Report Number : ICRR0023244

1. Project Data

Project ID	Program Name	
P161876	PforR for PSTA 4	
Country	**Practice Area(Lead)**	
Rwanda	Agriculture and Food	
L/C/TF Number(s)	**Closing Date (Original)**	**Total Program Cost (USD)**
IDA-62560,TF-B0153	31-Dec-2021	157,934,665.25
Bank Approval Date	**Closing Date (Actual)**	
29-May-2018	31-Mar-2022	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	100,000,000.00	61,035,154.00
Revised Commitment	161,035,154.00	61,035,154.00
Actual	157,934,665.25	61,035,154.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
Avjeet Singh	Chikako Miwa	Christopher David Nelson	IEGSD (Unit 4)

2. Program Context and Development Objectives

a. Objectives

According to the Financing Agreement (FA, p.5) and the Program Appraisal Document (PAD, para 59), the Program Development Objective (PDO) of the Rwanda Transformation for Agriculture Program 4 - Phase 2 was "to promote the commercialization of agricultural value chains in Rwanda."

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

No

c. Will a split evaluation be undertaken?

No

d. Components

The Agriculture Program-for-Results Phase 2 (Program) contributed to the Government of Rwanda's (GoR) fourth phase of the Transformation for Agriculture Sector Program (PSTA4), which was a national program that covered the five-year period 2018-2024. The Program was prepared to contribute to the transformational interventions of PSTA4 by supporting its first three years of implementation. The achievement of the PDO centered on meeting outcomes targeted under the following four Results Areas (RA).

Policy and Organizational Reform (Appraisal estimate (IDA): US$36 million; Actual cost (IDA): US$36.5 million): The Program aimed at strengthening the Ministry of Agriculture and Animal Resources (MINAGRI) capability to undertake sector analysis, and associated policy reforms, introduce relevant financing mechanisms/business models for attracting private sector investment, improve management information, and establish a mechanism to enable greater inter-agency coordination.

Enabling Agriculture Commercialization (Appraisal estimate (IDA): US$40 million; Actual cost (IDA): US$39.0 million): The Program aimed to improve the quality of public investments in essential value chain services to leverage commercial agriculture. The Program supported leveraging increased private sector investment in service provision and delivery/management of agricultural infrastructure and strengthening the linkages between producers, buyers, and the public sector within agriculture value chains.

Delivery of Improved Agriculture Value Chain Services (Appraisal estimate (IDA): US$15 million; Actual cost (IDA): US$14.5 million): The Program supported fostering competitive agricultural value chains, which requires the public sector to provide critical services to support production, processing, logistics, marketing, and the like. The program supported improving dialogue between private and public actors, increasing private sector service delivery (e.g., out-grower schemes and productive partnerships), and expanding access to information and financial services to reduce the risk of agricultural investments.

Improving efficiency in Public Expenditures (Appraisal estimate: US$9 million; Actual cost (IDA): US$6.7 million): The Program aimed to improve the efficiency in public expenditure of the core delivery agency Rwanda Agriculture and Animal Resources Development Board (RAB) by supporting improvements in the budget execution system.

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

Program Cost and Financing: At appraisal, the total cost for the Program was estimated at US$289.92 million, of which US$100 million was expected from IDA financing. The Borrower contribution expected at appraisal was US$189.92 million. Furthermore, an Additional Financing (AF) for US$71 million, and a Bank Executed Trust Fund (BETF) equivalent to US$ 3 million were approved in May 2019. The AF was financed by the United Kingdom Department for International Development (DFID) which later became the Foreign, Commonwealth & Development Office (FCDO), the Kingdom of the Netherlands through the Ministry of

Foreign Trade and Development Cooperation, and the Belgian Development Agency (ENABEL). At completion, the actual amount disbursed was US$456.6 million (157% of the appraisal amount), of which US$96.9 million was from IDA credit, US$61.04 million from donor co-financing, and US$298.6 million was borrower contribution. The ICR team clarified that the increase was due to a rise in borrower contributions allocated to productivity and resilience programs, such as irrigation development, and investments related to market linkages, primarily in post-harvest and value-addition infrastructure.

Borrower Contribution: The Borrower contribution expected at appraisal was US$189.92 million. At AF, the Borrower's contribution was reduced to US$118.92 million, and the Government reinvested the gained funds in other sector areas which the PforR did not support. At completion, the actual borrower contribution was US$298.6 million (157% of the appraisal amount).

Dates: The Program was approved on May 29, 2018 and became effective on June 26, 2018. The Program was initially scheduled to close on December 31, 2021 but was extended by three months to close on March 31, 2022.

Restructuring: The Program was restructured four times during implementation as follows.

- **First restructuring/Additional Financing (May 15, 2019):** The AF for US$71 million was financed by the Development Partners (DP) (refer to section 2e above) and channeled through a World Bank-administered Multi-Donor Trust Fund (MDTF). There was a scaling up of funding allocated to each DLI, by approximately US$7.9 million. The GoR's contribution to the Program was reduced from US$189.92 million to US$118.92 million. In addition, the AF also proposed collaboration with the International Financial Corporation (IFC) to strengthen the implementation of the MFD approach. The AF resources could not be released in full at the time of the AF approval because of different DP administration arrangements, and payment schedules. The first installment equivalent to US$17 million was committed to the GoR through a Grant Agreement (GA) which became effective on August 14, 2019, and future AF funds to the GoR required successive amendments to the GA.

- **Second restructuring (March 2, 2020):** The restructuring entailed an amendment to the GA to channel US$23.92 million from the committed funds to the Government.

- **Third restructuring (August 15, 2020):** The restructuring entailed an amendment to the GA to channel US$5.25 million from the committed funds to the Government.

