Report Number: ICRR0023353

1. Project Data

Project ID	**Project Name**	
P132652	AG COMMERCIALIZATION PROJECT	
Country	**Practice Area(Lead)**	
Tajikistan	Agriculture and Food	
L/C/TF Number(s)	**Closing Date (Original)**	**Total Project Cost (USD)**
IDA-61670,IDA-D2590,IDA-H9640	30-Jun-2021	34,909,089.19
Bank Approval Date	**Closing Date (Actual)**	
10-Jun-2014	30-Jun-2022	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	22,000,000.00	0.00
Revised Commitment	37,000,000.00	0.00
Actual	34,909,089.19	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
John Stuart Holtzman	J. W. van Holst Pellekaan	Christopher David Nelson	IEGSD (Unit 4)

2. Project Objectives and Components

a. Objectives

The original project PDO was designed to increase the commercialization of farm and agribusiness products by improving the performance of selected value chains and productive partnerships by increasing access to finance and the capacity of project beneficiaries. The subset of value chains and types of productive partnerships were not mentioned in the ICR (though discussed in the PAD). Direct project beneficiaries were commercially oriented producer associations and farmers, agro-processors, agribusiness enterprises, and agro-input dealers engaged in value chains and productive linkages that the project supported; participating financial institutions (PFIs); and selected public and academic institutions.

On January 16, 2018 the PDO was amended in the Financing Agreement for the Additional Financing (AF) to be: "to increase the commercialization of farm and agribusiness products and to support micro-, small and medium enterprise development in project areas by providing better access to finance and strengthened capacity of project beneficiaries" (Schedule 1).

The revised PDO embraced the original objective and increased its scope to cover all micro, small and medium sized enterprises. To assess the efficacy with which this project has achieved the revised objective it will be parsed into two sub-objectives referred to as Objectives 1 and 2 as follows

Objective 1: Increase the commercialization of farm and agribusiness products

Objective 2: Support micro, small and medium enterprise (MSME) development in project areas.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

10-Jun-2014

c. Will a split evaluation be undertaken?

No

d. Components

Component 1: Improvement of Technical Knowledge and Skills in Support of Commercialization

(Appraisal Estimate: US$6.7 million; no incremental funding with AF; Actual Cost: US$6.7 million). Supported establishment of farmer groups (FGs), and provision of knowledge- and skill-enhancing training, technical assistance (TA) and advisory services to FGs; establishment of productive partnerships (PPs) – formal trading links between farmers, buyers, traders, processors, exporters, agricultural enterprises, and sellers); and grant-funded demonstrations and business models.

Subcomponent 1.1: Value Chain and Productive Partnership Development (US$2.5 million) was designed to improve the performance of selected VCs and establish PPs by increasing access to finance. Subcomponent 1.2: Training and Advisory Services (US$4.2 million) was designed to increase the capacity of project beneficiaries involved in development of the selected VCs, including farmers, traders, and agribusinesses. A separate training session was designed for female beneficiaries on household nutrition.

Component 2: Access to Finance for Agri-Business Enterprises and Small-Scale Commercial Farms (later changed to Access to Finance with AF)

(Appraisal Estimate: US$11.4 million; Estimate with AF: US$11.5 million of incremental funding; Total Funding Approved: US$22.9 million; Actual Cost: US$20.81 million, 91 percent of allocated total funding). Component 2 supported credit lines for commercial farmers and agribusinesses and other value chain actors; commercialization grants for smallholder farmers; and matching grants for vulnerable groups, including youth, women, and persons with disabilities (PWDs).

Subcomponent 2.1: Credit Line for Medium-Term Investment Loans and Leases and Support to Value Chains (US$11.17 million, including US$8.0 million IDA) was designed to help address current financial market failures by providing medium-term credit through small commercial banks and micro-finance institutions for investment in agriculture and to increase availability of financial instruments to support value chain development.

Subcomponent 2.2: Commercialization Grants (US$3.75 million, including US$3.0 million IDA) were designed to address the financial needs of smallholder farmers with limited access to finance. Given the novelty of nontraditional financial products to support value chain development,

Subcomponent 2.3: Capacity Building for PFIs (US$400,000 IDA) provided capacity-building training for financial institutions involved in implementing the credit line and matching grant program of the project.

Component 3: Institutional Capacity Building and Project Management

(Appraisal Estimate: US$3.9 million; Incremental Funding with AF: US$1.0 million; Actual Cost: US$4.9 million).

Subcomponent 3.1.1: Tajikistan Agrarian University (TAU)—Curriculum Modernization and Distance Learning (US$500,000) was designed to modernize TAU's curriculum and re-orient it toward the challenges that the new generation of small-scale farms and commercial agribusiness enterprises face. Subcomponent 3.1.2: Agricultural Training Colleges—Capacity Building and Program Expansion (US$350,000) focused on building the capacity of the staff of two agricultural training colleges (in Sughd and Khatlon regions) that provide vocational training for farmers and agricultural specialists (trained 300 to 400 students in 2012 vs approximately 2,000 in the pre-independence era). This decline was due to poor facilities and little financial support from government, relying on low student tuition fees (approx. US$100/year) and revenue from their own farms. Demand for such training is strong in response to land reform and increasing numbers of private dehkan farms which are typically substantially larger than household farms and used for commercial crop production. Private dehkan farms accounted for 91 percent of gross agricultural output in 2012, up from 36 percent in 1991.

Subcomponent 3.2: MIS for Farmers and Agribusinesses (US$200,000) was designed to ensure that farmers and agribusinesses have access to market information.

Subcomponent 3.3: Support for Policy and Regulatory Reform (US$350,000) focused on funding selected studies of critical issues relevant to the commercialization of agriculture.

Subcomponent 3.4: Project Management and Coordination (US$2.50 million) financed project management, including coordination and supervision of project implementation, financial management (FM), procurement, monitoring and evaluation (M&E), environmental and social safeguard compliance, and grievance redress mechanism (GRM). Under this subcomponent, impact assessments were carried out at baseline, mid-term, and at the end of project. Last, this subcomponent covered training of project staff and beneficiaries on safeguard requirements and awareness-raising campaigns on labor practices in agriculture.

Component 4: Entrepreneurship Training and Business Development Services to MSMEs (added with AF)

(Appraisal Estimate: not funded; Estimate with AF: US$2.5 million; Actual Cost: US$2.5 million). This component was added to support potential target groups of entrepreneurs with entrepreneurship training, business development services (BDS), and start-up support to pilot innovative approaches to promoting entrepreneurship and job creation.

