1. Project Data

<table>
<thead>
<tr>
<th>Project ID</th>
<th>P093699</th>
</tr>
</thead>
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<tr>
<td>Project Name</td>
<td>AO-Market Oriented Smallholder Agr</td>
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<tr>
<td>Country</td>
<td>Angola</td>
</tr>
<tr>
<td>Practice Area(Lead)</td>
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<tr>
<td>L/C/TF Number(s)</td>
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<tr>
<td>Closing Date (Original)</td>
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<tr>
<td>Total Project Cost (USD)</td>
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<td>Closing Date (Actual)</td>
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<td>Grants (USD)</td>
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<td>Actual</td>
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<th>Sector(s)</th>
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<tr>
<td>Other Agriculture, Fishing and Forestry(60%):Public Administration - Agriculture, Fishing &amp; Forestry(14%):Agricultural Extension, Research, and Other Support Activities(9%):Irrigation and Drainage(9%):Other Water Supply, Sanitation and Waste Management(8%)</td>
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<th>Theme(s)</th>
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<td>Rural services and infrastructure(40%):Rural policies and institutions(10%):Rural markets(50%)</td>
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Prepared by Hassan Wally  Reviewed by John R. Eriksson  ICR Review Coordinator Christopher David Nelson  Group IEGSD (Unit 4)

2. Project Objectives and Components

a. Objectives

The project development objective (PDO) in the Project Appraisal Document (PAD, p. 5) and the Financing Agreement (FA, p. 5) were identical and aimed to:

"increase agricultural production through provision of better services and investment support to rural smallholder farmers in selected comunas and municipios of targeted Provinces of Bie, Huambo and Malange."

This review will assess the outcome of the project against the above mentioned objective.
b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Components

The project included the following three components:

1. Capacity Building (appraisal Cost: US$9.59 million, actual cost: US$13.70 million). This component aimed to strengthen the technical, institutional, managerial and marketing skills of 126,000 smallholders and their organizations, as well as of services providers and other stakeholders involved in agricultural production and value chains, to more effectively operate in a market-driven environment and to prepare for the agricultural investment support opportunities under component 2. It included three sub-components:

1.1 Building and strengthening capacities of smallholder groups and associations. This includes: (a) assisting smallholders to form groups and associations and to strengthen existing smallholder groups and associations; (b) assisting smallholder groups and associations to identify, prepare and manage their productive agricultural investment activities to be funded through component 2; (c) improving smallholders agricultural and marketing skills and ability to access extension services; and (d) building capacities of vulnerable groups and empowering them to participate in productive activities supported by the project.

1.2. Strengthening capacities of relevant government institutions. This includes introducing or strengthening participatory processes that support project implementation, focusing on building skills of staff in institutions involved in the project.

1.3. Strengthening capacities of private and non-governmental agricultural service providers. This includes: (a) strengthening the capacities of private sector agencies, Nongovernmental Organizations and Community Based Organizations to support smallholder groups and associations to prepare development plans and investment proposals (sub-projects) for funding under component two; and (b) strengthening the managerial and business capacities of local micro-enterprises that support farming activities (small processors, craftsmen and local traders).

2. Agricultural Investment Support (appraisal Cost: US$29.45 million, actual cost: US$7.74 million). This component aimed to improve productivity, competitiveness and market access of 24,000 smallholders in the project area. It would provide demand-based support, in the form of matching grants, to rural communities and smallholders groups, for small-scale agricultural infrastructure, production, processing and marketing sub-projects. Three categories of sub-projects were defined:

(i) sub-projects with a high public value and/or use content, for which the matching grant ratio would (initially) be set at 90% project contribution and 10% beneficiary contribution (either in cash or in kind). These sub-projects include: (a) rural infrastructure sub-projects (for instance small-scale irrigation, drinking water, dip-tanks, stores, spot improvement of feeder roads, etc.); and (b) sub-projects that have a positive impact on the environment, such as erosion control and reforestation;

(ii) Sub-projects that naturally reproduce and can be further distributed, for which the matching grant ratio would (initially) be set at 90% project contribution and 10% beneficiary contribution (either in cash or in kind), under the condition that the beneficiary group agree to a further distribution mechanism under which the whole group or the whole community will eventually benefit. These sub-projects include: (a) livestock (cattle, goats, sheep, pigs, etc.); and (b) seed multiplication;

