Nations Development Programme (UNDP). It was subsequently transferred to SAG's Project Administration Unit (UAP). The programme was implemented by a project management unit (PMU), with policy, strategy and management guidance from SAG. Overall, 26 supervision and implementation support missions were conducted.
Changes during implementation	The financing agreements of IFAD, of the OPEC Fund for International Development (OFID), and of the Central American Bank for Economic Integration (CABEI), were subject to two amendments: the first in 2014, to change the administering entity (from UNDP to the Projects' Administering Unit of SAG (UAP)/SAG); the second in 2017, to extend the terms of completion and closure of the three IFAD/OFID/CABEI financing sources. A mid-term review took place in 2016, following which, the reallocation of funds and the extension of the programme was approved in March 2017. The programme's original closing date (31/3/2017) was extended by two years until 31/03/2019 given the delays suffered at the beginning of the programme's execution, changes in government, and the removal of UNDP as administrator in 2014.
Financing	Total programme budget at appraisal was US\$37.21 million. The programme was financed by an IFAD loan of SDR6.65 million (US\$10.0 million). The programme was co-financed by: (i) CABEI with a contribution of US\$10.0 million; (ii) OFID with a contribution of US\$10.0 million; and (iii) by the Government of Honduras with a contribution of US\$3.68 million as counterpart funds. Further cofinancing was foreseen from beneficiaries, with a contribution of US\$3.53 million (see tables 1 and 2).

Table 1
Project costs (US\$ millions)

<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)	9.5	26%	9.05	25%	95.3%
OFID	10.0	27.2%	9.5	26%	95%
CABEI	10.0	27.2%	6.8	18%	70%
Government	3.7	10%	0.66	2%	19%
Beneficiaries	3.5	9.6%	10.5	29%	286%
Total	36.7	100%	36.4	100%	99%

Source: President's Report; Programme Completion Report, 2020.

Table 2
Component costs (US\$ millions)

<i>Component</i>	<i>Appraisal</i>	<i>% of appraisal costs</i>	<i>Actual</i>	<i>% of actual costs</i>	<i>% disbursed</i>
Markets access and development of entrepreneurial linkages	23.1	63%	22.8	63%	98%
Human and territorial development	11.2	30.5%	11.2	30.5%	99%
Programme management	2.4	6.5%	2.4	6.5%	109%
Total	36.7	100%	36.4	100%	99%

Source: President's report; Programme Completion Report, 2020.

III. Review of findings

<i>PCRV finding</i>	<i>Rating</i>
A. Core Criteria	
Relevance	
1. Emprende Sur aimed to address the extreme poverty conditions of the Dry Corridor area, focusing on strengthening beneficiary producers' organizations and their value chains; it also aimed to support the basic social infrastructure of the most vulnerable population. The targeting strategy applied by the programme responded to its development objective and the target group comprised rural poor populations (as defined by the Government of Honduras) living in regions 11, 12 and 13. The programme's components and activities were consistent with the overall programme development objectives. The programme was aligned to: (i) the priorities of the Government of Honduras, enshrined in the Country Vision Plan for 2010-2038; (ii) the strategic guidelines of the 2010-2022 National Plan; (iii) the 2007 IFAD Country Strategic and Opportunities Programme and the IFAD Strategic Framework 2007-2010. The programme's design aimed to adopt a value chain approach, by working with strengthened producer groups' organisations, supporting their investment project profiles through sustainable business plans (PNS), as well as building the social basic infrastructure for the most vulnerable population. However, when it came to actual implementation, it was evident that some organizations had only weak or incipient organizational capacities and were therefore not suited to the implementation of the PNS. As a result, after developing a methodology to evaluate the existing organisations' capacities, a revised mechanism was established to support these organizations from a lower starting point, called the organizational development plan (PDO). This helped identify, develop and finance the investment plans according to the organizations' maturity level and needs, as well as the potential of the production value chains, thus allowing the programme's strategy and interventions to remain relevant.	4