Subcomponent 4.1: Entrepreneurship Training and Business Development Services (US$1.5 million, all IDA) was designed to provide services to start-ups focusing on youth- and women-led enterprises and enterprises led by or employing PWDs. The project financed basic entrepreneurship training for a wide group of potential beneficiaries and more-complex business development services to selected start-ups. **Subcomponent 4.2: E**ntrepreneurship Hub (US$1.0 million, all IDA) supported piloting of innovative approaches to promote start-up growth and job creation, including business incubation, business mentoring, and training programs.

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

Project Cost: The appraisal estimate for the project cost was US$22.0 million (PAD). The revised estimate including Additional Financing was US$37.0 million and the actual cost at project closing was US$34.91 million (ICR, Annex 3).

The estimated costs by component at appraisal, with Additional Funding, and the Total Estimated Cost are noted above. Actual expenditures vs. allocated costs were the same for each component, with the exception of Component 1, where actual costs fell short of the estimated cost by $US2.09 million.

Financing and Borrower Contribution: IDA funding was US$34.0 million in three tranches; actual disbursements totaled US$34.9 million. The ICR recorded that the borrower (Government of Tajikistan) made no contribution, although the Bank project team indicated that the Government made unspecified contributions in kind. Contributions made in kind were difficult to quantify, however. In the original loan, local beneficiaries were supposed to contribute US$3.92 million to increase total financing to US$40.92 million, but they did not contribute any funding. This potential source of financing was eliminated in the revised budget (at the time the PDO and associated budget were revised). The project was implemented by two ministries, the Ministry of Agriculture and the Ministry of Finance.

Dates: The project was approved on June 10, 2014 and became effective on February 27, 2015. The project was slated to close on June 30, 2021, but was closed one year later on June 30, 2022. Additional financing of US$15.0 million was provided on January 16, 2018, with half (US$7.5 million) as a loan and half as a grant (Credit Number 6167-TJ & Grant Number D259-TJ).

Restructuring

This project was restructured once in January 2018 when the core project objective “to increase the commercialization of farm and agribusiness products” did not change, although its scope was modified to include rural businesses more broadly, with explicit attention to MSMEs. The restructuring also involved additional financing of US$15 million to finance the increase in scope.

Reflecting this shift of emphasis, business incubators and business hubs were added as beneficiaries beyond direct beneficiaries targeted by the original PDO. Direct project beneficiaries were commercially oriented producer associations and farmers, agro-processors, agribusiness enterprises, and agro-input dealers engaged in value chains and productive linkages that the project supported; participating financial institutions (PFIs); and selected public and academic institutions.

The revised PDO goes beyond value chains and productive alliances to specify rural MSMEs as the target beneficiaries, with the Access to Finance Component 2 receiving 77 percent of the additional financing. This raised the project financing allocated to Access to Finance to 62 percent of total project financing with AF, as opposed to 52 percent in the original project. The change in the PDO was designed "to consolidate and expand the impacts of the ACP in terms of increasing the rate of commercialization of goods and services, covering not just agriculture, but also other rural products and services."

In light of the project's increased scope in 2018, together with the complementary additional financing, the project's level of ambition increased substantially. Therefore, this review will not engage in a split rating of the project's outcomes.

3. Relevance of Objectives

Rationale

Context at Appraisal: In 2012 (ICR, p.9), the agricultural sector accounted for 23 percent of GDP and 48 percent of employment, and it has played a strong role in the performance of the Tajik economy, accounting for 14 percent of aggregate economic growth from 2008 to 2012 measured in constant (2005) U.S. dollars. The sector also played an important role in reducing poverty, because 77 percent of Tajikistan's poor lived in rural areas in 2012. Land privatization led to the emergence of a dominant private small farm sector, which led to strong productivity increases, but farm productivity in Tajikistan lags other countries in the region. However, value chains were fragmented and disjointed, which offered scope to commercialize agriculture by removing demand- and supply-side constraints at all points along the value chains (VCs).

An underdeveloped rural finance sector also constrained agricultural markets. Agriculture lending in 2013 was only 16 percent of agricultural sector GDP. The financial sector lacked resources to provide medium- and long-term credit. Most loans were issued for 6 to 18 months, 80 percent were for less than 1 year, and the maximum maturity was 3 years. Loans were extended at interest rates of up to 32 percent per year, making it almost prohibitively expensive for long-term investment in the agricultural sector. Affordable medium-term investment loans of US$50,000 to US$500,000, which are particularly relevant to agribusiness, were particularly scarce.

Access to advisory services was scarce, and finance was expensive and fragmented for farmers. Tajikistan did not have an extension service and relied heavily on initiatives linked to various donor-funded projects, which had used a mix of fee-based and free advisory services, with varying effectiveness.

Alignment with Initial Government Strategy. Considering the sectoral context at the time and the need to address critical sectoral and institutional challenges, the project was designed to help implement the Agrarian Reform Program for 2012-2020 (extended until 2022). Among its priorities, this strategy identified the need to strengthen agricultural input and output markets and increase agricultural productivity by increasing producer access to seed, credit, and extension services.

Alignment with Modified Government Strategy. With the adoption of the National Development Strategy for 2016-2030, the Government of Tajikistan emphasized the critical importance of productive employment as a high priority to address high unemployment, particularly among youth, women and PWDs, and to create job and business opportunities for these disadvantaged groups not well targeted by the original ACP design. Unemployment was increased when Tajik migrants, typically youth, returned from jobs in Russia and other countries following economic contractions in 2015/2016. This return greatly reduced remittances, an important contributor to GDP and source of finance. The World Bank produced the "Tajikistan Jobs

Diagnostic and Strategy" (2017), which provided analytical background for the Additional Financing operation.

Alignment with World Bank Strategy. The project was designed to support the twin goals of the World Bank: reducing poverty and promoting shared prosperity. ACP intended to reduce poverty in the short term by increasing farm incomes and employment directly during implementation. In the longer term, the project would increase business acumen and technological capacity in the productive and agro-processing sectors, establish a functional market information system (MIS), and introduce new financial products in the financial sector—all improvements that were expected to provide benefits for beneficiaries after project close.

