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Enabling poor rural people to overcome poverty

Republic of Rwanda

Country programme evaluation

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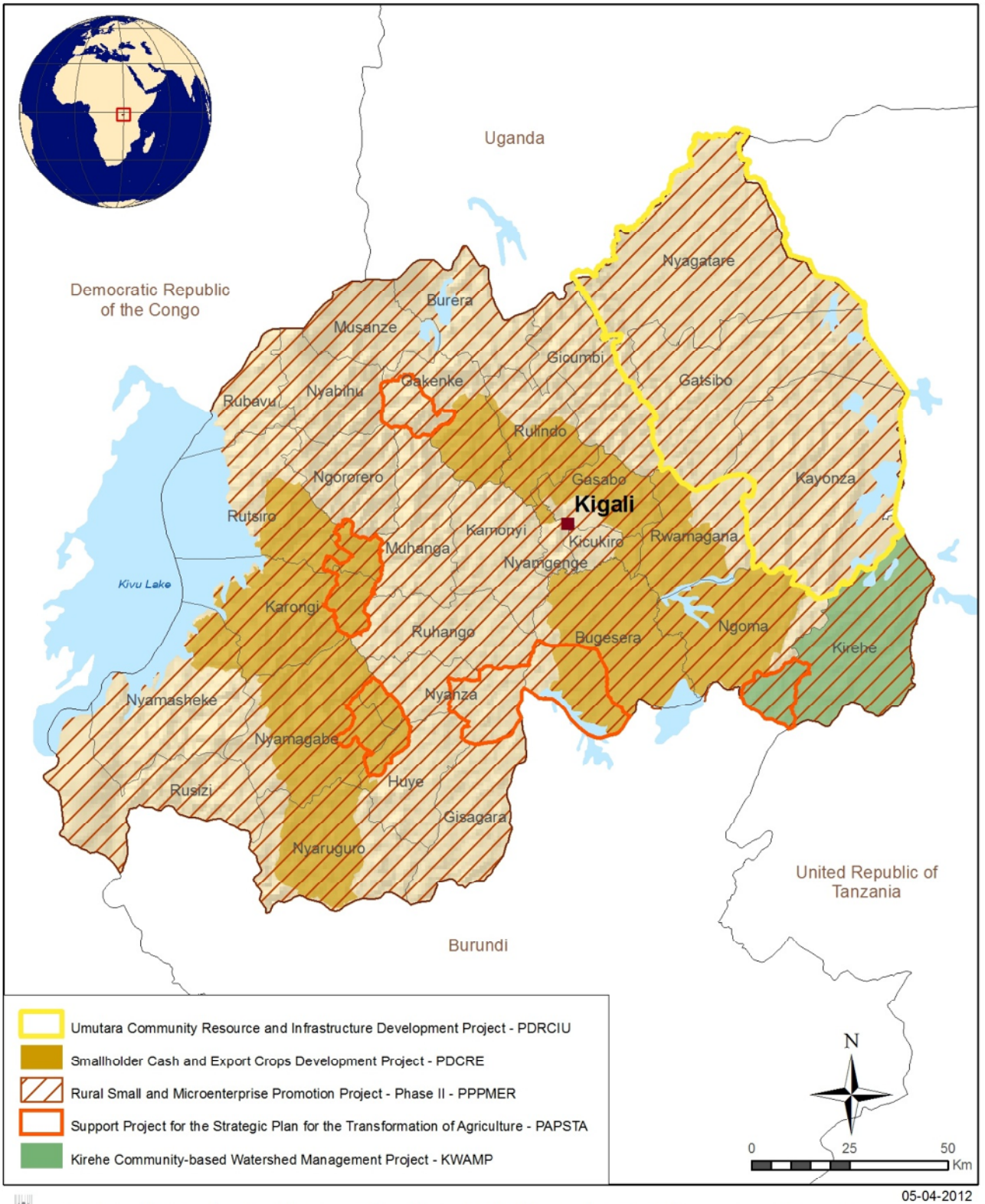
Contents

Maps of IFAD-funded operations

Ongoing operations

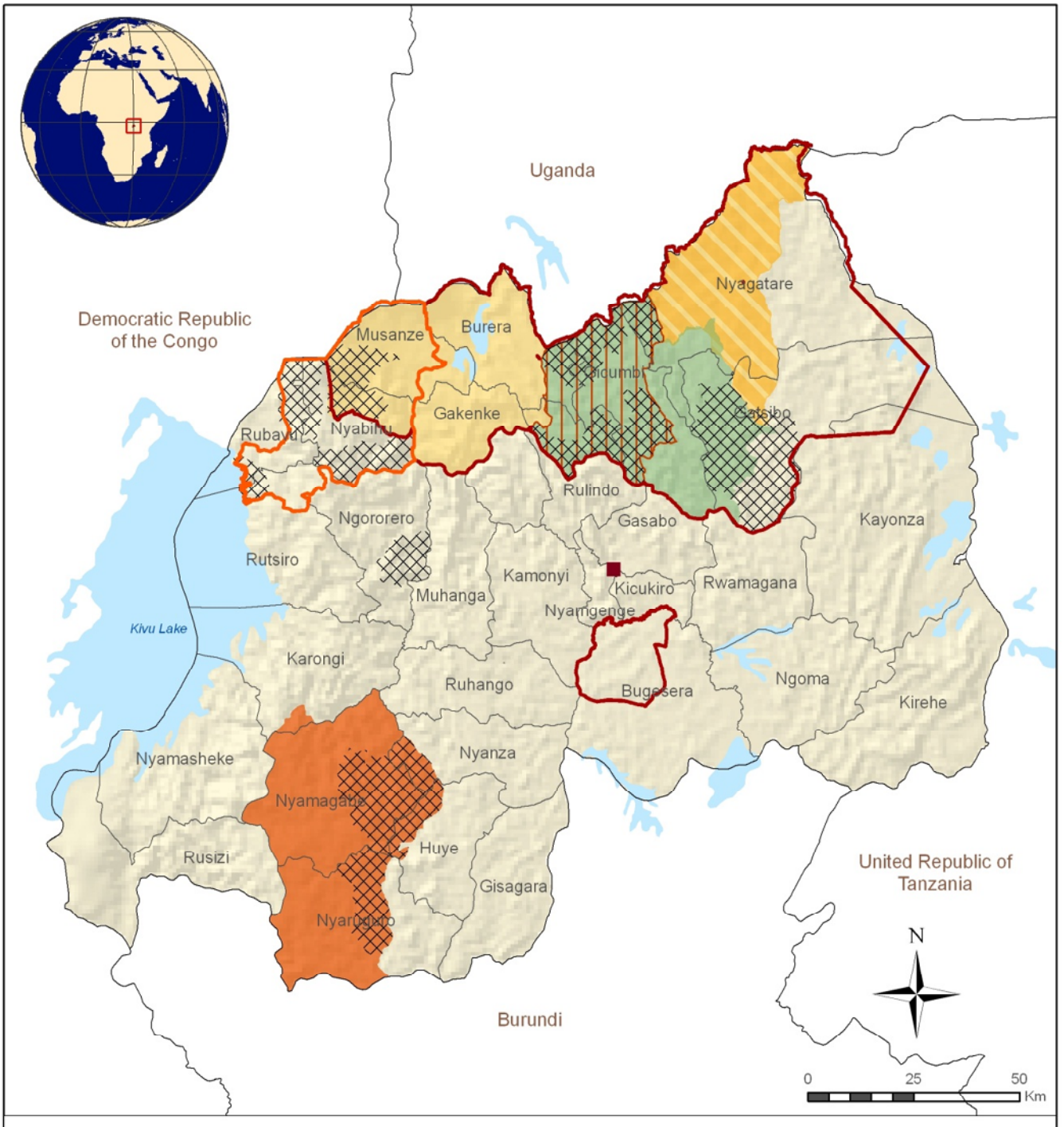


05-04-2012

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD *Map compiled by IFAD*

Closed operations



18-10-2010

IFAD

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Map compiled by IFAD

Executive summary

1. Cooperation between IFAD and the Government of Rwanda began in 1981. Up to 2010, a total of 13 projects had been implemented at a total cost of US$284 million,[1] of which IFAD loans accounted for US$150 million (53 per cent). Rwanda is the eighth largest recipient of IFAD funding in the East and Southern Africa region. The present country programme evaluation (CPE) for Rwanda is the second conducted by the Independent Office of Evaluation of IFAD (IOE); the first was undertaken in 2005. A number of operations that were at the early stages of implementation at that time have been reassessed by the second CPE, which focuses on the period 2000-2010 and closely reviews two country strategic opportunities programmes (COSOPs), five projects and nine grants (of which four were regional grants and five country-specific). Over the period under review, cooperation moved from dealing with the rehabilitation of rural structures destroyed in the 1994 genocide to economic development.

2. The evaluation found that during the period under review the partnership between IFAD and the Government of Rwanda made a significant contribution to reducing rural poverty, and that the performance of the portfolio has improved since the CPE of 2005. On IFAD's part, contributing factors include a more participatory approach and transition to direct supervision, while on the part of the Government, the introduction of clearly defined strategies and programmes and a strong accountability framework have been important. Rwanda's governance culture is highly results-oriented, which ensures the implementation of policies and strategies.

3. The majority of rural poor people obtain their livelihoods from small, fragmented plots in fragile watersheds subject to erosion and loss of soil fertility. A major part of IFAD's operations has focused on protecting the watersheds and increasing the productivity of natural resources. The technical approach, which involves soil conservation measures and the integration of crop, livestock and forestry production, is having a remarkably positive impact on natural resources, household incomes and consumption, and food security. A second area of support has been traditional export crops (coffee and tea) and the introduction of non-traditional cash crops (e.g. sericulture), where emerging results and impact are boosting Rwanda's negligible agricultural export earnings and creating on- and off-farm employment.

4. A third thrust of IFAD's cooperation has been to create non-farm employment to absorb the increasing number of young people with no viable future in the over-populated watersheds. While satisfactory results have been achieved, often benefiting the very poor and many young women, IFAD's role in this area is more marginal and there are questions regarding the sustainability and viability of micro and small enterprises.

5. The **relevance** of the portfolio is rated satisfactory. The three thematic thrusts are highly relevant to the national context and sectoral strategies and to IFAD's COSOPs. Overall, they are technically sound and adopt approaches conducive to achieving their main objectives. Nevertheless, the CPE identified a number of design issues. In particular, the support to rural finance, an element of the early part of the period under review, was not designed on the basis of best practices and the IFAD Rural Finance Policy. Support for watersheds has not been adequately anchored in local government structures, whose implementation responsibility and capacity are being enhanced in the decentralization process. Finally, the design of support to export crop value chains was broadly valid but did not take sufficient account of the food security risks faced by households with very small landholdings.

[1] EB 2009/98/R.2, p.54.

6. **The effectiveness** of the programme is also rated satisfactory. Overall, the programme has made satisfactory progress in meeting the projects' immediate objectives, and in some cases exceeding them. This is particularly the case for support to watershed development and, in part, support to export crops and rural enterprise development. Capacity-building of cooperatives and local governments has been less effective to date, while rural finance support made no contribution to developing a sustainable rural finance system.

7. **Efficiency** is assessed as satisfactory overall. Improvements over the period under review reflect both the increasing capacity of Rwandan partners and IFAD's transition to direct supervision and implementation support and its establishment of a country office. Target achievement, time overruns and the share of project management costs in total project costs are generally in the satisfactory zone. The projects are implemented by project implementation units, which co-opt central and local government institutions for service delivery and also outsource service provision to providers and contractors from the private sector and civil society. Projects with good systems for managing outsourcing have shown better performance. Monitoring and evaluation systems are generally superior to those of other projects in the region, and include systems for assessing impact. The Ministry of Finance and Economic Planning actively monitors externally financed projects.

8. **Impact** is rated satisfactory overall. At the household level, it has been strong in generating income and access to productive assets and in improving food security. In the case of cash crop development, however, protection measures are missing for very small landholders until coffee trees and tea bushes come into production. Findings on impact on human and social assets are mixed and weak cooperatives and fragile micro and small enterprises pose particular challenges. While acknowledging environmental benefits, this evaluation identifies a set of environmental risks not yet fully analysed and documented.

9. **Sustainability** is assessed as moderately satisfactory. While many of the activities in the watersheds are likely to be continued, either by the beneficiaries alone or by the beneficiaries with government assistance, there are serious questions as to the sustainability of rural finance and cooperatives. The evaluation expresses concern that the Government's policy to formalize the economy, pushing informal entities to register as cooperatives or companies, will be implemented too rapidly, without allowing for a proper transition. Some of the newly formed cooperatives do not as yet have the capacity to manage high levels of debt and complex operations (e.g. coffee cooperatives).

10. The programme's contribution **to innovation and scaling up** is also rated moderately satisfactory. The most important innovations are in the area of improved agricultural practices for yield increases and soil management, which have been the subject of a major testing effort and gradual scaling up. Outside this area, innovation and the potential for scaling up have been more limited. Apprenticeship programmes in micro and small enterprise development have been innovative, while progress has been more modest in product design and technology upgrading, particularly in relation to the processing of agricultural produce.

11. Progress on **gender equality** is assessed as satisfactory. The evaluation finds evidence of an overall high participation of women in the activities supported and in the management of cooperatives and associations, which has contributed to raising their status and economic independence. With regard to the 2003 IFAD gender action plan, two of the objectives (expanding women's access to productive assets and strengthening women's organizations and their decision-making role) have been achieved to a satisfactory extent; the third objective (to improve women's well-being and ease their workloads by facilitating access to basic services and infrastructure) has been achieved to some extent. This presents a number of analogies with the findings of the recent corporate-level evaluation on performance

with regard to gender equality, although development results seem more favourable in the case of Rwanda.

12. The performance of **non-lending activities** is assessed as moderately satisfactory overall, with policy dialogue rated moderately unsatisfactory and knowledge management and partnership-building both rated moderately satisfactory. IFAD has provided substantial funds and technical assistance to the Government to develop its policies and strategies (e.g. the Strategic Plan for Agricultural Transformation) but there has been limited institutional-level dialogue between IFAD and the Government on policy directions and strategic objectives. The notion of policy dialogue applied by IFAD in Rwanda often refers to adjusting project components during implementation, or providing technical assistance funds for hiring consultants to prepare draft strategic documents. These are good points of departure but do not guarantee that IFAD's experience and mandate are reflected in national policies, programmes and approaches adopted by the public sector. It should be recognized, however, that in the past the Government has seldom invited IFAD to join in such dialogue.

13. Partnership development is assessed as moderately satisfactory. Financial partnerships with the Government and other development partners are well established, but there is a need for more active and higher profile participation by IFAD in sector working groups. Partnerships with the private sector and NGOs have taken the form of contracting out service provision in projects. A new private-public partnership is being experimented with in the tea sector, although it is too early to assess the results. Regarding knowledge management, the situation is positive within and among the projects but IFAD has invested few resources in learning from and capturing the experiences of other projects and development partners.

14. Over the period under review, IFAD prepared two strategies (COSOPs) to guide its cooperation with the Government of Rwanda. The second of these was a results-based COSOP and was prepared (based on new guidelines) in 2007 in participation with national stakeholders. The overall performance of that COSOP is assessed as satisfactory. The strategies were very well aligned with government and IFAD policies and were relevant to the national context. Moreover, IFAD's interventions fitted well into the Government's sectoral programmes. The CPE notes problems of partial inconsistency between IFAD and national programmes in the definition of target groups, in particular the various vulnerable groups, and in support for the participation of different groups in socio-economic development. And while it is the Government's prerogative to define the country's strategic objectives, in some areas, IFAD's international experience could contribute to defining strategies and approaches for achieving objectives.

15. The objectives of the 2007 COSOP were mainly pitched at the project and community level, which was justifiable given the situation of the IFAD portfolio and the national regulatory and policy environment of the time. However, this may not be sufficient in the years to come, given the evolving institutional context and expectations of the Government and development partners as to IFAD's future role. COSOP effectiveness has thus been assessed as moderately satisfactory. Progress has been remarkable in terms of improving household and community incomes, assets and food security, but more limited at the broader policy and institutional level (rural finance and cooperative development).

16. Based on the ratings of portfolio performance, non-lending activities and COSOP performance, the overall Government/IFAD partnership has been rated satisfactory. Over the period covered by this CPE, the performance of the partnership notably improved and compared with the CPE of 2005, the overall achievements are greater, thanks to positive developments on both sides. The Government's human resources capacity has improved considerably and responsibility for rural development has been gradually transferred to local governments. This, combined

with a strong accountability framework, is producing good results also in terms of rural poverty reduction. IFAD has become a more active and responsive partner, establishing a country office and taking responsibility for project supervision and implementation support. In the second part of the period under review, IFAD adopted more participatory processes for developing the COSOP and the project portfolio.

17. The IFAD/Government partnership focused on the project portfolio where the most significant results have been achieved. IFAD mainly focused on individual project design and implementation, and allocated limited financial resources and time for non-lending activities. In the case of policy dialogue, the Government did not initially make sufficient use of IFAD's international experience, which would have been helpful deciding how certain strategic objectives might be best achieved (e.g. elaboration of the national coffee strategy and policy for micro and small enterprises).

Summary of the CPE overall assessment

Assessment	*Rating*[a]
Portfolio performance	5
Non-lending activities	4
COSOP performance	5
Overall IFAD/Government partnership	**5**

[a] Rating scale - 1: highly unsatisfactory, 2: unsatisfactory, 3: moderately unsatisfactory, 4: moderately satisfactory, 5: satisfactory, and 6: highly satisfactory

Conclusions

18. Poverty persists in Rwanda despite strong growth both in the general economy and in agriculture. The country has a high population density and small average landholdings. This, combined with the rapid population growth, makes it imperative to increase the country's agricultural productivity, protect the natural resource base and identify alternative sources of employment and income for the rural population. The present CPE finds that IFAD has been effective in supporting the Government's strategy to address these issues.

19. The performance of the portfolio has improved significantly since the CPE of 2005, especially with regard to effectiveness and efficiency, impact on household incomes and food security. A key factor contributing to such improvement has been the stronger policy and institutional environment that the country has built up over the past decade, which has started to show results in recent years. At the same time, IFAD has improved the alignment of its interventions with national strategies and has introduced direct supervision and implementation support together with a country presence.

20. IFAD's cooperation with Rwanda has been essentially project-based and its value addition is evident mainly in terms of well-designed and performing projects and in generating field-level effects. Insufficient complementary efforts and resources were devoted to non-lending activities. Key issues encountered in the programme (rural finance, cooperative development, support to local governments) are of a systemic nature and cannot be adequately addressed by the project components alone. Furthermore, the replication and scaling up of innovations or successful experience call for more involvement in policy dialogue, partnerships and knowledge management. As the Government moves increasingly towards the harmonization of international cooperation, IFAD will need to adopt a more coordinated approach to cooperation with adequate emphasis on higher-level institutional issues.

Recommendations

21. The CPE offers the following broad recommendations for IFAD and the Government to consider in the development of its future partnership, including the new COSOP, and future projects and programmes. While recognizing that portfolio development and management will absorb the larger part of IFAD's resources, the recommendations deliberately start from "higher-plane" objectives as these have so far commanded limited resources. The recommendations are presented in three interrelated clusters: (i) non-lending activities and aid harmonization; (ii) country programme management; and (iii) portfolio development.

(1) **Place greater emphasis on institutional support and non-lending activities to promote the scaling up of innovations and harmonized approaches to rural finance and cooperative development.**

These recommendations include two sub-areas: (i) providing institutional support to local government for the scaling up of agricultural innovations and to pave the way for the preparation of a sector-wide approach (SWAp); and (ii) programme-based support to participate in harmonized frameworks in rural finance and cooperative development. This calls for a gradual shift in focus from projects towards the integration of lessons learned both from within and outside the IFAD portfolio. It also calls for further dialogue and harmonization with development partners and for sharing knowledge and experiences in the policy arena.

(a) Provide institutional support to local governments in the scaling up of agricultural innovations and in paving the way for the forthcoming agricultural SWAp. Individual projects such as the Support Project for the Strategic Plan for the Transformation of Agriculture (PAPSTA) and the Kirehe Community-based Watershed Management Project (KWAMP) have helped promote emerging agricultural innovations. The long-term challenge to scale up such innovations is of an institutional nature. The challenge is to define an institutional approach that fits into the decentralization process and local government structure. As decentralization proceeds into its third phase (2011-2015) and district and sector government administrations further develop their capacity, it may be possible to transfer full responsibility for implementation to local governments.

Such transfer would need to be facilitated. IFAD, in collaboration with the central and local governments and other developing partners, should support the development and adoption of approaches and guidance tools that help local governments plan, implement and monitor the various technical interventions. These approaches and tools may create the basis for central government grants to local governments for watershed development, which could be an important pillar of the agricultural SWAp. IFAD will explore opportunities for integrating its interventions into the forthcoming SWAp in order to ensure its participation in major strategic and policy dialogue initiatives in the agriculture and rural development sector. IFAD's participation in the SWAp may also include the development of implementation tools and methodologies that ensure ownership by local governments in scaling-up innovations.

(b) Support harmonized thematic programmes in rural microfinance and cooperative development. Both within and outside the IFAD-financed portfolio, support is provided for the development of rural microfinance and cooperatives but approaches and methodologies often differ. The present CPE finds that such support is of an ad hoc character and that systemic issues are not addressed in a coherent and harmonized manner. Through a modest financial contribution to harmonized

thematic programmes, IFAD could establish its presence in high-level policy dialogue and share its experiences.

In rural finance, IFAD should explore the option of supporting Access to Finance Rwanda (AFR). IFAD should stay involved in rural finance in Rwanda. Despite problematic experiences in Rwanda, the Fund has relevant lessons to contribute through its regional and global portfolio. The AFR was established by the Government and several development partners led by the United Kingdom's Department for International Development (DFID) to address systemic issues with a view to increasing access to finance, particularly for the large numbers of people who have no, or only limited, access to financial services. Recently, DFID has supported the Government in developing a rural and agricultural finance strategy and AFR has presented a sustainability strategy for savings and credit cooperatives. Even a modest financial participation from IFAD would be important because it would allow IFAD to contribute to the agenda and work, based on its own experience in implementing the portfolio and, at the same time, benefit from exchanges of information. Being outside these harmonized frameworks would severely limit IFAD's ability to engage in policy dialogue and knowledge management. Obviously, IFAD's contribution to AFR should be based on an assessment of whether this facility provides an effective contribution to rural poverty reduction objectives.

Regarding development of cooperatives, IFAD should contribute to efforts to create a harmonized support framework. The Rwanda Cooperative Agency reports that it is planning to harmonize the current highly fragmented support for cooperative development; it would be appropriate for IFAD to support this endeavour. If the initiative leads to a harmonized framework with financial support from the Government and several development partners, IFAD should explore the possibility of making a financial contribution so as to become an active participant, as per the rationale described above.

(2) **Move towards more strategic programme management and reliance on national systems, in line with the Paris Declaration on Aid Effectiveness.**

Increased engagement in non-lending activities will call for a review of current transaction costs in individual project follow-up. In line with the Paris Declaration, IFAD/Government project cooperation should rely more on the Government's accountability and implementation systems, recognized as among the best and most efficient in sub-Saharan Africa. IFAD should move away from micromanagement, leaving this to government systems, while adopting a more strategic management approach.

In this new role, IFAD would use more of its country programme management resources for addressing strategic issues both within and beyond projects. This should also include more strategic use of technical assistance grants, not only for project design but also for developing the capacity of national institutions to enable them to take over activities once the projects end. This would be a gradual process that adapts to capacity improvements in government systems, where IFAD and the Government would continuously reassess what should and can be done by government institutions, and what are the most conducive cooperation procedures for ensuring accountability and local ownership. The introduction of portfolio-wide annual joint reviews between the Government and IFAD has been a commendable step towards strategic portfolio management. Additional measures are indicated below.

(a) Replace project coordination units (PCUs) with facilitation support. In the current portfolio, there is a tendency to perceive projects as independent institutions and the PCUs as their managers, while in reality "a project" is no more than a temporary initiative for partner institutions. Recent government policy encourages ministries to reduce the number of PCUs by establishing a single project implementation unit for all donor-assisted projects. Though the efficiency of this new set-up has yet to be demonstrated, eventually IFAD may have to comply and change its implementation procedures. Under the new set-up, it is recommended that IFAD's projects include the provision of technical assistance/facilitation support. Rather than act as decision-making managers, PCUs should play a role of adviser and facilitator to the implementing management units – whether at the central ministry level or within district administrations.

(b) Articulate more clearly the division of labour between IFAD headquarters, the IFAD regional office in Nairobi and the country office. This implies giving a more substantive role to the latter in partnership-building, policy dialogue and knowledge management. In this context, consideration should also be given to defining the technical backstopping functions of the Nairobi office, which, for example, could include quality assurance of baseline and impact surveys.

(c) Undertake joint supervision missions with the Government and development partners. The transaction costs of IFAD, of the concerned ministries and of development partners can be reduced by undertaking more joint supervision and implementation support missions. When feasible, consideration should be given to fielding a single mission covering several projects executed by the same ministry.

(3) **Develop strengthened subsectoral support activities around three main axes: (a) protection of the natural resource base in the watersheds and development of pro-poor agricultural value chains based on private-public partnerships in the production of (b) food crops and (c) cash and export crops.**

(a) Sustainable natural resources development in the watersheds and carbon financing. IFAD's future programme should continue its watershed development initiatives, including the promotion and scaling up of agricultural innovations and soil and watershed protection. It should better assess and document environmental risks as well as opportunities. Both the 2007 COSOP and past project design documents lacked a detailed assessment of environmental risks and trade-offs, and thus included no mitigation plans. The next COSOP should include a strategic analysis of environmental and natural resource management issues, in line with the requirements of the IFAD Environment and Natural Resource Management Policy, and explore opportunities for qualifying for carbon financing. Future project designs should include environmental and social impact assessments.

(b) Support for the development of value chains for food crops and livestock products through private-public partnerships. While many farm households have increased their production of food crops and livestock products beyond subsistence level over the last three years, the systems needed to handle these surpluses (e.g. warehouses, and processing and marketing facilities) are not available. Major investments (in terms of both capital and human resources) are required to manage the rapidly increasing surpluses. Given the small size of Rwanda's farms, the country's long-term competitive advantage is unlikely to be in low-value

staple food crops that can be produced at lower cost in countries with an abundance of land.

For this reason, IFAD should consider moving towards higher-value commodities produced in intensive systems with a high labour input, and with potential for creating significant non-farm employment in processing and marketing enterprises. Based on current intensive zero-grazing systems, dairy would be an obvious candidate – but other possibilities include high-value horticultural products.