(iii) Sub-projects that largely consist of equipment that requires a business-type use and management to be sustainable and profitable, for which the matching grant ratio would (initially) be set at 90% project contribution and 10% beneficiary contribution (either in cash or in kind), under the condition that the beneficiary group has a contractual agreement with one or more of its members to use and manage the equipment as a microenterprise, providing services to the whole group and/or community. These sub-projects include: (a) agricultural production equipment, such as tractors, animal traction equipment (ploughs), sprayers, pumps, etc.; (b) agricultural processing equipment, such as grain mills, oil presses, milk chillers, etc.; and (c) agricultural marketing equipment, such as transport equipment (ox-cart, trailer, etc).

3. Project Management (appraisal Cost: US$7.56 million, actual cost: US$11.61 million). This component was to manage the project and use resources in accordance with the project objectives and procedures.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost. The total Project costs were estimated to amount to US$49.35 million over six years. Actual project costs according to the ICR (Annex 1) were US$33.05 million which represented 66% of the appraisal cost. The difference was mainly due to the partial cancellation of the IDA Credit in the amount of US$10 million.
Financing. The project was expected to be financed through an IDA credit worth US$30.00 million equivalent. The project was expected to be cofinanced through an International Fund for Agricultural Development (IFAD) Credit of US$8.20 million, and a US$4.00 million Japan Poverty and Human Resources Development (PHRD) Grant. Actual amounts disbursed according the ICR (Annex 1) were US$18.17, US$6.27, and US$3.61 million representing 61%, 76% and 90% of the IDA Credit, IFAD Credit and the PHRD Grant, respectively.

Borrower Contribution. The borrower and the local communities were expected to contribute US$4.12 million and US$3.03 million, respectively. Actual amounts reported by the ICR (Annex 1) were US$4.40 million for the borrower, however, the amount contributed by local beneficiaries was not measured.

Dates. The project was expected to close on September 30, 2014, however, it closed eighteen months later on March 31, 2016. The project was restructured four times all of which were Level 2 restructurings as follows:
1. The first restructuring was on February 15, 2013 (amount disbursed: US$4.66 million) in order to partially cancel the IDA Credit in the amount of US$10.00 million in line with a request by the Government of Angola on December 31, 2012, to match the project’s implementation capacity more realistically with the time available to complete Project activities prior to the Closing Date of September 30, 2014.
2. The second restructuring was on September 15, 2014 (amount disbursed: US$14.44 million) in order to extend the project Closing Date for a period of 15 months, from September 30, 2014 to December 31, 2015.
3. The third restructuring was on December 15, 2015 (amount disbursed: US$18.93 million) in order to extend the project closing date for a period of three months, from December 31, 2015 to March 31, 2016.
4. The fourth restructuring was in March 15, 2016 (amount disbursed: US$19.23 million) in order to advance the Closing Date of the IFAD co-financing Loan Agreement from June 30, 2016 to March 31, 2016 and to match the IDA and PHRD Co-financing closing dates.

The Mid-term Review was carried out in February 25, 2013 compared to an expected date of March 1, 2011--about two years later than expected.

3. Relevance of Objectives & Design

a. Relevance of Objectives

High.

In 2001 agriculture accounted only for about 8% of GDP, yet it continued to be the main source of employment in the country. It provided employment to about 63% out of a total workforce of 7.5 million. Only some 600,000 of the workforce found employment outside the agricultural sector and 2.2 million remain unemployed. The agriculture sector has re-absorbed an estimated 4.4 million of (previously) internally displaced people. The Angolan civil war (1975-2002) resulted in a virtual collapse of market-oriented production as large numbers of rural inhabitants either fled or reverted to subsistence production. Infrastructure also suffered greatly with widespread destruction of roads, bridges and warehouses which had a negative impact on agriculture.

At project appraisal, objectives were highly relevant and in line with the basic principles outlined in the food security and rural development section of the Poverty Reduction Strategy (2003) of the Government which highlighted rural development, with a focus on the improvement of food security and the re-vitalization of the rural economy. Objectives were also in line with the World Bank Group’s interim strategy (ISN, 07-09) for Angola which called for strengthening the public sector management and institutional capacity; rebuilding critical infrastructure and support delivery of public services for poverty reduction; and promoting growth of non-mineral sectors. Objectives were also in line with the International Fund for Agricultural Development (IFAD) Country Strategy Update of 2008/09 for Angola which identified the need for interventions to restore productivity and revive economic activity in rural areas. IFAD’s strategy focused on two pillars: reduction of rural poverty, and creation of a conducive environment for private sector development.