ACP's goal was to stimulate private investment through overall private sector development by creating an enabling environment for private sector growth, supporting on-farm investment, improving agricultural infrastructure, and facilitating access to finance. This goal and measures to achieve it were consistent with World Bank priorities and aligned well with three key WBG strategy and partnership documents: the Country Partnership Strategy (CPS) for 2010-2014, the CPS for 2015-2018, and the Country Partnership Framework (CPF) for 2019-2023. The project's goal was fully reflected in the project's approach and measures designed to increase the commercialization of farms and agribusinesses.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Increase commercialization of farm and agribusiness products

Rationale

Theory of Change: The institutional arrangements to achieve this objective were productive partnerships (PPs) among value chain participants, designed to further develop commodity-based VCs, with a focus on fruit and vegetable VCs and dairy products. The initially identified focal points for achieving this objective were large commercial farms and significant agribusiness (lead) firms (input suppliers, trader aggregators, processors), which could anchor PPs and engage with farmers (or their farm associations) in the process of becoming more commercialized. The other key group of activities was training and advisory services, which focused on providing technical advice to producers and producer groups on crop/livestock varieties, key production inputs designed to enhance productivity, improved production and post-harvest handling and storage technology, and advice on marketing. ACP retained an international consulting firm to provide training and advisory content to Tajik trainers (extension agents, local consultants), which cascaded down to producers and producer associations. There was, however, no evidence in the ICR of the extent to which a private extension service was developed to supplement a weak and under-funded public extension service.

The assumptions associated with the retrospectively constructed TOC were as follows:

A1: Government and PMUs have adequate capacity to implement the Project.

A2: PFIs have adequate capacity to introduce new financial products.

A3: Beneficiaries of the Project have sufficient knowledge and skill.

Outputs: The principal project outputs were:

i. development of commodity-based value chains and productive partnerships,
ii. research and training leading to technical advice on agricultural inputs, technologies and sales and market outlets,
iii. improved on-farm technology, storage, processing, marketing and food quality and safety enhancement, and
iv. training for PFIs on how to apply and deliver new financial products for VCs and PPs.

The first output was captured by the intermediate results indicator of productive partnerships established; 342 were achieved at completion vs. a project target of 200. The number of client days of training captured in part the technical advice output, as 119,088 days were attained at completion vs. the target of 18,500. Yet this intermediate result indicator is more of a project input indicator than an output indicator. This was also the case for the third project output, where the intermediate result indicator of the number of farmers reached with agricultural assets or services was used. 27,535 farmers were reached vs. a target of 16,000 by project completion. This indicator does not tell us about the actual adoption of improved technology, however. The fourth output indicator (noted above) is not captured in the project results framework. Again, this was the case for other institutional capacity building outputs (or Component 3) of the 'availability' of a MIS for farmers and agribusinesses, and strengthening of MOA's capacity for policy and regulatory reform since availability provided no information on adoption or outcomes.

Nevertheless, according to the ICR, ACP's institutional capacity building efforts focused on support to key educational establishments, developing an MIS system to serve farmers and agribusinesses, and strengthening the capacity of the MOA to do policy and regulatory analysis that would lead to reforms. By upgrading the Tajikistan Agrarian University (TAU) curriculum and the agricultural training colleges capacity, the project intended to meet the labor market needs of mixed, small-scale farms and commercial agribusiness enterprises. Graduates with greater knowledge of improved agricultural production and post-harvest technologies, as well as (firm-level) processing and storage technology, would contribute to higher agricultural productivity and better agribusiness system performance. An improved agricultural sector MIS was developed by establishing a public-private partnership between TAJSTAT and several private service providers to deliver commercial market information to farmers and agribusinesses via text. Strengthening MOA policy and regulatory analysis capability was intended to address sectoral and sub-sectoral constraints to production agriculture and the efficient functioning of agricultural markets and agro-enterprises participating in those markets. Overall improvements in the enabling environment would lead to greater commercialization of agriculture and increased agribusiness investment.

In addition, intermediate outcome indicators exceeded targets. The project trained 102 technical advisors, exceeding the target of 80. 342 productive partnerships were established, surpassing the target of 200 PPs. Days of client training exceeded the target by 6.4 times—119,088 vs. the target of 18,500.

Outcomes

An important contributor to creation of successful PPs and better functioning value chains was Access to Finance for agribusiness enterprises and small-scale commercial farms. There were three subcomponents that contributed to achieving this effort:

i) Credit lines – medium-term investment loans/leases for modern technological plants and equipment, as well as support for value chains.

ii) Commercialization grant program (CGP) – financing of sub-projects prepared by farmer groups organized along five value chains.

iii) Equity grant program – supporting the development of MSMEs by improving access to finance for women, youth and PWDs.

The third subcomponent will be discussed as part of the assessment of the achievement of Objective 2 below.

By establishing productive partnerships and linking producers to processors and input suppliers, ACP increased commercialization of farm and agribusiness products. Over the longer run, project interventions increased agricultural productivity by improving producers' access to inputs, credit and extension services. In addition, upgrading the business enabling environment fostered private sector growth and improved infrastructure for agricultural development (roads, irrigation systems, storage, processing facilities).

According to the project M&E design (original project and AF), an increase in commercialization of farm and agribusiness products was measured according to four PDO level indicators: number of beneficiaries with an increase in commercial activity (including youth, women, and PWDs); increase in marketed surplus of selected agricultural products; increase in total sales of beneficiaries; and number of firms benefitting from private sector initiatives. By the end of the project, the results framework showed that all targets were achieved and significantly exceeded (see Annex 1 of the ICR, results framework), although the sub-target for the number of beneficiaries with an increase in commercial activity was underachieved for youth (4,256 achieved vs 6,000 original target (71 percent)) and PWDs (364 achieved vs 400 original target (91 percent)). The total number of beneficiaries with an increase in commercial activity exceeded the original target by 70 percent (21,882 achieved vs the 12,500 original target). Furthermore, the number of female beneficiaries with improved commercial activities was surpassed by 51 percent (6,633 actual achieved vs 4,375 original target). Two other PDO level indicators – marketed surplus of selected agricultural products by small subsistence and semi-subsistence farmers, and an increase in total sales value of beneficiaries, were fully achieved. Under outcome two, the number of firms benefitting from private sector initiatives was slightly underachieved (1,458 actual achievement vs 1,500 original target).

The number of farmers reached with agricultural assets or services reached 27,535 by project completion, exceeding the target of 16,000 by 72 percent. The sub-target of 5,000 female farmers was also surpassed by 72 percent, as 8,582 women received assets or services. Total investment in the agricultural and rural sectors mobilized under the credit lines attained US$$22.1 million, 10 percent above the US$20.0 million target. Exceeding this target was due to the working capital of the PFIs and the contribution of the beneficiaries themselves. Farmer group members benefitting from access to commercialization grants also exceeded the target (of 2,000) by 41 percent (2,822). Two-thirds of the loan beneficiaries (66%) emphasized the usefulness of the services provided by the financial institution that issued the loan (p. 63, “End of Project Impact Evaluation of the Agriculture Commercialization Project,” 2022).