(c) Support pro-poor development of export and cash crops and products through private-public partnerships. Apart from their contribution to foreign exchange, some crops have potential for generating significant on- and off-farm employment. For tea and coffee, there are still a number of unexploited value addition activities. Albeit currently in a difficult start-up phase, sericulture could well create many on- and off-farm jobs in activities that are highly labour-intensive and generate products with a high value-to-weight ratio. According to international sericulture experts, Rwanda's climatic and natural resource conditions are well suited to sericulture.

Special mitigating measures (e.g. based on support to subsistence crops or food-for-work schemes) need to be considered for very poor households. This is because value chain development for export and cash crops often fails to involve marginal landholders, and expansion of export/cash crop areas may be at the cost of food crops and food security.

In pursuing public-private partnerships, support will be needed to promote transparent agreements and competition in order to address situations whereby a large private investor, owing to limited competition, might exploit producers. Consideration will need to be given to the complexity and scale of operations. For certain levels of scale and complexity, private companies may be in a better position than the newly established cooperatives. Thus, an approach for private-sector development, including development of public-private partnerships, should be developed to guide such support.

Agreement at completion point

A. Background and introduction

1. The Independent Office of Evaluation of IFAD (IOE) conducted a country programme evaluation (CPE) in Rwanda in 2010/2011. The CPE had two basic objectives: (i) to evaluate the performance and impact of IFAD's operations in the country; and (ii) to generate lessons and recommendations to inform the next country strategic opportunities programme (COSOP) for Rwanda.

2. The agreement at completion point (ACP) reflects the agreement between the Government of Rwanda (represented by the Ministry of Agriculture and Animal Resources, MINAGRI) and IFAD Management (represented by the Associate Vice President, Programmes) on the main evaluation findings (see section B below), as well as the commitment to adopt and implement within specific timeframes the recommendations included in part C of this document. The ACP contains inputs gathered at the national roundtable discussion held on 29 September 2011 in Kigali, Rwanda. It is noted that IOE does not sign the ACP, although it facilitated the process leading up to its conclusion. The recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions. In addition, this ACP will be submitted to the Executive Board of IFAD as an annex, along with the new COSOP for Rwanda.

B. Main evaluation findings

3. The CPE found that, during the period under review (2000-2010), the partnership between the Government of Rwanda and IFAD had made a significant contribution to reducing rural poverty, and that the performance of the portfolio has improved since the CPE of 2005. On IFAD's part, contributing factors include a more participatory approach and transition to direct supervision, while, on the part of the Government, they include the introduction of clearly-defined strategies and programmes as well as a strong accountability framework. Rwanda's governance culture is highly results-oriented, thereby ensuring that policies and strategies are implemented.

4. The relevance of the portfolio has been assessed as satisfactory. The main thematic thrusts are highly relevant to the national context and sectoral strategies and to IFAD's COSOPs. Overall, they are technically sound and adopt approaches conducive to achieving their main objectives. Nevertheless, the CPE identified selected design issues. In particular, the support for rural finance, an element of the early part of the period under review, was not designed based on best practices and IFAD's rural finance policies. The design of support for watersheds has not adequately anchored its implementation in local government structures. Finally, the design of support for export crop value chains was broadly valid but did not take sufficient account of the food security risks faced by households with very small landholdings.

5. Overall, the portfolio has been effective. It made satisfactory progress in meeting the projects' immediate objectives, and in some cases exceeding them, particularly for watershed and rural enterprise development. Support to developing the capacity of cooperatives and local governments has been less effective to date, while that for rural finance made no contribution to developing a sustainable rural finance system. The portfolio has been generally efficient: target achievement, time overruns and the share of project management costs in total project costs are generally in the satisfactory zone. Monitoring and evaluation systems are generally superior to those of other projects in the region, and include systems for assessing impact.

6. Impact has been strong in generating income and access to household assets and in improving food security. In the case of cash crop development, however, protection measures have been missing for very small landholders during the cash tree growing. Prospects for sustainability have been found moderately satisfactory. While many of the activities in the watersheds are likely to be sustained, either by the beneficiaries alone or with government assistance, there are serious questions as to the sustainability of rural finance and cooperatives. The evaluation expressed concern that the Government's policy to formalize the economy, pushing informal entities to register as cooperatives or companies, will be implemented too rapidly, without allowing for a proper transition. Some of the newly-formed cooperatives do not as yet have the capacity to manage high levels of debt and complex operations (e.g. coffee cooperatives).

7. The portfolio has been moderately innovative. The most important innovations are in the area of improved agricultural practices for yield increases and soil management, which have been the subject of a major testing effort and gradual scaling up. Outside this area, innovativeness and the potential for scaling up have been more limited. Progress has been more modest in upgrading the technology for microenterprises, particularly in relation to the processing of agricultural produce. Progress in gender equality and women's empowerment has been satisfactory, thanks to the participation of women in the activities supported and in the management of cooperatives and associations, which has contributed to raising their status and economic independence.

8. The performance of non-lending activities is assessed as moderately satisfactory overall, with policy dialogue rated moderately unsatisfactory and knowledge-management and partnership building both rated moderately satisfactory. IFAD has provided technical assistance to the Government to develop its policies and strategies (e.g. the Strategic Plan for the Transformation of Agriculture) but there has been limited institutional-level dialogue between IFAD and the Government on policy directions and strategic objectives. It should be recognized, however, that in the past the Government has seldom invited IFAD to join in such dialogue. Financial partnerships with the Government and other development partners are well established, but there is need for a more active and profiled IFAD participation in sector working groups. Partnerships with the private sector and NGOs have taken the form of contracting out service provision in projects. A new experiment of private-public partnership has recently emerged in the tea sector. Regarding knowledge-management, the situation is positive within and among the projects but IFAD has invested limited resources in capturing and learning from the experiences of other development partners.

9. Over the period under review, IFAD prepared two strategies (COSOPs) for its cooperation with the Government of Rwanda, in 2002 and 2007. The strategies were very well aligned to Government and IFAD policies and relevant to the national context. However, the CPE noted some inconsistency in the definition of target groups, in particular the various vulnerable groups. Also, while COSOPs have identified areas of policy dialogue and partnership, no action plans (and related resource allocations) have been drawn up. Within policy dialogue in particular, while there is room for improvement, this will require that the Government invites IFAD to contribute its international experience. And while it is the Government's prerogative to define the country's strategic objectives, IFAD's international experiences could, in some areas, contribute to defining strategies and approaches for achieving objectives. With respect to COSOP effectiveness, the CPE finds that there has been progress in achieving the strategic objectives and that IFAD's country programme has contributed to this progress.

10. The partnership between IFAD and the Government of Rwanda has, overall, been satisfactory and has addressed sub-sectors relevant to poverty reduction. Rwanda has now a more solid institutional and policy environment compared to when the

2007 COSOP was formulated. Adapting to this new context implies, inter alia, pitching the objectives of the programme and the type of interventions at a higher level. Attention will need to be reinforced on, and adequate resources allocated to, non-lending activities (policy dialogue, partnership building and knowledge management) to pursue development objectives that were only achieved in part or not at all (e.g. institutional development of local government, rural finance), as well as to harmonization and strategic programme management. The present CPE argues that portfolio development activities will remain very important and probably absorb the greater part of IFAD's investments. However, recommendations are deliberately presented starting from "higher plane" objectives as these have so far commanded limited resources.

C. Agreement at completion point

Recommendation 1

C.1. Place greater emphasis on institutional support and non-lending activities to promote the scaling up of innovations and harmonized approaches to rural finance and cooperative development.

11. These recommendations include two sub-areas: (i) providing institutional support to local government for the scaling up of agricultural innovations and pave the way to SWAp preparation; and (ii) programme-based support to participate in harmonized frameworks in rural finance and cooperative development. This calls for a gradual shift from project focus towards more attention on the systematization of lessons learned both from within and outside the IFAD portfolio. It also calls for further dialogue and harmonization with development partners and for sharing knowledge, experiences and values in the policy arena.

C.1.a. Provide institutional support to local governments in the scaling up of agricultural innovations and in paving the way for the forthcoming agricultural SWAp.

12. Individual projects such as the Support Project for the Strategic Plan for the Transformation of Agriculture (PAPSTA) and the Kirehe Community-based Watershed Management Project (KWAMP) have helped promote emerging agricultural innovations. The long-term challenge to scale up such innovations is of an institutional nature. The challenge is to define an institutional approach that fits into the decentralization process and local government structure. As decentralization proceeds into its third phase (2011-2015) and district and sector administrations/governments further develop their capacity, it may be possible to transfer full responsibility for implementation to local governments.

13. Such transfer would need to be facilitated. IFAD, in collaboration with the central and local governments and other developing partners, should support the development and systematization of approaches and guidance tools that help local governments plan, implement and monitor the various technical interventions. These approaches and tools may create the basis for central government grants to local governments for watershed development, which could be one of the important pillars of the agricultural SWAp. IFAD will explore opportunities for integrating its interventions in the forthcoming SWAp in order to ensure its participation in major strategic and policy dialogue initiatives in the agriculture and rural development sector. IFAD's participation in the SWAp may also include the development of implementation tools and methodologies that ensures ownership by local governments in up-scaling innovations.

Proposed follow-up: IFAD will explore opportunities for integrating the agricultural existing and new projects it supports in the forthcoming agricultural SWAp by: (i) strengthening the role of district authorities in project planning and implementation through growing partnerships between districts and the single project implementation unit, and through improved watershed management planning; and (ii) supporting MINAGRI in the development of at least 3 concept

notes for modular key intervention areas such as Watershed Management Planning (WMP), soil and water conservation, and community innovation centres (CCIs).

Deadlines for implementation:
(i) No deadline, as this is a continuing process; and
(ii) End-December 2012.

Entities responsible for implementation:
(i) MINAGRI, supported by IFAD implementation support missions; and
(ii) MINAGRI, supported by IFAD.

C.1.b. Support harmonized thematic programmes in rural/micro finance and cooperative development.

14. Within as well as outside IFAD-financed portfolio, support is provided for the development of rural/micro finance and cooperatives but approaches and methodologies often differ. The present CPE finds that such support is of an *ad hoc* character and that systemic issues are not addressed in a coherent and harmonized manner. Through a modest financial contribution to harmonized thematic programmes, IFAD could establish its presence in high-level policy dialogue and share its experiences.

15. *In rural finance, explore the option for support to Access to Finance Rwanda (AFR).* IFAD should stay involved in rural finance in Rwanda. Despite problematic experiences in Rwanda, the Fund has relevant lessons to contribute through its regional and global portfolio. AFR, established by the Government and several development partners led by the United Kingdom Department for International Development (DFID), is expected to address systemic issues with a view to increasing access to finance, particularly for the large numbers of people who have no, or only limited, access to financial services. Recently, DFID has supported Government in developing a Rural and Agricultural Finance Strategy and AFR has presented a sustainability strategy for Savings and Credit Cooperatives. Even a modest financial participation from IFAD would be important because it would allow IFAD to contribute to the agenda and work, based on its own experience in implementing the portfolio and, at the same time, benefit from exchanges of information. Being outside these harmonized frameworks would severely limit IFAD's ability to engage in policy dialogue and knowledge management. Obviously, IFAD's contribution to AFR should be based on an assessment of whether this facility provides an effective contribution to rural poverty reduction objectives.

16. Regarding cooperative development, IFAD should contribute to efforts to develop a harmonized support framework. The Rwanda Cooperative Agency reports that it is planning to harmonize the current highly fragmented support for cooperative development; it would be appropriate for IFAD to support this endeavour. If the initiative leads to a harmonized framework with financial support from government and several development partners, IFAD should explore the possibility of making a financial contribution so as to become an active participant, as per the rationale described above.

Proposed follow-up: IFAD will: (i) work with MINAGRI to implement the Rural and Agricultural Finance Strategy, including possible collaboration with sector-wide initiatives to strengthen rural financial services, such as AFR; (ii) continue the integration of systematic support packages to cooperative development in its Country Programme.

Deadline for implementation: End-December 2014.

Entity responsible for implementation: IFAD

Recommendation 2

C.2. Move towards more strategic programme management and reliance on national systems, in line with the Paris Declaration.

17. Increased engagement in non-lending activities will call for a review of current transaction costs in individual project follow-up. In line with the Paris Declaration, IFAD/Government project cooperation should rely more on the Government's accountability and implementation systems, recognized as among the best and most efficient in sub-Saharan Africa. IFAD should move away from micro management, leaving this to government systems, while adopting a more strategic management approach.

18. In this new role, IFAD would use more of its country programme management resources for addressing strategic issues both within and above projects. This should also include more strategic use of technical assistance grants, not only for project design but also for developing the capacity of institutions so that national institutions can take over activities once the projects end. This would be a gradual process, adapted to capacity improvements in government systems, where IFAD and the Government would continuously reassess what should and can be done by government institutions, and what are the most conducive cooperation procedures for ensuring accountability and local ownership. The introduction of portfolio-wide annual joint reviews between the Government and IFAD has been a commendable step towards strategic portfolio management. Additional measures are indicated below.

C.2.a. Replace PCUs with facilitation support.

19. In the current portfolio, there is a tendency to perceive projects as independent institutions and the PCUs as their managers - while in reality "a project" is no more than a temporary initiative for partner institutions. Recent government policy encourages Ministries to reduce the number of PCUs by establishing a single project implementation unit for all donor-assisted projects. Though the efficiency of this new set-up has yet to be demonstrated, eventually IFAD may have to comply and change its implementation management procedures. Under the new set-up, it is recommended that IFAD's projects should include the provision of technical assistance/facilitation support, not as decision-making managers but as advisers and facilitators, to the implementing management units - whether at the central ministry level or within district administrations.

Proposed follow-up: IFAD will explore opportunities for integrating the agricultural existing and new projects it supports in the forthcoming agricultural SWAp by: (i) supporting MINAGRI and the Ministry of Trade and Industry (MINICOM) in transforming the PCUs to a single unit of the MINAGRI Single Project Implementation Unit;

Deadlines for implementation: End-December 2011

Entities responsible for implementation: MINAGRI

C.2.b. Articulate more clearly the division of labour between the headquarters, the IFAD regional office in Nairobi and the country office.

20. This implies giving a more substantive role to the latter in partnership-building, policy dialogue and knowledge management. In this context, consideration should also be given to defining the technical backstopping functions of the Nairobi office, which, for example, could include quality assurance of baseline and impact surveys.

Proposed follow-up: IFAD will raise the implementation support role of its Rwanda country office, covering both technical and fiduciary issues. Support will be provided by the Regional Office in Nairobi. However, a quality assurance role is not foreseen for the Regional Office.

Deadlines for implementation: No deadline, as this is a continuing process.

Entities responsible for implementation: IFAD

C.2.c. Undertake joint supervision missions with the Government and development partners.

21. One can reduce transaction costs of IFAD, of the concerned Ministries and of development partners by having more joint supervision and implementation support missions. When feasible, it should be considered to field a single mission covering several projects executed by the same Ministry.

Proposed follow-up: IFAD has conducted joint missions with the Department for International Development (United Kingdom) for PAPSTA and UNIDO for PPPMER, with good experience. This practice will continue for cofinanced projects. Single missions covering several projects may be experimented with, in particular thematic supervision missions (for example focusing on M&E, knowledge management or financial management of several projects). However, the prospects of providing concrete implementation support in the context of increasing project size must be kept in view in such undertakings.

Target for implementation: At least one joint mission per calendar year, and explore scope for thematic supervision missions.

Entities responsible for implementation: IFAD

Recommendation 3

C.3. Develop strengthened sub-sectoral support activities around three main axes: (a) protection of the natural resource base in the watersheds; and develop pro-poor agricultural value chains based on private-public partnerships in (b) food crops and (c) cash and export crops.

C.3.a. Sustainable natural resources development in the watersheds and carbon financing.

22. IFAD's future programme should continue its watershed development initiatives, including the promotion and scaling up of agricultural innovations and soil and watershed protection. It should better assess and document environmental risks as well as opportunities. Both the 2007 COSOP and past project design documents did not include a detailed assessment of environmental risks and trade-offs, and thus no mitigation plans. The next COSOP should include a strategic analysis of environmental and natural resource management issues, in line with the requirements of IFAD's Environment and Natural Resource Management Policy, and explore opportunities for qualifying for carbon financing. Future project designs should include environmental and social impact assessments.

Proposed follow-up: The recommendation regarding priority sub-sectors will be considered during the design of the next COSOP. In this context, the possible uptake of the three proposed main axes will remain the joint decision of IFAD and the government, supported by the Country Programme Management Team. However, a detailed assessment of environmental risks and trade-offs is not likely to be practical at the COSOP stage, as a risk analysis and the development of mitigation measures will always depend on the clear definition of activities, which is only done after the COSOP stage when proceeding to project design. Such analysis would thus risk remaining superficial and irrelevant.

Deadline for implementation: September 2013.

Entities responsible for implementation: IFAD

C.3.b. Support for the development of value chains for food crops and livestock products through private-public partnerships.

23. While many farm households have increased their production of food crops and livestock products beyond subsistence needs over the last three years, the systems needed to handle these surpluses (e.g. warehouses, processing and marketing) are

not available. Major investments (capital and human resources investments) are required to handle the rapidly increasing surpluses. Given Rwanda's small farm sizes, the country's long-term competitive advantage is unlikely to be in low-value staple food crops that can be produced at lower cost in countries with an abundance of land.

24. For this reason, IFAD should consider moving towards higher-value commodities produced in intensive systems with a high labour input, and with potential for creating significant non-farm employment in processing and marketing enterprises. Based on current intensive zero-grazing systems, dairy would be an obvious candidate - but other candidates may include high-value horticultural products.

Proposed follow-up: The recommendation relates to the choice of both the priority sub-sectors and the support approach. While the former is covered by recommendation 3.a above, the latter (the choice of the value chain approach) is fully agreed for the sub-sectors that require the horizontal integration of the up and downstream industries. Its integration will be looked at during the design of the next COSOP.

Deadline for implementation: September 2013.

Entities responsible for implementation: IFAD

C.3.c. Support a pro-poor development of export and cash crops and products through private-public partnerships.

25. Apart from their foreign exchange contributions, some crops have potential for generating significant on- and off-farm employment. For tea and coffee, there are still a number of unexploited value addition activities. Albeit currently in a difficult start-up phase, sericulture could well create many on- and off-farm jobs in activities that are highly labour-intensive and with products of high value to weight. According to international sericulture experts, Rwanda's climatic and natural resource conditions are well suited to sericulture.

26. Special mitigating measures (e.g. based on support to subsistence crops or food-for-work schemes) need to be considered for very poor households. This is because value-chain development for export and cash crops often fails to involve marginal landholders, and expansion of export/cash crop areas may be at the cost of food crops and food security.

27. In pursuing public-private partnerships, support will be needed to promote transparent agreements and competition in order to address situations whereby a large private investor, owing to limited competition, might exploit producers. Consideration will need to be given to the complexity and scale of operations. For certain levels of scale and complexity, private companies may be in a better position than the newly-established cooperatives. Thus, an approach for private-sector development, including development of public-private partnerships, should be developed to guide such support.

Proposed follow-up: The recommendation has already been implemented in the design of the Project for Rural Income through Exports (PRICE), which builds on the successful public-private partnership of the Smallholder Cash and Export Crops Development Project (PDCRE) in the tea sub-sector. PRICE also includes innovative public-private partnerships in the sericulture and horticulture value chains.

Deadline for implementation: September 2011.

Entities responsible for implementation: IFAD, with support from MINAGRI.

Signatures

Hon. Agnes Matilda Kalibata
Minister of Agriculture and Animal Resources
Government of Rwanda

Date: January 03rd 2012

Mr Kevin Cleaver
Associate Vice President
Programme Management Department
IFAD

Date: JAN. 12, 2012

Main Report

Contents

Annexes

Currency equivalent, measure and fiscal year

Currency equivalent

Currency unit = Rwandan Franc (RWF)
1 US$ = 590 RWF

Measure

Metric measure

Fiscal year

Fiscal year: 1 July — 30 June

Abbreviations and acronyms

This report follows the practice in Rwanda of referring to local institutions by their French abbreviation/acronym, even in English documents.

AfDB	African Development Bank
AFR	Access to Finance Rwanda Programme
BPR	*Banque Populaire du Rwanda*
BRD	*Banque Rwandaise de Développement* Rwanda Development Bank
CCI	community innovation centres
CIP	Crop Intensification Programme
CLGS	Local Watershed Management and Supervision Committee
CPE	country programme evaluation
CPM	country programme manager
DFID	Department for International Development (United Kingdom)
DSF	Debt Sustainability Framework
EDPRS	Economic Development and Poverty Reduction Strategy
ESA	East and Southern Africa Division (IFAD)
FAO	Food and Agriculture Organization of the United Nations
GDP	gross domestic product
IOE	Independent Office of Evaluation of IFAD
KWAMP	Kirehe Community-based Watershed Management Project
MFI	microfinance institution
MINAGRI	Ministry of Agriculture and Animal Resources
MINECOFIN	Ministry of Finance and Economic Planning
MINICOM	Ministry of Trade and Industry
MoU	Memorandum of Understanding
MSEs	micro and small enterprises
NGO	non-governmental organization
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
OFID	OPEC Fund for International Development
OPEC	Organization of the Petroleum Exporting Countries
PAPSTA	Support Project for the Strategic Plan for the Transformation of Agriculture (*Project d'Appui au Plan Stratégique de Transformation de l'Agriculture au Rwanda*)
PCU	project coordination unit
PDRCIU	Umutara Community Resource and Infrastructure Development Project (*Project de Développement des Ressources Communautaires et des Infrastructures d'Umutara*)

PDCRE	Smallholder Cash and Export Crops Development Project *(Projet de développement des cultures de rente et d'exportation)*
PPPMER II	Rural Small and Micro Enterprise Promotion Project - Phase II (*Project de Promotion de Petites et Micro Enterprises Rurales*)
PSTA	Strategic Plan for the Transformation of Agriculture
RCA	Rwanda Cooperative Agency
RWF	Rwandan Franc
SACCO	savings and credit cooperative
SME	small and medium enterprise
SNV	*Stichting Nederlandse Vrijwilligers* - Netherlands Development Organization
SWAp	sector-wide approach to planning
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WFP	World Food Programme

Main report

I. Introduction and background

A. Introduction

1. Following the decision by IFAD's Executive Board,[1] the Independent Office of Evaluation of IFAD (IOE)[2] undertook in 2010-2011 a country programme evaluation (CPE) of the cooperation between the Government of Rwanda and IFAD. The Rwanda CPE is conducted within the overall provisions contained in the IFAD Evaluation Policy[3] and follows IOE's methodology and processes for CPEs as per the Evaluation Manual.[4] In Rwanda, the Government has a leading role in the cooperation and much of IFAD's support is for government-defined and implemented programmes. This CPE is therefore an evaluation of the cooperation between the two parties, rather than being an evaluation of IFAD's distinct support.

B. Overview of IFAD assistance

2. **Project financing.** The cooperation between IFAD and the Government of Rwanda started in 1981 and has involved 13 projects, for a total cost of US$284 million of which IFAD has provided US$150 million[5] (53 per cent).[6] Most of IFAD's financing has been provided in the form of highly concessional loans, but IFAD has recently financed the projects through grants (30 per cent in the Support Project for the Strategic Plan for the Transformation of Agriculture [PAPSTA] and 100 per cent in the Kirehe Community-based Watershed Management Project [KWAMP]) in accordance with the Debt Sustainability Framework (DSF), introduced by international financial institutions to avoid re-accumulation of debt. In total, IFAD has approved US$33.8 million in DSF grants. The allocation and planning of the DSF grants follow the procedures and systems used for highly concessional loans, including a Performance-Based Allocation System (PBAS) which for a three-year period allocates resources for countries based on criteria such as population size, income, performance of the IFAD portfolio, and the institutional framework for reduction of rural poverty.

3. Over the past 28 years IFAD has committed on average US$5.4 million per year. In recent years net average annual disbursements hovered around US$5 million, less than 1 per cent of total Official Development Assistance (ODA) (US$931 million in 2008) but about 5 per cent of the total ODA for the agricultural sector (about US$90 million in 2008).

4. While IFAD has recently had annual net disbursements of US$5 million, part of IFAD's current financing is supporting activities outside agriculture (infrastructure and MSME development) and also the Ministry of Local Government (MINALOC) and the Ministry of Trade and Industry (MINICOM). Furthermore, several other government agencies support agricultural activities and in particular rural development, notably MINALOC, district governments, and the Ministry of Lands, Environment, Forestry, Water and Mines (MINITERRE). Though IFAD has a modest share of the total resource envelope for agriculture and rural development, IFAD has in recent years played an important role in supporting the Government of Rwanda's Strategic Plan for Transformation of Agriculture (PSTA), including the Government's programmes for watershed management, livestock development and crop intensification.

[1] EB/2009/98/R.2, p.54.
[2] Following IFAD's Evaluation Policy, IOE provides an independent assessment of IFAD's operations and policies and reports directly to the Executive Board.
[3] Available at: www.ifad.org/evaluation/policy/new_policy.htm.
[4] www.ifad.org/evaluation/process_methodology/doc/manual.pdf.
[5] Rwanda is the 8th largest country in terms of IFAD funding in the East and Southern Africa region.
[6] This CPE refers to the time frame 2000-2010. In September 2011 IFAD approved a new loan bringing the total number of projects to 14, the total portfolio cost to US$345 million and the IFAD funding to US$187 million.

5. In the 13 IFAD-supported projects, the Government of Rwanda has provided funding for an amount of about US$37 million (13 per cent of total project costs) while cofinancing partners have provided the rest of the funding, US$97 million (34 per cent of total project costs). In the projects approved in the 1980s, the largest cofinancier was the African Development Bank (AfDB) (US$17.7m). Since 2000, the composition of the cofinanciers has been more diversified with the OPEC Fund for International Development (OFID) (US$17.8m) being the largest one.

Table 1
Snapshot of operations in Rwanda

First IFAD loan-funded project in Rwanda	1981
Total loans-funded projects approved	13
Total amount of IFAD lending	US$149.9 million
Lending terms	Highly Concessional and DSF grants
Counterpart funding	US$36.7 million
Cofinancing amount	US$97.0 million
Total portfolio cost	US$283.6 million
Focus of operations	Agriculture, natural resource management, rural infrastructure, microfinance and private sector development, capacity building (institutional and local level)
Cofinanciers	AfDB, United Nations Capital Development Fund, United Nations Development Programme (UNDP), Belgian Survival Fund, OFID, Desjardin International German DED, Department for International Development (United Kingdom), Netherlands, Government of Belgium, World Food Programme (WFP), domestic financial institutions and beneficiaries
Total grant amount	Eight global and regional grants; country-specific grants. Estimated value for Rwanda: US$1.7 million

6. The cooperation has also been supported by one large and several small country grants for Rwanda (< US$200,000) as well as some regional grants covering Rwanda and other countries, usually for research and development and knowledge management. These grants are different from the DSF grants mentioned above and managed under a system that is different from the portfolio management system. In the case of the project portfolio, whether financed by highly concessional loans or DSF grants, the government is the responsible and accountable recipient. Instead, recipients of technical assistance grants usually are NGOs and international agricultural research institutions (though in a few cases the government) which therefore are accountable. The CPE includes a brief review of nine country/regional grants to determine their support to the partnership.