PCR finding	Rating
<p>2. These adjustments were reflected in the revised logical framework approved at the 2016 mid-term review. It is worth noting that indicators concerning the rehabilitation of rural tertiary roads were not included in the revised logframe, although the Project Completion Report (PCR) highlights the importance of this activity for the achievement of results, as captured in the 2018 Results and Impact Management System survey.</p> <p>3. According to the PCR, the programme's relevance has been hampered by a number of issues. The implementation of the value chain and competitiveness approach was challenging, as the weak organizational and economic maturity of a number of programme's beneficiary organizations led to complications and delays, given the needs of notable and prolonged efforts to effectively insert these organizations in the competitive markets. The geographical programme's area turned out to be too wide, which complicated not only the targeting process, but also created challenges for the technical team to provide a minimum level of support to those organizations that were very distant. Finally, there was the lack of a clear approach to address the needs of the rural indigenous population. For all these reasons, the PCRV rates this criterion as <i>moderately satisfactory</i> (4), in agreement with the PCR rating.²</p>	
Effectiveness	
<p>4. Assessing the programme's effectiveness has not been straightforward, as the related information was not clearly provided across the PCR.</p> <p>5. The PCR stated that the programme served a target population of 98 per cent of the established goal, registering a total of 39,080 beneficiary families against the original target of 40,000. With regards to the first objective, the PCR highlighted that the programme implemented 139 productive projects (30 PNS and 109 PDO) (against a combined target of 122) and benefitted 11,387 producers against a target of 15,000. As a result of the programme's intervention: (i) 68 per cent of the organizations with PNS (30 against a target of 50) were able to insert their agricultural and non-agricultural products into national and international markets; (ii) 90 micro and small companies were created, promoted, and consolidated through the execution of the 109 PDOs, allowing their insertion into value chains.³ However, the PCR noted that, the producers' organizations within the selected value chains have not been able to consolidate their production model.</p> <p>6. The programme supported 195 savings and credit rural banks (CRACs) (against a target of 200) with financial development plans. Through these plans, the savings and credit rural banks were linked to rural financial services and they were provided with organizational, administrative, and legal support. On the less positive side, the PCR reported that the organizations inserted in business value chains that were operating with resources stemming from the rural financial services stood only at 44 per cent. Thirty-two investment plans for vulnerable groups (against a target of 72) were also developed, with a total number of 431 beneficiaries, of which 197 were adult women and 134 young women.⁴</p> <p>7. With regards to the second specific objective, the PCR reported that 71 per cent of beneficiary families have improved their food security through the increased availability and access (both economic and physical) to basic food, also as a result of the interventions dealing with food security and the promotion of climate resilient production techniques and technologies. On the less positive side, the PCR reports a production increase for only 31 per cent of the producers' organizations whose products were intended for the market: vegetables, fruit trees, beans, sesame, marañón, honey.</p> <p>8. Regarding the third specific objective, the programme's target population benefitted from a series of training on social-, health-, managerial-, and environment-related</p>	4

² The PCRV notes that there is a degree of ambiguity to the PCR assessment of the programme's relevance (paragraph 57), which although rated as 4, is assessed in the text as "satisfactory".

³ For the 30 organizations dealing with the PNS, an important feature has been the setting up of formal marketing links with the market, called "contract-based agriculture". This type of contract, which involves agricultural production being carried out on the basis of an agreement between the buyer and farm producers, has allowed to increase the production level and incomes of producer organizations.

⁴ These consisted of small projects with a maximum budget of US\$3,000 for each project.