According to the ICR (Annex 1), the number of beneficiaries with improved commercial activity increased from 880 at the baseline to 21,882 at project close. For small farmer beneficiaries, this was defined as selling surplus production (above own consumption), or increasing sales of their products, as a result of benefiting from the project activities. The increase in marketed surplus of selected agricultural products by small (subsistence and semi-subsistence) farmers benefitting under the project expanded from 15 to 20 percent. The total sales value of beneficiaries also increased from 15 at baseline (at the time AF was provided) to 20 percent at completion.

The end of project independent Impact Assessment concluded that the “ACPs credit lines (finance subcomponent 1 have improved the access of beneficiaries to financing, which has helped some of them to create new businesses, and others to expand existing businesses. The project also scaled up agricultural finance, thereby improving the business environment and helping beneficiaries create new jobs” (“End of Project Impact Evaluation of the Agriculture Commercialization Project,” 2022; pp. 14, 63, 87). The credit lines offered by small banks and selected microfinance institutions included medium-term loans and leases for investments up to 7 years, with a maximum risk per consumer up to US$100,000 to finance a modern technological plant and equipment, and financial products to support value chains and effective linkages, such as seasonal loans for advance financing of agricultural production in contract farming schemes, financing of marketing contracts, and other types of contracts with agricultural producers. The Impact Assessment report notes that “project also provided assistance in obtaining access to finance, expansion of production, timely delivery of contracts, increased cash flows and ensuring a reliable supply of raw materials. For farmers, these products have provided more secure incomes, markets for their products, and access to knowledge” (“End of Project Impact Evaluation of the Agriculture Commercialization Project,” p. 45).

Finance subcomponent 2, commercialization grants, provided support for farmer groups to make key investments (storage, agricultural machinery, trade, small-scale processing, and other equipment to create additional value) and agricultural inputs (e.g., high quality seeds and fertilizers). Grants were up to US$35,000 for partnerships and required at least a 20% equity contribution (30% for a tractor) was needed, as well as a commitment to activities to develop and strengthen linkages along the value chain. The beneficiaries of the grant scheme were subject to a rigorous and transparent selection procedure based on detailed operational guidelines. 112 farmer groups, representing 2,821 smallholders, benefited from commercialization grants under the value chains of milk, apricots, apples and pears, lemons and tomatoes/cucumbers. The commercialization grant program totaled US$4 million, of which US$3 million was the amount of grant funds contributed by the project, and the equivalent of US$930,391 was the contribution of the beneficiaries.

As a result of the support by ACP, the average number of established commercial linkages and PPs with processors was 9.7 per farmer. The number of established product relations with buyers averaged 8.9. The commercial cooperation established between commercial partners and farmers in 68 percent of cases existed informally, and in 30 percent – formally (under contracts). Overall, an overwhelming majority (98%) of respondents indicated that participation in PPs helped them increase sales value and sales revenues, while according to 96 percent of respondents, participation in PPs helped them to increase production volumes and launch new products, and 82 percent indicated that participation in PPs helped them to reduce production costs.

The Tajikistan Agrarian University (TAU) curriculum and the agricultural training colleges capacity building and program expansion were reviewed with the aim of matching educational curricula with labor market needs and addressing the challenges that the new generation of mixed, small-scale farms and commercial agribusiness enterprises face. The project laid the foundation for the educational establishment to provide formal training to new and existing extension service providers. Support included a project-financed contract to match the TAU with a western university to design and implement curriculum reform (with the curricula of educational institutions modernized based on self-assessment and new curricula proposed by Ghent University). Project component 3 developed disciplines and descriptions of programs (with a list of necessary laboratory equipment), and provided support for preparation or acquisition of new texts and teaching materials. University staff were trained to facilitate understanding and delivery of new course material.

The project supported establishment of a public-private partnership between TAJSTAT and several private service providers to deliver commercial market information to farmers and agribusinesses via text messages. To ensure farmers' and agribusinesses' access to a MIS, the project trained and guided TAJSTAT on how to improve the quality of price data-it arranged a study tour for seven TAJSTAT staff members to visit the Republic of Moldova to acquaint them with the Moldovan model of an MIS based on the principles of public-private partnership, and developed and implemented the MIS system based on a public-private partnership between TAJSTAT and a private sector service provider to provide information to farmers and agribusiness processors; and formulated and negotiated an appropriate contractual relationship between TAJSTAT and private sector service providers. Because of the high cost of establishing a system to disseminate price data and the need to involve other stakeholders, this activity was only partly implemented.

The Support for Policy and Regulatory Reform (US$350,000) subcomponent funded selected studies of critical issues relevant to the commercialization of agriculture, such as: (i) development of a viable, comprehensive training and professional development system to facilitate business activities of both public and private sectors; (ii) impact of current tax policy on the use of farm resources, agricultural inputs; (iii) bringing the existing regulatory framework for fertilizers and agricultural chemicals in line with international standards and training personnel in the application of these standards; and (iv) modernization of food quality and safety standards. There is no evidence in the ICR of quality of these studies, whether they were presented and discussed with policy-makers and private sector stakeholders, and whether any study recommendations were implemented. The Bank project team advised IEG that the project-funded studies were useful and effective in stimulating public/private dialogue, and that the follow-on project incorporated some of the studies' recommendations.

Rating
Substantial

OBJECTIVE 2
Objective
Support micro, small and medium enterprise (MSME) development in project areas.

Rationale
Theory of Change: Access to finance for medium and longer term investments by both small and medium size farms and agro-enterprises was identified as a critical constraint to value chain development and expansion of PPs in the original PAD. Commercial bank loans prior to the project were typically no longer

than 18 months with high interest rates and prohibitive collateral requirements. In practice, small farms had no access to bank loans.

This project addressed these financing constraints by first offering credit lines to commercial banks that would provide loans for value chain financing to commercial farms and larger agribusiness firms. A grant component was later designed to target smaller farms and firms that had no prior access to (bank) finance so that these entities would become increasingly commercialized, using improved on-farm technology and storage. This was complemented by producer groups and MSMEs receiving loans and grants to upgrade processing, marketing and food quality/safety. Participating private financial institutions (PFIs) received training and technical advice on the design and use of new financial products that target value chains and PPs.