At project completion, objectives continue to be highly relevant to the country’s development priorities that aimed to expand and diversify the export base beyond oil. The importance of agriculture was emphasized further after the collapse of oil prices in 2014. Objectives were in line with Angola’s National Development Plan (NDP) 2013-17 and the Medium-Term Agricultural Development Program 2013-17 (ADP) where agricultural productivity and diversification were both emphasized. Objectives continued to be in line with the Bank’s Country Partnership Strategy for FY13–16 for Angola which aimed to: deepen diversification for inclusive growth; enhance the quality of decentralization for services delivery; and build human resources capacity.

Rating
b. Relevance of Design

Substantial.
Design included a clear and focused statement of objectives. The Results Framework did not provide clear links between the project inputs, outputs and expected outcomes. Nevertheless, the detailed project description (PAD, Annex 4) provided good details on each of the three aspects. Design focused on the need to re-capitalize smallholder producers (between 1 and 2 hectares of land under rain-fed conditions) and re-activate market linkages to support broad-scale and sustainable agricultural production among smallholder farmers who comprised the majority of the population. Design was sequential where Component 1 was to be implemented before Component 2 to ensure that capacity existed at the local level to implement sub-projects.

To achieve the stated objective, design featured a community demand-driven (CDD) approach to ensure that project beneficiaries had a say in determining project activities that catered to their needs. Activities were organized under two main components while the third component focused on project management. Activities under the first component would contribute towards achieving the stated objective through strengthening the technical, institutional, managerial and marketing skills of smallholders and their organizations, as well as of services providers and other stakeholders involved in agricultural production and value chains. These activities were relevant and were expected to enable beneficiaries to effectively operate in a market-driven environment and to prepare for the agricultural investment support opportunities under component 2. Activities under the second component would contribute towards achieving the stated objective through the provision of demand-based support to rural communities and smallholders groups in the form of matching grants for small-scale agricultural infrastructure, production, processing and marketing sub-projects. These activities were relevant and were expected to have a positive impact on the agricultural production in project areas.

However, design did not include critical arrangements to address input constraints and improve marketing linkages in project areas. Also, design lacked the necessary arrangements for the sustainability of some project activities, for example, there were no maintenance arrangements for the equipment provided to producers such as grinding mills, and there were no veterinary services in areas where farm animals have been provided to project beneficiaries.

Rating
Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective
PDO: increase agricultural production through provision of better services and investment support to rural smallholder farmers in selected communes and municipalities of targeted Provinces of Bie, Huambo and Malange

Rationale

Outputs

- Capacity building activities
  - 54,982 smallholder farmers (revised target: 50,000, original target: 126,000) were trained in community organization and leadership, organization of production and agricultural techniques for maize, beans and Irish potatoes, and cassava; of which over 22,000 farmers through FAO Farmers’ Field Schools (FFS); of which 1,497 graduated as facilitators and 96 as community leadership, and about 2,252 benefitted from literacy and agribusiness. In addition, 210 Government technicians were trained in community leadership, agronomic, extension methods (ICR, p. 31, para 3).
  - The project provided equipment to local agricultural offices to improve assistance to smallholders including 13 vehicles and 40 moto-bikes (ICR, p. 31, para 3).
  - A total of 88 government extension workers including who were designated to directly support the farmers were provided
training on improved production technology, veterinary services and management training (ICR, p. 33, para 15).

- 90 service providers were trained in business planning and processes and leadership skills (ICR, p. 34, para 21). This training was expected to developed capacity of input retailers and local service providers who conducted business with project beneficiaries in order to strengthen or increase their capacity to provide extension services.

- A total of 726 Farmers’ Field School (FFS) were created in three provinces, comprising of 22,432 farmers’ members, 66 trained extensions facilitators and 307 trained farmers facilitators. Training in FFS focused on crop production and demonstration of new technologies. Based on the baseline and end of project survey the project achieved an adoption rate of 62% at the end of the project exceeding an appraisal target of 40% (ICR, p. 32, para 6).