- **Fourth restructuring (December 17, 2021):** The final restructuring included the third amendment of the Grant Agreement to release US$ 14.8 million. Due to Covid-19-induced pressure on the UK's public finance, FCDO reduced its MDTF contribution by US$9.10 million. Consequently, the GA amount was reduced from US$71 million to US$61 million. Other key changes included extending the closing date by three months to ensure completion of the remaining critical activities, revisions to some results targets (DLI9 on RAB reform), and reallocating funds to DLIs where the GoR was overachieving.

3. Relevance

a. Relevance of Objectives

Rationale

Alignment with sector strategy: Agriculture is an important sector for the Government of Rwanda due to its significant contribution to GDP and poverty reduction. However, despite productivity improvements and land expansion, crop and livestock productivity levels remained below their potential due to several factors. These include the slow shift to commercial production and processing, low adoption of technology, weak market linkages, limited access to inputs and mechanization, lack of finance, and high exposure to production risks. To address these challenges, the National Agricultural Policy (NAP) was updated in 2017 with the aim of promoting private-sector-led development of the agri-food economy. The fourth Strategic Plan for Agriculture Transformation (PSTA4) was aligned with the NAP, as well as Rwanda's national policies and strategies including its Vision 2050, the National Transformation Strategy (NST1), and the goals of the Comprehensive Africa Agriculture Development Program (CAADP). The Program was designed to contribute to the financing and achievement of the PSTA4 objectives. The Program objective of promoting the commercialization of agriculture value chains aligned well with the Government's ambition to become a market enabler rather than a market actor such that investments of private actors are complemented by public investments.

Bank Strategy: The Program objective is aligned to the Bank's Country Partnership Framework (CPF), FY21-FY26, and contributes to the fourth objective: "increased agricultural productivity and commercialization". The CPF explicitly stated that this objective would be achieved by, among other interventions, supporting policy and organizational reform to increase private sector investment, improve services, commercialize key agriculture value chains and promote efficiency in public expenditure. These interventions were fully aligned with the PDO outcomes which included improving the capacity of MINAGRI and RAB, increasing private investments in agriculture value chain services, and improving laws and regulations related to fertilizers, seeds, and markets.

Previous Bank experience: The World Bank had supported the previous PSTA 1 (2004-2008) and PSTA 2 (2009-2012) through Investment Project Financing (IPF) operations in the past decade, accumulating experience in the agriculture sector's strategic priorities. Additionally, it supported the first Agriculture PforR in Rwanda to assist the GoR in implementing the PSTA 3 and in improving its systems and processes towards more results orientation. Reflecting the knowledge and experience from the earlier PforR in Rwanda, this Program incentivized organizational reform and the creation of new policy instruments to build a sound institutional platform to drive the PSTA4 agenda. Stronger emphasis was given to value chain development making it a more focused program. PSTA4 objectives, based on private sector-led markets and value chain development, were a natural continuation of the achievements under the previous strategy, PSTA3, which aimed at transforming Rwandan agriculture into a market-oriented, value-creating sector.

Country Capacity and Adequacy of PforR Instrument: The Program aimed to support the transformational interventions of PSTA4 for the first three years of its implementation. The use of the PforR instrument was informed by the lessons from the first PforR, given its ability to trigger urgently needed policy reforms involving various government actors. The PforR was also the right instrument to incentivize the improvement of institutional coordination mechanisms and serve as a platform for the alignment of activities and leveraging of financing from development partners to support the government program. The program also included the integration of a systematic Technical Assistance (TA)/capacity development to strengthen the institutional capacities to deliver the Program objectives. The rationale for using this instrument was strengthened given MINAGRI's familiarity with the PforR instrument which significantly reduced the learning curve for the associated implementation mechanisms.

The Program focused on strengthening MINAGRI's capacity to promote increased private sector investment and enable the commercialization of key agriculture value chains in Rwanda's agriculture sector. The Program's PDO was pitched at the right level for the country's capacity, with a clear contribution to select focused areas in PSTA 4 and a project timeframe of three years. Thus, the relevance of objectives is rated as High.

Rating

High

b. Relevance of DLIs

DLI 1

DLI

Organizational Development Plan successfully prepared and implementation on track

Rationale

DLI1 aimed to incentivize the strengthening of MINAGRI's capacity to introduce institutional reforms that would enable private sector investments. The ICR notes that an assessment undertaken as part of the PSTA4 identified MINAGRI's organizational structure and its various specialties had limited its capacity to fulfill its mandate in policy development, sector coordination, and resource mobilization, thus limiting its progress to becoming a market enabler. The DLI focused on developing and approving the Organizational Development (OD) Plan, assessing existing skills and competencies, updating the staff training and capacity building plan, and upgrading the HR management function. The OD plan was envisaged as a systematic approach to improving organizational effectiveness. Although all the detailed actions in MINAGRI plans were not expected to be implemented before the Program closure, the implementation was required to have reached at least the rate of 70 percent. Per information shared by the ICR team, as part of the OD plan, the Program supported a TA to develop a revised institutional setup of MINAGRI, including setting up two departments - the agriculture value chains management and trade department and the digital development department. Given the three-year Program duration, there was no precise measure to assess the effectiveness of the organizational reform. However, it was an essential element of the results chain for enhancing MINAGRI's capacity to create an enabling environment for private sector participation and improve the competencies of MINAGRI staff.

Rating

Substantial

DLI 2

DLI

Improved analytical and policy reform competencies demonstrated.