The subcomponent targeting smaller farms, not covered under the PP/VC strengthening loans of Component 1, was an equity grant program supporting the development of MSMEs by improving access to finance for women, youth and PWDs. This subcomponent was designed with project restructuring under the second PAD in support of Additional Financing. Special attention was paid to improving access to finance for groups that typically have the most difficulty accessing credit—women, youth and persons with disabilities (PWDs). The Project Paper proposed a grant-cum-credit program to target these more vulnerable, less credit-worthy groups.

Outputs:

Additional financing allowed the project to add a new Component 4, which was designed to provide entrepreneurship training and business development services (BDS) to MSMEs to improve their competitiveness and ability to produce quality products, and to engage more women, youth and PWDs in the process. To ensure provision of high-quality services to project beneficiaries and familiarize financial institutions with new financial products, the project implemented a capacity-building program for PFIs, which was designed to ensure that project beneficiaries had access to finance. PFIs were trained on applying new financial products to lending and activities to develop effective partnerships, to assess the suitability and effectiveness of the new financial products, to understand the basic principles of using these products, and how to mitigate the risks associated with them. The target audience was loan officers and PFI industry managers.

Outcomes: Under the original project, Component 2 was titled Access to Finance for Agrobusiness Enterprises and Small-Scale Farms. The number of farmers reached with agricultural assets and services reached 27,535 farmers by completion, 72 percent above the 16,000 farmer target. The number of women reached was 8,532 farmers, again 72 percent over the 5,000 target.

Under the revised (with AF) Component 2, the number of start-ups benefitting from the loan with matching grant window was underachieved - 344 benefitting (43 percent) vs the original target of 800. The percentage of project-supported enterprises existing 12 months after establishment reached 68 percent vs the 40 percent original target. The percentage of MSMEs/farmers/beneficiaries reporting that project interventions met their needs was 95 percent vs original target of 85 percent.

Intermediate Result Indicators under (new) Project Component 4, Entrepreneurship Training and Business Development Services to MSMEs, showed mixed results in targeting the harder-to-reach beneficiaries—women, youth and PWDs. According to the ICR, this was due to delays in establishing business incubation centers in the regions and matching grant limitations.

As noted already above, there were no intermediate indicators in the Project Paper for the project's restructuring to measure the reach and effectiveness of the new Component 4 activities, namely the creation of and support to business incubators, the number of MSMEs that received services from these incubators, or the types of business development services provided and their reach (number of beneficiaries) and effectiveness.

However, by the end of the project, the portfolio at risk was a commendable 0.55 percent vs. the 5 percent original target. According to the ICR (paragraph 37 and page 69--Annex 7. Main Findings of Borrower's End of Project Impact Evaluation Report), this was achieved because the ACP project team, together with representatives of financial institutions, managed to raise the awareness of beneficiaries and clients regarding both the risks and potential outcomes of financial services.

There was some evidence in the end of project impact assessment (though not reported in the ICR) showing investment mobilized by region, men, women and PWDs, and by both farmer groups and PPs, as well as the intended use of the loan funds (where 55 percent of the loans were for seeds and fertilizers, by far the highest intended use). As a result of ACP, the agricultural products/value chains cited by loan recipients most often were wheat, potato and onion, none of which were project targeted commodities. However, the increases in area cultivated, production and income, made possible by the loans, were greatest for the project-supported value chains (VCs)—apricots, milk, apples and pears, and tomatoes and cucumbers. The majority of loans, 52 percent, were directed to crop production (including gardens and greenhouses), while processing of agricultural products (22%) and purchasing of agricultural equipment (13%) were also common uses of loans. Nearly all of the loan recipients stated that the intended use of funds led to very positive outcomes (ICR Annex 7, pages 62-63).

The end of project impact assessment provided breakdowns of productive partnerships by value chain and beneficiary type, which would have been a useful addition to the ICR (although there is some information in Annex 7 of the ICR). An interesting finding of the impact assessment was that 68 percent of the agreements between farmers and commercial partners were informal. Based on this, the assessment recommended "Inform farms and their commercial partners about the importance of formalizing their agreements as fixed-price supply contracts to reduce risks and access support from the state authorities which may be controversial in some circumstances."

Rating: Substantial but marginally so. Although fewer MSME start-ups benefitted from the loan with matching grant window than intended, the number of start-ups in operation after one year exceeded the target and project beneficiaries provided positive feedback about the loan and grant programs. Furthermore, the participating PFI portfolios at risk were minimal. The other subcomponents of Component 2, Access to Finance, performed well and hit or exceeded targets. The facts that implementation of new activities and a new Component (4) took place after 2018 (when Additional Financing changed the project emphasis to working with MSMEs more broadly, with a focus on disadvantaged groups), and that the Covid 19 pandemic had an impact on the speed and effectiveness of implementation, contributed to a few less than fully substantial achievements.

Rating
Substantial

OVERALL EFFICACY

Rationale

Project achievements under the original PDO were substantial, but the reorientation of the project to target less credit-worthy, poorly resourced MSMEs (particularly those run by women, youth and PWDs) led to some shortfalls in project efficacy, though targeting these disadvantaged groups is inherently very challenging and probably required a longer implementation period than was possible after the Additional Financing.

The outcomes associated with Project Component 4, added with the AF, fell short of the target indicator on the number of start-ups benefitting from the loan with matching grant window. The percentage of project-created and supported enterprises existing after 12 months post-establishment was achieved, where the outcome of 68 percent exceeded the target of 40 percent. Yet the target appears to have been a rather low bar to clear; if the target were set for 40 percent for a longer period than one year, it might have been more appropriate.

Overall Efficacy Rating

Substantial

5. Efficiency

The initial PAD analysis estimated an IRR of 19% and an NPV of US$14.6 million over an assumed project life of 20 years with the benefit stream based on the quantifiable benefits that relate directly to the activities undertaken following implementation of the components. The sensitivity analyses showed that the estimated returns were solid. The switching values show that the project would be economically viable even if benefits decreased by 43% and investment costs increased by 77%. A one-year delay in project benefits reduced the IRR to 16%. With a two-year delay in project benefits, the IRR falls to approximately 14%.

In the ICR, an efficiency analysis was conducted for each financing instrument to understand the impact of different types of investments on (different groups of) project beneficiaries. A discount rate of 10 percent was used (to ensure like-with-like comparison) to calculate NPVs to assess the viability and robustness of investments, based on the National Bank of Tajikistan’s refinancing rate of about 5 percent plus annual inflation for 2013. A representative sample survey was conducted of ACP beneficiaries who received loans, matching grants, small grants, or commercialization grants. The sampling frame was stratified according to type of financing instruments and type of beneficiaries. A qualitative survey found that 87 percent of beneficiaries felt the project interventions improved the performance of their business activity.