**Support to Agricultural Investments**

- The project provided financial resources to 257 sub-projects involving over 12,354 smallholder agricultural farmers (Revised target: 8,000, original target: 7,000). Of the 257 sub-projects financed, 46% (118) were animal traction, 42% (109) were mechanization and seeds and 12% (30) were mills. This included provision of seeds for potatoes; maize, beans and fertilizers; support in provision of assistance for mechanized land preparation covering over 1,500 ha and provision of animal traction (ICR, p. 34, para 23).

**Outcome**

- The project aimed to increase agricultural production in the three targeted provinces of Bie, Huambo and Malange. Evidence provided in the ICR (p. 14) showed that the crop productivity index (an aggregated measure of the increase in crop production across four commodities supported by the project—beans, cassava, maize and potato) had a positive trend in real terms; and by 2015 was 166 (or 66% higher than the baseline), exceeding the overall project revised target of 10% (original target was 25%). Yields of the four commodities targeted by the project increased for both project and non-project beneficiaries. A difference in difference analysis showed that net increase for project beneficiaries was 0.14 t/ha for maize (or 33% higher than baseline yield values) followed by potato at 1.27 t/ha (32% higher than baseline), beans at 0.06 t/ha (20% higher than baseline) and cassava 2.19 t/ha (13% higher than baseline). These results were derived from a sample that included 1,500 smallholder farm families, distributed in proportions corresponding to the size of the intervention per province as follows: 48% in Bié, 32% in Malange and the remaining 20% in Huambo. However, the methodology did not account for the different growing cycles of the four crops promoted by the project, for example, potato and beans were produced in two growing seasons within the year producing different yields. But according to the ICR (p. 56 para 43) "much of the second season crop data is lost."

- While the provided evidence points to a positive trend in production, absolute gains were modest when comparing project to control areas. For example, according to the ICR (p. 15, table 1) the net increase in production of maize averaged only 142 kg/ha, cassava averaged 2,190 kg/ha, beans averaged 60 kg/ha and potato averaged 1,270 kg/ha. The ICR (p. 15, para 56) noted that the average yields post-project were still relatively low compared to potential. In addition, the ICR failed to provide clear links between the project agricultural investments and any gains in production. In a further communication after the preparation of this Review the project team explained that "the methodology used to measure yield and production in the project attempted to address the difficulties observed in the farmer fields, which consisted of several scattered plots, producing different crops, in different growing seasons. As such the cutting and weighing method for specific plots can be considered a reasonably reliable approach to obtain accurate crop yield data. The farmer self-reported information helped generate a feel for production across the plots and for a farmer’s entire cultivated land. Total production divided by land dedicated to that crop provides yield data for the individual crop. The data are not mutually exclusive but rather serve to provide a more reliable assessment of the yield data. In both cases, the methodology used in the survey eliminates the extreme outlier data (5% highest and 5% lowest were discarded) to get a more representative data set on yield."

- Also, the ICR did not provide information on the impact of project activities on cropping intensity in project areas compared to non-project areas. The project team explained that cropping intensity was not specifically measured and provided evidence that demonstrated increased intensification in project areas. Furthermore, the project did not address the input side of agricultural production chain despite that smallholders had an extremely limited access, especially to the variable inputs of seeds and fertilizer in the project areas (ICR, p. 18, para 67). Without access to seeds and fertilizer,
among other inputs, production gains are expected to be limited if any. Also, the project did not adequately address marketing and development of value chains. The final impact assessment (ICR, p. 54, para 36) reported that farmers were skeptical about raising their production of cash crops (potato and cassava) beyond their marketing capability. The team explained that addressing the input side was not specifically included in the project design; yet there was evidence of increased demand for fertilizers in project areas in addition training on marketing enabled the farmers to acquire critical skills to link the producer groups and associations with traders to sell their production through traders and the Program for Acquisition of Agriculture Products (Programa de Adquisição de Produtos Agropecuários, PAPAGRO).