PCR finding	Rating
<p>issues. The PCR reports that these interventions have contributed to strengthen the organizational, decision-making and entrepreneurial capacities of rural communities and producer associations in accordance with the beneficiary organizations' development levels. Further interventions concerned the human development investments, through wider access to basic social infrastructure. In this regard, a total of 14,290 families benefitted from the construction of 4,090 latrines, labor-saving devices and the construction of tertiary roads (358 km against a target of 280 km).</p> <p>9. Based on these findings, taking into account the overall mixed performance against appraisal targets, the PCR rates this criterion as <i>moderately satisfactory (4)</i>, in line with the PCR rating.</p>	
Efficiency	
<p>10. A variety of factors initially limited the full start of the programme's operations and affected its implementation during its first three years. These were: (i) delayed signing of the financial agreements with CABEI and OFID, which did not start in parallel with IFAD funding process; (ii) the decision taken in 2014 to finalize the contract with UNDP as the programme's administrator, and to yield the programme's administration to UAP/SAG, caused an operational and administrative reorganization; (iii) Government-related changes. In terms of financial management, the Programme had to comply with rigorously established processes for the management of funds, which were crucial at administrative level, but turned out to be time consuming at the level of beneficiary organizations. Overall, the Programme was executed over an eight-year time span, with the final disbursement rate of the IFAD funds being 95.3 per cent.</p> <p>11. At programme completion, the average investment per beneficiary amounted to US\$206, against a value of US\$186 estimated at appraisal. When considering the ratio between the programme management costs and the total costs as a proxy indicator for the Programme's efficiency, no significant increase in the percentage of programme's management cost has been detected.</p> <p>12. The PCR calculated that, at completion, the programme's internal rate of return amounted to 4 per cent, which is far below the internal rate of return of 22.7 per cent estimated at design stage, which may have been affected by implementation delays. On the other hand, the benefit cost ratio is positive at 2.9, while the net present value is also positive (US\$28.7 million).</p> <p>13. The PCR notes that the considerable delays faced by the Programme over its implementation course were likely to hinder the sustainability of the Programme's main interventions, with over 50 per cent of organizations only receiving their funding in the final year of programme implementation. However, despite the end of IFAD funding, OFID and CABEI funding was still ongoing until the end of 2019, which mitigates, to some extent, the impact of delays.</p> <p>14. Considering these findings, the PCR rates this criterion as <i>moderately satisfactory (4)</i>, in line with the PCR rating.</p>	4
Rural poverty impact	
<p>15. Given the weaknesses of the data of the monitoring and evaluation (M&E) and Results and Impact Management System, the PCR relied heavily on the data gathered through observations, surveys and interviews covering a sample of 72 organizations (52 beneficiary organizations and 20 non beneficiary), and 558 families. This sampled population was grouped into two groups: treatment group and control group, to make a comparison and determine if the achieved results were attributable to the Programme.</p> <p>16. Concerning food security, the PCR noted that beneficiary families have had better opportunities for income generation and crop diversification, which have led to an increased access and availability of food. The result of the impact evaluation indicates that the Household Dietary Diversity Score (HDDS) for the beneficiary households stood at 7.60 points, whereas the same indicator stood at 6.92 points</p>	4