Elaborate EIRR analysis was carried out by subcomponent (of Component 2) implemented using different investment schemes. Each scheme was analyzed separately to assess its benefit, feasibility, and impact: Subcomponent 2.1: (i) Credit line; (ii) Matching Grants Program; (iii) Small grants program. Subcomponent 2.2: (i) Grants for farmer groups. The analysis is provided in great detail in ICR Annex 4, showing sensitivity analyses of how increases in costs and benefits and reduced benefits affect the economic IRR and the NPV for each subcomponent. The analysis of performance of subcomponents shows base case

IRRs of i) 46.5%, ii) 50.1%, iii) 57.7% and iv) grants for farmer groups of 54.2%. The IRRs fall into the range of 13 to 40 percent due to cost increases or reduced benefits.

An analysis of returns by subsectors indicates that all investments are viable and remain sustainable under 20 percent cost increases or a 20 percent decrease of benefits. The subsectors were defined as primary agriculture, production (agriculture inputs for crop production, machinery), services and petty trade, and value addition and agriculture infrastructure. Base case IRRs ranged from 49 to 51 percent and remained sufficiently high with increased costs and decreased benefits (13 to 33 percent).

The ICR does not report an overall IRR but does provide detailed estimates and sensitivity analysis of IRRs by value chain and type of finance provided to different groups of beneficiaries.

Based on the analysis in the ICR, the efficiency with which this project was implemented is rated substantial. The ICR did not estimate one economic rate of return for all the types of interventions at the project's close, which the PAD had estimated to be 19%. Rather, the ICR provided estimates of the economic rates of return for the four financial instruments/activities based on data from the project; they are summarized in the table below.

	Rate available	**Point value (%)**	***Coverage/Scope**
ICR estimate: Commercialization Grant Recipient	√	54.2	100.00
ICR estimate: Small-Grant Recipients	√	57.7	100.00
ICR estimate: Matching Grant Recipients	√	50.1	100.00
ICR estimate: Loan Recipients	√	46.5	100.00

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	**Point value (%)**	***Coverage/Scope (%)**
Appraisal	✓	19.00	100.00 ☐ Not Applicable
ICR Estimate		0	0 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

This review agrees with the ICR's self-rating of satisfactory for the project's overall outcome, based on the following evidence:

- High for Relevance: Clear evidence was provided for alignment of PDOs with CSPs and current CPF objectives and Tajikistan's National Development Strategy 2016-2030 and the Agrarian Reform Program for 2012-2020 (extended until 2022).
- Substantial for Efficacy: The operation almost fully achieved or exceeded (on many indicators) its original PDO, with minor underachievement of one PDO-level indicator (number of youth and PWDs with greater commercial activity). The recast PDO with AF, support to micro, small and medium enterprise (MSME) development in project areas, was characterized by mixed levels of achievement relative to indicator targets. This review concludes that the target was set rather high for the project restructuring with respect to how effective efforts to support the weakest potential clients with the lowest resources would be. The shortfall in achieving the target is understandable in the Tajikistan context, where the capacity of women, youth and PWDs to create, manage and grow MSMEs was initially very limited, creating a large number of start-ups from such a sub-population proved very challenging.
- Substantial for Efficiency: Ex-post economic analysis of the project disaggregated according to type of financial support (all financial schemes) clearly indicates that the ACP has been robust in economic terms and that returns are viable.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The ICR notes that the Tajikistan "agri-food sector still has huge untapped potential and the need for investments and support remains large. Post-project outcomes can be sustained if project beneficiaries continue to have access to advisory and extension services." This view is reflected in the comments of the Deputy Minister of Agriculture appended to the ICR (see Annex 5). She cited "multiple challenges" including lack of access to technology, capital investment, qualified staff, as well "obstacles in accessing markets." She notes that tough international competition obliges agribusiness entrepreneurs to "develop unique products, avoiding direct competition" with leading countries and (multinational) firms and finding "innovative ways to create added value." Implicitly she was arguing for a follow-up project to sustain and further advance ACP achievements.

The Agricultural Sector Development Program (2023-2030) for Tajikistan is being implemented, which emphasizes the importance of continued and increased access to extension and advisory services. While the ICR states that "it is expected that support can be sustained through government resources and continued donor-funded projects," this does not address the issue of whether extension and advisory services can be delivered primarily by the private sector, either through specialized consulting companies or by larger firms (input suppliers, product aggregators, buyers such as processors) whose field agents work closely with contract farmers and other suppliers. Furthermore, will beneficiaries of privately provided advice and extension services be able to cover the full costs of these services by the end of the ASDP project?

While ACP has made significant strides in improving performance in production agriculture and the broader agribusiness system, at the same time addressing key access to finance and resources by smaller farms and disadvantaged groups (women, youth, PWDs), the project needs to be evaluated in the context of a fifteen-year World Bank commitment. Initial gains have been significant, but agricultural producers and agro-enterprises require continued technical, extension and advisory support to 2030 to transform the agricultural sector.

8. Assessment of Bank Performance

a. Quality-at-Entry

This review concurs with the ICR assessment that strong project preparation provided a clear understanding of the needs of clients (MoA) and their readiness to develop and implement the project, confirmed the availability of sectoral program and national development strategies that defined sectoral and national development priorities, led to viable economic and financial ex-ante and ex-post returns for all products and proposed value chains, and affirmed the importance of the project and provided a comprehensive technical justification of the proposed investment. An earlier World Bank agricultural sector project focused on the cotton subsector, which was limited in reaching small farmers and MSMEs and therefore narrowly based, sectorally speaking.

The quality of the PAD was high, and initial project preparation was thorough. Identifying the need for more M&E staff and ongoing technical support to the M&E were project design weaknesses. Stronger early support on M&E would have enabled a greater focus on monitoring beyond PDO indicators and IRIs, which would have allowed for more information about project achievement during implementation. While the World Bank design team recognized these potential weaknesses, there is no evidence in the ICR that adequate funding for staff and consultants to address these weaknesses was provided.

