

AFRICAN DEVELOPMENT BANK GROUP



**INFORMAL NOTE ON PPER SUMMARY OF FOUR
AGRICULTURE SECTOR PROJECTS**

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PPER SUMMARY OF FOUR AGRICULTURE SECTOR PROJECTS

Project Performance Evaluation Reports (PPERs) for the following four projects are scheduled for presentation to CODE on July 10, 2006:

- **Tanzania: National Agricultural and Livestock Extension Rehabilitation Project**
- **Tunisia: Integrated Rural Development Project Phase II**
- **Ghana: Agricultural Sector Rehabilitation Programme**
- **Ghana: Cocoa Rehabilitation Project**

The purpose of this PPER summary report is to provide a brief overview of major aspects and findings from these four agricultural projects evaluated between 2002 and 2004, including a particular focus on the major recommendations and lessons learned. Comparative basic loan data, project timetables, and ratings are presented in Annex 1 Tables. Details on individual PPERs may be found in the respective documents, which include Executive summaries.

I. Overview of Major PPER Aspects and Findings

PPERs

1.1 The four PPERs presented were completed and first submitted by OPEV to the Board between November 2002 and July 2004; on average about 3.5 years after completion of the PCR's, or somewhat more than 4 years after completion of the projects. All four projects evaluated were completed, and ADB/ADF disbursement rates at completion were between 65.5 percent (Tunisia) and 90-100 percent (Tanzania and Ghana).

1.2 The PPERs assess the overall project impact as well as impact on specific development objectives (such as gender, credit, institutional development). They provide independent performance ratings and draw lessons and recommendations for future interventions in similar projects, in the same countries or elsewhere.

1.3 In all four cases the PPERs are based on the findings of OPEV organized Bank Group Missions that conducted selective field visits, consultations with Governments, relevant donor agencies, and other development partners. These missions used technical meetings with the agencies involved, visits to the field to see physical achievements and interview beneficiaries, as well as documentation available in the country and at the ADB.

1.4 All four projects were co-financed with other donors (in addition to Government contributions), with the ADB/ADF share ranging from 19 to 45 percent. In three cases, the overall performance of the project was used as the basis for evaluation, with the exception of the Ghana ASRP, where in addition to an overall assessment of the project, the performance of the ADB/ADF funded component (input/fertilizer supply) was separately examined.

Overall Summary and Ratings

1.5 The four projects were appraised between 1987 and 1993. In Ghana and Tanzania project implementation took place during periods of major macro-economic crises and economic and political restructuring. Tunisia's macro-environment was characterized by programmatic shifts from public to private sector, and from central to decentralized institutions. Project implementation took between 6 and 9 years, with all projects experiencing major slippage in completion (24 – 60 months). In all cases, project supervision by AfDB was less frequent than required (1.5 visits per project and year), a fact that is noted in several of the PPERs as a major cause for communication problems with Governments and other Development Partners.

1.6 Aggregate performance of all projects was rated **satisfactory**, with the ADB financed component in the Ghana ASRP being rated as unsatisfactory. PCR and PPER ratings did not differ in the aggregate ratings. In contrast - with very few exceptions and with some notable differences in PCR and PPERs - almost all Borrower and Bank performances were rated **unsatisfactory**. For the Bank reasons range from major design flaws, inadequate supervision, poor coordination with co-financiers, communication problems with Borrowers, to lack of proper training and preparation for procurement and disbursement. Borrowers suffered from poor counterpart funding and provision of qualified staff for implementation, non-compliance with project progress report and audit requirements, almost non-existent M&E, as well as inadequate inter-agency coordination of implementing institutions and oversight. However, these particular results point to a need for OPEV to further analyze the inconsistent pattern of satisfactory project results on one hand, and unsatisfactory Borrower and Bank performance on the other.

Some Highlights from the PPERs

1.7 Detailed ratings, lessons learnt, and recommendations are provided in the following section. Some recurrent issues should be highlighted, although some of them support well-known lessons already learnt and turned into conventional wisdom at ADB.