- Efficacy of the PDO is rated substantial based on the evidence provided in the ICR and the End of Project Impact Evaluation Survey Report; and clarifications provided by the project team.

| Rating   | Substantial |

## 5. Efficiency

**Economic and Financial efficiency**

*ex ante*

- The Net Present Value (NPV) of the flow of annual increasing incomes of the project was US$19,627,820; and the Economic Rate of Return (ERR) was estimated at 21.1%.
- The economic and financial feasibility of the Project was determined through the application of the evaluation method commonly known as “discounted funds flow cost-benefit analysis”. FARMOD software, developed by the World Bank and FAO, was used for the application of this methodology. The discount rate adopted was 12% per year, considering that it reflects the cost of capital opportunity in Angola, and the period of time taken into account to make the projections of the discounted funds flow is set at 20 years.
- The financial analysis was conducted to assess if the targeted smallholders (see Annex 1 for description of beneficiaries) would get financial benefits that justify their adherence to and participation in the project. The economic analysis was carried out to determine the profitability of the project as a whole from the perspective of the country’s economy and the general interest.
- Assumptions: project will benefit 126,000 rural smallholder households, out of a total of 200,000 families located in 25 commas of 12 municipios of the provinces of BId (100,000 households), Huambo (50,000 households) and Malanje (50,000 households). Farm size average was 2.5 ha of which only 1.5 ha were cultivated under rainfed conditions using exclusively family labor at a very basic technology level. The analysis used 2006 prices. The prices of inputs (operational and investment), services and labor, reflected the present market value for each of these. Exchange rate was US$ 1 = Kwanzas 80.
- Sensitivity analysis showed that the project appears little sensitive to the three analyzed situations. A 25.2% increase in the incremental costs would reduce its internal return rate to 12%; a 20.2% reduction in the projected incremental incomes would reduce the ERR to 12%; and if the achievement of the expected incremental benefits were delayed a year the ERR would drop to 14.7%.

*ex post*

- The ICR economic and financial analysis followed the same logic as the appraisal stage analysis and assessed the quantifiable financial and economic benefits generated by increased production and productivity among project beneficiaries. However, the projects investments in capacity building activities were not quantified. The analysis relied on data from the project’s baseline survey and final impact evaluation.
- The project’s economic rate of return was estimated to be 13% which was slightly higher than the opportunity cost of capital. It was lower than appraisal estimates which were based on a shorter time period for project implementation, lower costs of for service provision and goods, and wider beneficiary coverage.
Independent Evaluation Group (IEG)
AO-Market Oriented Smallholder Agr (P093699)

Implementation Completion Report (ICR) Review

- Only the incremental production generated by project beneficiaries is used in the analysis in order to capture the portion of production increases that can be attributed to MOSAP rather than the general rise in production experienced by both project and nonproject beneficiaries.
- The analysis did provide an estimate for the financial rate of return and no ex post sensitivity analysis was carried out.

Administrative and Institutional Efficiency
The project was declared effective on September 20, 2010, about 26 months after Board approval. The average time needed to declare a project effective in Angola was about 19 months. The relatively longer Effectiveness delay was due to specific country requirements, including the need for the Credit Agreement to be approved by the Cabinet and the requirement that the approval be published in the Country’s official bulletin. The completion of the baseline survey study was as a disbursement condition for Component 2, however, it was only completed in January 2013—two years after Effectiveness, and hence implementation of activities under Component 2 were delayed and only initiated in 2013 leaving limited time for implementation. Also, procedures for funding sub-projects under the same component were submitted for Bank clearance only in December 2012. This late start of activities led to a reduction in the scale of Component 2 where the number of beneficiaries was cut to 50,000 rather than 126,000 as envisioned at appraisal and only US$7.74 million was disbursed (26% of appraisal estimate). The project saw significant reallocation of funds to components 1 and 3 where actual costs reached 143% and 154% of appraisal estimates, respectively. This was driven in part by higher than expected costs associated with service provision and project coordination and management in the Angolan context. Consumer price index in Angola saw a 61% increase over a five year period (2010 to 2015). In contrast, appraisal cost estimates allocated only 5.6% for additional price and physical contingencies over the project life (ICR, p. 5, para 19).

Efficiency Rating
Modest

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6. Outcome

Relevance of objectives was rated high while relevance of design was rated substantial despite some shortcomings. Efficacy was rated substantial because the project achieved its outcome targets on productivity for the four target crops and exceeded its target on absolute increase in production. Efficiency was rated modest owing to a lower than expected ERR and significant administrative and institutional inefficiencies. Therefore, overall, the outcome of the project had moderately shortcomings and hence its outcome is rated moderately satisfactory.

a. Outcome Rating
Moderately Satisfactory

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7. Rationale for Risk to Development Outcome Rating
The ICR (p. 23) identified two main concerns:
1. The project supported an improved service delivery system through FFS. Integrating this system within the existing government structure is challenging and limited revenues might hinder the government's ability to support the same services promoted by the project.
2. Farmers face challenges on two fronts, access to both inputs and marketing. Farmers in project areas successfully adopted project-promoted technologies, however, limited access to inputs might have capped any production gains. If access to inputs is addressed, farmers still face limited access to markets particularly that the country suffers from weak supply chains. Without access to markets it is doubtful that yield increments would result in improved incomes to farmers. In fact yield increments with poor marketing might lead to depressed prices and lower incomes.