The Project Paper for Additional Financing to ACP (2018) provides a strong justification for expanding Component 2, which was renamed as Access to Finance. The focus of this component changed to target MSMEs in the rural sector, including small farmers working up to one hectare, and rural enterprises that support agricultural production, upgrade processing of agricultural products, and include non-farm enterprises such as tailor shops, brick makers, and poultry enterprises. Additional Funding concentrated on providing training opportunities, finance and technical support to youth, women and PWDs who wished to start up new enterprises. This shift in emphasis reflected the Government's concern for the large returning workforce (mainly from Russia) who lacked employment opportunities and the resources and expertise to create new MSMEs. The Access to Finance Component was complemented by a new Component 4 which created a business incubator as an initial step in strengthening the business ecosystem in under-served rural areas.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

According to the ICR the World Bank project team provided strong ongoing support to the PIU, and the Government provided strong and timely support to the PIU units. The availability of dedicated and committed AED PIU and MoF PIU staff, willing to upgrade their skills, offset the initial capacity weakness of these coordination units. The ICR also noted that suitable international, national, and local service providers were available, as international consultants strengthened the capacity of local public and private service providers, as well as PIU staff.

The World Bank conducted 21 ISRs during the life of project, and the Mid-term Review (carried out in 2018) and identified areas for improvement that were addressed by the Bank after the MTR.

The fact that the Bank's project team leader was based in Tajikistan provided strong and timely hands-on support to ACP through field visits and frequent interactions with the PIUs, other project implementers (e.g., the extension service and PFIs, and beneficiaries.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The PIU for another Bank-assisted project (Agricultural Entrepreneurship Development AED) implemented by the MOA was responsible for overall project M&E—consolidating reporting inputs from the MoF PIU and including the results of the baseline study and mid-term and end-of-project impact surveys. The PIUs were responsible for monitoring implementation progress of project activities per the M&E design: AED PIU for Components 1 and 3 and the commercialization grant program under Component 2; MoF PIU for the credit line and PFI training under Component 2. An M&E specialist was hired in the AED PIU to develop a detailed M&E framework at the outset of this project and to ensure that necessary M&E activities were performed under the project.

The capacity of the PIU was limited at the beginning of project implementation. Evidence in the ICR indicated that the M&E Unit in the AED was under-staffed and probably under-resourced. Monitoring covered a limited set of basic PDO and intermediate result indicators (IRI) but provided little detail with which to gauge project success, especially by beneficiary group/type. Once additional financing was provided, the quality and comprehensiveness of M&E improved, according to the ICR. Staff turnover was reduced, and technical support and on-the-job training of the M&E Unit staff upgraded the Unit's performance.

According to the ICR, a greater focus on monitoring beyond PDO indicators and IRIs would have generated more information about project achievements during implementation. The ICR proposed a sample template

(Annex 8) for future collection of data on beneficiary expenditures and revenues using mobile phones. The proposed expenditure items included asset investments, operating costs, and costs for services, labor, utilities, and transportation. Taxes and interest on credit were also collected. Using such a template should provide a richer data base with which to evaluate project performance.

b. M&E Implementation

The PIU of the MOA was responsible for M&E activities, including the baseline study. A baseline survey established initial values for indicators for measuring project results and impact. M&E was conducted at two levels: monitoring of project progress and results, and independent assessment of the project's impact. In addition, local consulting companies conducted two independent impact assessments during project implementation: at the mid-point and end of the project. While project results were adequately monitored, a greater focus on monitoring beyond PDO indicators and IRIs would have allowed for more information about project achievement.

What the ICR characterizes as impact assessment, with one at implementation midterm and another at the end of the project, did produce data that appeared in the ICR but was not used for formal evaluation research. The assessment framework was one of before/after comparisons only and did not attempt to compare project progress to 'without project' control groups. This latter approach was likely deemed too costly and difficult to attempt, given the limited capability of the consulting firms that administered the surveys and the AED M&E staff.

The mid-term assessment was in good part a qualitative review, and the end of project Impact Assessment was designed to determine the extent of project implementation progress in achieving targets for specific indicators. The Impact Assessment included opinion/perception questions posed to project beneficiaries. Respondents provided one reason in response to these questions, but as the results in percentage terms typically sum to 100%, multiple responses were evidently not allowed in some cases (although they could have been quite relevant in some cases). Before and after comparisons were made using baseline and endline data for beneficiaries obtaining access to credit lines, with data collected on cropped area, productivity, income, and labor productivity and employment, but only partial findings are presented in Annex 7 of the ICR.

Upon request, the Bank project team provided IEG with both the mid-term project evaluation and the end of project Impact Assessment. These documents and the M&E Unit collected information to generate financial IRRs for MSME beneficiaries of both the loan and grant subcomponents of Component 2. The Impact Assessment report summarized analysis by project-supported value chain of area cultivated, total production, product sales, average prices received by product type, and total income per season/year from cultivation/production. It also reported survey respondents' views on the types of skills gained through the ACP training, including increasing labor productivity, improving farm/business income, expanding agricultural yields and overall production, improving product quality, and finding new partners/buyers/suppliers and accessing new markets.

Annex 7 of the ICR raised some of the issues that affected the quality of the final Impact Assessment exercise, including challenges in reaching beneficiaries by telephone and difficulties in administering the survey to the final sample of 333 participants who were recipients of credit, matching grants and small grants. The Bank project team advised IEG that, despite the challenges, the survey was successfully conducted.

c. M&E Utilization

Monitoring reports were used by the Steering Committee, the Government of Tajikistan, and other relevant entities to provide information on the status of project implementation and whether project output targets were being reached. The monitoring reports also provided some information of the project's socioeconomic impact. They also informed report readers of the effectiveness of project procedures and the relevance and cost effectiveness of project-financed activities.

Given the state of development of IT, analytical and survey research capacity in Tajikistan, the project's M&E effort was creditable and improved over the course of the project.

More training and greater resources might have put M&E on a stronger footing, enabling the project to provide more thorough and reliable feedback during implementation and timely analysis of results.

Although it took time to build M&E capacity, it ended up being satisfactory by project completion. The M&E Unit outputs were strengthened by a strong end-of-project impact assessment prepared by a private contractor. The M&E Unit focused on collection of data related to the results indicators.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The government took strong ownership (and leadership) of the ACP, and the objectives of the ACP fitted the government's agricultural development (transformation) agenda. Stakeholders were appropriately selected. The project had a well-established, functioning grievance redress mechanism (GRM). Two local nongovernmental organizations were recruited to establish and facilitate a feedback mechanism and manage the project-specific GRM. From 2016 to 2019, the nongovernmental organizations Oriyon and Agro-Service Consulting were responsible for administering the GRM. Upon completion of their contracts, water users' associations (WUAs) and local *jamoats* were delegated to file and address the project specific complaints. The AED PIU Social Safeguards Specialist was responsible for maintaining the GRM database. The project used 80 mailboxes it had installed to monitor complaints in 20 project implementing districts.