C. Objectives, methodology and process

7. **Objectives.** The CPE has two main objectives: (i) to assess the performance and impact of the operations in Rwanda; and (ii) to generate a series of findings and recommendations to serve as building blocks for formulation of the next results-based country strategic opportunities programme (COSOP), to be prepared by IFAD and the Government of Rwanda following completion of the CPE. Based on analyses of the cooperation during 2000-2010, this CPE aims at providing an overarching assessment of: (i) the performance and impact of programmes and projects supported by IFAD grants and loans; (ii) the performance and results of IFAD's non-lending or non-project activities in Rwanda such as policy dialogue, knowledge management and partnership building; and (iii) the COSOP performance (relevance and effectiveness), including strategic objectives, geographic and sub-sector focus,

targeting approaches, country programme mix, and country programme management.

8. **Coverage**. The previous 2005 CPE provided guidance for formulating the 2007 results-based country strategic opportunities programme (COSOP). The current CPE concentrates on operations that have started since then as well as on operations that were at an early stage of implementation in 2005 and could not be fully evaluated at that stage. Accordingly, the present CPE focuses on the period between 2000 and 2010 and closely reviews five projects: (i) Umutara Community Resource and Infrastructure Development Project (PDRCIU) together with the Umutara "Twin" project,[7] (ii) Smallholder Cash and Export Crops Development Project (PDCRE); (iii) Rural Small and Micro Enterprise Promotion Project - Phase II (PPPMER II); (iv) PAPSTA; and (v) KWAMP.

9. **Methodology.** The CPE makes use of top-down, bottom-up and contribution assessments to determine the extent to which strategic objectives were achieved and test the consistency of evaluation findings. The top-down assessment includes an assessment of IFAD's strategic positioning considering IFAD's special advantages and the role of other partners. It also assesses IFAD's strategic (COSOP) objectives in relation to the Millennium Development Goals (MDGs) and government policies and goals. The bottom-up approach attempts to determine results of IFAD supported activities, building on data collected in the field as well as secondary data. Finally, the "contribution assessment" attempts to determine the performance of IFAD and Government as well as other main partners.

10. The evaluation criteria applied in this CPE are those of the evaluation manual (see annex 6). In applying the criteria, the implementation stage of each project is taken into consideration. Three of the five projects covered are close to completion (PDRCIU, PPPMER II and PDCRE) while the two most recent ones will be completed in 2013 (PAPSTA) and in 2016 (KWAMP). As KWAMP currently is in the start-up phase, it is premature to assess criteria such as impact and sustainability while for PAPSTA the emerging impact and sustainability issues can be tentatively assessed. In 2010, IOE undertook an interim evaluation of PDCRE which this CPE uses for assessing PDCRE's performance and impact.

11. **Process.** Prior to the main mission, IOE prepared and disseminated an Approach Paper and a desk review synthesis report. IOE also invited IFAD's East and Southern Africa Division (ESA) and the project coordination units (PCUs) in Rwanda to undertake a Self-Assessment at project level (see box 1). The Self-Assessment Reports provided a valuable input to the evaluation. In addition, the Central Public Investment and External Finance Bureau (CEPEX) of the Ministry of Finance and Economic Planning (MINECOFIN) presented the government's detailed assessment of the performance of the country programme and of the non-project activities (partnership building, policy dialogue, knowledge management) which was commented upon by IFAD/ESA. During 25-30 October 2010, IOE organized a preparatory mission to sensitize the partners and stakeholders and plan for the main CPE mission. This was followed by a rapid impact survey of PDRCIU conducted in the context of the CPE.

[7] Although approved as two separate loans by IFAD's Executive Board, they can be considered as one project.

Box 1
Main observations and issues raised in the self-assessments

- Limited participation of national implementers in the design of projects from the early part of the period but improvement since then.
- Relevant support and overall satisfactory performance and impact.
- Issues of sustainability and exit strategy – concerns in particular about weak cooperatives and district administrations.
- Satisfaction with the transition to direct supervision.
- More flexibility to rapidly adjust to changing contexts would be desirable and Mid-Term Reviews need to come earlier.

12. The main CPE Mission was conducted during four weeks (21 November - 17th December 2010). In the first week, the Mission worked in Kigali with project, government and development partners, and started its work in the Eastern Province (Nyagatare, Gatsibo and Kayonza) which was continued in the second week (Kirehe/KWAMP and Ngoma/PDCRE) and followed by field work on PAPSTA and PPPMER II in the Southern Province (Nyanza, Ruhango, Huye, Nyaruguru Districts) and Western Province (Ngororero) into the third week when also individual interviews and roundtable discussions on rural finance and decentralization were organized in Kigali. During the third and fourth week, the CPE mission met with partners and stakeholders in Kigali and prepared an Aide Memoire which was discussed at a wrap-up meeting on 17 December 2010. Comments received during and after the discussion of the Aide Memoire have been considered in preparing this report.

Key points

- Since the beginning of its operations in Rwanda (1981), IFAD approved 13 projects for a total cost of US$284 million and IFAD volume of lending of US$150. Most of the loans were on highly concessional terms while in recent operations DFS grants have been approved.
- This Rwanda CPE is the second conducted by IOE. The previous CPE was conducted in 2005. At that time, some operations were at an early implementation stage and were reassessed by the current CPE.
- The main objectives of the CPE are to: (i) assess the performance and impact of the operations in Rwanda; and (ii) generate a series of findings and recommendations to support formulation of the forthcoming Rwanda results-based country strategic opportunities programme (COSOP), to be prepared by IFAD and the Government of Rwanda following completion of the CPE.
- This CPE assesses the performance of the project portfolio, non-lending activities, and the performance of the latest two COSOPs. Five of the 13 projects financed by IFAD in the country were included in this CPE.

II. Country context

13. This chapter focuses on the country contextual and macroeconomic characteristics that are important to agricultural and rural development as well as to rural poverty in Rwanda.[8]

A. General country characteristics

14. Rwanda is one of Africa's smallest and most densely populated countries. A population of 10.5 million is sharing an area of 26,338 km^2 implying a population density of 399 people per km^2, similar to what is found in the densely populated regions of Asia (the average for Eastern Africa is 51 people per km^2). Population

[8] The approach of the chapter is inspired by the Joint Evaluation by AfDB and IFAD (2009) of AfDB and IFAD policies and operations in agriculture and rural development in Africa and specifically by the Working Paper: "The changing context and prospects for agricultural and rural development in Africa".

growth is high (fuelled by a high fertility rate of 5.6 births per woman) but has been fluctuating (2.7 per cent to 3.3 per cent p.a.), influenced by repatriation of refugees. Though government policies combined with economic growth are likely to reduce future population growth, the density is projected to reach at least 500 per km^2 by 2020, further increasing pressure on natural resources. While Rwanda is relatively rich in natural resources, continuous intensive cultivation for centuries on the hilly slopes (Rwanda is referred to as the country of the thousand hills) has in some areas resulted in loss of soil fertility and a deterioration of the productive capacity of the watersheds.

15. In pre-colonial times, Rwanda was a larger kingdom and a regional power, governed by a centralized hierarchical system and having one common language (Kinyarwanda) and a shared national consciousness. However, colonial policies fuelled ethnic strife, culminating in the genocide against the Tutsi population in 1994, when more than one million people were killed (predominantly Tutsis but also moderate Hutus). Rwanda's history and the devastation and trauma of the 1994 genocide have an important influence on current policies and the developments in the society.

16. Since the 1994 genocide, politics and governance have been shaped by two key objectives: ending the vicious circle of ethnic-based violence and reducing the role and control of the central government. To achieve these objectives, the Government has sought to create a more inclusive form of governance based on one national identity. A National Decentralization Policy (NDP) was adopted in 2000, outlining a process in three phases. In 2006, the process entered its second phase (2006-2010), with an administrative reorganization reducing the number of provinces from 15 to four (plus the capital Kigali) and the number of districts from 106 to 30. Fiscal decentralization has been enhanced since 2006 with scaling up of transfers from central government to districts. The third phase of the NDP (2011-2015) is intended to consolidate the results achieved in the preceding phases, to enable communities and decentralized structures to take full responsibility for implementing national policy and strategy in a manner adapted to local specificities.

17. After several re-organizations, Rwanda has today the following levels of government and administration: central government and four provinces (Western, Southern, Northern and Eastern) plus Kigali City, and 30 districts (Uturere). Provinces, which are headed by a governor, are mainly administrative and coordination bodies of central government (MINALOC), while districts are the main recipients of central government transfers and responsible for execution of development activities. Below the districts, there are two administrative levels: 416 administrative sectors (Imirenge in plural, Umurenge in singular) which are further divided into 2,150 cells (Akagari in singular, Utugari in plural) comprising 14,975 hamlets or villages (Umudugudu). On average, a district has an area of 800-900 km2 and a population of 300,000 to 350,000 while a sector may have 20,000 to 25,000 inhabitants, a cell 4,000 — 5,000 and an Umudugudu 500 — 1,000.

18. The district, sector and cell levels have a council of elected members and a development committee of appointed stakeholders. In addition, the district and sector levels have a Joint Action Development Forum (JADF) where civil society, private sector and public institutions meet quarterly. The elected District Council adopts the district's budget and action plan, and elects the district Mayor and vice Mayors. The district's administration is headed by the Executive Secretary. Over the next years, the decentralization process is expected to deepen, gradually moving towards Government's objectives of assigning policy formulation and regulation to central ministries, coordination to districts, and implementation to sectors.

19. In the last decade, several institutions for democratic governance have been strengthened or created from scratch and avenues are being provided for greater

participation of citizens in governance. A major anti-corruption agenda is being implemented supported inter alia by an Ombudsman's Office established in 2004. The World Bank's governance indicators (voice and accountability, political stability, governance effectiveness, regulatory quality, rule of law and control of corruption) show progress since 1998, with the exception of voice and accountability. In the other indicators, Rwanda has moved from the 0-10 or 10-25 lowest percentiles to 25-50 or even 50-75 percentiles. Particular progress has been recognized in control of corruption.[9]

20. Between 2005 and 2009, Rwanda's ratings in the World Bank's Country Policy and Institutional Assessment (CPIA) have improved (annex 10). The CPIA classifies Rwanda in the positive area in particular on policies for social inclusion and equity. Rwanda has achieved improvements in public sector management and satisfactory performance in public financial management, therefore qualifying for budget support from several development partners, notably DFID/UK Aid and the World Bank.

21. The AfDB/IFAD Joint Africa Evaluation[10] noted a policy implementation gap in many African countries. The problem was not just in terms of adopting sound policies and reform programmes but also putting them into action. In this respect, as a general appreciation, Rwanda represents a striking contrasting case in that public policies are systematically implemented and monitored.

22. A special feature of Rwanda is a strong sense of accountability ensuring that policies and strategies are actually implemented on the ground and that different actors achieve agreed targets. A centuries-old tradition, Imihigo,[11] has been modernized and institutionalized. It requires leaders at all levels to make annual commitments to achieve concrete development goals ("performance contracts"). Measurable commitments are made publicly to the President of the Republic and to the people whom the leader governs. Progress is appraised in a public ceremony in presence of the President where for example, district mayors are required to declare how they have performed in comparison to their pledges. Imihigo is also applied in relations between for example government and a cooperative and further down between the cooperative and its members. Another special feature is community work (Umuganda). On the last Saturday of the month, everyone, regardless of gender and social status, comes together to make their communities presentable and environmentally sound — cleaning, clearing bushes, planting trees, digging trenches and fields etc. Government policies are promoting environmental consciousness — for example Rwanda has continuous large tree planting campaigns and has forbidden the use of plastic bags.

B. Economic, agricultural and rural development

23. **Economic structure.** Though about 81 per cent of Rwanda's population is classified as rural, agriculture (due to low productivity and value added per person) only accounts for about 34 per cent of GDP, declining from a level of 37-39 per cent in 2000-2005 to the current level of 33-35 per cent. Industry has during 2000-2010 had a relatively constant share of about 14 per cent while the services sector has raised its share from around 42 per cent to 45-46 per cent.[12] A tourism

[9] In the Corruption Perceptions Index 2010 of Transparency International, Rwanda is in the better half as number 66 out of 178 countries far above its neighbours: Kenya (154), Uganda (127) Tanzania (116), Burundi (170) and DRC (164).

[10] AfDB and IFAD (2009) Joint Evaluation of AfDB and IFAD policies and operations in agriculture and rural development in Africa.

[11] In the traditional *Imihigo*, warriors entered publicly into contracts with their king about targets for conquests and spoils of war. Consequently they had to do everything in their power to achieve success in order to avoid loss of respect in their community and reprimands from their king. Success, on the other hand, was rewarded with praise. *Imihigo* was also common among members or peer of homogenous social groups.

[12] In the data of the National Statistical Institute of Rwanda, the item "adjustments" account for 5-7 per cent of GDP.

industry has emerged and is growing rapidly. As to the agricultural GDP, food crops account for about 80-84 per cent, followed by forestry and livestock (both contributing 5-7 per cent). Traditional export crops (mainly coffee and tea) only account for 2-3 per cent of agricultural GDP despite their heavy weight in total exports. About 68 per cent of GDP is produced in the informal sector. Therefore, the GDP estimates are connected with some degree of uncertainty and occasionally there are differences between IMF and national estimates. The National Institute of Statistics classifies the entire agricultural production as informal while about two thirds of industrial production is classified as informal, see table 2.

Table 2
Distribution (in per cent) of gross domestic product in 2009

In per cent	*Agriculture*	*Industry*	*Private services*	*Government and NGOs*	*Adjustments*	*Total*[a]
Formal sector		4	12	10	6	**32**
Informal monetary sector	21	9	17			**48**
Informal non-monetary sector	12	1	6			**20**
Total	**33**	**14**	**35**	**10**	**6**	**100**

Source: National Institute of Statistics of Rwanda, 2010, GDP Annual Estimates for 2009.
[a] Due to rounded figures, all rows do not fully add up to the listed totals.

24. **Economic growth trends.** Since 1997, Rwanda has experienced high economic growth; it is estimated that average annual growth in real GDP has been just above 7 per cent. After the destruction of the economy in 1994, GDP rebounded rapidly during 1997-2000, but from a low base. During 2000-2010, Rwanda continued to achieve high annual rates of GDP growth; except for 2003, annual rates of real growth have been in the range of 6 per cent to 13 per cent, more than doubling real GDP and increasing per capita GDP in current US dollars from US$225 in 2000 to about US$530 by 2010. Thus, in terms of GDP per capita Rwanda has caught up with Uganda and Tanzania. A special feature of GDP growth during the last three years (2008-2010) is that it has been fuelled by high growth in agriculture (8-10 per cent p.a.) which has turned Rwanda from being a food deficit country into a food surplus country. This high level of agricultural growth is unusual in an African context and has been stimulated by government policies, such as the Crop Intensification Programme (CIP), as explained below.

25. **International trade and balance.** In spite of the fact that Rwanda is a small and open economy, (official) exports of goods and services are modest, in 2009 constituting 12 per cent of GDP against imports constituting 29 per cent. In per capita terms, Rwanda's official annual exports goods (excluding services) only amount to about US$20 of which agricultural exports, mainly tea and coffee, account for about US$9[13] while minerals (tin ore, coltan, wolfram and gold) account for the major part of the rest. However, there is a substantial informal cross border trade in food crops and livestock where Rwanda has a surplus, in particular with DRC. The rapidly growing tourism industry has become the most important foreign exchange earner; tourism receipts increased from only US$5 million in 2002 to US$175 million in 2009. As a result of the trade imbalance, Rwanda accumulated a significant external debt which increased to more than 90 per cent of GDP in 2002. Debt relief (under the initiative for Highly Indebted Poor Countries, HIPC[14]) has

[13] For SSA and COMESA, agricultural exports are in the range of US$30 to US$50 per capita.
[14] Rwanda reached the HIPC completion point in 2005 where the international community wrote off US$1.4 billion in foreign debt.

since then significantly reduced the external debt to a current level of 10-20 per cent of GDP. Under the Debt Sustainability Framework, Rwanda has in recent years received support from the multilateral development banks as well as IFAD in the form of grants.

26. **Infrastructure challenges of a small landlocked country.** Being landlocked and far from sea ports, international trade with Asia, Europe and America involves extremely high transport costs, which makes exports costly but creates good opportunities for import substitution. However, for some high value to weight goods, air freight is an option and cargo prices are expected to come down with growing tourism industry and air traffic. While the poor regional infrastructure is penalising Rwanda (including inefficient port services in transit countries such as Tanzania and Kenya), the domestic main roads are in good condition and rural populations are not far from the national road network and the urban service centres (as compared to large sparsely populated African nations). While a relatively large population on a small area of land represents a major development challenge, it also has some advantages in terms of making rural infrastructure investments more cost effective. There is a deficit in the supply of electricity and costs are considerably higher than in Kenya, Tanzania, and Uganda, affecting competitiveness. However, there are hopes that the situation may improve with implementation of plans to utilize the reserves of methane gas in Lake Kivu and with the expansion of the electrical grid into rural areas.

27. **Monetary trends.** After low rates of inflation (2-7 per cent p.a.) during 2001-2003, Rwanda's inflation accelerated above world inflation with annual price increases of close to 10 per cent or more during 2004-2009. In 2008, it peaked at 15 per cent. However, 2010 experienced deflation with the General Consumer Price Index being 6.5 per cent lower in December 2010 as compared to December 2009, mainly due to the emergence of a food surplus resulting in a 12 per cent decrease in prices on food and beverages.

28. The negative trade balance is partly influenced by developments in the exchange rate. While Rwanda's inflation moved above world inflation in 2004-2009, the "managed" exchange rate[15] kept the nominal US dollar value of the Rwanda Franc almost constant during 2003-2009; by end 2003, the rate was US$1=RWF580 while by end 2009 it was US$1=RWF571. With national inflation above world inflation, notably in 2008, this resulted in an appreciation of the real effective exchange rate, making it more difficult to compete for the producers of goods/services for export and for substitution of imports. However, recently this is being addressed. In the 2009 consultations with the IMF, government agreed that increasing flexibility of the nominal exchange rate would help the economy adjust to external shocks. In 2010, the nominal rate declined, moving close to US$1=RWF600 while at the same time Rwanda experienced a period of deflation.

29. **The financial sector** is relatively shallow and undiversified. Private sector credit constitutes only about 10-12 per cent of GDP but is growing at annual rates of about 20 per cent. Credit is provided mainly for commerce and construction. The banking industry has maintained decent capital adequacy ratios but has suffered from high percentages of Non-Performing Loans which however are being brought down. Policy-determined interest rates have in recent years of high inflation been in the negative field in real terms. The 2008 FINSCOPE Survey found that about half of the adult Rwandan population (52 per cent) had no access to financial services, formal or informal. More than half (54 per cent) of those adults who did have access used informal services. Of those using formal products, most (67 per cent) used the banks, in particular Banque Populaire du Rwanda (BPR).

[15] The exchange rate is only managed indirectly by interventions of the central bank, NBR, in the market. The exchange rate system was liberalized in 1998 and an auction system was introduced in 2001 to ensure the market determination of the exchange rate and the adoption of a policy to allocate foreign exchange guided by the NBR's net foreign asset target.

30. The financial sector is currently undergoing major developments. In the banking industry, there are new entrants such as KCB and Equity Bank from Kenya. In addition to the private commercial banks, the public-private partnership Rwanda Development Bank (BRD) plays an important role in development finance. A formally regulated microfinance industry is being established, and the Government of Rwanda is implementing the Umurenge Savings and Credit Cooperative Strategy (February 2009), establishing one savings and credit cooperative (SACCO) in each of the 416 administrative sectors. A new initiative, Access to Finance Rwanda (AFR), is being introduced with financing from DFID and other development partners to provide coordinated support for improving access to financial services.

31. Rwanda also has thousands of informal savings and credit groups and indigenous *tontines* (*ikimina),* which are unlicensed, but according to the new microfinance regulation are supposed to register at the level of the cell. There are some 5,000 village savings and loan associations which CARE has promoted since 2003. With government's push for formalization, either registering as a cooperative or a company, their future is uncertain.

32. **The agricultural sector — structure and trends.** Farmers with very small holdings produce most of the agricultural output, mainly food crops cultivated on hilly slopes. More than 60 per cent of households cultivate less than 0.7 ha of land, around half of the farm households cultivate less than half a hectare, and more than a quarter cultivate less than 0.2 ha. On average, a farm household cultivates about five different plots — some in the valley, some in the uplands and some near the house. Some landless households are assisted by government to get plots in reclaimed lands such as the marshlands, converted into irrigated rice production. For the majority of smallholders, food crop production is their main activity, - most of their production is for own consumption but some is sold.

33. About 40 per cent of Rwanda's land is classified by the Food and Agriculture Organization of the United Nations (FAO) as having a very high erosion risk; 37 per cent requires soil retention measures before cultivation and only 23 per cent of the cultivated land is more or less free from the risk of erosion. During the last decade, the Government has invested significantly in soil erosion protection and claims to have reached its 2010 target of bringing 80 per cent of the land under some form of protection. Land scarcity is a key issue and in 2005 the Government of Rwanda introduced a Land Law to address the problems of land fragmentation and low productivity. The Law replaces old forms of customary tenure with a new system based on registered titles that may be used as collateral, thus promoting a private land market.[16] The Law has provisions for a more equitable and economic efficient distribution, and for consolidation of land holdings, not without some controversy.[17]

34. **Food crops.** Sorghum, banana, beans, sweet potato and cassava have traditionally been the main food crops but over the last decade maize, and to some extent rice, Irish potatoes and fruits and vegetables have emerged as important smallholder crops.[18] Within cereals, maize is now the most important crop but rice and wheat

[16] As noted in the IFAD 2007 COSOP, land disputes are widespread in Rwanda and constitute one of the most serious obstacles to sustainable peace.

[17] The Land Law defines land consolidation as "a procedure of putting together small plots of land in order to manage the land and use it in an efficient uniform manner so that the land may give more productivity". Under Article 20 of the Law, farmers will need to consolidate fragmented plots but those whose consolidated land remains below 1 hectare stand to lose it since it is deemed insufficient for efficient land use. The controversy of this Law is associated with the fact that, households possessing plots totalling less than 1 hectare, that are the majority in Rwanda, face the risk of being barred from registration as the Law grants local authorities the power to approve the consolidation of land in order to improve land management and productivity. According to the Law, if land owners fail to use land in a diligent and efficient way (including protection from erosion and safeguard of fertility), they are at risk of land expropriation for the purpose of redistribution to more needy citizens (Article 87). For a very comprehensive review of Rwanda Land Law, see Pottier (2006).

[18] This section is based on Crop Assessment Data presented in the Agricultural Sector Performance Report, Fiscal Year 2009/2010, Ministry of Agriculture and Animal Resources, September 2010.

are increasing rapidly from a low base. Within legumes beans is the main crop while within tubers cassava and sweet potatoes dominate but with Irish potatoes emerging. After the genocide, food crop production recovered rapidly as refugees and displaced people returned to their fields. As from 2002, production stagnated around 7 million tons until 2007 after which it increased to the current level of more than 10 million tons. This increase was mainly obtained from higher yields — over 2002-2010 the cultivated area increased by only 7 per cent. While total food crop production increased by 43 per cent during 2002-2010 (mainly after 2007), the increase in the production was particularly pronounced for: maize (372 per cent), wheat (938 per cent), rice (221 per cent), fruits and vegetables (338 per cent) and Irish potatoes (72 per cent), (annex 11). With the exception of fruits and vegetables (doubling the cultivated area), these impressive increases are mainly due to yield increases and a shift away from a traditional crop such as sorghum.

35. Government's Crop Intensification Programme (CIP) can take most of the credit for the higher yields. Under CIP, quality inputs (seed and chemical fertilizers) are distributed at subsidized rates[19] to smallholders while the extension services advise on improved crop husbandry. Whereas inorganic fertilizers were hardly used 10 years ago (0.5 kg/ha), average fertilizer application reached about 20 kg/ha in 2010. Other government programmes have also contributed, including the programme to convert marshlands into irrigated rice production, the Girinka Programme (one cow per poor family) which is generating more organic manure for the crops, and the watershed management programmes protecting and improving the productive capacity of the watersheds. IFAD-supported projects, in particular PAPSTA and KWAMP, include support for these government programmes. These programmes have far from national coverage and there is a very significant difference in crop yields between zones covered by CIP and zones that are not yet covered.

36. **Export crops.** Developments in the traditional export crops,[20] coffee and tea, have been less impressive. In particular the coffee sector, involving some 400,000 smallholders, has performed below the production targets defined in the 2002 National Coffee Strategy. While exports amounted to some 19,000 tons in 2000, only some 16,000 tons were achieved in 2009/10 against a target of 44,160 tons. Over the past 10 years coffee production and export volumes have stagnated but a major investment in new plantings during recent years is likely to generate a significant production increase once the trees come into production. The Revised National Coffee Strategy of 2009 expects production to reach 33,000 tons in 2012.

37. In contrast to the disappointing quantitative performance, the coffee sector has achieved major quality improvements providing significant increases in prices and value of export earnings. The foundation for these quality improvements was laid in the liberalisation of sector in the late 1990s. By 2000, 90 per cent of Rwanda's coffee crop was classified as low-quality "ordinary" coffee. However, from 2002 to 2009 Rwanda's exports of high-priced and high quality speciality coffee[21] increased from 90 tons to 3,045 tons, thanks to better crop husbandry and by establishment of coffee washing stations. Coffee export earnings increased by 66 per cent, from about US$22 million in 2002 to about US$37 million in 2009/10, - still well below the 2010 mid-term target of US$117 million - and the price that cooperative and private coffee washing stations pay to farmers has doubled. Observers[22] consider

[19] According to MINAGRI, 2010, a plan has been developed to gradually withdraw from fertilizer subsidies in the next three years without risking fertilizer uptake.

[20] Pyrethrum (an organic insecticide) is also regarded as a traditional export crop but is in terms of export value (US$1.5 m) of negligible importance. Rwanda also has small but rapidly increasing exports of animal hides and skins as well as horticultural produce.