In a further communication the project team noted that "the Bank approved an IBRD Loan in the amount of US$70 million to finance a follow on project, the Angola Smallholder Agriculture and Commercialization Project (SADCP). The SADCP was approved in July 5, 2016 and became effective on December 28, 2016 and is designed to build upon the outcomes achieved under Market Oriented Smallholder Agriculture Project (MOSAP) and to support smallholder farmers to increase agricultural productivity, production and market linkages that generate self-sustaining agricultural growth over a larger area that was covered under MOSAP."

This was expected to have a positive impact on the sustainability of the development outcomes achieved under MOSAP and therefore, risk to development outcome is rated modest.

### 8. Assessment of Bank Performance

#### a. Quality-at-Entry

- The Government of Angola requested the World Bank to support this agricultural development project. The objectives of the project were in line with the Government priorities and the Bank’s Interim Strategy for Angola (ISN). The proposed lending instrument was a Specific Investment Loan (SIL).
- The project had a relatively long preparation period prior to approval (identification mission took place in 2005, Board approval occurred only in mid-2008). The delay stemmed from issues related mainly to the country including: reclassification and shift away from concessional borrowing terms in 2007 which created uncertainty with regards to borrowing activities, legislative elections, and the outbreak of the second phase of the civil war.
- Design benefitted from the experience within the country and in other Community Driven Development (CDD) and smallholder agricultural development projects as well as from IFAD’s experience in implementing projects in the rural sector from 1991-2007. Notable lessons included: simple project design, allowing time for institutional reform, and a CDD approach with the aim of achieving early visible results on the ground. While projects supporting smallholder production emphasized the need to support the development of market linkages and coordinated value chain interventions, this was not fully captured by the project’s design.
- Design suffered from a number of shortcomings. First, it overestimated the number of qualified service providers able to work in Angola, however, these were not as numerous as anticipated. Attracting qualified international service providers was difficult given the high cost of doing business in Angola and difficulty obtaining work visas (ICR, p. 8, para 29). Second, design did not adequately address the limited availability of variable inputs in particular seeds and fertilizer supply which limited the impact of project on yield increments. Third, design did not focus much on market development and linkages to supply chains. Fourth, design lacked a clear exit strategy that clearly identified the necessary measures to ensure the sustainability of project activities post completion.
- At the appraisal stage nine risks were identified, five were rated moderate, three were substantial and one was high. The PAD (p.p. 15-16) included relevant mitigation measures to the identified risks, however, the ICR did not discuss whether these worked when any of the risks materialized.
- M&E suffered from some design shortcomings (see section 10 a).

**Quality-at-Entry Rating**

Moderately Unsatisfactory

#### b. Quality of supervision

According to the ICR (par 92) the project was supervised regularly through a Bank team with the task team leader (TTL) and staff based within the region in neighboring countries. The project benefitted from the flexibility of the supervision team who were proactive in addressing...
implementation bottle necks. Supervision was often undertaken as joint Bank-IFAD missions. Early supervision missions revised in detail the development of implementation modalities for sub-projects and service provision, however, this took considerable time to finalize, resulting in delays in implementation of the major second component. The team engaged the Government on the possibility of restructuring and amending the results framework when it became clear the time available for implementation was limited. Supervision followed up on Midterm Review recommendations with some adjustments to the design and the results framework.

Quality of Supervision Rating  
Moderately Satisfactory

Overall Bank Performance Rating  
Moderately Satisfactory

9. Assessment of Borrower Performance

a. Government Performance  
According to the ICR (para, 95) the Government, in particular at the provincial and municipal levels, showed strong ownership of the project. However, the 26 months delay (from Board approval to effectiveness) negatively impacted the project. Project performance was also impacted by larger policy and institutional issues including: issues related to improving the competence and incentive structure for government staff at lower levels; the accuracy and timeliness of government statistics to allow for more informed decision making; and the ability of senior government staff to address structural constraints through informing and promoting agriculture sector policy dialogue. Furthermore, the overall business environment in the country negatively impacted project performance where it was difficult to secure visas for international consultants/contractors/Bank staff in order to support implementation. This contributed to higher project costs and implementation delays. Finally, Government counterpart funds totaled US$2.10 million by project end compared with an anticipated US$4.4 million at appraisal.