PCR finding	Rating
<p>for non-beneficiaries.⁵ The PCR noted that the difference of 0.68 points was statistically significant and it reflected a new food group being accessible for 4,000 households. For the beneficiary households, the level of consumption has also shown a trend towards a better composition of the diet, with an emphasis on vegetables of green leaf, meat and fish. However, the PCR also highlighted that some households were still food insecure because of the agro-climatic situation in the Dry Corridor area (29 per cent of the beneficiary households against the 54 per cent of the non-beneficiary households).</p> <p>17. With regards to agricultural productivity, the PCR reported that thanks to the provision of technical assistance, 58 per cent of the sampled beneficiary organizations were able to diversify their production (against 5 per cent of the control group) and 62 per cent of them (against 0 per cent of the control group) have adopted new agricultural practices, such as: improved irrigation systems, good agricultural practices, use of improved varieties of seeds adapted to the area, terrace cultivation, and protection works in water sources.⁶</p> <p>18. With regard to the household incomes and assets impact domain, beneficiary households showed higher incomes (with a 10 per cent increase, equivalent to US\$276 per year) compared to non-beneficiary households. The programme also contributed to increasing the average income of vulnerable groups such as youth, and especially women whose revenue improved by more than 200 per cent. Regarding household assets, a higher percentage of beneficiary households were found to own assets, especially those for domestic use and those used for mobilization (10 per cent higher than non-beneficiary households).</p> <p>19. Although the Programme did not have activities directly aimed at producing changes in public policies, it has had an effect on the institutional framework, by contributing to: (i) the formulation of public policy documents aiming to promote territorial development with an equity and inclusive focus; (ii) the formulation of municipal development plans with territorial focus; and (iii) the formulation of a proposal to address current and future priorities of the marañón value chain within a strategic vision.</p> <p>20. On the negative side, the PCR noted that the creation of massive employment through the setting up of high-value agro-industrial processing plants for fruits and vegetables was eventually not achieved. This missed opportunity has had important consequences for the Programme, as, if realized, it would have contributed to better incomes for beneficiaries as well as to the reduction of internal and international migration.</p> <p>21. In view of the above findings, the PCR rates the overall rural poverty impact as <i>moderately satisfactory (4)</i>, in agreement with the PCR rating.</p>	
Sustainability of benefits	
<p>22. The latest 2018 supervision report mentioned that the Programme did not have an exit strategy. In the PCR, reference is made to a diagram that would have shown the Programme's exit and sustainability strategy. However, this diagram did not appear in the PCR, neither was it found in other documents.</p> <p>23. The PCR notes that the programme's implementation delays have compromised the sustainability of its results. As indicated by the 2018 supervision mission, six months before Programme's completion, there was still a great heterogeneity among the maturity level of producers' organizations, with some of them being more developed than others. Because of this reason, it was deemed necessary to define a strategy and look for institutions that would ensure continuity to the work already started with these organisations. The PCR notes that, although very relevant, this issue was not discussed in the PCR.</p>	4

⁵ The HDDS is a qualitative measure of food consumption that reflects household access to a variety of foods. The HDDS is calculated based upon a number of 12 food groups. The potential score range is 0-12 for HDDS. (FAO 2011: *Guidelines for measuring household and individual dietary diversity*).

⁶ The value chains with the highest economic flow were: vegetables, marañón cashew and specialty coffee sectors, mainly because they are export products that generate foreign currency to the country.

PCR finding	Rating
<p>24. The PCR has pointed out that those organizations that managed to engage in the PNS, have been deemed to be financially and economically sustainable initiatives: such is the case of the COCASAM, Sureñita, APROTAP, ESPROTAP, and CAFEPSA organizations, which have generated permanent jobs with an exports' level higher than three million dollars. However, the PCR reports that there are organizations that are still in the process of consolidation of their productive model and would require more time to strengthen their investments, such as the case of fruits-related enterprises, tourism, and specialty coffee. Most importantly, more than 50 per cent of beneficiary organizations received disbursements to implement their investment plans only in the last year of Programme's implementation. This suggests that there might be a sustainability risk for these organizations. However, the PCR notes that further support may be provided in the medium term through the additional CABEI and OFID funding secured after the programme closing date, which could strengthen chances of sustainability.</p> <p>25. In terms of political sustainability, the PCR highlighted that the Programme's interventions are framed in the guidelines established and promulgated by the Government of Honduras in the document Nation Plan for 2010-2022 and Country Vision 2010-2038, so it is expected that the Government of Honduras, through SAG, would continue with the actions undertaken by the Programme. To this aim, a permanent unit has been established in the SAG to follow up on the Programme's investments plans (PNS, PDO, and CRACs).</p> <p>26. With regards to the environmental sustainability, the investments in micro irrigation projects, water storage and use of seeds' varieties adapted to the current conditions were technologies being within the reach of agricultural producers; they could help to face future climatic circumstances that may impact the agricultural production (especially of basic grains), considering the future scenarios of rain and temperature's variation.</p> <p>27. For these mixed reasons, the PCR rates this criterion as <i>moderately satisfactory</i> (4), in line with the PCR rating.</p>	
B. Other performance criteria	
Innovation	
<p>28. The PCR presents several positive examples of innovations introduced by Empeñe Sur. For example, within the framework of the micro basin management plan for Santa Isabel financed by the Programme, a green fund was created, which provided revolving loans to local initiatives for agro-environmental projects in the micro-basin area. This strategy was innovative, as it allowed linking the green fund with the productive activities of the micro-basins, thus strengthening the functioning of the saving and credit rural bank through its contribution to the environmental issue. This initiative was successful thanks to its support to the rehabilitation of water sources, reforestation of degraded areas, demarcation of the micro-basin and implementation of mitigation and adaptation activities to climate change.</p> <p>29. Another innovative element concerned the process of linking CRACs to the Honduran Bank of Production and Housing, which is the national bank. The Programme benefited 195 CRACs that received capitalization funds, among which 81 were selected for an evaluation by the Honduran Bank of Production and Housing. With this mechanism, the CRACs were formalized and would be able to access national funds at a preferential rate, thus strengthening the loans' portfolio for the organizations. The innovative feature has been the evaluation conducted by the national bank, which has allowed to assess the status of the CRACs and to link these to the national level.</p> <p>30. The Programme managed to rehabilitate tertiary rural roads (358 km against a target of 280 km) in coordination with municipalities, local organizations and communities located in the area of influence; 67 organizations benefitted from this intervention. The innovative element of this strategy was to link the organizations'</p>	4