[21] Fully washed speciality coffee normally obtains a price of US$3 to US$4 per kg but in a few instances Rwandan speciality coffee has obtained prices of US$40 per kg or more.

[22] World Bank paper (draft, 2010) by Karol C. Boudreaux: A Better Brew for Success – Economic Liberalisation in Rwanda's Coffee Sector.

that Rwanda has significant unexploited potential for increasing exports of high quality speciality coffee. Exploiting this potential will require further enhancement of crop husbandry and introduction of improved quality grading, differentiation of prices to reward good quality, more coffee washing stations, and improving the efficiency in coffee washing and in the handling of exports. Further value addition is also an option e.g. by introducing domestic roasting and packaging.[23]

38. The performance of the tea sector is somewhat better with a steady growth in production and significantly better prices resulting in tea earnings reaching US$57 million in 2009/10 (up from US$27 million in 2003). However, this is still below the 2010 target of US$91 million.[24] Better prices have been obtained from quality improvements in the cultivation of tea, improved processing techniques and increased blending and packaging within Rwanda. Blended and packed tea commands much higher prices than unblended tea sold bulk at the auction in Mombasa.

39. **Livestock.** Since ancient history livestock, and cattle and dairy cows in particular, have been an integral part of the national culture and per capita consumption of milk used to be among the highest in the world. The genocide dramatically reduced the livestock population but during the last decade, the numbers of most types of livestock have increased and animal production has more than tripled. Under the *Girinka* programme (annex 12), about 100,000 mainly improved/exotic dairy cows have been distributed to poor households (which in turn distribute the calves to poor neighbours). In addition, an artificial insemination programme is producing improved crosses with better productive capacity than indigenous races. As a result, milk production has increased about seven times[25] from a low base in 2000, enabling Rwanda to start a school milk feeding programme.

40. **Development of the private and cooperative sectors.** In recent years, government has made a push to formalize organizations that operate for profit, by having them registered as companies or cooperatives. While not-for-profit organizations are allowed to operate as associations or informally, for-profit organizations are being pushed to register and formalize to create a level playing field (to avoid unfair competition from informal enterprises that do not pay taxes and abide with regulations) and probably also to boost the modest Government revenue. As a result of this effort, the number of cooperatives has increased from about 900 cooperatives/associations in 2005 to more than 4,000 registered cooperatives in 2010. Though the Government of Rwanda, since 2005, has invested significantly in developing the supportive structures, such as the creation of the Rwanda Cooperative Agency (RCA) for regulating the cooperatives, concerns are expressed that the formalization is happening too rapidly, that weak informal organizations may collapse in the formalization process, and that the rapid increase in numbers is not being accompanied by the required development of the structures for supervising and regulating the cooperatives and developing their capacity. Many of the new cooperatives are financially and institutionally weak.

41. Based on international experiences, concerns are also expressed that some cooperatives are being created based on a government push rather than as a result of voluntary business decisions. Examples include the Umurenge SACCOs, where households are free to join, and village cooperatives where all households in the village are members. However, there are also evidence and arguments that may favour a certain degree of government push in the special case of Rwanda, considering the history of genocide and ethnic conflict. According to these, small informal groups and associations are likely to be created along ethnic lines while larger formal cooperatives (and enterprises) are bound to be multi-ethnic. The

[23] It is reported that Rwanda Coffee Development Authority has partnered with the Hunter Foundation regarding plans to build a roasting and packaging factory.
[24] MINAGRI, September 2010, Agriculture Sector Performance Report 2009/10.
[25] MINAGRI, September 2010: Agricultural Sector Performance Report (figure 1.2i).

argument continues that ethnic antagonism will diminish by working together on practical things, creating economic benefits for all members. A 2008 survey of 10 coffee washing stations[26] supports this argument demonstrating significant correlation between "economic satisfaction" and positive attitudes to reconciliation, in particular the older a washing station was and the longer it had been part of the local community. While the argument may have validity, it does assume that the cooperative is successful and creates benefits for its members.

42. Cooperatives are in all sectors, but the majority are in agriculture. Unlike other countries where farmer cooperatives mainly are organized around a warehouse to collect and sell the farmers' produce, many farmer cooperatives in Rwanda (with the notable exception of coffee/tea cooperatives) were originally created for other purposes such as serving as recipients of training and advisory services, organizing joint production activities and water use, allocating subsidized items between members, dealing with land allocation issues etc. With increasing agricultural surpluses, crop collection, storage, processing and marketing are likely to become their key activities. Such commercial activities will require development of a commercial and financial management capacity, a development that is not easily achieved as evidenced by the problems in coffee and tea cooperatives.

43. The enterprise/business environment has in recent years experienced major improvements. In the 2011 Doing Business Report of the IFC/World Bank, Rwanda is ranked number 58 in terms of overall ease of doing business[27] and is included among the top ten reformers during 2009/10, having achieved reforms and improvements on indicators such as "dealing with construction permits", "getting credit" and "trading across borders". The rapidly improving business environment is attracting foreign investments; Foreign Direct Investment reached about US$119 million in 2009.

44. The 2006 census found 65,500 enterprises of which the majority were micro (<10 employees) and mostly operating informally. About 85 per cent of the enterprises have on average less than three employees and operate informally (though not necessarily unregistered); they are typically unregulated[28] and constrained by inadequate access to skills training, finance, information and infrastructure. There were some 4,200 small enterprises (10-29 employees), 240 medium enterprises with 30-100 employees and 50 large enterprises with more than 100 employees.[29] In the formal sector, some of the medium and large companies are owned by the state which occasionally cause concerns among private investors about lack of a level playing field.

C. Poverty characteristics

45. While Rwanda since 1997 has achieved high GDP growth, but from a low base, reduction of poverty has (until 2005) been modest, though from a high base. Unfortunately, there are yet no figures for 2006-2011 where one may expect and hope for a major reduction in poverty as a result of very high growth in agriculture (next survey is due in 2012). Data from the 2000/01 and 2005/06 Living Standards Measurement Surveys (LSMS) suggest that the national poverty headcount declined from 60 per cent in 2000/01 to 57 per cent in 2005/06 which is still above the estimated poverty incidence (51 per cent in 1993) before the genocide. In rural

[26] Jutta Tobias and Karol Boudreaux" The Role of Entrepreneurship in Conflict Reduction in the Post-Genocide Rwandan Coffee Industry: Quantitative Evidence from a Field Study". *Mercatus Center Working Paper*, June 2009.

[27] In SSA, only South Africa, Mauritius and Botswana are higher placed. Rwanda is ahead of popular FDI countries such as Poland (70) and China (79) and far ahead of its neighbours, Uganda (122) Tanzania (128) and Kenya (98).

[28] They may be registered, but are unregulated with regard to labor laws including required health and safety standards and social security (*Caisse Sociale*) payments.

[29] A countrywide survey in 2007 found 25,500 businesses, excluding informal businesses without own premises, operating from agglomerated sites. (PSF 2008:11).

areas the decline was from 66 per cent to 63 per cent.[30] Given the high population growth, the absolute number of poor people increased by almost 600,000. If the extreme poverty line is considered,[31] more than one-third of the population were unable (in 2005) to achieve a level of expenditure needed for the basic food requirements. In percentage terms, better progress was done in reducing extreme poverty at national level from 41 per cent in 2000/01 to 27 per cent in 2005/06. But, again, progress was modest in rural areas: from 46 per cent to 41 per cent (table 3).

Table 3
Trends in poverty headcount

	Poverty headcount (% population)		*Number of poor (million)*	
	2000/01	*2005/06*	*2000/01*	*2005/06*
Upper poverty line				
Kigali	16.1	13.0	0.11	0.09
Other Urban	46.5	41.5	0.29	0.36
Rural	66.1	62.5	4.43	4.93
National	60.4	56.9	4.82	5.38
Extreme poverty line				
Kigali	8.4	6.3	0.06	0.04
Other Urban	28.5	25.3	0.18	0.22
Rural	45.7	40.9	3.06	3.23
National	41.3	26.9	3.30	3.49

Source: National Institute of Statistics of Rwanda (NISR) 2006

46. Changes in poverty varied between the provinces. The poverty headcount fell significantly in the Eastern Province and declined by smaller amounts in the Northern Province and in the City of Kigali. About 68 per cent of the total reduction of poverty in the country was accounted for by poverty reduction in the Eastern Province while a small increase was recorded in the Southern Province which is now the poorest province. Poverty incidence is highest (91 per cent) among households whose main source of income is agricultural wage labour. There may be various reasons why the high GDP growth did not significantly reduce poverty during 2000-2005, including a relatively high and increasing inequality as indicated by the Gini coefficient[32] which increased from 0.47 in 2001 to 0.51 in 2006, placing Rwanda among the 15 per cent most unequal countries in the world (with inequality higher than in Uganda and Tanzania but lower than Kenya and South Africa). However, the impressive growth in food production since 2007 (resulting in surpluses and declining food prices) gives reason to expect a much better performance in reducing poverty.

47. Non-income based indicators reflect the high poverty incidence. As for child malnutrition, estimates of the prevalence of stunting (low height for age) in children of 0-5 years indicate a slight increase from 43 per cent in 2000 to 45 per cent in 2005; however, the recent dramatic increases in food production could reduce this figure in the years to come. On the other hand, the Rwanda Human Development Index (HDI) recorded an improvement from 0.402 in 2000 to 0.460

[30] Calculated based on the standard "upper poverty line" that comprises both food and non-food requirements.
[31] The level of expenditure needed to provide minimum food requirements of 2,100 kcal per adult per day.
[32] The Gini coefficient is a measure of inequality based on household income distribution. The coefficient can have values between 0 (total equality) and 1 (total inequality).

in 2007[33] which gave Rwanda a ranking as 167th among 182 countries, classifying Rwanda as a low human development country (UNDP 2009).

48. In terms of achieving the Millennium Development Goals (MDGs), Rwanda is on track to meet targets under MDG 2 (universal primary education), MDG 3 (gender equality), MDG 4 (child mortality), parts of MDG 6 (combat AIDS, malaria and other diseases), and MDG 7 (environmental sustainability). Achievement of MDG 1 (poverty and hunger) will be a challenge, largely depending upon maintaining the impressive growth momentum in agriculture of the last three years. Achievement of MDG 5 (maternal mortality) seems unlikely (annex 10).

D. Government budget, policies and programmes for rural poverty reduction

49. **Public finances and development assistance.** Public expenditure accounts for about 27 per cent of GDP and less than half (12 per cent) is financed by domestic revenue while the remaining part is financed by grants (12.5 per cent) and net lending (2.5 per cent). The long term goal of Government is to raise domestic revenue to about 26 per cent to wean off Rwanda from depending on foreign aid. The social sectors and governance each account for about 30 per cent of expenditure while about 25 per cent is spent on infrastructure and some 15 per cent on developing productive capacities (including agriculture).

50. In 2007, Rwanda and NEPAD (African Union's New Partnership for Africa's Development) agreed on the framework for implementation in Rwanda of the Comprehensive African Agriculture Development Programme (CAADP). At the time, 4 per cent of the government budget was allocated for agriculture (i.e. far from the NEPAD target of 10 per cent) but since then spending on agriculture has increased. For the period 2010 to 2013, agriculture's share of government expenditure is planned to be 6.57 per cent.[34] Looking only at the Ministry of Agriculture and Animal Resources (MINAGRI), about two thirds (RWF21 billion) of MINAGRI's budget for 2009/10 was allocated for 22 national and domestically financed projects and programmes of which the Crop Intensification Programme accounted for about 65 per cent. About 10 per cent of the budget (RWF3.2 billion) was allocated to provide counterpart funding for nine externally financed projects/programmes. The three projects, which are supported by IFAD (PDCRE, PAPSTA and KWAMP), were allocated 5 per cent of the counterpart funds.

51. In 2008, net Official Development Assistance was US$931 million, corresponding to US$95 per capita and 50 per cent of the Government budget. The three largest donors (each providing more than US$100 million per year) are the World Bank (International Development Association, IDA), the United States, and the United Kingdom. Rwanda's 2006 Aid Policy in 2006 identified budget support as the preferred modality of aid delivery but recognized that the project approach can be justified, particularly for innovative experiences. There is an on-going sector-wide approach to planning (SWAp) in the education and health sector and a forthcoming one in the agricultural sector, explained further on.

52. Since the 2006 Organization for Economic Co-operation and Development (OECD) Survey on Monitoring the Paris Declaration, progress is being made. In the 2006 survey, Rwanda was assessed as "strong" on ownership, "moderate" on alignment, and "low-to-moderate" on harmonization, managing for results and mutual accountability. Use of country systems has increased and further improvements are targeted. In November 2010, Government and Development Partners endorsed the

[33] The HDI is a composite index comprising data on life expectancy, education and per-capita GDP.

[34] A total of 1.7 per cent was allocated to environmental protection initiatives (biodiversity, landscape and environmental protection) that are arguably directly linked to agriculture development.

Kigali Statement of Action[35] which inter alia states: "Development Partners will increase the portion of their aid to the Government sector that is delivered by Government agencies from the current 65 per cent to 85 per cent by end FY 2011/12" and that "All aid to Government should be using Rwanda's country systems, including specifically (i) inclusion in the national budget approved by Parliament, (ii) use of Treasury Single Account (TSA), (iii) fully phasing out parallel project implementation systems and modalities by the end of 2011/2012 and not creating new ones, (iv) using country procurement systems, and (v) fully relying on reporting and audit requirements to country systems". In line with the objective of the Accra Agenda for Action to improve predictability of aid, several development partners (including the World Bank and AfDB) pledged to make three-year binding commitments on a non-rolling basis while others, including IFAD and the UN agencies, informed that they could only make indicative, i.e. non-binding, commitments.

53. **National policy framework.** The general policy framework for Rwanda's long-term development is defined by Vision 2020[36] which defines the goal of transforming Rwanda into a middle income country where Rwanda is competitive domestically, regionally and internationally, reducing poverty incidence to 30 per cent, and raising life expectancy to 55 years. The Vision is founded on six pillars: (i) good governance and a stable state; (ii) development of human resources and a knowledge-based economy (Rwanda strives to become the IT hub of Africa); (iii) a private sector led economy; (iv) infrastructure development with Rwanda having world class infrastructure; (v) productive and market oriented agriculture; and (vi) regional and international economic integration.

54. Since then, all national policy documents, sector strategies and district development plans have built on and been designed to contribute to Vision 2020. This applies to the 2002 Poverty Reduction Strategy Paper, which assisted Rwanda towards achieving the HIPC completion point, and the second home-grown PRSP called the Economic Development and Poverty Reduction Strategy (EDPRS), 2008-2012. The EDPRS is articulated in three strategic flagship programmes: (i) growth through productivity improvements and transformation of the country's economy from subsistence agriculture to an economy driven by commercial agriculture, and competitive manufacturing and services sectors; (ii) pro-poor growth through the *Vision2020 Umurenge Programme (VUP)*, led by the Ministry of Local Government and working through districts and sectors (*Imirenge*) to accelerate poverty reduction through public works, credit packages and direct support to improve access to social services; and (iii) governance: strengthening public sector institutions to create an attractive business environment. Essentially, VUP is an agricultural and rural development programme with an initial budget of US$24 million for 2008 increasing to US$74 million in 2012.

55. **Rural poverty reduction programmes.** In addition to VUP, the Ministries of Local Government and Finance launched in 2001 the *Ubudehe* programme to help the vulnerable and very poor households. The programme finances interventions targeting either entire communities (*umudugudu projects*) or an individual household. Support is provided for agriculture, livestock, construction of markets, electrification, schools and water supply. The programme is supported by the European Union and the majority of interventions are related to livestock. In the context of the Girinka programme (one cow per poor family), the Ubudehe programme has financed about 60,000 dairy cows, more than half of the cows distributed so far. Finally, it is worth highlighting the health insurance scheme

[35] The meeting, 4-5 November 2010, was attended by all major development partners with high-level representatives; the World Bank and the AfDB were represented by Vice Presidents while IFAD was represented by the representative of the United Nations Agencies.

[36] Vision 2020 was initiated during 1998-1999 in village Urigwiro in a broad-based consultative process addressing simple questions about where Rwandans wanted to be in 20 years- time. It is known by most segments of society.

(Mutuelle de Santé) which is of importance also to the rural poor. In the scheme, costs are shared by government and the citizen (who pays about US$2 per year plus an additional US$0.40 for every visit to a health centre/hospital, plus an amount for prescriptions etc.). Today the scheme provides insurance for 86 per cent of the population while the public and private institutions provide insurance for most of the remaining citizens (public sector workers benefit from the public insurance scheme RAMA [*Rwanda Assurance Maladie*]which is also open to private-sector employees).

56. **Agricultural strategies and programmes.** With the support of IFAD and other development partners, MINAGRI issued in 2004 the Strategic Plan for the Transformation of Agriculture (referred to as PSTA, the French acronym) aimed at transforming agriculture from subsistence to commercial farming. A Phase II was designed in 2008 and issued in 2009 covering the period 2009-2012. PSTA II is designed as a strategy to achieve the goals and targets defined in EDPRS 2009-2012 and to form the basis for a SWAp in agriculture. The overall objectives are: (i) a 7 per cent annual real rate of growth of agricultural GDP;[37] (ii) a 4 per cent annual real growth rate of per capita agricultural GDP; (iii) a 20 per cent decrease in the number of people reporting agriculture as their main source of income; and (iv) a 50 per cent reduction in the proportion of the population receiving less than the minimum food requirements (to 16 per cent down from 32 per cent).

57. Some of the specific EDPRS/PSTA II targets are presented in table 4 below. For monitoring implementation of strategies, programmes and projects, the Government of Rwanda uses a "traffic light" system (green: on track; yellow: achievable but special efforts required; red: not on track). In MINAGRI's performance report for 2009/10, the assessment was "green" for all agricultural EDPRS indicators, a major improvement since 2007 when the EDPRS indicator "average real growth rate of the agricultural sector" was assigned the red colour. IFAD's country programme is providing assistance for achieving all the indicators listed in table 4. The indicators, reclamation of marshland and irrigation, overlap as marshland development primarily involves conversion into irrigated rice production. While major achievements have been made in expanding irrigation in the valleys and marshlands, it remains a challenge to achieve the 2012 target for hillside irrigation.[38]

Table 4
Specific targets of EDPRS/PSTA II

Indicator	*2006*	*Target 2012*
Agric. land protected against erosion (per cent)	40	100
Area under irrigation (ha)	15,000	34,000
- of which hillside irrigation	130	10,000
Reclaimed marshland (ha)	11, 105	31,105
Fertilizer application (kg /ha)	4	12
Inorganic fertilize use (per cent households)	11	17
Improved seed use (per cent)	24	37
Rural household with livestock (per cent total)	71	85

Source: EDPRS targets presented in MINAGRI's PSTA II document, February 2009

58. The PSTA is implemented under four programmes to which MINAGRI's organizational structure has been adapted: (1) Intensification and development of sustainable production systems (includes integrated crop-livestock systems,

[37] Above the 6 per cent target of CAADP.
[38] With IFAD finance, an international technical adviser is assisting MINAGRI with accelerating progress in hillside irrigation.

marshland development, irrigation, agricultural inputs food security); (2) Professionalization of producers (includes developing capacity of farmers' organizations and producers, improving access to extension services, research and improved seed varieties); (3) Commodity chains and agribusiness development (includes construction of wholesale market in Kigali, promotion of traditional and non-traditional export crops, value addition to staple crops, storage, and rural finance); and (4) Institutional development, Agricultural Management and Information Systems.[39] In addition, cross-cutting issues such as gender, HIV/AIDS and youth are integrated into the programmes and MINAGRI is annually presenting gender budget statements.

59. During the course of PSTA II implementation, two new priorities have emerged and task forces have been established to address the issues. One is post-harvest handling and storage which has become a critical issue with the development of surplus production. Rwanda's capacity for processing and storage of food crops is extremely limited (an estimated 50,000 tons) and major investments are required to limit post-harvest losses and ensure that farmers obtain the potential benefits from their surplus production. The Government of Rwanda is taking action on this issue; a post-harvest handling has been developed. The other "new" issue is mechanisation (and irrigation) for which a strategy has been outlined.

60. PSTA II has a total budget of US$886 million of which the major part is allocated for Programme 1. Several development partners have expressed interest in supporting PSTA II under a SWAp and a Memorandum of Understanding (MoU) was signed in December 2008 by government and interested development partners including IFAD. In December 2010, DFID and the United States Agency for International Development (USAID) were in the process of formulating their support for the SWAp while the World Bank would participate indirectly through its general budget support (the Bank generally refrains from sector budget support). MINAGRI (and the Government) has a strong preference for sector budget support, *inter alia* because it will reduce the burden and transaction costs of managing more than 30 projects with less than 40 staff.

Key points

- Rwanda is one of the smallest and most densely populated countries of Africa. The farming context is characterized by small land-holdings, prone to erosion. More than 60 per cent of households cultivate less than 0.7ha of land and more than 25 per cent cultivate less than 0.2ha. With a population growth rate of 2.7 per cent per year, this poses the issue of finding alternative income sources to farming for a significant part of the population.
- Since the 1994 genocide, the economy (GDP) has been growing fast (7 per cent p.a.) Growth rates of agricultural value added have been high (8-10 per cent p.a.) in the past three years. Poverty prevalence declined only from 60 per cent to 57 per cent at national level (and from 65 per cent to 63 per cent in rural areas) between 2000/01 to 2005/06. Results of the next survey (2012) are expected to show reduction in poverty incidence due to agricultural growth.
- The Government has focused on increasing land productivity, (irrigation, livestock, and crop intensification), cash-crops, and on diversification into non-farm income sources. Government has set the target of creating two million non-farm jobs by 2020 but achievements so far are below expectations. Government programmes in support to staple crop production have met wide success in terms of production, and the new priorities are dealing with over-production, post-harvest storage and adding value to the produce.
- During the past 15 years, the Government of Rwanda has not only approved policies in the main sectors that are relevant for rural poverty reduction but has also consistently monitored the implementation of these policies, filling the typical policy formulation-implementation gaps observed in many developing countries.
- In spite of a favourable policy and regulatory environment, there are concerns for the rapid

[39] AMIS www.amis.minagri.gov.rw

drive to the formalization of the informal economy, without a transition and adaptation period, and for the establishment of cooperatives, including financial cooperatives along the territorial administrative lines. There is a risk that this can cause the demise of fledgling community-based initiatives and organizations, and introduce approaches to rural finance that are not cost effective and market-based.

III. Description of IFAD country strategies and operations

A. Country strategies

61. While IFAD's operations and portfolio development in Rwanda since 1981 have been guided by internal strategies, the first official strategy, the Country Strategic Opportunities Paper (COSOP), was approved and issued in 1999 and followed by new COSOPs in 2002 and 2007. The time frame for the present CPE is the period between 2000 and 2010. The description in this section and the evaluative assessment of COSOP design and performance in chapter VII focuses on the 2007 COSOP but, where relevant, with some reference to the 2002 COSOP and to the 1999 COSOP, assessed in the 2005 CPE. Yet, given the evolution of the country context in the past 30 years, a short historical summary of IFAD's interventions in Rwanda is necessary and is offered in the following paragraphs and more information is provided in annex 15.

IFAD in Rwanda before the first COSOP

62. **The pre-conflict intervention cohort (1981-1992).** The first five projects in Rwanda (Byumba rural development project phase I and II, Birunga Maize Project, Gikongoro Agricultural Development Project, and Buberuka Highlands Intensified Land Use Management Project) were, with little exception, area-based integrated agricultural development projects. They emphasized agricultural intensification and yield increase by strengthening the national extension system. This early generation of projects focused on sub-sectors and activities which are still considered as a priority in the country in today's time. However, there are important differences between the situation prevailing at that time and the current one. Early projects of IFAD were designed in the absence of an overall country strategy which was prepared for the first time in 1999.

63. **The post-conflict intervention cohort (1996-2001).** Following the 1994 genocide, IFAD's overriding concern was to assist with settling the returnees and rebuild destroyed infrastructure. The first project approved after a two-year loan suspension was the Rural Small and Micro-Enterprise Promotion Project (PPPMER I) and the second was the Rwanda Returnees Rehabilitation Programme, providing food relief and means of subsistence for a population that had been forcibly displaced. The third was the Umutara Community Resource and Infrastructure Development Project, including a "twin project" responding to the basic infrastructure needs of refugees settled in a former national park, an area that lacked basic social and production infrastructure.

The recent projects (2002-2010)

64. The past decade marked a shift in the country context, from post conflict relief and humanitarian support to economic recovery and development, a shift which is also visible in the design of IFAD projects. The projects approved since 2002 include: PDCRE, Rural Small and Micro Enterprise Promotion Project – Phase II (PPPMER II), Support Project for the Strategic Plan for the Transformation of Agriculture (PAPSTA), KWAMP. Together with the Umutara projects, they will be treated more specifically in the following chapters.

The first two COSOP generations: 1999 and 2002

65. In 1999, the first COSOP recognized the need to provide basic infrastructure for refugees, ushering in the formulation of two interventions in the former Province of

Umutara. At the same time, this COSOP brought back the focus on agricultural development, outlining a strategy that emphasized commercialisation of smallholder agriculture, assisting farmers to move from subsistence farming to agricultural production systems that generate income and savings. The 2002 COSOP was aligned to Rwanda's first PRSP and had a broader poverty reduction perspective, encompassing diversification of income sources within agriculture (e.g. the support to cash crops such as tea and coffee, not only to staple crops) and outside agriculture (e.g. non-agricultural sources and microenterprises, and rural finance).

66. The country programme evaluation (CPE) undertaken in 2005 assessed the COSOPs of 1999 and 2002. While recognizing that the COSOPs were "broadly relevant" to government policies such as the PRSP and Vision 2020, and to IFAD's mandate, the CPE found that they "were inadequate for promoting a programme approach coherent with and complementary to the national priorities in the agricultural sector"; and furthermore, "the COSOPs remained essentially administrative documents instead of tools for a strategic and dynamic management of IFAD's programme in Rwanda".[40] Though synergies between IFAD-support projects and other programmes were expected, such did not materialize. Finally, the 2005 CPE found limited ownership of the IFAD programme, by the lead ministries and the Project Management Units. This is echoed in the joint AfDB-IFAD evaluation of Agricultural and Rural Development in Africa which, assessing the early strategies of IFAD and AfDB, found that "they were based on limited dialogue with government and other donors".[41]

67. The 2005 CPE praised IFAD for its assistance to the preparation of the first phase of the PSTA. In general, however, national stakeholders considered IFAD's policy dialogue as a by-product of project level activities, with little attention devoted to feeding project experience into broader national level discussions. IFAD project designs were found clear but giving limited attention to the analysis of critical conditions and risks and exit strategies. Microfinance was an area where sustainability was assessed as particularly weak, due to the "mechanisms under which projects provided guarantee funds or credit to microfinance institutions and the weak recovery rate".