Rationale
DLI2 aimed to incentivize the preparation of the Private Sector Leveraging Strategy (PSLS) and reforms in agriculture input subsidies in Rwanda. The development of the PSLS in year one, which laid out how MINAGRI seeks to crowd in private investment, was an essential element of the results chain leading to an improved regulatory business environment and the development of PPPs and private led-extension services under DLIs 5-8 in subsequent implementation years. The roadmap for implementing these reforms was to be adopted by a Cabinet meeting in line with the DLI 2 verification requirements. The DLI also sought to incentivize the preparation and publishing of the annual report on Public-Private Investments in Agriculture in year two. However, it was not continued beyond the second year of the program. The DLI could have also included incentives for institutionalizing the reporting on public-private investments in subsequent years.

Rating
Substantial

DLI 3

DLI
Digital information platforms designed and operational.

Rationale
DLI3 aimed to incentivize the development of a Common Data Warehouse (CDW) and the institutionalization of sector performance indicators in Rwanda's agriculture sector. The goal was to enhance MINAGRI's and its agencies' capacity to make timely and informed management and strategic decisions and enhance access to information in the public domain for increased transparency. While the DLI aimed to enhance the capacity to generate information and knowledge in the agriculture sector, it was of moderate ambition. It did not capture the use of this data for informed decision-making and even provided little incentive for the collection of data required as part of the monitoring of the Program.

Rating
Modest

DLI 4

DLI
Mechanism to strengthen Agriculture Public-Private Dialogues (PPD) and Agriculture Value Chain Platforms (VCP) designed and implemented

Rationale
DLI 4 aimed to incentivize the design and implementation of mechanisms to strengthen engagement with the private sector through Agriculture Public-Private Dialogues and Commodity Value Chain Platforms. These platforms were essential to build cooperation, address specific challenges, and ensure a coherent enabling environment. The successful functioning of these platforms was disbursement linked and had the potential to influence the improvement of regulations affecting the agriculture business. Each Agri-PPD and VCP meeting

was expected to agree on an action plan to follow up and address the business-enabling challenges raised through these mechanisms.

Rating
Substantial

DLI 5

DLI
New irrigation area identified, developed, and/or managed where commercial viability has been a determining appraisal criterion

Rationale
DLI5 aimed to incentivize mainstreaming of public-private business models in essential value chain services to leverage commercial financing by explicitly requiring that the new irrigation areas were commercially viable. The area eligible for inclusion must be subject to a Public-Private Partnership (PPP) where commercial viability is a key characteristic and had to be approved based on the criteria laid out in the new strategy for leveraging Private Sector Investment. The focus on commercial viability was to enhance PPP by offering a private firm a sufficient financial return to enable it to recover any capital and operational costs as well as a suitable financial return on any investment given the opportunity cost involved. The DLI was well aligned with the PDO and was expected to contribute to increased private investments in agriculture value chain services.

Rating
Substantial

DLI 6

DLI
New terracing area identified, developed, and/or managed where commercial viability has been a determining appraisal criterion

Rationale
DLI6 aimed to incentivize mainstreaming of public-private business models in essential value chain services to leverage commercial financing by explicitly requiring that the new terracing land was commercially viable. The area eligible for inclusion must be subject to a Public-Private Partnership (PPP) where commercial viability is a key characteristic and had to be approved based on the criteria laid out in the new strategy for leveraging Private Sector Investment. The focus on commercial viability was to enhance PPP by offering a private firm a sufficient financial return to enable it to recover any capital and operational costs as well as a suitable financial return on any investment given the opportunity cost involved. The DLI was well aligned with the PDO and was expected to contribute to increased private investments in agriculture value chain services.

Rating
Substantial

DLI 7

DLI
Volume of private sector investment (in US$) matching public financing in PPP infrastructure project

Rationale
DLI7 aimed to measure the outcome of the successful mainstreaming of private-public business models in essential value chain services, which directly contributed to increasing private investments in the agriculture sector. At the time of Program preparation, the private sector investment levels were consistently below the targets set by MINAGRI. This DLI reflected the outcome of some of the previous DLIs and measured a key PDO aspect.

Rating
Substantial

DLI 8

DLI
Private sector extension service models designed, launched, and achieving positive response

Rationale
DLI8 aimed to increase private sector-led extension services through outgrower and non-outgrower models. The state services/interventions were strongly supply-driven, and most sector expenditures were channeled into production-focused extension tasks delivered by the state. Incentives for agribusinesses to collaborate with farmer groups were insufficient. The introduction of market-driven and private sector-led extension services promoted under DLI 8 was expected to increase agricultural productivity in the long term and reduce reliance on the public sector as the primary service provider. The DLI was among the essential factors impacting the outcome of increased private-sector investments in the results chain logic.

Rating
Substantial

DLI 9

DLI
Reform of Rwanda Agriculture and Animal Resources Development Board (RAB)

Rationale
DLI9 aimed to incentivize the approval of the restructuring plan of RAB, the main public institution in charge of agriculture program implementation and improving procedures for its budget preparation and execution. Prior qualified audits had highlighted where improvements are needed. There was a need to maximize the impact of government spending for efficiency and improvements in the delivery of the public services budget process (including execution). The restructuring of the organization aimed to strengthen the financial management of the institution, reduce the deviation between the budget and actual expenditure, as well as improve the audit opinion on its financial statements from “adverse” to “unqualified/clean. RAB’s successful implementation of

its restructuring plan, coupled with its effective financial management, was expected to enhance its responsiveness.

The DLI statement could have been more specific to highlight the specific focus on financial management. Moreover, strengthening the financial management and efficiency of RAB in order to enhance its responsiveness and encourage PPP would require more comprehensive and long-term efforts. In fact, the original DLI 9 targets of +/- 3 percent deviation in RAB budget execution and an “unqualified/clean” audit opinion on RAB financial statements proved to be ambitious during the Program implementation period and was subsequently revised downwards in the 2021 restructuring. Thus, the DLI is rated as Modest.