- Three out of four projects report serious design flaws (Tanzania, Ghana ASRP and Ghana cocoa). They were partly the result of no or late participation by ADB in project preparation; non-workable strategies, with unrealistic timetables and inappropriate institutional partners; and lack of appropriate beneficiary and local institutional participation in planning (as well as imposition of non-workable models by partners, such as the Training and Visit Extension model in Tanzania).
- The problem of ineffective coordination mechanisms features prominently in all four PPERs, leading to poor dialogue with Borrowers, and equally important, with Co-financiers. As far as Borrowers are concerned, communication was particularly weak during implementation, partly related to fewer ADB supervisions than required. Also, of particular negative consequence was the lack of adequate continuous training and capacity building of those responsible for procurement and disbursement in RMCs. This led almost in all projects to major start-up delays and other recurrent problems. On the dialogue with Co-financiers the evaluations also noted that it suffered from

insufficient formal cooperation agreements, and few joint-supervisions and other forms of project review. This made it almost impossible to adjust inadequate or outdated project designs during implementation. Suggestions in the reports include the enhanced need for firm co-operative agreements where two or more co-financiers are involved in a project, particularly regarding supervision, review, and other specific responsibilities.

- In all countries projects were significantly affected by macro-economic circumstances and reform programs (Tanzania, Ghana), sometimes positively (e.g. Ghana cocoa), mostly negatively (Tanzania, Ghana ARSP). In all cases, circumstances changed dramatically, and would have required major adjustments and restructuring of projects during implementation. This was rarely possible and/or done effectively, and made worse by the co-financed nature of all projects, as well as unilateral changes introduced by individual co-financiers or the Government during implementation. In general, the evaluations underscore the need for regular and constant updating of project concepts and designs in circumstances of prolonged project implementation and new agric. technology and market challenges; one mid-term review is insufficient to achieve this; projects should ensure more inbuilt flexibility, including the participation of farmers during implementation.
- Even in countries with long experience, certain behaviors and attitudes are hard to change and require constant vigilance: in Tunisia, the PPER noted that the *handout mentality* entrenched within certain social segments significantly contributed to the failure of the individual credit system adopted. This underlines the importance of identifying and establishing a sustainable system for funding smallholdings and loan recovery, even in a country with excellent banking infrastructure. Also in Tunisia, it was observed that in spite of what was planned, in the end women were not yet well integrated in the project. Working towards the establishment of a “women’s” sub-section in local development associations was seen as one of the mitigating actions for future projects.

II. Synthesis of Lessons and Recommendations

The following are some of the key lessons drawn from the implementation of the four projects. Most are generic in character and are relevant for many of the Bank Group interventions while a few were quite specific to a particular project or country.

Key Generic Lessons learnt include:

- the need for regular, constant updating of project concepts and designs in circumstances of prolonged project implementation and new agric. technology and market challenges; one mid-term review is insufficient to achieve this;
- the effectiveness of extension services is limited unless linked with programmes to promote inputs, credits, and markets;

- as Governments fail to adhere to commitments financial and institutional sustainability are unlikely;
- firm co-operative agreements are needed where two or more co-financiers are involved in a project.
- the need to build the capacities of the executing agency, geared towards effective organization and management based on transparency and the rapid flow of information;
- the importance of identifying and establishing a sustainable system for funding smallholdings and loan recovery;
- the need for beneficiaries and government authorities to ensure maintenance of public facilities;
- the need for more rigorous ex-post evaluation of projects on the basis of quality at entry criteria;
- the distribution of inputs through government-controlled channels at time of market liberalization is a manifestation of poor consultations and coordination;
- in a co-financed development program coordination of design and implementation and harmonized choice of instruments are useful. The outcomes of ASRP could have been larger if the components had been carefully integrated;
- Institutional capacity for project implementation, M&E, and policy analysis should be a key factor in selecting implementing agencies;
- Participatory approaches at early stages enhance project quality at entry and implementation;
- There should be provision for pre-project or project start-up training in Bank procurement and disbursement procedures;
- Matching market liberalization with measures in support of private entry would accelerate private sector response.