68. Among its main recommendations, the 2005 CPE asserted that building upon a stronger field presence, IFAD should prepare a programme strategy whereby projects would be designed and managed as pillars of a wider programme, owned and managed by the Government. To improve sustainability prospects, project design should have given more attention to the assessment of risks, and progressive exit strategies should be devised from the beginning of the interventions by building upon partnerships, in particular with local authorities and civil society organizations at the grass-roots. In particular, in the area of microfinance, IFAD's programme and projects should have continued to support existing financial institutions but should conduct an in-depth study of their actual status in order to guide IFAD's support for developing their capacity and for devising an appropriate regulatory framework. Finally, the project and programme level M&E system and indicators should have been harmonized and articulated with the tools developed by the Government of Rwanda for monitoring the national poverty reduction programme (PRSP).

The latest results-based COSOP 2007

69. In 2007, a new Country Strategic Opportunities Programme was prepared and adopted in accordance with new IFAD guidelines for Results-Based COSOPs[42] and

[40] Para 5, Agreement at Completion Point.

[41] Joint AfDB-IFAD Evaluation, - Justice Mahundaza and Charles Twesigye-Bakwatsa: Country Study Report, Rwanda, 30 January 2009.

[42] After the guidelines on Results-Based COSOPs, the abbreviation "COSOP" refers to a "Programme" and not to a "Paper".

the recommendations of the 2005 CPE. It included a detailed matrix informing about the actions that had been and would be taken to address the 2005 COSOP recommendations and issues. In terms of the overall strategic direction, it did not differ dramatically from the 2002 COSOP, except perhaps for the new emphasis on irrigated agriculture, but it was prepared in a much more participatory process over a 2-year period. It outlined a result-oriented integrated programme and defined linkages between lending and non-lending activities. With the benefit of hindsight it could be said that the emphasis of early IFAD projects (see the beginning of the chapter) on agricultural intensification and marshland reclamation was brought back in the 2007 COSOP, but in a very different political context, and in an institutional and national policy environment which was more clearly defined and monitored by the Government.

70. Set on the time frame 2008-2012, the COSOP planned for two pipeline project options during 2008-2010, with an estimated allocation of US$21 million, under the Performance-Based Allocation System (PBAS), "the first addressing irrigation and soil and water conservation opportunities, the second aimed at enhancing rural economic development". These plans have been partly realized with approval of the KWAMP in 2008. KWAMP is basically an agricultural project with a budget of US$49.3 million (partly financed by an IFAD Grant of US$20.5 million) supporting Kirehe District (one of the 30 districts) with development of sustainable and profitable small-scale commercial agriculture, through a market-led, sustainable intensification of production systems. It builds on the successful pilot interventions of PAPSTA in developing watersheds and converting marshlands into rice production. At the time of this CPE, the Government of Rwanda and IFAD worked on the design of the second phase of the export and cash crop project (with the new acronym PRICE).

71. **Strategic objectives.** The 2007 COSOP defined three strategic objectives and underlying strategies, viz:

1. Enhanced opportunities for the rural poor and a sustainable increase in their incomes;
2. Stronger organizations of the rural poor and stronger local governments; and
3. Improved participation of vulnerable groups in the social and economic transformation.

72. The 2007 COSOP was supported by a Results Management Framework. For each of the strategic objectives, it defined quantitative outcome targets as well as a related policy support and dialogue agenda. For example, related to the first strategic objective, one outcome target was to provide 10,000 additional rural clients with access to financial services while policy support would be provided to government to develop a conducive institutional environment for rural finance.

73. **Socio-economic targeting.** A targeting strategy was absent in the 2002 COSOP, but was introduced in the 2007 COSOP. Though the 2007 COSOP claimed that in Rwanda most rural households are poor and that the notion of "non-poor" does not imply wealth, target groups for each strategic objective were defined. Each strategic objective of the COSOP is dedicated to a different socio-economic group. The first strategic objective would address the very poor and the resourceful poor (omitting the "poor" in-between) who have small plots of land and some assets, basically small farmers who would be helped to increase their agricultural productivity through sustainable agricultural intensification including irrigation, soil and water conservation, and economic support services. Within the first strategic objective, in terms of gender strategy, the COSOP states that "men and women would be targeted on an equal basis, and every effort would be made to include both husbands and wives from participating households. Rural finance and microenterprise activities will be targeted especially at women".

74. The COSOP's second strategic objective would target farmers' organizations and associations to develop their capacity to service members and advocate the members' interests. It would also support the capacity development of district governments and community organizations. The third objective would target vulnerable groups defined as: "women heads of households, young people, the landless, orphans, and people with HIV/AIDS". A two-pronged strategy for reaching these vulnerable groups was briefly outlined: (i) promote their participation in planning and implementation; and (ii) an inclusive approach combining support for family planning with assistance to people with HIV/AIDS. Practical approaches would be tested to help vulnerable groups with accessing land, services and markets.

75. **Geographical targeting.** The 2007 COSOP did not directly identify geographical areas for support but did instead define criteria for selection of areas that would benefit from future interventions: (i) a high incidence of poverty and food insecurity; (ii) potential for productive investments in irrigation, water harvesting and economic development benefiting the poorest — with investments in irrigation and water harvesting focusing on rainfall deficient areas; and (iii) scope for complementarities with other pro-poor investments. For assessment of these criteria, the COSOP proposed to use the EDPRS household surveys (which have not been conducted since 2005) and WFP's Comprehensive Food Security and Vulnerability Assessment (CFSVA).

Table 5
Main elements of 2002 and 2007 COSOPs

Key elements of the strategy	*COSOP 2002*	*RB-COSOP 2007*
Strategic objectives	- Support to income generation, diversification and market organization - Support for the development of sustainable rural microfinance institutions - Integrated support to rural, non-farm small and micro enterprise - Technology generation and transfer - Community infrastructure - Support to the decentralization process - Cross-cutting emphasis on gender	1. Economic opportunities for the rural poor [are] increased and their incomes raise sustainably 2. Organization and institutions of the rural poor as well as decentralized entities [are] strengthened 3. Vulnerable groups participate in the social and economic transformation
Geographic priority	Not treated specifically	Not directly identified, The RB-COSOP mentions criteria: high incidence of poverty and food insecurity, investment potentials and complementarity with other projects
Subsector focus	rural finance, micro enterprises, marketing, community infrastructure, support to decentralization	Irrigation, water management, rural finance, micro enterprises, commodity chains
Main partner institutions	- National partners: central government and provincial governments; national NGOs International partners: -World Bank: agricultural research - UNDP: good governance and decentralization - OPEC Fund: basic infrastructure - Arab Bank for the Economic Development of Africa (BADEA): coffee and tea	- National partners: central government and provincial governments; national NGOs, private businesses. International partners: - Belgian Technical Cooperation, WFP, FAO, AfDB, World Bank (food for work, soil conservation, hillside irrigation) - SNV Netherlands, International Centre for Insect Physiology and Ecology (coffee, sericulture, honey, value chains)
Targeting approach	Not treated specifically	Strategic objective 1 will target the "very poor and resourceful poor" Strategic objective 2 will target the rural poor through farmers' organizations Strategic objective 3 will target special vulnerable groups
Country programme mix (loans, grants)	Mix of loans grants for main project financing. Existing regional grants financed	Mix of loans and Debt Sustainability Framework grants for main project financing.

	punctual country-level activities. Country-specific pilot projects were funded through grants to NGOs.	Same as in 2002 COSOP period for other grants.
Country programme management	Not treated specifically	Technical assistance for design, training for project staff, direct supervision and implementation support. Programme-wide M&E. Strong anchoring of project in public institutions (national and local).

76. **The issue of national ownership.** Addressing this issue, the 2007 COSOP pledged to integrate projects into strong national institutions, channelling assistance primarily to existing structures (government, districts, community and farmers' organizations, microfinance institutions [MFIs]). The COSOP design was largely based on government's second poverty reduction strategy, the EDPRS, and the agricultural sector strategy, PSTA. It made the pledge that the first project in the pipeline would be fully integrated into Programme 1 of the PSTA (sustainable production systems) and eventually, together with the ongoing PAPSTA, into the future agricultural SWAp. Alignment to the PSTA has been achieved, while full integration in a SWAp has not yet been realized. The agricultural SWAp is not yet operational (May 2011).

77. **Policy dialogue and innovations.** The 2007 COSOP did not detail an agenda for the policy reforms that IFAD would advocate. Rather the COSOP indicated that support could be provided to develop agricultural policies and the SWAp, improve microfinance policies, determine how water user associations could become sustainable, promote dialogue between different socioeconomic groups, and develop the advocacy capacity of different civil society and apex organizations. It also said that "IFAD will develop and test practical approaches for ensuring equal access to land, support services and markets" providing policymakers with information on results and impact of new approaches. Interestingly, the COSOP stated that "the grant-based financing arrangements allow IFAD to be more risk-friendly" suggesting that it is easier to promote innovations when the government does not have to repay the money.

78. **Partnerships.** The COSOP listed the development partners and NGOs who were relevant for the programme. It highlighted partnerships with DFID and the Netherlands (PSTA and the SWAp), with the Belgian Technical Cooperation, WFP (food for work projects), and with FAO, the AfDB and the World Bank (soil and water conservation and irrigation). The COSOP also pledged that IFAD would be an active partner in the One UN Process. Cooperation with national and international NGOs would be continued, with the NGOs contributing services and innovations to the programme. SNV Netherlands, CARE international, the German Development Service and the Clinton-Hunter Development Initiative were mentioned as the partners at the time. In addition, the COSOP highlighted partnerships with the private sector and support for development of balanced (equitable) partnerships between smallholders and private investors. These pledges have generally been fulfilled.

79. **COSOP management and knowledge management.** The COSOP pledged to establish a "country programme-wide M&E system" harmonized with national monitoring systems such as that of the EDPRS and the agricultural management information system of MINAGRI. An IFAD COSOP Focal Group (ICFG) would review programme achievements annually. This pledge has been fulfilled though it is the Country Programme Management Team, which serves as reference group.

80. The COSOP also pledged to improve the M&E systems in the individual projects, ensuring that baseline surveys are undertaken and applying a limited number of indicators, learning from difficulties encountered in past project designs (e.g. PDRCIU and PAPSTA) with such a multitude of indicators (50-100 indicators) that the systems became impossible to manage and use. Impact surveys have been conducted for four of the projects closely reviewed in the current CPE, albeit with

varying fortunes. Surveys of PDCRE and PPPMER II produced results that, if triangulated with other sources, provide useful information of effects on household welfare. Impact surveys conducted for PDRCIU and PAPSTA were subsequently challenged by the project coordination unit due to sampling and other methodological problems (e.g. disconnect between indicators in baseline and follow-up).

81. In terms of country programme monitoring, a "traffic light" tool has been introduced for assessing progress on COSOP objectives in the context of the annual portfolio review. This has taken the form of a matrix with colours representing rating on the performance of individual projects and the programme in general. The initiative marks an important progress. Yet the assessment is made based principally on qualitative evidence and, given problems encountered by project-level surveys, the quality and precision of data may deserve further review. But, overall, the introduction of a monitoring system at the programme level is commendable.

Table 6
Non-lending activities in the latest COSOPs

Non-lending	*COSOP 2002*	*RB-COSOP 2007*
Partnership building	(i) World Bank: agricultural research (ii) UNDP: good governance and decentralization (iii) OPEC Fund: basic infrastructure (iv) Arab Bank for the Economic Development of Africa (BADEA): coffee and tea	(i) Government, policy dialogue (ii) Donor Coordination (Paris Agenda) to enhance harmonization of approaches and work on policy dialogue (iii) NGO and research: technical innovation (iv) Private sector: value chains
Policy dialogue	(i) decentralization and good governance, sustainability of public services (ii) development of traditional cash and export crops (iii) technology generation and transfer (iv) regulatory framework for microfinance institutions (v) gender	(i) support to the preparation of a Sector-Wide Approach in agriculture (ii) organizational and legal framework for water management (including the issue of land tenure) (iii) microfinance policies
Knowledge management	Not treated specifically	a) Programme level: (programme wide M&E, using information system in MINAGRI and EDPRS) b) Project level: surveys, training of staff in M&E concepts and techniques c) Community level: community innovation centres under PAPSTA

B. Description of operations in the CPE timeline

Project financing

82. **Portfolio trends.** Comparing the status and characteristics of the portfolio by 31 December 2000 with the situation by 31 December 2010 (see below), it does not appear that there have been dramatic changes over the last ten years. With respect to developing new projects for approval, it appears that the rate of loan approval has decreased in the second part of the 10-year period while the IFAD-financing per project has increased; in each of the years 2000, 2001, 2002 and 2003 IFAD's Executive Board approved one project for Rwanda while in the second part of the period only two projects were approved, in 2005 (PAPSTA) and 2008 (KWAMP).

83. However, there have been changes in the content and approach of the support. First, while many of the early projects had a rural finance component, consisting of credit lines, no more credit line components have been approved since PPPMER II

in 2003: the two most recent projects, PAPSTA and KWAMP, have no credit line but activities to help beneficiaries access finance from the financial sector. Second, while several of the earlier projects had a focus on rehabilitation, including basic economic and social infrastructure, IFAD's financing in the more recent portfolio is more focused on increasing production and in this context, the value chain approach has been introduced to address the issue of finding markets for the emerging surplus production. Third, while the three agricultural projects ongoing in 2000 could be characterized as "IFAD projects", the three agricultural projects ongoing in 2010 are essentially providing a kind of budget support for Government's agricultural programmes and strategies which have been developed over the period. In other words, 10 years ago there were no clear agricultural strategies and programmes that IFAD could align to.

Table 7
Portfolio characteristics 2000 - 2010

Portfolio characteristics December 2000	*Portfolio characteristics December 2010*
1. Six active projects, three in full scale implementation, two in completion process and one at start-up (PDRCIU)	1. Five active projects, two in full scale implementation (PAPSTA and KWAMP), three in completion process.
2. Three agricultural projects (Gikongoro, Byumba, Buberuka), two rural/agricultural development projects (PDRCIU and Rehabilitation for Returnees), one MSE project (PPPMER I)	2. Three agricultural projects (PDCRE, PAPSTA, KWAMP), one rural/agricultural development project (PDRCIU), one MSE project (PPPMER II)
3. Focus of next project in pipeline: cash and export crops – PDCRE	3 Focus of next project in pipeline: cash and export crops
Total IFAD financing approved for six active projects: **US$53.6 million**	Total IFAD financing approved for five active projects: **US$97.3 million**

84. The 1994 genocide influenced the nature of the cooperation. In the first years after the genocide, the priority was to resettle returnees and re-build basic infrastructure (the Returnees Rehabilitation Programme[43] and the Umutara project). The Umutara project (PDRCIU, 2000-2010) was designed with a very wide support menu, comprising interventions in many different sectors, sub-sectors and themes (annex 9). At the time, there were justified needs for support in all these many different areas, but managing the delivery of such a huge and diverse range of interventions proved to be a significant management challenge. Since then, project designs have had a more limited support menu, concentrating on raising agricultural production and incomes (PDCRE, PAPSTA and KWAMP) as well as non-farm incomes (PPPMER II).

85. The thematic/sub-sector focus on the current active portfolio covered in this CPE (2000-2010) is illustrated in annex 9 which shows that the ongoing five projects are providing support in five areas: (i) agriculture and natural resource management (about 43 per cent of baseline costs); (ii) infrastructure (buildings, roads, water supply, about 19 per cent of baseline costs); (iii) rural finance and private sector development (including Business Development Services (BDS) and vocational training, about 11 per cent of baseline costs); (iv) capacity and institutional development (beneficiaries' organizations, central and local governments, 16 per cent of baseline costs); and (v) cross-cutting themes including gender equality, environment and climate change, HIV/AIDS and inclusion of vulnerable groups (costs are embedded in other components and are difficult to separate), while project management costs represented about 10 per cent of baseline costs of the five projects considered.

[43] This programme was covered extensively in the 2005 CPE and has not been reviewed in the current one.

86. As PDRCIU closes during 2011, the portfolio will increase its focus on agriculture (food and export/cash crops and livestock), with some support for enterprises in the agricultural value chains, through PPPMER which has been extended from 2011 to June 2013. Some limited support for economic infrastructure will remain but major infrastructure investments will mainly by financed by the Government of Rwanda (in KWAMP, the feeder road component is financed by the Government) and other development partners.

87. **Geographical focus.** IFAD-funded projects have covered all four provinces of Rwanda but not all 30 districts. For the last 10 years there has been a concentration on the Eastern Province. This province has the lowest population density among the four provinces, in a country that has an average high population density by regional standards.[44] The Eastern Province has progressed from a low base after the genocide when a part of the Akagera National Park was converted to a settlement area for refugees. It has experienced the highest decline in poverty incidence from 2000 to 2006 when it had the lowest poverty incidence among the four Provinces of Rwanda. The significant increases in agricultural production over the last three years, particularly in the Eastern Province have probably continued this trend.

Country programme management

88. IFAD's East and Southern Africa Division (ESA) is responsible for country programme management. Within ESA the responsibility is vested in a country programme manager (CPM) covering Rwanda only. The CPM is assisted by an IFAD country office (established in 2008 and hosted in the FAO premises in Kigali) and by a team based in the new regional office of Nairobi providing both support in dealing with withdrawal applications and other financial issues, as well some technical support and training on an ad hoc demand basis. The country office is currently staffed with a country programme officer and a country programme assistant, both appointed in 2010 and an Associate Professional Officer has been recruited and out-posted in Kigali in early 2011. UNOPS was in charge of the supervision of the evaluated portfolio until 2007. Thereafter the projects transitioned to direct supervision (PAPSTA since August 2007, PPPMER-II since January 2008 and PDRCIU since January 2009). The country programme is also supported, in the form of advice, by a Country Programme Management Team comprising key local stakeholders and partners.

89. With the country office and especially after establishing two positions in 2010, IFAD has become a more active participant in government-development partner coordination fora as well as in the One UN process. While the major part of the resources of the country office is invested in project implementation support and supervision, resources are also allocated for the often time-consuming processes of coordination and dialogue. Regional technical assistance grants account for a relatively small share of non-project activities and of the country office workload.

[44] Rwanda has the highest population density in Africa, 394 people per km^2 as compared to only 51 in East Africa. Densities (2009) in the provinces were: Eastern 218/km^2, Northern 501/km^2, Southern 370/km^2, Western 341/km^2, Kigali 1,166/km^2.

Key points

- Between 1981 and 1992 IFAD projects focused on area-based agricultural intensification (higher-yield varieties) and soil erosion control. These interventions are still considered a priority today, although under a very different policy environment. Immediately after the 1994 genocide, the main priority in IFAD's assistance was to support the settling of returnees and (re)build basic infrastructure.
- The first IFAD COSOP was approved in 1999 followed by a new COSOP in 2002. The 2002 COSOP recognized the need to diversify income sources towards cash crops (coffee and tea) and non-farm activities. The 2002 COSOP introduced a new area of investment: the support for local governments, in line with national decentralization reforms.
- The 2005 CPE, covering the 1999 and 2002 COSOPs, assessed IFAD programme as valuable in piloting innovations and targeting the rural poor. It noted, however, limited effort to bring them to the national policy agenda and a tendency for IFAD to work in isolation. It found sustainability threats in all projects and particularly for rural finance components. The 2005 CPE recommended that the new IFAD strategy be developed in stronger consultation with national partners and that future projects be better inserted in national programmes.
- The 2007 result-based COSOP was built upon the 2005 CPE recommendations. While the main strategic priorities did not change dramatically, the new COSOP was a result of a deeper consultation with national partners. It introduced targeting criteria, including vulnerable groups (widows, landless, people living with HIV-AIDS). It had three strategic objectives: (i) enhanced opportunities for the rural poor and a sustainable increase in their incomes; (ii) stronger organizations of the rural poor and stronger local governments; and (iii) improved participation of vulnerable groups in the social and economic transformation.
- Since the 2007 COSOP, IFAD has approved only one project (KWAMP) and is preparing a new one as a follow up project in support to cash and export crops (PRICE). The current IFAD portfolio will soon be focused on agriculture but with some attention for processing enterprises within value chains.

IV. Portfolio performance

90. The assessment in this and the following sections is done at the project level and, where relevant, for the five main areas that the five projects are supporting, viz. (i) Agriculture and Natural Resources Management (NRM); (ii) Rural Finance; (iii) Non-farm Rural Enterprise Development; (iv) Public and Community Infrastructure; and (v) Capacity and Institutional Development. Each of the five projects addresses most of these themes, and in the case of PDRCIU, all of the themes. However, a rating of the performance of the individual projects, combining the performance of the project's different components, is also undertaken and the results are presented in annex 1. As this is an evaluation of the entire country programme it is not possible in this chapter to mention and assess all interventions supported by the five projects.

A. Overall performance

91. The assessment of project performance is based on the three core performance criteria: a) relevance, b) effectiveness, and c) efficiency. Relevance and efficiency is assessed for all five projects while it is still too early to assess effectiveness in the case of KWAMP.

Relevance

92. The assessment of relevance attempts to answer two questions: Is the support relevant and aligned to the partners' policies and to the real context on the ground — at design and during implementation? Are the projects' approaches and methodologies relevant to achieve the projects' objectives?

93. **Agriculture and NRM — highly relevant support.** The support for this area, which is provided through PDRCIU, PDCRE, PAPSTA and KWAMP, is assessed as

highly relevant to the national context, and IFAD's and government's policies. During the 10-year period, the Government of Rwanda has defined the agricultural policies and strategies as well as the programmes and targets for the different agricultural sub-sectors. As it should be, the Government has led the development of agricultural policies, strategies and programmes, demonstrating strong determination in terms of achieving its defined goals and targets. By the end of the evaluation period, IFAD's support for the agricultural sector is largely directed towards the implementation of government-defined strategies and programmes.

94. Right Choices? This positive assessment may be questioned in three areas. First, considering concerns for biodiversity and environmental protection, should IFAD in Umutara have supported the conversion of part of the Akagera National Park into agricultural production? This evaluation believes it was a right choice. Unlike other African countries, such as neighbouring Tanzania, which can allocate land masses the size of Rwanda for wildlife, this is obviously not an option for Rwanda which after the genocide faced the challenge of accommodating hundreds of thousands of returnees.[45] At the time, Akagera National Park was in a poor shape and surrounding zones were unproductive bush land. Today Rwanda has a smaller but better protected and managed park, with emerging tourism and probably also with a gradual restoration of biodiversity and wildlife populations.

95. In PDRCIU as well as in PAPSTA and KWAMP, IFAD has focused on soil and water conservation activities applying an integrated watershed management approach. In the Rwandan context, this is a highly relevant choice considering that soils and water are the basic productive resources but are under stress (overpopulation leading to over utilization of hills, resulting in soil erosion and lower soil productivity and production, and thus poverty).

96. Second, was it a right choice for IFAD to enter into supporting the coffee and tea sectors (through PDCRE) considering that coffee and tea growers are better off than most rural households.[46] This evaluation believes it was a right choice. Though still small, the sectors have the potential of benefiting thousands of smallholders as well as creating rural employment up and down-stream for the landless. And there are also opportunities for increasing the smallholders' share of the value added. Furthermore, promotion of cash and export crops is crucial to Rwanda's macroeconomic sustainability, considering that Rwanda imports about four to five times more than it exports and has (in total and per capita terms) one of the lowest agricultural exports in Africa — coffee and tea provide about US$80 million, about the same as minerals. IFAD's support for export and cash crops is also fully aligned to the strategic objectives of Vision 2020 and the Governmment's poverty reduction and agricultural strategies. In the case of the coffee sub-sector there appears to have been room for improved harmonization of the several major donor programmes (USAID, EU, AfDB) around a participatory development of an official national coffee strategy.

97. Third, most of IFAD's agricultural sector support is (unavoidably) directly or indirectly for government programmes that involve subsidies, in some cases substantial, for example in the Crop Intensification, Girinka and Terracing Programmes. Several arguments can be presented in support of these subsidized programmes. First, the programmes have produced remarkable results, changing Rwanda from a food-deficit country to a country that is self-sufficient in food, and with surpluses of some food crops. Second, over time the average subsidy cost per beneficiary is significantly reduced by the positive pyramid effect working in some of the programmes. While in other countries there may be problems of maintaining the chains in the pyramid, this is a limited issue in Rwanda; for example, Girinka

[45] Many of the returnees were not refugees from the 1994-genocide but from incidences of killing in the years and decades before, and therefore, they no longer had their lands and houses to return to.
[46] According to the PDCRE Interim Evaluation (para 107), average per capita income for coffee growing households is 26 per cent above the national average national per capita income.

beneficiaries are generally proud to pass on the first calf to the neighbour and mortality rates are negligible.[47] Third, government does recognize that it has insufficient resources to extend the subsidized programmes to each and every plot and farmer in Rwanda and eternally. The Government is preparing plans for developing a private fertilizer sector and for gradually withdrawing the 60 per cent fertilizer subsidy.

98. **National versus local ownership and alignment.** PAPSTA and KWAMP achieve high marks with respect to alignment and ownership at the national level. Together with other partners these two projects are directly supporting the Strategic Plan for Transformation of Agriculture (and thus EDPRS) and specific government-defined programmes and targets, including the Girinka programme, the Crop Intensification Programme, the soil conservation and watershed programme, the irrigation programmes and targets, the terracing programme and others. However, at the local government level PAPSTA and KWAMP have issues of ownership and alignment. The two projects (and also PDRCIU) have rightly applied an integrated watershed management approach but have established new parallel and temporary structures, the Local Watershed Management and Supervision Committee (referred to as CLGS, the French acronym)[48] which serve as the local partner for the pilot activities of PAPSTA and for formulation and implementation of watershed management plans in KWAMP. CLGSs are not formally inscribed in the regular local government structures and as noted in an internal MINAGRI discussion paper.[49] "the CLGS was designed as a temporary – project life – institution" and "there is a danger that at the end of the projects the local administration will return to business as usual". The latter was underscored with a footnoted statement from Bugesera District saying that "the district is not well involved in CLGS activities". This raises issues of how the support is aligned to and owned by local government structures.[50] KWAMP and recent efforts in PAPSTA are trying to put more emphasis on involving the districts in project management.