Rating
Modest

OVERALL RELEVANCE RATING

Rationale
The PDO was highly relevant to both government and Bank strategies at appraisal and remained so throughout the project. The Program reflected the Bank’s extensive knowledge and experience in Rwanda’s agriculture sector and lessons learned from previous PforR. The rationale for using the PforR instrument was reinforced by MINAGRI’s familiarity with it, resulting in a shorter learning curve. The Program incentivized organizational reform and the creation of new policy instruments to drive the PSTA4 agenda. Stronger emphasis was given to value chain development, making it a more focused program. The DLIs were clearly defined, measurable and had detailed protocols for verification and monitoring. There was a plausible link between the activities supported by the Program and the expected intermediate and final outcomes. The nine DLIs were a mix of intermediate results or outcomes given the three-year implementation period. Five DLIs (DLIs 1, 2, 3, 4, and 9) focused primarily on strengthening institutional capacity to enhance private sector-led markets and value chain development. Even though these were intermediate results, most were critical to implementing and sustaining the Program’s achievements. Results under the remaining DLIs (5, 6, 7, and 8) were scalable and incentivized higher performance. The selection and sequencing of the DLIs were clear. The relevance of DLIs is rated as Substantial.

Based on the High relevance of Objectives and Substantial relevance of DLIs, overall relevance is rated as Substantial.

Rating
Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To promote the commercialization of agriculture value chains in Rwanda

Rationale

Theory of Change: An assessment conducted as part of PSTA4 (PAD para 60) during appraisal identified key bottlenecks hindering MINAGRI's progress as a market enabler. These included organizational limitations that impede policy development, limited access to infrastructure, such as irrigation and post-harvest technology, and insufficient private sector investment. Additionally, supply-driven state interventions, limited incentives for agribusinesses to collaborate with farmer groups, and inefficiencies in government spending further hindered the sector's development. Since a theory of change (TOC) was not required for the PAD, the ICR constructed an ex-post TOC by analyzing the interlinkages between the activities and the Results Framework. **Activities** were implemented to achieve the PDO through four Results Areas (RA). The key activities included organizational reforms and policy development for the promotion of private-sector engagement in agriculture public institutions (RA1), providing incentives for establishing public-private partnerships in the areas of land terracing, irrigation, and agribusiness (RA2), improving dialogue between private and public actors, increasing private sector service delivery (e.g., out-grower schemes and productive partnerships), and expanding access to information and financial services to reduce risk to private investment (RA3). The Program also supported improvements in the budget preparation and execution system in RAB (RA4). These activities aimed to achieve **intermediate results**, including improved regulations for enhancing private sector participation, strengthened linkages within agriculture value chains, introducing private sector-led extension models, and improved financial management in RAB. The expected **outcomes** were a conducive environment for private sector participation and leveraging increased investment. In the **long term**, increased commercialization driven by the private sector was expected to improve the productivity and competitiveness of agricultural products and ultimately contribute to the goals set out in the PSTA4 and the Government’s National Strategy for Transformation of accelerating inclusive economic development founded on the private sector. Some of the **critical assumptions** in the ICR included (i) policy actions implemented; (ii) the private sector responding to the conducive environment and undertaking investments; and (iii) functioning operations and maintenance.

The casual pathway toward the outcomes was clear. The links between program activities and intended outcomes were logical and well-aligned with the results framework. It focused on mutually reinforcing interventions to drive the PSTA4 agenda. Given the direct sequencing of activities, it is evident that the capacity-building activities directly supported the achievement of interventions that focused on enhancing private sector investments. The outputs and outcomes towards the achievement of objectives are described below.

Outputs (ICR, paras 28-42 and Annex 1)

Results Area: Enabling Agriculture Commercialization

- DLI5: 2,940 hectares of new irrigation area (target: 2940 hectares) was identified, developed, and/or managed where commercial viability has been a determining appraisal criterion (100% achieved)
- DLI6: 3,055 hectares of new terracing area (target: 3055 hectares) was identified, developed, and/or managed where commercial viability has been a determining appraisal criterion (100% achieved).

Results Area: Delivery of Improved Agriculture Value Chain Services

- Three different models of service delivery contracts (target of five) were signed and piloted under implementation. The three models are Rwanda Youth in Agribusiness (RYAF), Horticulture Youth Cooperative (HORECO), and Rwanda Council of Veterinary Doctors (RCDV). (60% achieved)
- DLI 8: 14,000 farm households (target: 14,000) were reached by private advisory services (non-out-grower schemes) (100% achieved)
- DLI 8: 10,000 new farm households (target: 10,000) participated in outgrower schemes (100% achieved)
- 31.9% (target: 30%) of small-scale farmers used improved seeds (106% target achieved)
- Productive Alliances under implementation (target of 50)– No data was provided
- Business leaders’ perceptions about the agricultural investment climate in Rwanda (target of 15%) – No data was provided

Outcomes (ICR, paras 28-42 and Annex 1)

Increased leveraging of private investments in agriculture value chain services

- US$11.15 million in private investment were matched with public financing to fund infrastructure projects through the PPP model. The basis for establishing a private sector investment volume is the PPP agreement signed between the private firm and the government and brokered through a competitive financing program (100% achieved).
- Annual private investments in agriculture value chain services were US$151 million in June 2021 against a target of US$200 million (75.5% achieved). The ICR notes that the program was doing well by June 2020, when private agriculture investments had reached US$ 266 million. However, the figure decreased in the fiscal year ending June 30, 2021, with only US$ 151 million realized. This mirrored the performance of overall investments (all sectors) in the country between 2019 and 2020, which went down from US$2.4 billion to US$1.3 billion, according to statistics reported by the Rwanda Development Board (RDB). The RDB report indicated that the economic upheaval occasioned by the COVID-19 pandemic saw a decline in the output of nearly all sectors of the economy, and businesses had to reposition themselves to adapt to the new normal. There is a good indication of continued annual private investment post-COVID. The ICR team shared (via email dated May 26, 2023) that the RDB reported over US$236 million of new private investments in the agriculture sector (US$ 147.5 million in agro-processing and US$ 88.9 million in agriculture, forestry, and fishing) in its annual report of 2022 *(page 22).*

The project met the target of the annual increase in private investments in June 2020 and 2022, even though the target was not met at the time of project closure in 2021 due to the economic upheaval caused by COVID-19. The meeting of the target in 2022 demonstrates the likelihood of maintaining the annual private investment. There were shortcomings in data reporting on a few intermediate indicators (productive alliances under implementation, business leaders' perception). Thus, the efficacy of the objective is rated as Substantial with moderate shortcomings.