Government Performance Rating  
Moderately Unsatisfactory

b. Implementing Agency Performance  
The project was implemented by the Agricultural Development Institute (ADI) under the Ministry of Agriculture and Rural Development. The project had a central Project Implementation Unit (PIU) which oversaw project management and coordination while the Provincial Project Implementation Units (PPIUs) carried out implementation activities on the ground. The project suffered from initial delays in part due to the lack of qualified procurement staff; and there was also weakness in project coordination. Nonetheless, project management and coordination improved after replacing key project staff at the PIU. Project implementation progress reports were prepared by the PIU and submitted to the Bank on a timely basis. However, environmental management suffered from the lack of technical capacity.

Implementing Agency Performance Rating  
Moderately Satisfactory

Overall Borrower Performance Rating  
Moderately Satisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design  
The PDO was to be assessed through four PDO outcome indicators. The first indicator was relevant as it aimed to assess increased agricultural production through measuring the crop production index of participating smallholder farmers. However, the other three indicators were not well aligned with the PDO. The second and third indicators aimed to assess improved access to markets which seemed redundant with an intermediate outcome indicator while the fourth indicator aimed to assess improved productive infrastructure and assets for rural smallholder
farmers with no clear link to the PDO. Activities under the three project components were to be assessed through seven intermediate outcome indicators all of which were relevant. Design also called for a baseline survey and an impact assessment survey by project completion.

b. M&E Implementation
M&E implementation was undermined by the delay in commissioning the baseline assessment which was only completed in January 2013—two years after effectiveness. Despite the delay, M&E efforts benefitted from capacity building activities for stakeholders in general and from specific M&E focused training of provincial officers. The baseline study as well as the impact study at completion were carried out by a private service provider. An independent assessment was done in 2015 to review progress on the Matching grants (subprojects) implementation; processes involved, track the performance, and provide specific recommendations. M&E data were collected at the municipal level by the Agricultural Development Office decentralized units and reported to the provincial level for consolidation. Reports were timely, albeit with some delays, notably for the baseline study. Project indicators were revised during a February 2013 Level 2 restructuring where three PDO level indicators were dropped: percentage of participating smallholder farmers with secured market access through contractual arrangements with agribusinesses or traders; percentage of participating smallholder vulnerable groups with secured market access through contractual arrangements with agribusinesses or traders; and percentage of communities and/or associations that benefited from grants and completed their subprojects under agricultural investment support component. The first two indicators were not relevant to the PDO (as noted above) and the third changed to an intermediate outcome indicator. In addition, a new core PDO indicator was introduced: target clients who have adopted and improved agricultural technology promoted by the project (disaggregated by gender). These changes were relevant and simplified the results framework relative to the original design.

c. M&E Utilization
According to the ICR (para, 36) M&E data were disseminated through bi-annual and annual conferences with stakeholders. The project also utilized newsletters, annual reports, brochures, press releases, and video to disseminate success stories. Monitoring the progress indicators enabled tracking implementation progress and taking the necessary corrective actions to address implementation bottlenecks. However, it seems little was done to address limited access to inputs and marketing bottlenecks.

M&E Quality Rating
Modest

11. Other Issues

a. Safeguards
The project was classified as Category ‘B’ under Environmental Assessment (OP/BP 4.01) and triggered Involuntary Resettlement (OP 4.12). An Environmental and Social Management Framework (ESMF) was prepared in 2008 as part of the design of the project and was updated in July 2012 to include several mitigation measures that were not finalized in 2008 (ICR, para 37).

Environmental Assessment. Prior to the approval of sub-projects, by both municipal governments and the provincial subcommittees, they were subjected to environmental and social screening assessment to verify that they had no environmental impact. In the case of adverse and significant impact the approval process ensured that the sub-projects included measures or actions to mitigate or prevent these impacts. While the implementation of the plans were intermittently followed and not always reported on, supervision missions noted there was a lack of technical capacity on environmental management (ICR, p. 10. para 38). The ICR did not include an explicit statement on the compliance with environmental safeguard policy.