99. **Adapting to a changing and fluid context.** PDRCIU has had a more problematic history. It was formulated before the major policies and programmes were defined and before districts started making useful District Development Plans. It has faced frequent changes in staff and management of the Project Coordination Unit as well as several changes in local government structures which were supposed to own the implementation. As a consequence, it has been problematic to develop district ownership and integrate project activities in district plans. The design and approaches have undergone several revisions. Although the project was designed according to the Flexible Lending Mechanism (with three phases) flexibility and changes had to be fought for as the Loan Agreement defined dozens of triggers for moving from one phase to the next. However, the number was reduced during implementation. The agricultural component was designed without a clear road map and implementation strategy.

100. **Post-harvest handling.** Apart from the support for export/cash crops where the market perspective was an obvious and integral part of design, the issue of post-harvest handling and marketing was not a high priority in the support for food crops and livestock in the early part of the period where the challenge was to raise subsistence production and improve household food security. However, thanks to

[47] The pyramid principle is also applied in crops, e.g. a farmer benefiting from an improved bean production system has a performance contract to get three neighbours into the same system.
[48] The CLGS comprises representatives from local governments, farmers' organizations and the local business community.
[49] MINAGRI, November 2010: Innovative Model on Watershed-Based Organization – CLGS: a Community-Driven Decentralized Institution.
[50] This is not an issue particular to Rwanda: it is encountered in many watershed programmes where it is often argued that special management structures following the borderlines of the watershed are required since the local government structures are not aligned to the watershed borders – in Rwanda for example, a watershed may be comprised of parts of different districts, sectors and cells.

the success of Government programmes such as CIP and Girinka, the last three years have seen significant surpluses emerging whereas there was insufficient capacity to handle these surpluses. Government and IFAD should be commended for addressing this changing context by making revisions to designs and implementation. PDRCIU provided crucial support for handling and processing milk surpluses in Nyagatare,[51] PAPSTA introduced a value chain component during implementation while KWAMP was designed with a value chain component.

101. **Rural finance — serious issues of relevance.** Support for rural micro finance was part of the design in most IFAD projects until 2003. For the evaluated period, it is part of PDRCIU (2000), PDCRE (2002) and PPPMER II (2003) but not included in PAPSTA (2005) and KWAMP (2008). The support has primarily been designed and delivered as credit lines on subsidized end-user terms while development of sustainable financial intermediaries had limited priority. Targeted credit lines may have had some justification in the early period in some of the new settlement areas in Umutara province where formal or informal services yet had to be established and there were limited savings to mobilize among the returning refugees.[52] The imposition by IFAD of end-user lending terms and subsidized interest rates clashes with IFAD's Rural Finance Policy (2000, 2009) focusing on strengthening the capacity of rural financial institutions to mobilize savings and provide loans on market terms. IFAD as well as the Consultative Group for Assisting the Poor and others in the rural and microfinance community are adamant in their objection against subsidized interest rates. Also the Government of Rwanda has come to the same position (Financial Sector Development Plan 2007, microfinance law 2008 and regulations 2009).

102. Subsidized lending terms (related to targeted credit lines) are often justified arguing that the borrower does not have the financial and managerial capacity and the credit history to borrow on market terms. Such arguments overlook that the subsidy disrupts the credit policy of the financial partner institution and confuses borrowers' credit perceptions. Rather than placing a debt burden (even though subsidized) on a weak borrower, it may be preferable to finance the initial start-up investment with a grant rather than a loan. This is the approach of USAID in its support for new coffee cooperatives entering into investments in coffee washing stations: grant financing is provided to cooperatives for the first station of a much smaller scale compared to the IFAD/PDCRE-financed ones. Once the cooperative develops sufficient financial and managerial strength and becomes creditworthy, it will have to seek bank finance on commercial terms. Thus, unlike the PDCRE-supported cooperatives, USAID supported cooperatives do not have to serve a large loan during the difficult start-up phase.

103. In the latter part of the period, and especially after conversion to direct supervision by IFAD, some adjustments were introduced during implementation. For example, PDRCIU initiated a cooperation with the MFI, Duterimbere SA, where the funds from the credit line were treated as any other funds of the MFI and where also some capacity development support, e.g. for a management information system, was provided.

104. **Rural non-farm enterprises – relevant but with disconnects.** While agriculture is by far the largest private sector, IFAD has supported non-agricultural private sector development in PDRCIU but primarily in PPPMER (phase I and II).

[51] The Savannah Dairy in Nyagatare provides a much needed service but there are critical issues related to management, ownership and financial viability.

[52] It is correct that BRD, a government bank without an extensive branch network for mobilizing deposits, may have a need for external liquidity, but BRD was not the only available partner. At the time of design, Rwanda had a relatively strong network of People's Banks (converted into a commercial bank *Banques Populaires du Rwanda*, BPR, in 2008), which relied fully on deposit mobilization as a source of loanable funds. In fact, BPR (recently, the main bank partner in PPPMER II) has an abundance of deposits, whereas some microfinance institutions (MFIs) might have benefited from assistance in mobilizing savings and other domestic resources.

Given the extreme land scarcity, it is for Rwanda of highest priority to create non-farm employment. This priority is emphasized in the 2010 Government Small and Medium Enterprise (SME) Policy (the "S" covers both small and micro). In Rwanda, IFAD has supported non-farm agricultural enterprises which are part of agricultural value chains (e.g. coffee, tea, silk in PDCRE, and dairy in PDRCIU) but also enterprise development not related to agriculture, e.g. hairdressers, tailors, carpenters, various handicraft enterprises (PPPMER I and II and partly PDRCIU).[53] The latter interventions are generally relevant to the context and government and IFAD policies but these areas have since decades been supported by numerous national institutions as well as many development partners and NGOs.[54] Within the Framework of the Rwanda Aid Policy, IFAD is not assigned any lead partner role in the areas of non-agricultural micro, small and medium enterprises. Indicative of such perceptions is the fact that IFAD was not consulted at all in the formulation of Government's 2010 SME Policy, though reportedly it was partly inspired by some of the experiences of PPPMER II.

105. **Public and community infrastructure — highly relevant at the time of approval.** Over the last 10 years, a considerable part of IFAD's funding has financed a diverse range of public and community rural infrastructures. PDRCIU accounts for a major part but also PAPSTA, KWAMP and PPPMER II have funded buildings. When the support for Umutara province was designed (PDRCIU), there was an urgent need for buildings to accommodate district and sector administrations, feeder roads and water supply for people and cattle. Focus was initially on the hardware side, while water user committees and road maintenance brigades were not properly formed and trained. Women's centres (buildings) were constructed next to the buildings of the sector administrations and are nowadays mostly used by the sector administrations (predominantly men). Both PAPSTA and KWAMP are providing significant financing for buildings, hardware and operation of the community innovation centres (CCIs). This involves the construction (plus staff and equipment) of a relatively large building complex that may serve farmers in three to four sectors with knowledge, advice and training. CCIs are replicated in KWAMP before there is robust information on their value for money and sustainability, such as local governments' capacity and desire to own and operate them.[55] KWAMP has also improved district roads through the feeder roads sub-component.

106. **Capacity and institutional development — relevant but fragmented.** All evaluated projects have included support for developing the capacity of farmers' and beneficiaries' organizations, being it cooperatives, associations or water user committees/associations. PAPSTA, in particular, but also to some extent PPPMER II have supported the capacity development at central government level in the implementing ministries while PDRCIU and KWAMP were designed with major components to develop the capacity of local governments.

107. **Capacity development support for central government.** The most comprehensive support in this area was provided by PAPSTA under its component 1: Institutional Support for the Agricultural Sector.[56] The proposed support was

[53] The support has comprised adult literacy training, vocational training and an innovative system of apprenticeship training, development of entrepreneurial capacity and Business Development Services, linkage to markets, and construction of handicraft centres (also access to credit, addressed in previous section).

[54] Including Germany (GTZ [renamed GIZ as of 2011]-DED), the Belgian Technical Cooperation, the International Labour Organization and UNIDO, the U.S. African Development Foundation, the African Capacity Building Foundation, the World Bank/IFC, Technoserve, SNV.

[55] Based on data from the Gatore CCI, it is estimated that a CCI involves an initial investment of about US$140,000 and annual operational costs of at least US$65,000 when including water and electricity.

[56] It included two central level sub-components, PSTA coordination support and MIS and communication system; the third sub-component was designed to develop capacity at decentralised level. The support was designed in detail by DFID during 2006, and in March 2007 a Memorandum of

highly relevant but in retrospect it appears that the budget was too large for the designed support[57] and the implementation capacity, in particular considering an implementation period of only 36 months. Capacity development processes do take time and this CPE finds that the allocated implementation period was unrealistically short. In the case of PDCRE, an opportunity was missed to jointly develop an official national strategy for the coffee sector which could have been a useful basis for harmonising the many different support interventions.[58]

108. **Developing local government capacity — issues of approach.** At the start of PDRCIU (December 2000), development of capable district administrations was seen as a challenge and a long-term endeavour. In contrast, there were plenty of urgent needs that PDRCIU, through its project coordination unit (PCU), could address immediately, water, roads etc. **Development** of the district administration capacity became a secondary priority which was furthermore frustrated by high staff turnover in district administrations and geographic and administrative reorganizations of the districts. Moreover, in PDRCIU (and in KWAMP) the approaches adopted may create inconsistent incentives, particularly when the PCU is at the same time in charge of implementing the project as well as developing the capacity of district staff and transferring to them implementation responsibility so that the PCU can progressively phase out.

109. KWAMP has started with good intentions of developing the capacity of the Kirehe district administration to gradually take over implementation responsibilities, also supporting the **administration** with advisors/facilitators. For the joint PCU for PAPSTA and KWAMP the challenge ahead is to gradually withdraw from implementation and provide space for district staff to operate and take decisions. While there are many arguments for having one and the same PCU for PAPSTA and KWAMP (furthermore a PCU awarded a prize for its good work and efficiency), it will be a challenging task to manage two different approaches and cultures under the same hat: PAPSTA supporting pilots and innovations in the field but largely centrally executed by the PCU whereas KWAMP has the intention of moving towards implementation by local government.[59]

110. **Relevant but fragmented support for cooperatives.** All IFAD projects are providing some kind of capacity development support for cooperatives, and so are numerous programmes supported by other development partners. Public, private and civil society **organizations** are contracted or co-opted as service providers using their specific methodology and systems to develop the capacity of the cooperatives. Though one may debate the risks of the exponential growth in the cooperative sector and argue for a more cautious and gradual approach, the dramatic increase in the number of cooperatives is an unavoidable reality where all of this support is highly needed. This CPE considers that there is a need for a more harmonized approach, also involving capacity development support for the RCA to enable it to deal with its supervisory and regulatory functions. A concerted effort by all stakeholders should try to harmonize the support services for developing the

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Understanding (MoU) was signed between IFAD and DFID for a DFID grant of UK£3.0 million (~US$5.47 million).

[57] In fact, the Report and Recommendation of the President, August 2005, assumed a much smaller DFID cofinancing of US$2.95 million.

[58] At the time of PDCRE design, the 2002 National Coffee Strategy had been prepared in draft, but it was not made official/published and used for the PDCRE design, while a 2000-2003 Coffee Action Plan was considered. Later during implementation, an official 2009 Revised National Coffee Strategy was prepared but in an in-house process by OCIR-CAFÉ without the participation of IFAD or the PDCRE PCU, though indirectly with a financial contribution as PDCRE pays OCIR-CAFE a management fee for its services.

[59] A further limitation is that implementers have to apply not only the national procedures but also IFAD ones requiring no objection. The latter is obviously much easier for a well-trained "IFAD PCU" than for the district administration whose capacity is being developed by government and other development partners (e.g. the EU). On the other hand, IFAD correctly argues that had it not been for its close and detailed supervision a number of mistakes and non-optimal uses of resources would have taken place. Thus, there is a trade-off between avoiding mistakes and facilitating the decentralisation process.

capacity of cooperatives (e.g. standardising training modules for office bearers and committee members, and gradually building cooperative apex organizations which can support the capacity development of their members).

111. Across the portfolio relevance is rated as *satisfactory* (5), with three individual projects (PDRCIU, PDCRE, PPPMER-II) rated as satisfactory and the two more recent ones (PAPSTA, KWAMP) rated as highly satisfactory (see annex 1).

Effectiveness

112. Under this criterion it is assessed to which extent the projects have achieved their immediate objectives or rather to which extent the projects have contributed to their objectives which are often defined in general terms. It is rarely possible to attribute a change entirely to the project while one may assess the project's contribution. With some exceptions, the portfolio has overall performed well in terms of delivering the targeted quantitative outputs and outcomes. Assessment of effectiveness is possible for PDRCIU, PDCRE, and PPPMER II which are at the stage of completion. In the case of PAPSTA, which by 31 December 2010 has utilized 68 per cent of its implementation period, it is possible to provide a strong indication, in particular because PAPSTA by this time already had achieved or surpassed many of the end-of-project output and outcome targets. However, for KWAMP, which has just started, it is too early even though the start-up has been rapid and efficient.

113. **Agriculture and NRM — effective support.** IFAD's support provided through PDRCIU, PDCRE, PAPSTA and KWAMP can be broadly categorized into four themes: (i) integrated watershed management and soil conservation including integration of crop and livestock production; (ii) crop intensification; (iii) marshland management and irrigation (including hillside irrigation); and (iv) export and cash crop promotion (tea, coffee, sericulture, etc.). PAPSTA (and in the future KWAMP) account for the main support in the three first areas. PDRCIU provided support for watershed management and agriculture in its late implementation period while it in its early period invested significantly in reforestation and hedgerows around fields and homesteads. PDCRE is not applying a watershed management and soil conservation approach but is promoting plantings of new or improved varieties and better crop husbandry for coffee, tea, sericulture and various horticultural crops.

114. **Integrated watershed management and NRM.** PAPSTA has successfully piloted a range of interventions and innovative methods and technologies for protecting watersheds and improving their productive capacity in six pilot zones benefiting some 19,000 households. The 2009 Mid-Term Review added another five zones within "the PAPSTA districts"[60] Watershed management plans have been developed in a participatory manner. Cumulative achievements as of 2010 are for many indicators above the targets defined for the end-of project (March 2013).[61]

115. **Livestock is an integral part of the approach.** Dairy cows (mainly Jersey or F1-crosses of Friesian) are distributed to poor households with minimum half a hectare of land, and small livestock (pigs, goats, sheep) are distributed to poor households with less than half a hectare. Rabbits are given to landless who have some possibility of obtaining fodder. An artificial insemination programme is implemented to improve the quality of the local breeds. Zero-grazing of livestock is adopted, and to ensure sufficient fodder, forage grasses and fodder trees are planted along the contour lines of the watershed to protect against soil erosion and retain soil moisture. By 2010, PAPSTA had almost achieved most of the end-of-project targets for livestock re-population. PDRCIU's agricultural component was neglected until 2006, and it was only in 2008 that work started on two watersheds using some of

[60] Except for Kirehe district where KWAMP will continue PAPSTA's efforts and cover most of the district and about 87 per cent of the total population of the district (about 292,000 people).

[61] E.g.: rehabilitation of existing trenches (3231 per cent), area planted with agro-forestry trees and forage grasses (235 per cent), area hedged and protected against erosion (214 per cent), and associations and cooperatives engaged in watershed management (100 per cent).

the same methodologies as in PAPSTA. Before then PDRCIU had financed a major campaign protecting the lands and soils against livestock and overgrazing and contributing to a general greening of the areas. PDRCIU has contributed to the Girinka programme and the construction of the Savannah Dairy in Nyagatare (with MINAGRI as the operator and main owner), small slaughter houses, and veterinary pharmacies.

116. **Crop intensification.** The support for crop intensification, both under PAPSTA and PDRCIU, has contributed to increased agricultural productivity, as demonstrated by recorded yield increases of 50 per cent to 500 per cent in the major food crops. The support interventions include (i) use of improved seed and chemical fertilizers, (ii) adoption of improved cultivation methods, (iii) seed multiplication, and (iv) training. PAPSTA has within the framework of CIP supported intensified production of amongst others maize, beans and Irish potatoes and has in addition introduced kitchen gardens for production of vegetables. PDRCIU has worked together with RADA and ISAR on pineapple, bananas, beans sunflower, maize, and rice. PDCRE has made contributions to increasing productivity and improving quality of the two traditional exports, coffee and tea: some 16 million coffee seedlings have been distributed to farmers (more than initial target) and close to 80,000 coffee farmers have been trained, while some 9 million tea seedlings have been distributed (89 per cent of target). The increase in production and productivity and the quality improvements will primarily emerge after project closure as the plants come into full production.[62]

117. **Marshlands and irrigation.** PAPSTA and KWAMP include (i) conversion of marshland into irrigated crop production and introduction of an intensive rice cultivation system into the marshland cultivation systems, and (ii) hillside irrigation. In contrast to other areas, PAPSTA's progress in construction and improvement of marshland irrigation systems is lower than originally planned because part of marshlands irrigation initially planned under PAPSTA is implemented under the World-Bank-financed Rural Sector Support Project.[63] Major achievements have been made in introducing the intensive rice cultivation system (*Système de Riziculure Intensive, SRI*) which was initially introduced and applied in Madagascar. SRI allows for lower use of seed and water and has in the marshlands of Rwabutaza and Kibaza doubled the yields from 3-4 tons/ha to 6-7 tons/ha.[64] Progress on hillside irrigation is less significant.[65]

118. **Rural finance — not effective.** IFAD's support for rural finance in PDRCIU, PPPMER II and PDCRE has not been effective in terms of contributing to an enhanced and sustainable access to rural finance. All three projects and all three types of financial institutions involved (the government-owned bank *[Banque Rwandaise de Développement]*, the Union of People's Bank *[Union des Banques*

[62] PDCRE has also under its "new cash/export crop component" introduced patchouli and sericulture as new cash crops and funded trials and training in geranium, castor oil, and pyrethrum. The new cash crops are still at their initial fragile development phase.

[63] In PAPSTA, the implementation works of about 60 ha (3 marshlands) recommended during the mid-term review will start in august 2011 for a 4-month implementation period at Nyamagabe, Gakenke and Ngororero Districts. Also 600 others ponds were planned by Kwamp to be constructed during the period of 2011 to 2014. PAPSTA and KWAMP have implemented about 176 ha of marshland development and 2dykes (December 2010). The implementation process for dykes and 800ha hillside irrigation schemes is planned to start in August 2011.

[64] KWAMP has made a rapid start on constructing the dykes/dams for the Cyunuzi and Sagatare marshlands which will allow cultivation of 172 ha with rice and high value crops such as onions, tomatoes and soybeans. This rapid start-up was made possible by designs and preparations undertaken by the Rural Sector Support Project (RSSP) funded by the World Bank.

[65] PAPSTA has constructed 20 small dams/ponds while KWAMP has constructed 130 ponds in Kirehe district by May 2011. KWAMP is in the process of constructing 14 ponds for collection of rainwater that may be used during the dry season and when there is a water shortage. The ponds are fitted with mechanical pumps which appear difficult to use and maintain. Gravity systems, which are easier to use and less costly, have been introduced (early in 2011) in more than 100 ponds implemented under KWAMP as well as PAPSTA.

Populaires du Rwanda (BPR)] transformed into the commercial bank BPR, and the MFI Duterimbere) have high delinquency ratios in the portfolio financed by the project credit lines. The limited achievements are particularly disappointing because Rwanda has a population density in rural areas that in principle should make it feasible to partly use urban microfinance concepts in rural finance. While it is often argued that Africa cannot copy the success of Bangladesh in rural microfinance because transaction costs are too high due to sparsely populated rural areas, long distances between clients and poor infrastructure, this is not the case in Rwanda which has densely populated rural areas and a relatively good infrastructure.

119. In contrast to "soft" support to financial institutions for developing their capacity to handle risk and new types of clients and mobilize savings, targeted credit lines are usually of limited effectiveness, in particular in situations, such as in Rwanda, where there is ample liquidity (in particular in BPR) and where, as in the case of IFAD's support, the revolving funds lose value due to loan recovery problems and inflation. Generally, it has been difficult for IFAD to find partners for its targeted credit lines with IFAD-determined subsidized end-user terms, and some of those who were co-opted became "reluctant partners".[66]

120. In the case of PDCRE's cooperation with BRD, a recent loan restructuring was introduced as an emergency measure to cope with massive defaulting. This has brought the delinquency ratio down to zero as no repayments have as yet fallen due. In the case of PDRCIU's cooperation with Duterimbere, delinquency ratios of the six outlets ranged from 18.3 per cent to 45.1 per cent in January 2010, averaging 31.7 per cent (un-weighted). However, with recent massive recovery efforts (which Duterimbere says it is unable to sustain in the long run), delinquencies were brought down to a range of 7.5 per cent to 14.7 per cent.

121. **Rural enterprise development — effective support but many fragile enterprises.** The main support has been delivered by PPPMER II while PDCRE has supported cooperatives and enterprises in the export/cash crop value chains. PDRCIU also had a budget for supporting rural non-farm enterprises but in the spirit of promoting synergies, cooperation was developed with PPPMER II being the "expert centre" in this field and therefore in a better position to execute some of the activities included in the PDRCIU budget.

122. PPPMER II is supporting two main areas: (i) capacity development of micro and small enterprises (MSEs) through training and Business Development Services (BDS); and (ii) vocational training primarily through an apprenticeship programme and support for apprentices to start their enterprise. By the end of 2010, PPPMER II had provided capacity development support to more than 6,000 MSEs (4,666 individual enterprises and 1,348 cooperatives or associations) with a total of 41,923 members.[67] Through its cooperation with the public RCA, support has been provided for training of more than 8,000 cooperative members. The supported MSEs are in many different trades such as carpentry, welding, tailoring. commerce, beekeeping, and pottery. The field work of this evaluation confirms the findings of project-contracted surveys[68] that the capacity development support to the MSEs indeed has been successful. Cooperatives members have received functional literacy training which allowed them to participate in training in marketing,

[66] For example, BRD pulled out of two projects: at the transition from the first to the second phase of PPPMER, and between two phases of PDRCIU. In PDCRE, BRD was persuaded to provide term finance to immature cooperatives and, in the case of coffee cooperatives, for oversized coffee washing stations, resulting in a non-performing portfolio and its restructuring as an emergency measure. This in turn has led to a substantial downsizing of fresh credit. BRD informed the Evaluation Team that it will not continue extending privileged access to PDCRE-supported cooperatives when the project ends. Also BPR is not likely to be a future IFAD partner for credit lines as deposits provide it with more than sufficient liquidity for its lending activities.

[67] PPPMER II Self-Assessment Report, November 2010.

[68] CIBLE, 2008, PPPMER II Impact Assessment.

business planning, cooperative management, basic accountancy. Two successful cooperatives in the Northern Province: COVAGFA (processing and marketing of passion fruit juice) and COPAV (handicrafts) were mostly formed of former illiterate people but are now successfully and aggressively accessing new markets for their products.[69]

123. Under the apprenticeship programme, the project is financing the cost of placing a youth as apprentice with an enterprise, mainly in the local area.[70] In addition, the project has financed more formal training of apprentices in management and accounting, marketing. By late 2010, the project had significantly surpassed the original target and financed 6,519 apprentices (women 57 per cent) with satisfactory contributions to the objectives, in terms of developing (i) the enterprises which deliver the training, and (ii) the working career of the apprentices. According to the Impact Assessment (CIBLE, 2008) contracted by PPPMER II, 46 per cent of the "graduated" apprentices had created their own MSEs, 28 per cent had been employed by MSEs operating in the apprentices` zone of residence, and 11 per cent had got jobs in urban areas, while 15 per cent were still looking for jobs.

124. Market linkages have been promoted by financing the participation of MSEs in trade fairs and training cooperatives in selected lines of production, e.g. basket making, with some positive results. Financing has also been provided for construction/renovation of 15 artisans' houses, used as showroom and sales point for several cooperatives. While the above-mentioned support has raised the capacity of the MSEs, many remain fragile as indicated by the baseline situation compared to the 2008-situation (CIBLE, 2008). As illustrated in table 8 below, there has been a movement towards the categories with higher capacity but close to half of the MSEs (surviving and emerging) do not have a foundation that ensures their long-term survival. Furthermore, it should be highlighted that the movement towards the stronger categories may be partly explained by the inflation which is not accounted for. Also among the "growing MSEs" it is likely that there will be some mortality.

Table 8
Developments in MSE categories of different capacity

	Baseline	*2008*
Category and typical characteristics	*Per cent of total*	
"Surviving MSEs": savings/capital less than RWF15,000 (US$25), often unemployed and uneducated rural women and youth engaged in informal trade	32	5
"Emerging MSEs": micro entrepreneurs, savings/capital RWF15,000-150,000 (US$25-US$254), no permanent production facility, seasonal activities, traditional know-how	57	41
"Growing MSEs": capital of more than RWF150,000 (US$254), mostly up to RWF 1.5	11	54

[69] PPPMER II has also invested considerably in training of cooperative members and internal study tours and according to a survey (CIBLE, 2008) with positive outcomes. (i) 70 per cent of cooperatives have basic accounts; (ii) 78 per cent of cooperatives have opened their own bank account; (iii) 71 per cent of cooperatives have an inventory of their material and equipments; (iv) 88 per cent of cooperatives have developed a business plan, facilitating their access to bank financing and (v) 97 per cent of cooperatives have improved their managerial performance. However, according to the trainees, the outcome would have been even better if the training had been for a longer period, the training modules had been better adapted to the knowledge level of trainees, and the modules had been distributed to the trainees to help them practice in daily operations what they had been taught. PPPMER II has also supported cooperatives with business development services provided by (project-paid) 35 Rural Enterprise Advisors. While the intention was that the MSEs gradually should pay an increasing share of the service fees, this has not yet happened.

[70] When the enterprise is located in the area where the apprentice lives the project pays RWF10,000 per month for six months, a total of RWF60,000 (~US$103), which is an extremely cheap way of vocational skills development. However, when the apprentice is attached to an enterprise outside her/his residence the cost increases to an estimated RWF220,000 per month while the cost for training at vocational training centres is estimated at RWF80,000 per trainee per month.

	million (US$2,540) but a few with more, fulltime engaged in enterprise, modern know-how, permanent facilities, may serve as master trainers in apprenticeship programmes

Source: Technical Working Paper based on CIBLE 2008, table 4

125. PDCRE had the objectives of developing primary cooperative societies of coffee and tea growers as well as processing and marketing enterprises in the private sector but ultimately controlled by the primary societies. The IOE interim evaluation found that the established cooperatives were democratically managed but with cases of administrative incompetence and mishandling of funds. As for processing and marketing enterprises, the ultimate objective of control by primary societies was not achieved. Parchment coffee from the cooperative coffee washing stations is being hulled by private plants; and in the tea sub-sector, it was decided to apply a public-private partnership approach after a government decision to privatize all tea factories. The decision to go for private operators of more complex processing and marketing operations was partly based on considerations that cooperatives are still too weak to handle such operations and that private operators are more efficient. However, both the cooperative and the private model have risks in terms of contributing to increasing the farmers' share of the market value. While the cooperative model may reduce the farmers' share due to inefficiencies, the private model, though more efficient, may do so due to lack of competition, allowing one or two companies to pay farmers low and unfair prices.