Rating
Substantial

OBJECTIVE 2

Objective

Institutional Capacity building

Rationale

One of the objectives of PforR Programs is to strengthen a country's institutional capacity, even if it is not explicit in the PDO statement. Five of the nine DLIs (DLIs 1, 2, 3, 4, and 9) focused on strengthening institutional capacity, which was critical to implementing and sustaining the program's achievements. Regarding the resources allocation, about 49 percent of the program funds were allocated to achieving the results in these 5 "capacity enabling" DLIs which constitute Results Areas 1 and 4. In line with this, this ICRR includes an assessment of the "implicit objective" of improved institutional capacity.

Theory of Change: The key **activities** included organizational reform of MINAGRI, policy development including the Private Sector Leveraging Strategy (PSLS), expanding access to information, and introducing mechanisms to strengthen public-private dialogue (RA1). Further, efforts were made to improve budget preparation and execution in the RAB (RA4). The satisfactory performance of MINAGRI and RAB in implementing the restructuring plans, improving regulations, and functioning Agriculture public-private dialogues was expected to yield **intermediate results,** such as making them more responsive institutions and creating an enabling environment for private sector participation. The financial management improvements aimed to strengthen the agency's capacity to provide key services and maximize the impact of government spending. The expected **outcomes** were increased private sector participation and investment in the agriculture sector. The contribution towards the long terms goals and critical assumptions remain the same as in Objective 1.

Outputs (ICR, paras 28-42 and Annex 1)

Results Area: Policy and Organizational Reform

- DLI 1: The Organizational Development (OD) Plan for MINAGRI was prepared and approved (target achieved). The plan included staff training for skills and competency aligned with roles in the new structure. The ICR team shared that as part of the OD plan, the PforR supported TA for the institutional strengthening of MINAGRI. As a result, two departments were created, i.e. (i) the agriculture value chains management and trade department and (ii) the digital development department.
- DLI1: Upgrade of the Human Resources Management function was completed. (target achieved)
- DLI2: Private Sector Leveraging Strategy with an implementation plan was developed and published (target achieved).
- DLI2: MINAGRI published the Annual Report on Public-Private Investment in Agriculture in the second year of implementation (target achieved).
- DLI2: The Cabinet approved the Agricultural Input Subsidy Review and Reform package (including agricultural input subsidy schemes review and assessment of alternative models for increasing efficiency and effectiveness) on March 4, 2022 (target achieved). The ICR team indicated that the plan suggested gradual changes, and the reduction of subsidy rates would start after 2023. However, the team anticipates that there will be adjustments in the schedule of inputs subsidy reduction because, since last year, there have been significant increases in prices of fertilizer inputs in international (and local) markets due to different factors, including the Ukraine crisis.

- DLI3: A Common data warehouse platform to facilitate the collection and management of sector performance data was developed and operationalized by the end of the Program (target achieved)
- DLI4: Six Public-Private dialogues (PPDs) were conducted (compared to the target of six), and nine Value Chain Platforms were fully functional (compared to the target of three). The ICR team shared with IEG that in addition to the six targeted PPDs, two additional PPDs on the small livestock value chain and agricultural inputs were also completed in February 2022. The latter informed the guidance note for phased reforms in the Government's agriculture inputs subsidy programs.
- Improvement in functional performance of interagency coordination mechanisms (target of 20%) – No data was provided.

Results Area: Efficiency in Public Expenditures

- DLI 9: 92% annual budget execution for FY21 (Met revised target of +/-10% deviation between RAB annual budget and outrun expenditure; original target was +/-3% deviation between RAB budget and outturn expenditure)
- DLI 9: Audit opinion of qualified/"except for" on RAB financial statements (Met revised target; the original target was unqualified audit opinion on RAB financial statements)
- An annual increase of earmarked transfers from MINAGRI to the local government. (target of 5%) - No data was provided.

Outcomes (ICR, paras 28-42 and Annex 1)

Improvements in the Enabling Environment for Agricultural Commercialization:

- The predominant focus of the Enabling Business of Agriculture scores (EBA) is to measure and monitor regulations that affect the functioning of agriculture and impact the business environment for agriculture. The Program focused on three poorly performing regulatory areas at its design: seeds, fertilizers, and markets. With a score of 76.85 (baseline of 42 and target of 67), MINAGRI surpassed the program target for the seed EBA scores. However, the remaining two EBA target scores were missed by a small margin: the fertilizer indicator achieved a score of 60 (baseline of 43 and target of 63), and the market indicator arrived at 73.4 (baseline of 58 and target of 77). Some of the key regulatory practices adopted over the program implementation period include the inclusion of private sector representatives in the seed variety release committee; the online publication of registered seed varieties, registered fertilizers, and pest risk analysis reports; the setting up of a government agency designated to conduct pest surveillance on plants; ability to apply online for a phytosanitary certificate by exporters, etc. The ICR notes that it will probably take a couple of years to start seeing the impact of these changes on the general agribusiness environment. Good regulatory practices monitored under the EBA framework which are yet to be adopted include prohibiting the sale of fertilizer from opened bags, publication of protected seed varieties, allowing risk-based phytosanitary import inspections, etc. According to the ICR team, the Government's coordinated efforts to create an enabling environment for doing business in Rwanda also improved the country's EBA score. EBA was a key part of a broader agenda. Regulatory agencies affiliated with the Ministry of Trade include the Rwanda Standards Board (RSB) and the Rwanda Inspectorate, Competition and Consumer Protection Authority (RICA). However, the PforR played a vital and catalytic role in this process. PforR was designed simultaneously with the Government's Agriculture Transformation Strategy (PSTA4), which inspired MINAGRI to incorporate EBA targets into the strategy's M&E framework.