PCR finding	Rating
<p>business plans with the selection of rural tertiary roads to be rehabilitated, and with potential markets.⁷</p> <p>31. While recognising the above-mentioned positive examples, which are presented in the PCR, this PCRV notes that this represents only a fraction of the innovations envisaged at design. In the PCR, there is no reference made to these anticipated innovations, and it is not clear whether more innovations were implemented but not reported, or whether they simply did not take place.</p> <p>32. On balance, the PCRV rates this criterion as <i>moderately satisfactory (4)</i>, in line with the PCR rating.</p>	
Scaling up	
<p>33. Overall, there is limited evidence in the PCR of Emprise Sur initiatives having been scaled up. The analysis under this criterion in the PCR identified certain aspects of the programme that could potentially be scaled up, but did not provide evidence of this having taken place or of concrete measures to ensure that these initiatives will be scaled up in the future. This notwithstanding, this PCRV has identified two positive examples of Emprise Sur initiatives having been taken up by the Government.</p> <p>34. The PCRV recognizes that, following the Programme's positive results in elaborating the strategic National Plan for the marañón value chain, and recognizing the importance of having a national plan for a chain-related intervention, the Government of Honduras, through the SAG, has elaborated the Institutional Strategic Plan that included 22 agrifood chains, where production stands out according to the agroclimatic conditions of the country's regions.</p> <p>35. With regards to the rehabilitation and maintenance of rural roads, the agreement established with the coffee private sector fund has been an implementation mechanism that has allowed to save time in administrative processes and in the establishment of the environmental criteria for the preparation of licenses. This type of agreement has already been applied by the SAG to the IFAD-financed project PROLENCA, currently being implemented in southwestern part of Honduras.</p> <p>36. On balance, given the few scaled up interventions, the PCRV rates this criterion as <i>moderately satisfactory (4)</i>, in line with the PCR rating.</p>	4
Gender equality and women's empowerment	
<p>37. Gender equality was defined as a priority for Emprise Sur and has been a cross-cutting issue of the Programme's interventions, addressing the PNS, PDO, as well as the investment plans for vulnerable groups and CRACs. The PMU relied on the advice of a gender specialist advisor; additionally, the entire Programme's team was trained in gender, masculinity and leadership. Although the Programme did not have gender-related specifically allocated financial resources, some resources were devoted to gender-related advisory and capacity-building activities through the human and territorial development component and the PMU. Although the Programme made good progress in disaggregating information by sex and age, gender-disaggregated M&E data still presented inconsistencies and gaps, as reported by the 2018 supervision mission.</p> <p>38. Over its implementation, the Programme recorded women's participation as 51 per cent of total beneficiaries (against a target of 30 per cent), and the participation of young people and indigenous people as 19 per cent and 6 per cent of total beneficiaries, respectively. Women were trained in technical-productive aspects and in development of business linkages, as well as in economic development, managerial and administrative areas not only in relation to small-scale food production, but also as wage earners in cash crops (coffee, okra, sugar cane, and shrimp). The Programme also promoted the creation, consolidation and development of micro and small businesses of women's groups in the commercialization of agricultural products, as well as in other income generating</p>	5

⁷ The Programme selected the road sections that: (i) would benefit the organizations with investment plans and that require connection to the market to purchase their production; (ii) would grant benefits to the largest number of families and communities in the area of influence; and (iii) would have manpower to maintain the roads.