Involuntary Resettlement. According to the ICR (p. 10, para 39) "no land acquisition and loss of livelihoods, either temporary or permanent has been recorded."
b. Fiduciary Compliance

**Financial Management.** Financial management (FM) arrangements were adequate and acceptable to the Bank through the life of the Project despite delays in disbursements. Financial management (FM) reporting was generally timely and accurate; though the project used statements of expenditures (SOEs) as a basis for disbursement. FM was assessed on regular basis during the FM implementation support missions; and theses assessments were periodically reviewed by the Internal Auditors. The audit reports were considered timely and were satisfactory in terms of scope. The ICR did not report on the status of external audit reports.

**Procurement.** The Procurement activities of the Project were led by a team of five staff, two at PIU level and three at PPIU level. While the procurement staff followed the World Bank procurement procedures and the Project Procurement Implementation Manual, there was limited knowledge of the World Bank procurement procedures among most of local providers of goods and services. This required greater oversight on the part of the PIU and PPIU procurement team. Procurement management, in general was adequate and acceptable to the Bank in the course of the Project implementation period. Procurement assessments were conducted on a regular basis both by the Bank’s procurement staff, from both country and regional levels, during their support missions to the project. Procurement activities suffered from initial delays that stemmed mainly from delays in disbursements.

c. Unintended impacts (Positive or Negative)
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d. Other
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### 12. Ratings

<table>
<thead>
<tr>
<th>Ratings</th>
<th>ICR</th>
<th>IEG</th>
<th>Reason for Disagreements/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>Efficiency is rated modest in view of a relatively low ex post ERR and significant administrative and institutional inefficiencies.</td>
</tr>
<tr>
<td>Risk to Development Outcome</td>
<td>Modest</td>
<td>Modest</td>
<td>---</td>
</tr>
<tr>
<td>Bank Performance</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
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<tr>
<td>Borrower Performance</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>---</td>
</tr>
<tr>
<td>Quality of ICR</td>
<td>Substantial</td>
<td></td>
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</tr>
</tbody>
</table>

**Note**

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The “Reason for Disagreement/Comments” column could cross-reference other sections of the ICR Review, as appropriate.

### 13. Lessons

The ICR included five Lessons. The following are emphasized with some adaptation of language:

- Arranging training sessions to favor women’s participation is important to ensure that women play an equal role in farmers’ organizations and
influence project investment decisions. The project's experience demonstrated that women had limited influence on the choice of sub-projects. Women's participation in farmers' organizations was also lower than that of men and women usually had a secondary role, with only a few occupying leadership positions. More women could be encouraged to get training as Farmers’ Field School facilitators and become community leaders, for example by arranging training sessions to favor women's participation.

- **Procurement, Financial Management, and M&E teams need to be involved in the early stages of project design to avoid implementation delays.** During implementation, the project had difficulty finding local qualified professionals to effectively undertake the fiduciary and M&E functions. The lack of qualified financial management and procurement staff was in part responsible for the delayed start of project implementation. While hiring was possible within a reasonable period, the selected consultants were not familiar with World Bank procedures.

The following Lesson is emphasized by IEG:

- **It is critical to address constraints on the input side of the agricultural production chain in order to achieve improvements in yields.** The project experience demonstrated the importance of addressing any limitations on the input side of agricultural production chain, in particular variable inputs, such as seeds and fertilizers. Without the availability of seeds and fertilizers efforts to increase yields will not achieve the desired results; and it would be highly unlikely that the intervention areas will experience any meaningful improvements in production.

14. **Assessment Recommended?**

No

15. **Comments on Quality of ICR**

The ICR provided good coverage of project activities and reported candidly on most shortcomings. Discussion of outcomes was logical and relied on evidence from the baseline survey and the final impact assessment. Economic and financial analysis accounted for the delays and reflected this in the ERR estimate, however, no sensitivity analysis was included. The ICR included five Lessons that reflected the project experience. However, lessons could have benefited from clearer formulation.

The ICR could have improved on the following points:

- Provide explicit statements of compliance with regards to safeguard policies.
- Report on the status of external financial audit reports.
- Report on risk mitigation measures and whether they worked as expected.

a. **Quality of ICR Rating**

Substantial