Country/Project-Specific Lessons

- The pivotal role of water in agriculture in Tunisia should be recognized
- For satisfactory compliance of terms of loans project governance needs to be strictly adhered to and enforced. Institutional Borrower weaknesses significantly affected ADF disbursement negatively in the case of Ghana project;

- Switching responsibility of management of the ADF funds from the Bank of Ghana to the Ministry of Food and Agriculture was inconsistent with policies of market and price liberalization;
- Communication of GOG¹ and ADB was weak, which led to delay of response to urgent problems arising during project implementation. Improved communication and adequate supervision are important;
- Significant delays for a quick-disbursing loan, as in this case of Ghana, make it less relevant and effective. The urgent need for imports in 1988-89 was replaced in the early 1990s by weak demand from farmers. Delay in implementation rendered ADF less relevant.
- There should be complementarity and consistency between macro-and microeconomic issues as experienced in the Ghana project;

Key Recommendations

There was consistency in the formulation of recommendations in the PCRs reviewed as some listed specific recommendations only relevant for the Bank Group and a separate list for the Borrower. In some cases there was not any such distinction made in stating recommendations. The following are however some of the key recommendations extracted from the four PCRs and PPERs.

General Recommendations

- ADB should critically examine projects where it has not fully participated in preparation;
- Projects should ensure more inbuilt flexibility, including the participation of farmers during implementation;
- Conduct better project launch workshops, prepare implementation manuals, and train staff systematically in procurement and loan disbursement at project start-up;
- Make cooperative agreements with co-financiers, particularly regarding supervision, review, and other specific responsibilities;
- The Government should ensure a minimum of institutional sustainability, even in situations of macroeconomic policy reforms. When changes are inevitable, projects should be re-planned immediately. (TZ)

¹ Where reference is made to specific projects or countries, please note: GOG signifies: Government of Ghana; (TZ) signifies a recommendation made in the PPER for Tanzania; (Tu) the Tunisian PPER; Gh-1 the Ag. Sector Rehabilitation PPER; and (Gh-2) Cocoa Rehabilitation PPER.

- Bank Group should undertake project launching missions for all projects;
- consistently and regularly carry out project supervision; organize joint missions with other co-financiers to ensure effective project coordination and monitoring.
- ADB should step up its efforts of project quality improvements, with emphasis on informed project identification, provision of adequate time and resources for Bank staff, reevaluation of the incentive system within the Bank with greater emphasis on quality instead of quantity of projects, strengthening portfolio management, establishing effective M&E, and enhanced dialogue with the borrower and donors.
- Recognize the importance of development of institutional capacity for effective project implementation;
- Give importance to regular policy dialogue between the borrower and the lender;
- ensure strict adherence to covenants signed between the technical ministries and the Ministry of Economic Development to guarantee maintenance of public infrastructure. (TU)

Country/Project –Specific Recommendations

- The Government of Tanzania should avoid carrying out multiple agric. extension projects with counterpart funding requirements simultaneously;
- The need to foster GOG inter-ministerial and inter-agency coordination and collaboration with improved supervision from the Ministry of Finance; (GH-II)
- Review of extension delivery system to promote decentralization, pluralism of extension providers, partnerships and cost recovery, (GH-II)
- Adapt the credit system for smallholders and adopt more stringent loan recovery measures from beneficiaries; (TU)
- Much greater effort is necessary to improve GOG participation in designing programs and project, building effective monitoring and evaluation systems, drawing lessons and improving performance, and coordinating donors effectively; (GH-I)

Conclusion

As noted earlier the performance of the four projects was rated Satisfactory notwithstanding the unsatisfactory performance of both the Borrowers and the ADB Group. For the Bank Group reasons range from major design flaws, inadequate supervision, poor coordination with co-financiers, communication problems with Borrowers, to lack of proper

training and preparation for procurement and disbursement. With regard to the Borrowers, poor counterpart funding, shortage of qualified staff, non-compliance with project progress report and audit requirements, weak M&E, as well as inadequate inter-agency coordination of implementing institutions and oversight were identified as main shortcomings. The lessons drawn and the recommendations made, if closely followed-up and seriously implemented would assist in addressing most of these weaknesses and contribute to enhancing the effectiveness of future Bank Group interventions in similar circumstances.