PCR finding	Rating
<p>activities, such as fishing, handicrafts, commerce and small-scale agribusiness. It was also ensured that in all the investment plans, the quota of women and youth's participation had to be of at least 30 per cent. Support was also directly provided to women through time-saving infrastructure and relief from reproductive work, as well as indirectly through the installation of cisterns, improved stoves and latrines.</p> <p>39. Based on the methodology 'closing the gender gap' that was applied during the PCR preparation, it has become evident that, women's self-esteem and confidence have been improved and their participation in the productive activities has given them economic autonomy, as a result of the Programme's gender-oriented affirmative measures. Most importantly, the PCR reported that women revenues improved by more than 200 per cent. Women's participation has also been increased in organizations, in coordinating bodies, and in decision-making processes. The resulting higher decision-making power over income had an impact by improving the quality of life of all family members in terms of health, education and food security. However, in the PCR a reflection was made about the risk of women becoming over-burdened, as a result of their recent higher community and productive involvement.</p> <p>40. In terms of attention to the rural indigenous population, the Programme approach was not clear, as affirmative actions were not differentiated and it did not register that population in a differentiated way. Youth (women and men) benefitted from the promotion of workshops on various social, self-esteem, productive, and health-related issues. Given these findings, the PCRV rates this criterion as <i>satisfactory</i> (5), in line with the PCR rating.</p>	
Environment and natural resources management	
<p>41. A number of actions have been deployed by the Programme for good environmental management, and a crosscutting environmental-related approach has been applied in the PNS, PDO and the municipal strategic plans. Among the measures that were carried out to address the environment and natural resources management, there were: i) implementation of three pilot projects (against a target of two) of payment for environmental services (such as rehabilitation of water sources and demarcation of the micro-basins); ii) soil protection interventions; iii) reforestation programs in the degraded areas (with an achievement of 344 hectares out of a target of 400 hectares); iv) proper use of water resources with systems of efficient irrigation and the use of artificial water recharge ponds for use in the dry season; vi) measures to implement good agricultural practices while managing the PNS and the PDO. Another intervention concerned the installation of 9,200 improved cooking stoves (102 per cent of the target), which served as an instrument to mitigate the extraction of firewood for consumption at home, reducing the loss of biodiversity and fire risks. At programme's completion, 952 hectares (against a target of 1,650) were covered with irrigation, these irrigated lands being destined to the corn production, beans, vegetables, okra, sesame, mango, avocado, cashew, citrus, banana, pineapple, grass cut and coffee.</p> <p>42. Despite this fairly positive picture, the lack of more robust data in the PCR did not allow a more in depth analysis on the outcomes of the practices carried out by the programme's beneficiary producers. As a result, the PCRV rates this criterion as <i>moderately satisfactory</i> (4), which is in line with the PCR rating.</p>	4
Adaptation to Climate Change	
<p>43. At design, the Programme's focus on reducing vulnerability to the impact of climate change was not a specific objective, as it was linked to the issue of increasing food security. However, the PCR reported that during implementation, a strategy to reduce climate change-related risks has been developed, including adaptation and mitigation measures.</p> <p>44. Among the interventions carried out by the Programme, there can be cited: (i) reduction of crop water deficiencies, through the provision of micro-irrigation systems to 5,600 small producers (against a target of 4,000), prioritizing highly profitable crops, such as vegetables and fruits; (ii) promotion of drought-adapted cultivation technologies that improved infiltration capacity and soils' moisture retention, by providing certified basic grains' seeds for drought zones;</p>	4