126. **Infrastructure — effective but operation and maintenance issues.** Overall, the portfolio has implemented the investments in public and community infrastructures as planned, and generally the infrastructures are serving their objectives, however with some exceptions. In PDRCIU, the roads are still in a relatively good condition, despite lack of maintenance, and provide communities with access and cheaper access to markets and services. The significant investment in water structures is only partly providing people with permanent access to drinking water. The majority of water pumps were by late 2010 not operational while the gravity schemes had problems of supplying sufficient water during the dry season due to an insufficient source. However, a major effort is being undertaking at the end and during an extension of the project to rectify these problems. Water structures for cattle are operational but lack of maintenance is a risk for the future. The buildings for public administrations (districts and sectors) serve their purpose while the buildings for women are mainly used by the sector administrations. In PAPSTA, the CCIs have yet to demonstrate an effective and sustainable contribution towards knowledge, skills and technology transfer to farmers in their command area. In KWAMP, the Kirehe district administration building, rapidly constructed during the project start-up phase, is likely to serve its purpose.

127. **Institutional development — fragmented and issues at local government level.** It is challenging to determine if an institution has become more effective in achieving its mandate and if any notable change can be attributed to IFAD's support. At the central government level, the main and most systematic support is delivered by PAPSTA, which under two sub-components provides: (i) strategic level support to MINAGRI and the agricultural sector; and (ii) central level capacity building, mainly for MINAGRI.[71] In spite of delays, this CPE finds this sub-component effective towards improving the strategic framework for the agricultural sector. The second sub-component supports the development of technical, managerial and institutional capacity required for the sector's restructuring and

[71] The first sub-component has supported (mainly through technical assistance, including consultancies) work on PSTA II and the SWAp as well as the development of MINAGRI's new structure, including the new Rwanda Agricultural Board (RAB) and the National Agricultural Export Development Board (NAEB).

effective performance of its functions.[72] It has tried to design a comprehensive package of capacity development support based on needs assessments but this has not been fully achieved.[73] Yet, the financed overseas education and the trainings are likely, over time, to contribute to strengthening the central level capacity.

128. PPPMER II was designed with a sub-component that was to assist MINICOM by establishing a national stakeholder platform for exchange of information and advice on policy, institutional and legal issues relevant to SME development. A forum for consultation and exchange among partners and stakeholders has been established and probably contributed to the development of the institutional framework for SMEs.[74] PPPMER II has assisted MINICOM in developing the legal framework for SMEs, supported the functioning of "the artisanal secretariat" (*Sécretariat de l'artisanat*), and late in the implementation (September 2009), a MoU was signed with the government RCA to strengthen its capacity.

129. At the local government level PDRCIU has made the main contributions while KWAMP is designed with major support for developing the capacity of Kirehe district. The contribution of PDRCIU has mainly been in the form of hardware, buildings and computers. Though some technical assistance and training has been provided, there has been no systematic effort of improving the capacity of staff or introducing more effective management and operational systems. Generally, there seems to be an absence of an overall plan for developing the capacity of district, sector and cell administrations, a plan that could be used for harmonising the capacity development support provided from government and development partner resources.

130. PAPSTA/KWAMP. The CLGSs, connected to the grass roots through local Resource Persons and Village Liaison Persons (*Relais Villageois*) being introduced by PAPSTA and KWAMP represent a new and innovative element of the rural institutional framework. Their objective is to better coordinated planning at watershed level. However, the CLGSs are not yet part of the official local government structure.[75] Within the PAPSTA/KWAMP,[76] there is concern that the CLGS as a concept lacks clarity, that the composition, responsibilities, and powers of the CLGS need clarification, and that the sustainability after the project is uncertain. Rather than enhancing the process of developing the local government capacity, especially at sector and cell level, the CLGS may actually be counterproductive by taking on functions that are within the mandate of sectors and cells.

131. The development of the capacity of cooperatives is present in all five projects and, overall, the support has only been partly effective in terms of developing viable and sustainable cooperatives. As in the case of the support of PPPMER II, the general picture is that capacities have been developed but weaknesses remain. In the case of PAPSTA, the IFAD implementation support mission noted in March 2010 that "six of the 12 cooperatives trained so far are in crisis". The interim evaluation on PDCRE noted that "challenges remain related to managerial issues".

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[72] The sub-component has financed 50 masters' degree studies overseas, much needed in some of the agricultural boards, in the district administrations and perhaps among private service providers. The sub-component is also financing short-term training based on gap analysis.

[73] A functional analysis was only being completed in 2010, and a study on developing a human resources and capacity development programme has not been utilised (IFAD Implementation Support Mission, 2010).

[74] In the terminology of MINICOM, the "S" includes small as well as micro enterprises.

[75] A Local Watershed Management and Supervision Committee (CLGS) is usually chaired by the Vice Mayor responsible for economic affairs, assisted by a Vice President usually an Executive Secretary from an administrative sector in the watershed. A project officer provides the secretariat. The other members are executive secretaries of other administrative sectors as well as opinion and business leaders in the watershed, for example presidents of cooperatives and associations. All the CLGS members are volunteers and the CLGS is an external body with respect to the local administration.

[76] CLGS : a Community-Driven Decentralisation Institution, Internal Document, MINAGRI Nov. 2010 ; and PAPSTA MTR, 2009, Annex 3, page 7, paragraph 24.

132. Support for establishment and capacity development of user/beneficiary groups and committees is a major element of PDRCIU while also PAPSTA and KWAMP include support for watershed committees and (irrigation) water user associations. PDRCIU initially neglected the capacity development of road brigades and water user committees, and did not invest in establishing user groups or committees of livestock owners using the valley dams and tanks. At the end of the project, it became obvious that this neglect had a very negative effect on the operation and maintenance, and a special effort is being made in the last months of the project to rectify the situation. In PAPSTA, efforts are made well before the irrigation scheme comes into operation to establish and develop the capacity of the future irrigation scheme users. Investments are also made to train farmers in the Intensive Rice System (SRI), an innovation imported from Madagascar.

133. **Youth.** With a population growth rate of about 2.8 per cent p.a., Rwanda has a very young population. The median age is 18.7 years and about 43 per cent of the population is below the age of 15. With the rapid improvement of education, many rural young people do not see their future in agriculture and the village, at least not in terms of cultivating the soil with a hoe. They want to put their education to good use. Many of the cooperatives and farmer associations visited by the CPE team had educated young people in the management positions. Furthermore, with the very small landholdings and a land law that discourages further fragmentation, most of the children in a large family would need to seek their income from non-farming activities. Within IFAD's portfolio, PPPMER II has had the most significant outreach to the rural youth and helped many young people to get a job or start a business outside farming. However, also the agricultural projects (KWAMP, PAPSTA, PDCRE/PRICE) may potentially make a significant contribution to non-farm employment by providing much needed support for agricultural value chains, creating jobs in processing and marketing.

134. Effectiveness is rated satisfactory (5) across the portfolio, with two projects individually rated as moderately satisfactory (PDRCIU, PDCRE) and two as satisfactory (PPPMER-II, PAPSTA). The latest project (KWAMP) is too recent for a full assessment of effectiveness (see annex 1). The overall rating takes into account improvement in effectiveness in more recent projects.

Efficiency

135. Efficiency is understood as the proportion between resources invested and outputs and results achieved. The economic internal rate of return is sometimes used as an indicator, comparing its estimated value at the design, and at completion or post-project stages. However, due to lack of data this has not been possible in this CPE. Instead, information on efficiency has been organized according to timeliness in project start up, in disbursing and implementing the components, unit costs and management cost ratios. In terms of delivering planned outputs and activities with satisfactory quality and according to schedule and budget there is variation between the five projects, which may partly be explained by differences in the complexity of design and different strengths and weaknesses of the PCUs, implementing partners, and contracted service providers.

136. **The overall picture is positive**, with the exception of PDRCIU during the first two thirds of its implementation period. However, late in the implementation period PDRCIU has improved its performance but too late to address all deficiencies of the past. Indeed, PDRCIU has been the only "problem project" in the portfolio. The design was extremely complex comprising a wide-ranging support menu which it required a significant capacity to deliver. Given that a large part of the project area was newly settled, such capacity was not available among local government administrations, private contractors, and services providers. Also, it was difficult to attract competent staff to the PCU which furthermore experienced high staff turnover. While the PCUs for the other four projects are located in the capital Kigali, the PCU for PDRCIU is located in the rural town Nyagatare which is not the first

choice of persons with an academic degree. Several re-organizations of the district structure were implemented, thus changing the implementing partners, i.e. the districts. Finally, the Flexible Lending Mechanism was not helpful as it induced the PCU to focus on the numerous quantitative triggers in the Loan Agreement, while neglecting the "soft aspects" such as building the capacity of user groups and partners, which in turn had the consequence that many of physical structures are poorly maintained and managed, and therefore not delivering the anticipated benefits.

137. At the opposite end, PAPSTA and KWAMP have had very efficient implementation performance, and both received in 2010 a prize for being the best managed and performing projects in the East and Southern Africa region. The two projects are managed by the same PCU which has allowed for a rapid start-up of KWAMP. Apart from a generally well-functioning PCU, this evaluation finds that a special outstanding feature is the efficient procurement and contract management which ensures that contractors and service providers deliver what they are supposed to. Many of the activities of the two projects are implemented by private contractors and public and private service providers. However, in the case of PAPSTA, the efficiency in managing the DFID grant has not been as expected during design, due to amendments and delayed disbursements.[77]

138. On several efficiency indicators, the on-going portfolio in Rwanda performs better than regional and global IFAD averages. The time from the approval of the project by IFAD's Executive Board till the project becomes effective averages for the five projects 8.3 months while the average for the East and Southern Africa region is 11.8 months and globally 12.5 months. Furthermore, it should be noted that for the two most recent projects, PAPSTA and KWAMP, the time had been reduced to 6.8 and 7.6 months respectively (table 9).

139. Reasons for improved managerial efficiency of projects include not only stronger institutional capacity of national institutions and more transparent procurement and implementation procedures but also enhanced support by IFAD through direct supervision and country presence. This topic will be further developed in chapter V.

140. In Rwanda, there is a special urgency to deliver rapid results, and views were expressed by government officers and members of government that project periods should be shorter, maximum four to five years, instead of 10 years as in the case of PDRCIU. Given Rwanda's recent history, this is understandable and may also be feasible for a number of physical investments considering the overall efficient and target-oriented performance of Rwanda's public sector. However, very short project periods may not be appropriate for addressing the challenges of building (from scratch) viable rural institutions, such as cooperatives with members having only a very basic capacity.

[77] The DFID-IFAD MoU of March 2007 already had to be amended in October 2007 allowing disbursements for two other sub-components. In spite of the October 2007 amendment to the MoU, a three months extension (1 April – 30 June 2010) had to be agreed to try to utilize the unspent balance. However, by the end of the extended grant period, an amount of UK£1.0 million (a third of the grant) still remained unspent, and thus "lost" as DFID could not consider a further extension due to MINAGRI's inability to present a plan for how to move forward towards the SWAp.

Table 9
Time to effectiveness, time overrun and adjusted disbursement rates

Project	*Time between EB approval and declaration of "effectiveness" (months)*	*Difference between original and actual project closing (months)*	*Adjusted disbursement rate [a] (%)*
PDRCIU	7.0	6.0	110%
PDRCIU twin project	10.8	0.0	62%
PPPMER II	9.3	0.0	100%
PDCRE	9.1	12.2	82%
PAPSTA	6.8	0.0	123%
KWAMP	7.6	0.0	140%
Average above projects	8.4	3.0[b]	95%
Average earlier projects in Rwanda	15.7	40.0	
Regional average	11.8	16.7	
IFAD average	12.5	16.5	

[a] Disbursement rate adjusted for project duration as of March 2011. For example, if a project has used 50 per cent of its implementation period and 50 per cent of its budget, the adjusted disbursement rate is 100 per cent.

[b] Most of the projects considered by the current CPE are still ongoing and this estimate is likely to understate future overrun

Source: CPE elaboration from PPMS (March 2011)

141. With respect to the share of project management costs in total costs, the average (at design) for the five projects was 9.6 per cent, which is lower than normal for IFAD. This average covers over wide variations with PPPMER II having (at design) 18 per cent while KWAMP had only 5 per cent. PPPMER II was designed with zonal PCUs in addition to the central PCU and part of the management budget is in fact services for MSEs. The low percentage for KWAMP is mainly obtained by having the PAPSTA PCU serving also as PCU for KWAMP. Normally PCU budgets at design are surpassed during implementation and it is still too early for some of the projects to determine if this also will be the case for them. However, in the case of PDRCIU, which is close to completion, the cumulative management costs are significantly higher than the budget at design.

142. With respect to unit costs of the investments and services financed by the projects, this evaluation did not encounter any significant cases of major deviations from averages in Rwanda. However, cases of poor performance by contractors are not uncommon, both in terms of quality and delays, especially in PDRCIU (water structures). Sometimes, the delays were caused by lengthy payment procedures by the projects: many small contractors have limited liquidity and if not paid on time, they have to reduce the level of activity at the construction site.

143. Across the portfolio, efficiency is rated as satisfactory (5). In terms of individual projects the rating is moderately unsatisfactory for PDRCIU, moderately satisfactory for PDCRE, satisfactory for two projects (PPPMER-II, PAPSTA) and highly satisfactory for the most recent project (KWAMP, see annex 1).

B. Rural poverty impact

Methodological issues

144. Impact is arguably the most daunting criterion to assess for an evaluation as the analysis is typically constrained by the paucity of data and methodological issues such as attribution: inferring that certain results are (at least in part) due to the IFAD-supported development intervention. In this context, it should be highlighted that Rwanda overall during the last 10 years has experienced improvements in

socioeconomic indicators as well as major improvements in food security during the last three years. This evaluation uses information collected in the field by the evaluation team through focus group discussions (including a rapid CPE field survey in the PDRCIU areas conducted before the main mission) as well as impact assessments undertaken by the projects. Normally, evaluations of IFAD's projects are constrained by absence of impact assessment surveys but in the case of Rwanda, such surveys have been conducted in four of the projects, though with varying quality.[78]

145. Many of the impacts of the current portfolio will only emerge in the future, even for projects approaching completion, i.e. PDRCIU, PDCRE and PPPMER II. For example, the main impacts from the plantings of coffee trees and tea bushes under PDCRE will only be realized in a few years when the plants come into full production. Though PDRCIU started some 10 years ago, many of the agricultural interventions that have direct impact on households were only initiated a few years ago. Similarly, the impacts of PAPSTA, after 4.5 years of implementation are just emerging, allowing for only a tentative assessment. KWAMP is in its initial stage of implementation and hence, while outputs are emerging, impacts cannot yet be estimated. In PPPMER II some of "impacts" may not be sufficiently consolidated to be defined as impact and may rather be regarded as immediate outcomes.

Household income and assets

146. The main direct impact on household income and assets has been obtained in the support for agricultural and livestock interventions (PAPSTA, PDCRE, PDRCIU), non-farm rural enterprises (PPPMER II), and feeder roads (PDRCIU). Support for developing the capacity of the rural poor and their organizations as well as for providing people with access to safe drinking water may have important but more indirect impacts on household income and assets, and are assessed in the next section under human and social capital and empowerment. Microenterprise interventions (PPPMER II) have reached out to the poorest people, unemployed rural women and youth, landless and orphans. Some of the activities of PDRCIU have also impacted on the poorest while PDCRE and PAPSTA primarily benefit the economically active poor: Coffee and tea farmers have incomes above the national average and 87 per cent of PAPSTA beneficiary households have more than 0.6 hectares of land, i.e. more than the national average.[79]

147. In the case of PDRCIU, there is no adequate and comprehensive information on trends in the income of beneficiary households but national data show that the Eastern Province overall has experienced the most significant poverty reduction, to which PDRCIU and many other efforts and factors may have contributed. For example, the construction and rehabilitation of feeder roads has provided access to markets, opening up new areas of cultivation, and services and significantly reduced transport costs (table 10). Investments in other structures (livestock market places, slaughterhouses, seven milk collection centres, and a dairy processing plant at Nyagatare) have also made contributions to raising household incomes by providing a market outlet and better prices. Livestock owners have also benefited from establishment of 58 valley dams providing permanent water for their livestock, and a number of investments in animal health reducing livestock

[78] PDRCIU's initial design and log frame were not clear and a baseline survey was not undertaken. The project only developed an adequate M&E system after eight years of implementation. An impact survey was undertaken in 2008. this survey compared households with and without the project but could not provide a comparison of the situations before and after the project support because a baseline was missing. Moreover, the survey results were contested by the PCU on the ground that sampling had not been carefully conducted and some of households classified as "households with project" were not beneficiary households. Problems were also found in the case of PAPSTA. a baseline survey was carried out in January 2006 but the 2009 follow-up survey considered only a part of the original indicators, creating problems of comparability. In PDCRE and PPPMER II, the impact surveys were accepted by the respective PCUs.

[79] Bestej (2010), Evaluation de l'impact des activités du PAPSTA, p. 23.

mortality. The support for introducing new crops (pineapple) and raising yields of traditional crops (maize, banana) has also made important contributions to household income. For example, for pineapple an average yield of 19,000 kg/ha is obtained providing a gross revenue of RWF3.2 million which allows some producers to employ seasonal labourers, paying them RWF1,500 to RWF2,500 per day — well above the daily income poverty line.

Table 10
PDRCIU - Impact of road rehabilitation on transport costs

Distance	*Transportation means*	*Cost (1999 – 2000)* *RWF*	*US$*	*Cost (2009 – 2010)* *RWF*	*US$*
Nyagatare- Rukomo (17 km)	Motorcycle	2 000 – 2 500	3.36 – 4.20	800 – 900	1.34 – 1.51
	Car	-	-	-	-
Gabiro – Ngarama (20 km)	Motorcycle	2 000 – 3 000	3.36 – 5.04	800 – 1 000	1.34 – 1.68
	Car	9 000 – 10 000	15.12 – 16.80	2 500 – 3 000	4.20 – 5.04

Source: CPE Field Survey (November 2010)

148. **PDCRE — emerging impact.** The coffee and tea growers who benefit from PDCRE's support obtain about 30 per cent of their income from coffee and tea and the remaining part from other crop production, livestock, and paid work. Thus, changes in their household income and assets may be attributed to other activities than coffee and tea, and indeed the main income stream from the project-supported plantings will only emerge in the next years as the trees and bushes reach maturity. However, it is safe to say that PDCRE's support for the cultivation and for the processing and marketing, which provides farmers with better prices, has made a contribution to a number of improvements observed in the CIBLE survey and highlighted in the IOE interim evaluation.[80] PDCRE has also an indirect impact on the income of poor and landless households through seasonal work: 500 to 1,000 persons in the coffee cooperatives while some 1 800 in the Nshili tea factory. Salaries, though low, supplement the household income of these families.

149. **PAPSTA — cases of significant impact.** With three more years remaining, PAPSTA can already demonstrate some significant impacts in its pilot zones, according to findings of the 2010 impact evaluation[81] which are generally in line with the observations of the evaluation team during its field visits. A number of socioeconomic indicators showed improvements for the beneficiary households from 2006 to 2010, as seen in table 11. Furthermore, 88 per cent of interviewed households were of the view that PAPSTA had had a positive impact also on non-beneficiaries. However, the socioeconomic improvements cannot be attributed entirely to PAPSTA as other programmes (VUP, Ubudehe) are also providing support in the PAPSTA pilot zones.

150. These socioeconomic improvements are the result partly of higher crop yields and partly of PAPSTA's support for integrating livestock into the natural resource management of the watershed which has had an immediate and significant impact, in particular the support for "one cow per poor family".[82] Calculations[83]

[80] "The proportion of households that have roofs covered with brick tiles has risen by 13 percentage points and those with sheet metal (corrugated iron roofs) by 12 percentage points. Before the project, 68.5 per cent of households had a radio, but in December 2009 the figure was 80 per cent for the cooperative members in PDCRE-supported households. The number of households that had a bicycle increased at the same time from 10.5 per cent to 15 per cent. The households that had a toilet increased from 81 per cent to 96 per cent".

[81] BESTEJ, February 2010, Evaluation de l'Impact des Activités du PAPSTA, Rapport Définitif (Corrigé).

[82] By the end of 2010, PAPSTA had distributed more than 2,000 dairy cows and inseminated about 14,000 local breeds to improve the genetic quality. In addition to receiving the cow, the beneficiary is assisted with construction of a stable, planting of fodder grasses and trees, training and veterinary services.

demonstrate that with one cow, providing a daily milk production of 10 to 15 litres of which part is used for household consumption while another part is sold, a very poor household experiences a significant jump in income (+100 per cent) and nutrition. In addition, the manure from the cow contributes to increasing crop yields. The evaluation team met several of the cow beneficiaries, and it was obvious that their lives had been changed. PAPSTA has also distributed small livestock (goats, pigs, rabbits) to people with too limited or no land for feeding a cow. These animals have supplemented the household's income and nutrition but have not had the same life-changing impact as that of a cow.

Table 11
PAPSTA beneficiaries – changes in asset and consumption indicators

	2006	*2010*	*Variation*
Indicators	*per cent of surveyed households*		*percentage points*
Own chairs in the house	23.0	28.1	+ 5.1
Have house with thatched roofing (instead of iron sheets and bricks)	31.5	5.7	- 25.8
Have latrine	64.0	98.7	+34.7
Transport on foot	93.8	84.2	- 9.6
Own a bike	6.0	15.2	+9.2
Own motorbike or car	0.2	0.9	+ 0.7
Not wearing shoes	55.2	20.6	- 34.6
Have purchased the land	18.0	23.2	+5.2
Own at least one cow	53,8	64,0	+10.2
Own at least one goat	62.0	62.1	+0,1
Own at least one sheep	65,1	75,0	+9,9
Consume meat at least once per week	2.1	44.9	+42.8

Source: PAPSTA, 2010 Impact Survey

151. **PPPMER II — highly positive impacts, but lasting?** The impact survey (CIBLE, 2008) compared the baseline of 2004 with the situation in 2008 as well as beneficiaries with non-beneficiaries, and found that household incomes from the benefiting MSEs had increased. It is highly probable that this positive trend has continued since 2008. From 2004 till 2008, the percentage of households under the poverty line (RWF600~US$1 per day) had decreased from 28 per cent to 14 per cent while at the opposite end of the range, the percentage of households with daily incomes of more than RWF 2,400 (~US$4) had increased from 19 per cent to 28 per cent.[84] Higher incomes have allowed many MSEs to buy land and houses. The apprenticeship programme is also likely to have boosted impact on household income as 85 per cent of the apprentices have found employment or started their own enterprise. However, many enterprises are still small and weak and may not survive in the long run. Though MSE beneficiaries had higher monthly turnover than the comparator group of non-beneficiaries - close to 75 per cent of the MSE beneficiaries had a modest monthly turnover of less than US$170.

152. Impact on household income and assets is rated as *satisfactory* (5) across the portfolio, with individual ratings of satisfactory for two projects (PDRCIU and

[83] CPE Technical Working Paper on Agriculture and Natural Resource Management.
[84] Please note that these figures overstate the changes as they do not take the inflation into account.

PPPMER-II), moderately satisfactory for PDCRE and highly satisfactory for PAPSTA (see annex 1).

Human and social capital and empowerment

153. The support for cooperatives, associations, and beneficiary/user groups is assessed in this section as part of social capital and empowerment while the support for developing the capacity of government institutions, including local government, is addressed under Institutions and Policies. All the projects evaluated for impact have supported the development of the capacity of cooperatives. Improvements have been achieved but there is a long way to go, even beyond the projects, before the majority of cooperatives become self-reliant and viable, and well governed and managed.

154. **PDRCIU had a better impact on human capital and a relatively modest one on social capital and empowerment**. PDRCIU neglected the development of user/beneficiary groups during most of the implementation period but tried to rectify this just before project closure. Often the emphasis was on the physical rather than the social capital. For example, women's centres were built but little was done to develop and empower women's organizations. PDRCIU also supported the capacity development of cooperatives but it was not a systematic long-term effort. PDCRIU achieved better results in its cooperation with PPPMER II on MSE development. On the positive side, it should be mentioned that PDRCIU has supported the Unity & Reconciliation process through organizing workshops, solidarity camps, and it has also provided capacity development support for the National Youth Council. PDRCIU has had a more significant impact on the development of human capital and the/skills of individuals. Farmers have obtained skills to cultivate new crops and to apply improved crop husbandry for traditional crops, raising the yields. Livestock owners have been taught new skills and credit beneficiaries have been trained. PDRCIU has also undertaken a large investment in adult literacy benefiting some 26,000 individuals.

155. **PDCRE — improved skills but weak cooperatives.** Through support for extension and training, PDCRE has improved the skills of coffee and tea growers, resulting in higher yields and better quality. The specialty coffee depends also on the technical skills at the coffee-washing stations. The skills acquired for sericulture are all new, both for the farmers in mulberry growing and for the persons operating the cocoon production houses. The cooperatives' staff and committee members have improved their skills, but according to the interim evaluation, the reputation of the cooperative management in administration and financial matters remains poor. Many committee members have short tenures because they are found to have mismanaged their cooperatives. Another reason is that it is not easy for people with little or no business experience, inadequate reading skills, and no financial experience to run cooperatives. Though cooperatives have been empowered, there is still a long way to go before local cooperative leaders would have real influence at the national level, for instance, by participating in meaningful negotiations on producer prices.

156. **PPPMER II — improvements but still weak MSEs.** PPPMER II has improved (to different degrees) the capacity of more than 6,000 MSEs including 1,348 cooperatives or associations. Special attention has been given to cooperatives, and the capacity development support has often started with the basics, enabling members to read and write through a large functional literacy programme which created the basis for providing skills and management training. While many of MSEs have improved their capacity, they are still weak. In the 2008 Survey, some 70 per cent of respondents said that they tried to maintain a cash book, but this evaluation found that most of the visited MSEs are still unable to prepare proper accounts. Similarly, though 56 per cent of the respondents in the 2008 Survey said they had improved product quality thanks to the project support, this evaluation finds that there is considerable room for improving quality and design. In terms of

human capital, there is no doubt that PPPMER II has provided thousands of MSE entrepreneurs and workers as well as more than 6,500 young apprentices with useful skills.