Table 1: Basic Loan Data and Timetable by Country and Programme / Project

	(Unit)	<u>Tanzania:</u> Agricultural and Livestock Extension Rehabilitation	<u>Tunisia:</u> Integrated Rural Development	<u>Ghana:</u> Agricultural Sector Rehabilitation (ASRP)	<u>Ghana:</u> Cocoa Rehabilitation (CRP)
<u>Basic Loan Data</u>		(Appraisal:)	(Re-appraisal:)	(Appraisal:)	(Final Financing Plan:)
Total ADB/ADF	UA	6.52 (ADF)	63.50 (ADB)	18.61 (ADF)	19.22 (ADB) 6.62 (ADF)
Co-financiers	UA	13.03 (IDA)	35.70 (AFESD ²) 8.71 (IDB ³) 9.00 (AFD ⁴)	13.90 (WB) 6.95 (KFW) 1.23 (UNDP)	31.26 (IDA) 7.81 (BADEA ⁵) 9.30 (ODA ⁶) 17.35 (Cocoa Board)
Government	UA	2.23	86.22	1.05	8.44
<u>Total Project Costs</u>	UA	21.78	203.12	41.74	100.00
ADB/ADF share in total project costs	Percent	29.94	31.26	44.59	19.22
ADB/ADF disbursement ratio at completion	Percent	92.64	65.5	100.0	90.7
<u>Programme/Project Timetable</u>					
Appraisal		April 1988	Oct. 1993	March 1987	March 1988
Project Duration ⁷		1990 – 1999	1995 – 2001	1987 –1993	1991 – 1999
Slippage on completion		36 months	24 months	40 months	60 months
PCR date of completion		07/02	09/01	03/95	12/98
PPER (date of finalization for CODE submission)		07/04	01/03	11/02	11/02
Supervision Missions	No.	6	7	4	5

² Arab Fund for Economic and Social Development

³ Islamic Development Bank

⁴ French agency for Development

⁵ Arab Bank for Economic Development in Africa

⁶ Overseas Development Association (now DfID)

⁷ Date of Effectiveness (or Date of First Disbursement) - Project Completion Date (or Date of Last Disbursement)

Table 2: PCR and PPER Ratings

	<u>Tanzania:</u> Agricultural and Livestock Extension Rehabilitation		<u>Tunisia:</u> Integrated Rural Development		<u>Ghana:</u> Agricultural Sector Rehabilitation		<u>Ghana:</u> Cocoa Rehabilitation	
	PCR	PPER	PCR	PPER	PCR	PPER	PCR	PPER
Relevance and Quality at Entry	S	S	HS	S	...*	S	...*	S
Achievement of Objectives and Outputs (Efficacy)	S	S	HS	S	...*	S	...*	S
Efficiency	...*	U	...*	S	...*	S	...*	S
Institutional Development Impact	S	S	U	S	...*	S	...*	S
Sustainability	...*	U	S	S	...*	S	...*	S
Aggregate Performance	S	S	S	S	...*	S ⁸	S	S
Borrower Performance	U	U	...*	S	...*	U	U	U
Bank Group Perform.	U	U	U	S	...*	U	S	U

HS - Highly Satisfactory
 S - Satisfactory
 U - Unsatisfactory
 HU - Highly Unsatisfactory
 ...* - Not Stated

⁸ This aggregate rating, as the ones on relevance, efficacy, efficiency, institutional dev., and sustainability, refer to the overall ASRP project. The ADF financed component was unsatisfactory and are mainly reflected in Borrower and Bank performance.