PCR finding	Rating
<p>(iii) improvement of soil fertility and stability through the implementation of works and soil conservation practices; (iv) establishment of 300 hectares of mangrove ecosystems, which were essential for resilience to climate change in coastal areas; (v) application of the environmentally friendly agricultural practices through the payment for environmental services projects in three micro-basins of hydric and biological importance; and (vi) improvement of planting methods and establishment of new crop cycles. The programme also constructed 1,000 cisterns (100 per cent of the target) to alleviate households' water scarcity caused by adverse climatic events.⁸</p> <p>45. Despite these positive achievements reported in the PCR, the 2018 supervision mission highlighted that, although the Programme made efforts to implement practices to promote adaptation to climate change, there was not a full extent of adoption of these measures by the programme's beneficiary producers.</p> <p>46. In view of these findings, the PCRV rates this criterion as <i>moderately satisfactory</i> (4), in line with the PCR rating.</p>	
C. Overall Project Achievement	
<p>47. The Programme was initially hampered by challenges concerning its implementation process, as well as its value chain and competitiveness approach, as not all the potentially targeted beneficiary organizations were ready to be inserted, in terms of their maturity, into the competitive markets at national and international level. Overall, the Programme's dual intervention strategy (inclusive development and rural modernization and competitiveness), with its focus on market access and rural business generation for smallholders and micro-entrepreneurs, has led to some positive results in terms of higher production, better food security, higher employment and income levels. These results have been matched by a number of interventions covering the environment and climate change-related issues, as well as the beneficiary organizations' human and social capital spheres. The PCR highlighted that the magnitude of the positive results has been affected by the delays and weaknesses at the Programme's management level as well as by the cumbersome disbursement process of the three different financial organizations. As a result, more than 50 per cent of the organizations received their disbursements for executing their investment plans in the last year of Programme's implementation, with potential repercussions on the sustainability of these latest interventions. This PCRV rates overall project achievement as <i>moderately satisfactory</i> (4), in line with the PCR rating.</p>	4
D. Performance of Partners	
IFAD	
<p>48. As mentioned in the PCR, the Government of Honduras appreciates IFAD as a strategic partner, given its knowledge and experience in rural development. IFAD performance over the whole Programme's implementation has been considered as satisfactory in relation to the following issues: i) time required to process disbursements; ii) support provided through the implementation and supervision missions, whereby necessary recommendations were given to streamline and improve the quality of Programme's implementation; iii) timely responses to the requests to no objection; iv) flexibility in extending the Programme for two years; and v) adjustments in the Programme's implementation (such as: regulation of capitalization funds, hiring of personnel of support) that marked efficient processes to implement the activities. The PCRV rates this criterion as <i>satisfactory</i> (5), in agreement with the PCR rating.</p>	5

⁸ The design contemplated 9,000 cisterns to harvest water for domestic use and irrigation of family gardens, and 9,000 improved cooking stoves. During programme's implementation, the original goals were modified, reducing the number of cisterns to 1,000 and eliminating their use for irrigation of family gardens, keeping the improved cooking stove at 9,000 and adding 4,320 latrines.

PCR finding	Rating
Government	
<p>49. The Ministry of Finance, being the financial entity of the Government of Honduras, played an important role in the Programme's implementation, mainly in the disbursement process of IFAD's and CABEI's funds to the Programme. Implementation challenges were faced by the Programme over its overall course, as in the last two years of extension, which were key to reaching the levels of funds' execution from the three financial sources. Among the weaknesses, there were the bureaucratic processes and budget modifications that did not allow the Programme to execute in a timely manner what has been programmed.</p> <p>50. The UAP/SAG faced challenges to be agile and efficient in managing financing resources, presenting over the years some inconveniences that were gradually overcome. In addition, it showed weaknesses in terms of availability of skilled key personnel and limited coordination and facilitation of processes, which led to low rates of project execution. The processing of disbursement requests to the different financial organizations was not carried out with the necessary promptness to meet the programme's needs in a timely manner.</p> <p>51. The PMU had the responsibility of coordinating the Programme's interventions at local level. At various stages, not all PMU staff positions were filled, such as the M&E and the natural resources specialist positions, partly due to short-term personnel contracts, whereby some people decided to leave at a time when technical support was most required.</p> <p>52. Being the highest authority in the municipalities, the incorporation of mayors in the targeting and execution of investments made in social basic infrastructure was affected by political and institutional changes.</p> <p>53. In light of these shortcomings, the PCR rates this criterion as <i>moderately unsatisfactory</i> (3), a point lower than the PCR rating.</p>	3