- The performance of MINAGRI was assessed to be 63.9% compared to the target of 70% and RAB (62% compared to the target of 70%) based on milestones established as per the respective OD plan or Restructuring plan. Measured milestones included approval of the organizational change and the restructuring following Government laws and regulations and evidence of actual implementation of the changes, assessment of the existing skills and competencies in the two institutions, updating the staff training and capacity building plan, and rolling it out. The proposed organizational changes were approved and published in the Official Gazette in September 2018 for RAB and in August 2020 for MINAGRI. The ICR team shared with IEG that the two departments created under the OD plan for MINAGRI are already functioning. The ‘Value chains management and trade department’ organized agriculture Public-Private Dialogues (PPDs) and Value Chains Platforms (VCP) meetings and monitored agreed actions. PPDs and VCPs mechanisms were introduced by the PforR and are still active. For instance, they played a key role in developing a roadmap for the inputs’ subsidy scheme reforms, provided platforms for discussion, and agreed on actions to address issues in seed production and marketing, small livestock farming, etc. The department is also developing a National Agriculture Financial Services Strategy to guide interventions to facilitate a sustainable and efficient delivery of financial services and products at affordable costs to private agriculture value chain actors. The department has also completed a diagnostic analysis and proposed management models of Government funded agriculture infrastructure assets. Proposed models include PPPs and models integrating farmers’ cooperatives. The Digital Development department is working on a strategy that is expected to guide, among others, developing a digital platform to facilitate access to data analytics and market information systems and empowering Agri-tech entrepreneurs/innovators to build responsive solutions. The ICR notes (para 29) that at program closure in March 2022, some of the planned staff positions in both MINAGRI and RAB had yet to be filled, and the delays could be partially explained due to the hiring freeze in public service for several months after the start of COVID-19 pandemic.

Based on the above assessment, the project substantially met the institutional capacity building objective by strengthening the enabling environment for agricultural commercialization, including improved regulations, strengthened PPP dialogue, and improved efficiency in public expenditure. It fell short of achieving EBA scores as well as there were shortcomings in data reporting on a few intermediate results (e.g., improvement in interagency coordination mechanisms). Thus, the objective is rated as Substantial with moderate shortcomings.

Rating
Substantial

OVERALL EFFICACY

Rationale
The Program demonstrated substantial progress towards preparing the ground for a favorable environment for private sector investments, promoting production alliances to strengthen linkages between producers, buyers, and the public sector within agriculture value chains, and enhancing private investments in agriculture value chain services. The Program substantially met the PDO indicator targets for both the objectives related

to promoting the commercialization of agricultural value chains (annual private investments) and strengthened institutional capacity building (EBA scores). The Program provided insufficient evidence for some intermediate results indicators. Thus, the overall efficacy is rated as Substantial, albeit with moderate shortcomings.

Rating
Substantial

5. Outcome

The relevance of objectives is rated as High, given the strong alignment of the Program with the government and Bank strategies, the continued World Bank engagement in Rwanda's agriculture sector, and the adequacy of the PforR instrument. The relevance of DLIs is rated as Substantial. The DLIs were a mix of intermediate results and outcomes and provided adequate incentives. Five of the nine DLIs focused on strengthening institutional capacity which was critical to implementing and sustaining the Program's achievements. The selection and sequencing of the DLIs were clear. The overall relevance is rated as Substantial. The efficacy rating was Substantial, with moderate shortcomings in the achievement of both objectives. Therefore, the Outcome rating is Moderately Satisfactory.

Outcome Rating
Moderately Satisfactory

6. Risk to Development Outcome

The following pose risk to the Program outcomes:

- **Institutional:** The completion of organizational reforms in both MINAGRI and RAB (whose implementation had reached slightly above 60 percent at PforR2 closing) will be critical to give the two institutions the ability to drive the transformation agenda.
- **Technical:** Several irrigation schemes in Rwanda need rehabilitation because of inadequate maintenance. The Program aimed to strengthen the links between producers, buyers, and the public sector in the agriculture value chains, including irrigated schemes covering nearly 3,000 hectares. The government is planning the development of more schemes to support the strategy of irrigation-led agricultural commercialization. To achieve its goals in irrigation development, MINAGRI is updating its National Irrigation Strategy, which should include improved operation, maintenance, and cost recovery mechanisms for the sustainability of irrigation infrastructure. The World Bank funded Commercialization and De-risking for Agricultural Transformation Project (CDAT), which was approved in April 2022 and will be an opportunity to support the development of sustainable irrigation management mechanisms.
- **Stakeholder ownership:** Establishing and operationalizing the Agri-PPDs were positive steps in engaging with private sector entities. However, there is a risk of inefficient follow-up on the issues since the government entities were primarily responsible for implementing and monitoring the agreed

actions. To improve the effectiveness of those mechanisms, additional framework or guidelines, such as a representative secretariat would be needed to ensure the active participation of all stakeholders in all Agri-PPDs and VCPs activities. This would enable active follow-up and provision of sustainable solutions to issues raised through these mechanisms.