According to the ICR, the project was implemented in compliance with World Bank and national environmental assessment rules and procedures and environmental requirements. No major outstanding cases of noncompliance were reported in the ICR. PIU staff screened commercialization grants, matching grant program, and credit line beneficiaries and spoke with employees in MSMEs to check labor conditions, working hours, and sanitary and hygiene conditions. According to employee reports, labor conditions were satisfactory. Environmental safeguards were comprehensively reviewed at project mid-term review (MTR) to address outstanding concerns related to recurring incompleteness of local environmental assessment documentation at the initial stage (e.g., lack of environmental management plan, monitoring plan, implementation arrangements). Recommendations were made to pay more attention to citizen engagement and were implemented with the organization of a series of training and awareness-creation events. The overall safeguards rating and the environmental assessment (Operational Policy, Bank Procedure 4.01) was rated Moderately Satisfactory by the end of the project. Pest management (Operational Policy 4.09) was rated as Satisfactory.

World Bank supervision of safeguards was strong, with the environmental and social specialists reporting regularly on progress and using ratings effectively to highlight outstanding concerns. Capacity Building for Financial Intermediaries included training on key environmental safeguards associated with rural business financing.

b. Fiduciary Compliance

According to the ICR, "the financial management arrangements for the ACP, including accounting and reporting, internal control procedures, planning and budgeting, external audits, funds flow, organization, and staffing arrangements, were rated as Moderately Satisfactory. This lower than (fully) Satisfactory rating was related to the unresolved commitments and frozen funds under IDA grant H9640." Progress had been made by the time of ICR preparation, and final remediation was reportedly "outstanding."

c. Unintended impacts (Positive or Negative)

Although the project had no specific indicator measuring the impacts of the project on the poor, it reportedly had a positive effect on beneficiaries' well-being. The commercialization loans, matching grant program, and credit line created 690 new jobs within matching grant programs, including for youth, women, and PWDs. The ICR reports that project enabled communities to expand agricultural production, increased productivity and yields, created new jobs, and raised beneficiary incomes, which increased household spending on health and the education of children.

According to the ICR, Project impacts extended beyond direct beneficiaries to indirect beneficiaries, including other farming households that had transactions (knowledge sharing and using storage facilities) and partnerships with direct beneficiaries. Other indirect beneficiaries were domestic consumers whose access to high-quality locally produced fruits and vegetables increased at affordable prices throughout the year. The project also contributed indirectly to food and nutrition security, especially in remote areas, by reaching those who are vulnerable and food insecure.

d. Other

Child and forced labor. In order to mitigate the risk of financing investments in which child or forced labor is used, grant proposals were robustly screened, including on-site field verification visits; beneficiaries were frequently monitored on site.

Gender. The project was designed to promote participation of women as beneficiaries including gender-informed training, using communication tools that account for cultural barriers that create information asymmetries; and including project interventions that responded to women's needs. This design was appropriate, given women's large involvement in agriculture in Tajikistan. By project completion, 47 percent of the 13,561 farmers organized in farmer groups supported by ACP were female. Furthermore, 48 percent of the total training and project advisory service days were devoted to women (End of Project Impact Evaluation of the Agriculture Commercialization Project, 2022, pp. 14, 28).

Data were collected and reported for the PDO level Result Indicator #1, the number of beneficiaries with improved commercial activity. Gender/beneficiary type (women, youth, PWDs) data for the other two PDO level indicators on marketed surplus and increase in total sales value could have been reported in disaggregation form. For one of the IR indicators (#3) on farmers reached with agricultural assets or services, the number of women reached was reported (which exceeded the target). In another case, the IR for percentage of MSMEs/farmers/beneficiaries reporting that the project interventions met their needs was also gender disaggregated. However, other IR indicators did not provide gender disaggregation. This could have been done for several other IRIs:

- No. 5: farmer group members benefitting from the access to commercialization grants,
- No. 6: number of start-ups benefitting from the loan with a matching grant,
- No. 7: number of technical advisors trained,
- No. 9: client days of training provided,

No. 10, percentage of project-supported enterprises existing 12 months after establishment.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

Of the lessons noted in the ICR the following two are highlighted in this review with some editorial changes.

Continued input need to be provided to the agri-food sector so that access to finance and new technologies is maintained to ensure that development is sustainable. This project shows that external support to the agricultural sector in lower income countries, where resource poor small farmers predominate and agro-enterprises are poorly equipped and generally do not use state-of-the-art technology, usually requires at least two full project cycles to ensure sustainability and a follow-on project is already underway. Initially weak public sector capacity, especially in agricultural extension, which is also typical in many low-income countries, also requires strengthening or finding private sector extension alternatives to weak MOA extension services.

The scope for greater import substitution of foodstuffs in developing countries is easier and a higher priority in the medium term than export marketing. The end-of-project impact assessment report (page 25) found that 98 percent of ACP beneficiaries did not export their products to other countries, which is consistent with the fact that market opportunities are good in domestic markets in developing countries, and international market opportunities (particularly for landlocked countries) are very challenging to access. To compete in export markets, providing greater value addition (as opposed to exporting raw or unprocessed products) is a priority, as pointed out by the Deputy Minister of Agriculture in the Ministry response to the ICR. Selective public support to specific commodity value chains may be appropriate to strengthen regional and eventually international competitiveness.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

Quality of Evidence. The ICR was hampered by an M&E system that focused almost exclusively on the results indicators and did not provide much other useful information that could inform project implementation progress. The ICR notes that the M&E system was understaffed during the first half of the project, implying that it did not have the capacity (and technical support) to generate additional information. There was limited discussion in the ICR of the policy and regulatory subcomponent of Component 3, and it is therefore not clear whether policy studies were completed.

Quality of Analysis. The evidence that was analyzed was well summarized in support of the ICR’s findings.

Lessons Learned. Although the ICR lessons are very concise, they did respond to the project context and experience, and they are linked to the narrative and ratings included in the report.

Results Orientation. The ICR does a good job in pointing out how activities supported the achievement of outcomes (due to project interventions).

Internal Consistency. The ICR generally reads well, and it is logical with a good flow linking the discussion of objectives and components with reporting of outputs and outcomes. The ICR also follows the guidelines for ICR preparation closely, is quite concise, and provides clear messages and conclusions.

a. **Quality of ICR Rating**
Substantial