IV. Assessment of PCR quality

PCR finding	Rating
Scope	
54. The PCR contains all chapters, sections, and annexes as per the Guidelines for Project Completion Review (2015).	5
Quality	
<p>55. The Programme had a database more than with a M&E system, as the Management Planning and Evaluation Unit of SAG began with the design of a system that would include all SAG's directorates and projects; however, this system only worked for a short period of time. Although adjustments were made to collect logical framework-related data, the quality of the information generated from this database has been limited and unreliable. The Programme did not have a baseline study, which somewhat complicated the completion review.</p> <p>56. Although the efforts made to make up for the lack of a robust set of data are here recognized, this PCR notes that the poor availability of good quantitative data has affected the PCR overall quality. Moreover, inconsistency and confusion has been identified in the presentation of data across the PCR, with the same data being presented as percentages in the main report and as cardinal numbers in the programme logical framework.⁹ In addition, the PCR lacked a proper analytical depth as it reported programme's results mainly at output and activity level.</p> <p>57. Furthermore, there is inconsistency in places between the assessment in the text, and the numerical ratings that have actually been assigned, and it is often unclear as to why lower numerical ratings have been assigned.</p>	3

⁹ See table 42, page 49 of the PCR.

58. For these reasons, the PCR rates the quality of the PCR as <i>moderately unsatisfactory</i> (3).	
Lessons	
59. Although the lessons learned were found to be relevant, they were not systematically presented in the PCR, such that other important lessons were evident in different sections of the report (e.g. in the recommendations section). This PCR rates the lessons of the PCR as <i>moderately satisfactory</i> (4).	4
Candour	
60. Overall, the PCR narrative has been deemed to be fairly objective, also by comparing it with the findings and assessment of the 2018 supervision mission report. However, for some evaluation criteria (such as relevance, effectiveness, innovation) the PCR narrative was found to be overly positive and not in line with the final numerical PCR ratings. Meanwhile, for some other evaluation criteria (efficiency, sustainability and Government's performance), Programme performance was found to have been overestimated. For these reasons, this PCR rates the candour of the PCR as <i>moderately satisfactory</i> (4).	4

V. Final remarks

Issues for IOE follow up (if any)
1. 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. <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. 	X	Yes
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

Criteria	Programme Management Department (PMD) rating	IOE Project Completion Report Validation (PCRVR) rating	Net rating disconnect (PCRVR-PMD)
Rural poverty impact	4	4	0
Project performance			
Relevance	4	4	0
Effectiveness	4	4	0
Efficiency	4	4	0
Sustainability of benefits	4	4	0
Project performance^b	4	4	0
Other performance criteria			
Gender equality and women's empowerment	5	5	0
Innovation	4	4	0
Scaling up	4	4	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	4	3	-1
Average net disconnect			- 1/12= - 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

	PMD rating	IOE PCRVR rating	Net disconnect
Candour	n.a	4	n.a
Lessons	n.a	4	n.a
Quality (methods, data, participatory process)	n.a	3	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

CABEI	Central American Bank for Economic Integration
CRAC	Saving and credit rural banks
HDDS	Household Dietary Diversity Score
M&E	Monitoring and Evaluation
OFID	OPEC Fund for International Development
PDO	Organizational Development Plans
PMU	Project Management Unit
PNS	Sustainable Business Plans
SAG	Ministry of Agriculture and Livestock
UAP/SAG	Project management Unit of the Secretary of Agriculture and Livestock
UNDP	United Nations Development Programme

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