7. Assessment of Bank Performance

a. Quality-at-Entry

The program's design was informed by the lessons from the earlier PforR and well aligned with the government's strategy and the Bank's priorities. As discussed in section 3a, stronger emphasis was given to value chain development, making it a more focused program. The instrument effectively served as a platform for aligning activities and leveraging financing from development partners to support the government program. The roles and responsibilities of key implementing entities and stakeholders, including MINAGRI itself, the Private Sector, RAB, NAEB, RDB, Districts, and other relevant Government agencies, had been clearly defined in the PAD. The Program design also included critical actions to increase the capacity for PSTA4 implementation. Most of the DLIs were clearly defined and measurable and had detailed protocols for verification and monitoring. There was a plausible link between the activities supported by the Program and the expected intermediate and final outcomes. The technical assessment was comprehensive in identifying risks, and the associated mitigation measures were adequate.

Nevertheless, the Program faced some shortcomings in the management capacities related to Environmental and Social (E&S) compliance and Monitoring and Evaluation (M&E) in the implementing entities. Additionally, the capacity of RAB to improve its fiduciary systems did not meet the expected level. With better anticipation of these issues, additional interventions could have been included to strengthen M&E-related data collection and reporting mechanisms and create a roadmap for RAB to address its fiduciary challenges gradually. Moreover, while the Program established the new policies, organizational structure, PPP models, etc., the three-year time frame was not sufficient to measure their effectiveness and support long-term sustainability.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The Bank conducted regular supervision missions, mobilized adequate expertise, and provided continuous support to the Government in response to emerging issues and needs. The task team was proactive and quickly mobilized an agribusiness team to assist with the DLIs related to private and public partnerships in enabling agricultural commercialization, which proved to be a viable alternative to the FAO TA. The FAO TA could not start because of COVID-19 related constraints. The coordination with MDTF donors was satisfactory, and donors were updated on implementation progress through bi-annual MDTF steering committee meetings and the annual MDTF report. The task team also provided timely technical assistance interventions funded by the MDTF to support MINAGRI in areas of limited capacity, for example, support for the MINAGRI organizational restructuring, agriculture inputs subsidy program, and E&S systems strengthening.

However, one of the key shortcomings was the failure to address the M&E gaps that persisted throughout the Program's implementation. Even though the target of indicators for RAB efficiency and EBA methodology were adjusted during implementation, there was no data reported on several intermediate results indicators throughout implementation. Furthermore, the ICR notes (para 67) that the Bank team did not engage IFC to support MINAGRI in addressing the constraints faced by the private sector in commercial investments through the structured MFD approach, despite it being a key change introduced by the MDTF additional financing. However, the team engaged IFC to develop two PPP projects: the Gabiro Agribusiness Hub project and the Gako Beef project. Unfortunately, MINAGRI removed these two projects from the list under consideration and replaced them with others.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

8. M&E Design, Implementation, & Utilization

a. M&E Design

Overall, the Program results framework was well prepared and included measurable indicators, baseline data, targets, and data collection mechanisms. Some indicators were further clearly defined during the additional financing. The DLIs were clearly defined, measurable and had detailed protocols for verification and monitoring. The DLIs were a mix of intermediate results and outcomes with a plausible link between the activities supported by the Program and expected outcomes. The PAD included a clear and detailed DLI verification protocol incorporating lessons learned from the previous Agriculture PforR. The independent results verification agency was changed to the Office of the Auditor General (OAG) to ensure that verification responsibilities were assigned to an institution with the capacity and experience to verify such programs. OAG had an adequate budget and human resources to conduct the verification. However, one of the shortcomings was the lack of adequate assessment of data collection challenges that MINAGRI may face during implementation. The previous PforR had identified constraints and related risks in MINAGRI's M&E system, and a similar assessment could have helped anticipate and mitigate data collection challenges.

b. M&E Implementation

MINAGRI consistently provided updates on the RF indicators twice a year which was discussed during the missions and informed the Bank's ISRs. However, there have been significant delays in reporting updated values for the three outcome indicators and several intermediate indicators. While some delays may be attributed to COVID-19 related restrictions, M&E challenges were also due to inadequate staffing for M&E functions, as MINAGRI had only one M&E specialist. However, the verification of disbursement-linked results by OAG and the subsequent reporting was timely and effective, with the Bank processing corresponding disbursements within a few days after confirmation of results achievement.

c. M&E Utilization

M&E data and reporting on the DLI update were used to inform Program management and the Bank, allowing necessary adjustments to DLI targets. Recognition of early achievement of DLI 4 targets and the difficulties in meeting DLI 9 targets resulted in corresponding scaling up and down targets, respectively. The slow progress under DLI 3 related to the development of a digital Common Data Warehouse was acknowledged, and the Bank provided support to MINAGRI through a data analyst consultant to expedite the development of the digital system. However, it remains to be seen how effectively the digital system will be used for results-based policymaking. The measurement methodology for the EBA indicator was adapted to ensure the scores are directly comparable across the Program timeframe, following adjustments to the global methodology.

The overall rating of M&E quality is Modest. The results framework and DLIs were well designed. However, there were several shortcomings in the design and implementation of the M&E system. The assessments at appraisal could have anticipated risks in the data collection and incorporated adequate mitigation measures. Significant challenges were encountered in updating several results indicators during program implementation.

M&E Quality Rating

Modest

9. Other Issues

a. Safeguards

The PAD (para 148) noted that OP7.50 on International Waterways was triggered as the Program activities involved water extraction for irrigation activities from the streams flowing into international basins of the Nile and Lake Tanganyika. The Bank has notified the riparian states to seek their no-objection since the proposed Program activities will not adversely impact the riparian countries. The environmental and social (E&S) risks were rated as substantial (PAD, para 151) at appraisal since the Program was supporting activities carried out by private sector entities. There were six PAP actions that included specific measures to address the risks and strengthen the environmental and social aspects. The ICR (Annex 1c) notes that all actions were implemented, although with some initial delays. The PSLS strategy included a mechanism for the selection of private sector entities with sufficient capacity for diligent environmental and social management. However, the implementation with respect to the existence of Environmental and Social Management Systems (ESMS) for selected private sector entities was inadequate. The E&S risk management performance was mainly Moderately Satisfactory during the program's implementation. MINAGRI did face challenges due to the unavailability of dedicated staff to follow up on the program's environmental and social issues, which limited their ability to monitor compliance with national environmental and social requirements. As a result, MINAGRI requested the Bank to continue providing technical assistance. In response, the Bank supported MINAGRI by hiring a consultant who provided environmental and social training for all private sector stakeholders involved in the PPP arrangements. Additionally, after compliance issues were identified, the consultant prepared an internal environmental and social audit for MINAGRI for Kavunja and Urwonja irrigation PPP projects. The audit report was reviewed and cleared by Rwanda Environmental Management Authority (REMA) with clear gap-filling measures for MINAGRI to implement. The ICR notes (para 63) that most other projects verified under the Program comply with national E&S regulations.

b. Fiduciary Compliance

The Fiduciary risk was rated as substantial at project preparation (PAD, para 153) given the general lack of adequate fiduciary capacity at RAB, which could have undermined the implementation of the PforR Program. However, the ICR notes that the fiduciary risk assessment and proposed mitigation measures were relevant and adequate (ICR, para 64). Three significant areas for procurement-related program action plans were identified during program preparation (i) MINAGRI was to send out a directive to all implementing agencies (NAEB, RAB, Districts) to ensure Bank debarment lists were observed in program procurement, (ii) similar directives were sent out to all program implementing agencies to refrain from negotiating on bid prices and (iii) an action plan was prepared to improve procurement efficiency. The ICR notes that the fiduciary-related PAP actions were completed with significant delays. There were no fraud or corruption incidents during program implementation.

Regarding financial management, the ICR notes (para 64) that the Auditor General expressed a qualified (‘except for’) opinion on the financial statements for RAB for FY21, with the reservation being on the doubtful accounts receivable balances with a high likelihood of being reported at a value higher than their recoverable amount due to their long overdue state. However, in relation to MINAGRI and NAEB, the Auditor General expressed an unqualified/clean audit opinion on the financial statements for the year ending June 30, 2021.

Overall, the Project fiduciary performance was Moderately Satisfactory for most project implementation.

c. Unintended impacts (Positive or Negative)

The ICR did not report any unintended impacts.

d. Other

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10. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment

Outcome	Moderately Satisfactory	Moderately Satisfactory
Bank Performance	Moderately Satisfactory	Moderately Satisfactory
Quality of M&E	Modest	Modest
Quality of ICR	---	Substantial

11. Lessons

The following are some of the key lessons drawn from the ICR.

PforRs should adopt a gradual and consultative approach to implementing reforms. Incentives provided within the PforRs should promote the development of strategies and reforms, such as organizational reforms and policies. However, it is crucial to consider the timing of policy reforms to allow for stakeholder consultation and phased approaches. In this case, the Program aimed to promote the development of strategies such as the Private Sector Leveraging Strategy and the inputs subsidy program. However, the timing of introducing new policies often didn't allow for stakeholder consultation or phased approaches, which could have enhanced sustainability. To address this, it is crucial to introduce systematic approaches gradually, allowing for proper stakeholder consultation and phased implementation.

Public-Private Partnerships, in the form of productive alliances, can play a vital role in enhancing smallholder farmers' market linkages. By fostering collaborations between farmers, buyers, and the public sector, these alliances enable smallholders to access better markets, increase revenues, and establish sustainable market linkages. In the case of the Program, by establishing alliances between smallholder farmers, buyers, and the public sector, particularly in developed schemes with irrigation systems and terracing, farmers could increase their revenues and establish stronger market linkages over time. Through transferring operations and maintenance activities to cooperatives or water user associations, smallholders engaged in commercial agricultural production and formed contract farming agreements with buyers, ensuring long-term market stability. This lesson can be applied to similar projects and initiatives seeking to empower smallholder farmers and strengthen their participation in agricultural value chains.

Developing a legal framework for agribusiness that considers contextual aspects is critical for commercially viable investments. The Program highlights the importance of developing a legal framework for agribusiness that considers contextual aspects. The experience of the Program in promoting PPPs for commercializing agriculture value chains in Rwanda revealed the necessity for PPP legal frameworks to consider the specific needs of the agri-food sector. It was found that the existing PPP law and implementation guidelines were insufficient in addressing smaller-scale PPPs within the agriculture sector. By establishing a comprehensive and contextually appropriate legal framework, future PPPs in agribusiness can be better supported, leading to successful outcomes.

12. Assessment Recommended?

No

13. Comments on Quality of ICR

The IICR is well-written and provides a candid and comprehensive assessment of the Program in line with the guidelines. The ex-post Theory of Change and its coherence with the previous phases of interventions were well explained. The ICR provides the reader with a good overview and rationale of the program activities, including how lessons learned from the previous Program were incorporated into the design. The ICR is candid in assessing the shortcomings in Bank performance and M&E. The annexes further clarify the results of the operations and provide evidence of compliance with the Program Action Plans. The ICR draws practical lessons from the implementation experience. The ICR team was very responsive to IEG queries and shared supplemental information required for the ICR review, including reasons behind the significant increase in government contribution, any other external factors affecting the outcomes, and some of the latest developments after the submission of the ICR.

a. Quality of ICR Rating
Substantial