157. **PAPSTA.** In its pilot zones, PAPSTA has trained cooperatives in management and in technical disciplines (livestock, nurseries, rice production). In the support for the "livestock-pass –on-scheme", the beneficiaries have been organized in cooperatives which jointly have established veterinary pharmacies. PAPSTA (and KWAMP) is also in the process of establishing Water User Associations (WUAs). Despite PAPSTA's capacity development support, many of the cooperatives and associations are still weak, institutionally and financially, depending on PAPSTA's further support. For example, some of the veterinary pharmacies have accumulated a level of debt that threatens their future survival.

158. Impact on human and social capital is rated as *moderately satisfactory* (4) across the portfolio, with individual ratings of satisfactory for PDCRE, moderately unsatisfactory for PDRCIU and moderately satisfactory for PPPMER-II and PAPSTA (see annex 1).

Food security and agricultural productivity

159. The most significant direct impact on food security and agricultural productivity has been obtained from the agricultural interventions of PAPSTA and PDRCIU, and partly PDCRE which, however, was not designed with the objective of improving food security. Interventions resulting in improved household incomes, e.g. PPPMER II, are indirectly contributing to improved food security but are not addressed in this section. According to an internal evaluation, 93 per cent of the PPPMER II beneficiaries reported that they had improved their nutrition.

160. **PDRCIU — direct and indirect benefits.** The agricultural support of PDRCIU has covered selected areas of the Eastern Province but also outside these areas interviewed beneficiaries stated that their food security had improved thanks to the income earned from working of PDRCIU infrastructure projects. PDRCIU's most direct impact has been obtained from the investments in raising crop yields and livestock production. In cooperation with the national agricultural research institute (ISAR) and the crop extension agency, RADA, PDRCIU has introduced improved seeds, new cultivation practices, and measures to protect and improve the soils. As shown in table 12, these measures have resulted in very significant improvements in crop yields.

Table 12
Crop yields before and after PDRCIU support

Crop	*Yield*[a]	
	Before PDRCIU (2000)	*After PDRCIU (2010)*
Banana	5 - 25 kg[b]	30 - 80 kg
Bean	600 – 800 kg/ha	2 000 – 2 500 kg/ha
Cassava	7 000 – 10 000 kg/ha	35 000 – 40 000 kg/ha
Maize	1 000 – 1 500 kg/ha	4 000 – 7 000 kg/ha
Rice	3 000 – 4 000 kg/ha	4 000 – 7 000 kg/ha

[a] Yield range is presented: for each type of crop, various varieties with different yield properties are used.

[b] This is about the weight of a banana bunch and not about the output by unit of surface area.

Source: CPE Field survey and PDRCIU Internal Agricultural Report, November 2010

161. **PDCRE — higher yields and improved food security but risk for the poorest.** According to the interim evaluation, the annual yield of coffee cherries has increased from 2.9 kg to 3.3 kg per tree, and the quantity of high-quality coffee cherries has grown from 54 tons to 1,489 tons in the PDCRE zones. The interim evaluation also notes that it is not possible to assess the full impact of the project on coffee and tea production and yields as the coffee trees and tea bushes are yet

to reach maturity but, in the case of coffee, it anticipates that the production of cherry beans may increase by up to five times. In the PDCRE zones, significant improvements in nutrition and food security are recorded but cannot be attributed entirely to PDCRE. During the lifetime of the project, the proportion of households taking two meals a day has increased from 59 per cent to 74 per cent (from 5 per cent to 11 per cent for those taking three meals). The interim evaluation also noted, however, that for coffee and tea growers with limited land (<0.5 ha), there was a risk that the expansion of tea/coffee production could be at the cost of food security.[85] The interim evaluation recommended: "*In general, in conditions where smallholders have very little free land, special attention or a subcomponent is needed to ensure food security in PDCRE types of projects*".

162. **PAPSTA — significant improvements in food security and productivity.** In PAPSTA's pilot zones the surveyed households reported improvements in food security and nutrition, e.g. consumption of meat had increased from 2006 to 2010 (please refer to table 12 above). Several of the beneficiaries of "one-cow-per-poor-family" report a daily milk consumption of five litres and also neighbours who have not benefited from the scheme report that their children (<5 years) now have milk regularly. With respect to food security reserves, the evaluation mission noted that most of the warehouses constructed with PAPSTA support were full except for Nyanza district. This can largely be attributed to the increase in yields and production. For example, with introduction of the intensive rice cultivation system (SRI), yields have doubled from 3-4 tons/ha to 6-7 tons/ha in the marshlands of Rwabutaza and Gihaza. Measures to protect and improve the soils and intensify crop production on the hills have increased yields of maize from 1.5 tons/ha to 4.0-5.0 tons/ha and of beans from 0.6 — 0.8 tons/ha to 1.1 — 1.2 tons /ha. For cassava and sweet potatoes, the increases are from 15-20 tons/ha to 30-40 tons/ha and from 15-17 tons to 25-30 tons/ha respectively.

163. These results are obtained from a combination of various techniques of conservation and restoration of the soils, fertility improvements and the use of improved inputs and cultivation methods.[86] This together with improved seed varieties, chemical fertilizers and organic manure, integrated pest management, and adherence to the crop calendar has facilitated the doubling or even tripling of crop yields in the pilot zones.

164. Impact on food security and agricultural productivity is rated as satisfactory (5) across the portfolio, with individual ratings of moderately satisfactory for PDRCIU and PDCRE, and highly satisfactory for PAPSTA (see annex 1). Due to its early implementation stage, no rating is assigned at this stage to KWAMP but this CPE notices that it is likely to provide a strong contribution to food security.

Natural resources, the environment and climate change

165. **Environmental impact.** None of the evaluated projects are classified in Category A, defined by IFAD as programmes or projects which can have damaging negative effects on human beings and the environment, sometimes irreversible and going beyond the project intervention zone. However, this evaluation finds that all the evaluated projects pertain to Category B, i.e. programmes and projects which can have certain negative effects but less important than category A and limited to the project zone. The evaluation finds that if the projects had been presented for approval today, they would, according to present IFAD guidelines, have required an

[85] "The evaluation mission observed some problems, particularly with regard to the smallest tea growers - that is, those with less than 0.5 ha of field, and often poor soil quality. Many tea growers would have needed funds from other sources during the gestation period of tea bushes, because they did not have enough land for both tea plants and food crops". The same issue was identified for farmers involved in sericulture.

[86] The system is inspired by the landscaping in part of France, the "bocage".

Environmental and Social Impact Assessment.[87] PDRCIU, PAPSTA and KWAMP have negative as well as positive effects while PDCRE and PPPMER II involve some environmental risks and negative impacts.

166. **Positive effects.** PDRCIU, PAPSTA and KWAMP contribute to reforestation and to soil conservation and restoration through hedgerows, terraces and trenches for erosion control. PDRCIU invested in reforestations (2,135 ha) along the tracks and the roads completely modifying the landscape. PDRCIU also made a very significant contribution to establishment of hedgerows around fields and homesteads. These investments have several beneficial environmental effects including: (i) they serve as windbreaks, useful in reducing soil water evaporation; (ii) they provide mechanical retention of soils and thus avoid soil erosion; (iii) they contribute to air purification and to carbon sequestration. Furthermore, in the future, the forests will provide timber and fire wood of which there is a shortage in the Province. Likewise in PAPSTA (and KWAMP), hedgerows planted along contour lines and around the plots contribute to mechanic soil retention and soil enrichment in nitrogen through the rhizobia symbiosis, and to increasing organic matter leading to soil structure improvements and better water retention capacity.[88] In addition, the use of the biomass produced by these *Pennisetum* and *Calliandra* hedgerows contribute to animal feeding, in turn producing animal droppings recycled on the lands to improve their fertility. Regular analysis of soil samples taken from the PAPSTA pilot zones reveals tangible and progressive improvements in soil fertility. Furthermore, in some of PAPSTA's pilot zones, the introduction of biogas technology enabled some people to meet their energy requirements for cooking and lighting, thus protecting against deforestation and soil erosion (Nyanza, etc.).

167. **Environmental risks and negative impacts.** In the case of PAPSTA and KWAMP, the development of marshlands into irrigated crop production involves a number of environmental risks and therefore, national regulations make it mandatory to undertake an Environmental Impact Assessment before initiating the development. First of all, there is a biodiversity loss as the conversion unavoidably will affect the natural habitat of the marshlands. Secondly, populations living downstream from the developed marshes may experience reduction of water availability and also contamination of the water with pesticides and chemical fertilizers. In addition, there is a risk of drying up the lowlands in the case of excessive drainage. An increase in the number of cases of malaria and bilharzias is also a risk. All of these risks remain to be properly documented and quantified in order to develop an effective mitigation plan.

168. In the case of PDCRE, the coffee and tea sub-sectors have a number of negative environmental effects. The coffee washing and de-pulping stations lead used motor oil directly into the rivers. Coffee pulp, with a foul smell, is not treated but piled up in open holes or on the ground, constituting a good medium for bacteria and viruses, and contaminating water and soils in lowlands. The impact on public health and the environment still remains to be documented. The tea factories use the Eucalyptus plantations to heat the water in the boilers which increases production of CO^2. Despite plantation of new Eucalyptus trees at Nshili (100ha) and at Mushubi (500 ha) there is no evidence of a zero carbon footprint. The design of PDCRE's successor (PRICE) is taking a close look at these aspects.

169. In the case of PPPMER II, environmental issues have not received much attention. The majority of MSEs do not cause any particular risk but in certain areas there are risks to the environment and human health, e.g. in the manufacturing/processing of leather, batik and some food products. In the case of PDRCIU, there are some environmental risks and negative impacts: (i) the groundwater table may be

[87] According to current IFAD Guidelines, Category B projects can be implemented but require an Environmental and Social Impact Assessment to identify mitigating measures.

[88] Combined, these actions help to raise the pH to a range of 6.5-7, 5 which facilitates solubility and easy uptake of most nutrients by the plant root system.

influenced by excessive extraction of water from the many boreholes; (ii) risk of losing local cows genetic resources due to excessive cross-breeding of the Ankole breed with very productive exotic breeds but poorly resistant to tropical diseases and with high cholesterol content in milk; and (iii) contamination of the Muvumba river with waste water from the Savannah dairy in Nyagatare. On the other hand, it is assessed that the major investments in feeder roads do not have any significant negative environmental impact.

170. **Climate protection and carbon financing.** IFAD and MINAGRI have agreed to supplement the soil and watershed sub-components of KWAMP and PAPSTA with the objective of protecting the global climate through carbon sequestration by means of reforestation/agroforestry. Although it is too early to talk about impacts, some progress can be reported. The September 2009 Supervision Mission recommended hilltop reforestation as the first measure, comprising 1,000 to 1,500 ha in 15 watersheds of KWAMP and 500 ha in 10 watersheds of PAPSTA. Many hilltops are without forest cover, thus exposed to erosion, and there is an unmet need for wood for construction and other purposes. Carbon revenues (about US$70/ha/year) would be generated for at least 20 years and may be used partly for continuation of project activities and partly as revenue/income for landowners and participants in the reforestation efforts (districts or private individuals). Apart from its contribution to global climate protection, the investment may also have positive effects locally as good forest cover on the hilltops will provide a number of positive benefits for the watersheds. Furthermore, in Kirehe district and the Eastern province people report that rainfall is becoming increasingly erratic.

171. Impact on environment and climate change is rated as *moderately satisfactory* (4) across the portfolio, with individual ratings of moderately unsatisfactory for PDCRE, moderately satisfactory for PPPMER-II and satisfactory for PDRCIU and PAPSTA (see annex 1).

Institutions and policies

172. This section addresses the impact on public institutions and policies, not on the institutions of beneficiaries, addressed above. In between these two types of institutions, the cooperation between IFAD and the Government of Rwanda has also engaged numerous service providers and contractors from the public sector, civil society and the private sector. In the public sector, these include semi-autonomous agencies such as BRD, RADA, RARDA, ISAR, RCA, OCIR-CAFE, OCIR-THE, and RHODA. The impact on these institutions is assumed to be mainly positive, in terms of generating income and learning experiences. However, in the case of the partners in the financial sector there may also have been some negative impacts (as explained in the section of effectiveness and efficiency) as a consequence of imposing subsidized end-user terms.

173. **Impact on central government capacity and national policies.** The most significant and comprehensive support at this level has been provided by PAPSTA, with funding from DFID and, before PAPSTA, an IFAD country grant for the Rwanda Agricultural Strategy and Action Plan (RWASAP). Due to delayed start of activities, PAPSTA's impact on central level capacity is just now emerging while the main impact is expected in the future as the new structure for MINAGRI and the semi-autonomous agricultural boards and institutions become fully operational. One key constraint of MINAGRI (central) is the limited number of staff positions in relation to the many national and international projects and programmes to be managed and supervised. More positions will help but in the short and medium term the main contribution may come from merging many of the projects into the SWAp and the new organizational structure of MINAGRI. The impact on formulation of national policies is more difficult to assess. While the general capacity improvement in MINAGRI and other central institutions also include the capacity to develop policies and strategies, this CPE observes that new strategies (for example on post-harvest issues and agricultural mechanisation) are consulted with some selected

stakeholders but are often developed without broad participation of all relevant stakeholders, beneficiaries and development partners.

174. PPPMER II has provided funds/support for MINICOM and the artisanal secretariat as well as to RCA (as a partner and service provider). It has not been a comprehensive and systematic institutional development support, based on a detailed institutional development plan. Also in this case, it appears that the new SME Policy was not developed in a broad consultation process — at least IFAD was not consulted. PDCRE's cooperation with and support for OCIR-CAFE, OCIR-THE, and RHODA (horticulture) is not primarily focusing on developing their institutional capacity but rather on engaging them as service providers which, however, indirectly may have contributed to enhancing their capacity. Again, the 2009 Revised National Coffee Strategy was developed and issued without consulting IFAD and the PCU.

175. **Impact on local government capacity.** While support for decentralization has had high priority in IFAD strategies, the support has mainly been in the form of *ad hoc* project interventions, without an overall systematic approach and plan, harmonized with national and international efforts[89] of developing the local government capacity. However, the design of KWAMP promises a more comprehensive and systematic effort. PDRCIU is assessed to have had a major impact on the physical facilities (buildings, ICT) of districts and sectors, but only a limited impact on human capacities and institutional systems. The trend in the performance ranking of the PDRCIU-supported districts is not positive, though this cannot be blamed on PDRCIU.[90]

176. PAPSTA has provided support for the institutional capacity of local governments but this CPE could not identify tangible effects on local government capacity. During mission interviews, district staff stated that they felt marginalized in the implementation of the pilot interventions which were largely done from the centre, though in consultation with the CLGSs. Unless the CLGSs are better integrated into the local government structures, there is a risk that the new implementation structures introduced by PAPSTA could have a negative impact on local government capacity and ownership.

177. Impact on institutions and policies is rated as moderately satisfactory (4) across the portfolio, with individual ratings of moderately unsatisfactory for PDRCIU and PDCRE, moderately satisfactory for PPPMER-II and PAPSTA (see annex 1). The overall rating takes into account improvements in the more recent projects.

178. **Overall rural poverty impact** across the portfolio is *satisfactory* (5). This takes into account the satisfactory impact on household assets and income, as well as food security and agricultural productivity, while other impact dimensions have been rated as moderately satisfactory across the portfolio. The overall rating also takes into account the improvements observed in more recent projects.

C. Other evaluation criteria

Sustainability

[89] Many development partners support the decentralisation process, notably the EU with €34 million for the Decentralized Programme for Rural Poverty Reduction (DPRPR) of which a major part finances the *Ubudehe* programme.

[90] With respect to implementation of performance contracts, the three PDRCIU-supported districts in the Eastern Province were the three best (among seven Eastern Districts) in 2007 while by 2010/11 they had dropped to ranks of 4, 5 and 7 (annex 16). With respect to economic and social development and governance and justice, Gatsibo and Kayonza were by 2010/11 number 30 and 17 (on the national ranking of 30 districts) while Nyagatare was much better placed as number 7. By contrast, Kirehe District was in 2007 the worst performer in the Eastern Province with respect to Performance Contract Implementation but jumped in 2008 (before the start of KWAMP) to being the best performer (out of 7 districts), a position it maintained in 2010/11. On social and economic development, Kirehe was in 2010 among the best 10 districts in Rwanda (30 districts).

179. The assessment of sustainability attempts to determine whether or not the benefits will be sustained. It involves, as relevant, issues of institutional, technical, financial and natural resources sustainability and addresses the issue at two levels: (i) the sustainability of activities of beneficiaries and their organizations, for example, the benefits of a micro entrepreneur would disappear if his/her enterprise went bankrupt; and (ii) continued availability of key services once the project support ends, for example the benefits of livestock owners would be at risk of disappearing if the national veterinary service collapsed.

180. **Agricultural and natural resources.** With respect to watershed management, the many different measures to improve soil conservation and natural resources in the watersheds (PAPSTA, PDRCIU, KWAMP) have clearly contributed to improving natural resources and their productivity. Farmers have taken ownership of these measures and are capable of maintaining and expanding the investments in hedgerows, ditches, terraces. However, the organizational structures for coordinating and managing watershed management (i.e. the CLGS) do involve sustainability risks unless they are better integrated into local government structures. Generally farmers are also capable of managing improved and exotic dairy cows, - mortality rates are low and milk yields are satisfactory. While management by poor small farmers of exotic dairy cows would constitute a major risk in other countries, this is not so in Rwanda due to its ancient history as a dairy country (annex 12). However, there is a risk that the project-level of veterinary services will not be maintained after project closure and the withdrawal of service providers such as Heifer International and Send a Cow Rwanda. A major effort in terms of training para-vets and providing them with veterinary kits is required to mitigate this risk.

181. With respect to marshland development (PAPSTA and KWAMP), the sustainability risks are assessed as being limited. Farmers are well trained in the SRI, and the water user associations and rice cooperatives appear to be developing a robust capacity. Nevertheless, further capacity development support may be required to develop the capacity to maintain the larger infrastructures in the schemes. Finally, continued mono-cropping with rice could entail a risk that the soils become saline.

182. Probably the largest sustainability risk of the agricultural support is related to the crop intensification programme and the distribution of subsidized improved seed and fertilizers. Three issues are involved. First, will farmers continue applying improved inputs if the subsidy is withdrawn? The intuitive answer is that they probably will continue but at a lower level unless the government steps in with financial support to gradually wean the farmers off the subsidy over a period of several years. The second issue is if the private sector will step in and organize all the complex logistics related to procurement and distribution of inputs. This too is likely to require a long transition period - where the government gradually steps out while the private sector steps in - in order to avoid a major vacuum. The Government of Rwanda is currently working on plan for this to happen. However, sometimes such gradualism is not possible, as the private sector will be concerned about a level playing field as long as the government is active in the market.

183. Third, if the diffusion of high-yielding varieties leads to mono-cropping, this may reduce the farmers' ability to cope with stress (weather-related and other) and increase the risk of crop failure in non-ideal conditions. Finally, for food crops and animal products, marketing, or lack of adequate storage and processing facilities, does represent a major future risk or challenge. Within a few years, many agricultural households will have moved from producing mainly for subsistence to having major surpluses for sale while storage and processing infrastructure is not available. Unlike other countries in the region, few farm cooperatives have a warehouse. This risk therefore is that farmers will be stuck with their surpluses or obtain very low and unattractive prices that will act as a disincentive to investing in production improvements. the Government of Rwanda is currently planning to

address this issue, but mainly through large formal sector investments in post-harvest handling, while in the current situation all initiatives, whether formal or informal - small or large, should be welcome.

184. With respect to export crops (PDCRE), the support services provided by OCIR-CAFE, OCIR-THE, and RHODA are likely to continue but at a less intensive and specialized level, unless the follow-up project is approved. The main risk on the production side of tea and coffee is related to farm gate prices which may become unattractive due to world market price developments and/or monopsonistic situations where buyers and processors are in a position to exploit the farmers. Also, farmers' market access and prices could be reduced in case of serious mismanagement or collapse of their cooperatives (see below). Finally, the recently introduced sericulture has not yet developed a solid and sustainable foundation.

185. **Cooperatives** play a crucial role in the portfolio and have major sustainability challenges, in particular cooperatives engaged in processing and marketing of agricultural produce (coffee, tea, dairy), retail trade and services (e.g. veterinary drugs), manufacturing and handicrafts, and financial services (SACCOs). Risks relate to unsustainable levels of debt, mismanagement and poor governance, and inability to pay and attract qualified staff; some of the large capital investments in coffee washing stations may be lost if the coffee cooperatives collapse. The sustainability risk declines with declining levels of complexity of the cooperative managed operation: production cooperatives (rice cooperatives) have only modest sustainability risks. The RCA has been contracted for capacity development although it was established by government to (only) regulate and supervise the cooperative sector. RCA informed the evaluation mission that it recognizes that regulation and capacity development support should not be provided by the same agency and that its entry is only temporary due to shortage of service providers. RCA also recognized that the current support is fragmented and that there is need for streamlining and harmonising the support from development partners for a more coherent effort. This is very relevant for IFAD as well.

186. **Rural financial services.** The support under PDRCIU, PPPMER II and PDCRE has not contributed to strengthening the financial partner institutions and the revolving credit lines are losing value due to inflation and poor repayment performance combined with subsidized interest rates. There is reluctance among some partners to continue managing the credit lines. There is a government initiative in process to establish under the Rwanda Development Bank (BRD) a new BRD Development Fund (BDF) which would absorb donor funded credit lines at project completion. PPPMER II is currently exploring this option as part of an exit strategy.

187. **Non-farm rural MSEs.** Close to half of the supported MSEs are at the stage of "just surviving", suggesting that many of the supported MSEs have major sustainability challenges and that support beyond PPPMER II will be required to reduce mortality rates. Sustainability is also being affected by the uncertain fate of informal microenterprises under Government's policy of formalizing all sectors of the economy. There is no strategy for how to formalize informal MSEs, which constitute the vast majority of the private sector. In the absence of a strategy for the transition from associations to cooperatives, the new policy has already led to the (perhaps temporary) closure of Kora, a national federation of MSEs and its regional federations and training centres which have also served as service providers to PPPMER. As part of its exit strategy, PPPMER II is working on how its business development services (BDS), in particular the Rural Enterprise Advisers and the Enterprise Promoters, may be absorbed by permanent institutions, primarily the Rwanda Development Board (RDB). This is a commendable effort but RDB is a new government organization with no experience in BDS for MSEs, and

therefore, additional support may be required to develop its capacity, perhaps through an IFAD grant. [91]

188. **Rural infrastructures.** PDRCIU faces major sustainability problems in relation to the investments in water supply structures, largely due to past neglect of organizing and developing strong user organizations. Though PDRCIU just before completion is making an attempt to rectify the situation, sustainability problems are assessed as significant. In the medium term future, also the feeder roads may face sustainability problems due to lack of maintenance. Buildings for local governments (also district building financed by KWAMP) have limited sustainability problems, but water supply and sanitary facilities constitute a general problem. The PAPSTA (and KWAMP)-financed CCIs may face sustainability problems unless they become an official part of local government structure and/or a nationally accepted and official rural institution. Annual operation costs are high (staff salaries, costs of electricity, water and internet access).

189. Sustainability is rated as *moderately satisfactory (4)* across the portfolio, with individual ratings of moderately unsatisfactory for PDRCIU and PPPMER-II and moderately satisfactory for PDCRE and PAPSTA (see annex 1). The overall rating takes into account of progressive embedding of projects in national sector programmes.

Pro-poor innovation and scaling up

190. Most innovations are concentrated in the area of agriculture and natural resource management and consist of improved techniques and agronomic practices to improve yields, water retention and soil fertility. PAPSTA was specifically designed to pilot pro-poor innovations for scaling up and overall it is succeeding in achieving this objective. It has introduced innovative (new to Rwanda or the project area) technologies (on-farm grain/bean storage), methods of soil conservation and improvement, cultivation techniques, approaches to managing the watershed (CLGSs), and systems for technology generation and transfer (CCIs). However, as mentioned in the case of CCIs and CLGSs there are still unresolved issues that need to be addressed before PAPSTA can present the case for expansion.

191. In terms of scaling up, IFAD decided, with the approval of KWAMP in 2008, to scale up the successful pilots in only one of the 30 districts, Kirehe district, but with almost complete district coverage. Several of the agricultural innovations introduced by PAPSTA were also applied in PDRCIU. For example, the live fencing/hedge rows around homesteads and fields were introduced and were widely replicated over the area.[92] Other systems and technologies that were new to the locality and now are being up-scaled include Water User Associations (PDRCIU, KWAMP, PAPSTA), and farmer-managed veterinary pharmacies as well as biogas technologies (PAPSTA, KWAMP). It would more forcefully promote the scaling up process if PAPSTA contracted independent assessments of each promising innovative pilot intervention.

192. Outside agriculture, the main innovations that went through some scaling up were the apprenticeship programme providing skills to rural unemployed youth and orphans, as well as the system of providing finance (grant/loans) to apprentices without any collateral, both in the area of micro and small enterprise development (PPPMER II), both pro-poor. Instead, more limited results were achieved for technological innovation for MSEs which was not a major area of focus. PDCRE has introduced, but not yet substantially scaled up, some innovations such as linkages

[91] According to a MoU signed in December 2010 with government's Rwanda Development Board (RDB), the CERs will be included as staff in the RDB managed BDS Centres while RDB would be committed to strengthening the network of FEs. During the remaining implementation period, PPPMER II will provide financial support for RDB to set up 30 BDS centres. The support will amongst other things be used for motor cycles and for using the Artisan's Houses as liaison offices and training rooms.

[92] Through PDRCIU's cooperation with PPPMER II some innovations were also introduced for non-farm rural enterprises.

to fair trade and gourmet markets for coffee. Organic coffee was introduced as well as "women's coffee" (*café des femmes*) fetching higher prices. A Public Private Partnership was introduced in the tea sector on insistence from government after the privatisation. Sericulture, entirely new to Rwanda, was introduced and tested.

193. Innovation and up-scaling is rated as *moderately satisfactory* (4) across the portfolio, with individual ratings of moderately unsatisfactory for PDRCIU, moderately satisfactory for PDCRE and PPPMER-II and satisfactory for PAPSTA (see annex 1).

Gender equality and women's empowerment

194. Rwanda has a progressive policy and regulatory framework for promoting gender equality and women's empowerment, aimed at increasing women's participation in decision-making organs to at least 30 per cent. In the Rwandan Parliament women outnumber men, placing Rwanda as number one in the world with respect to female participation in the parliament. Partly as a consequence of the genocide, 27 per cent of the households are headed by women. In rural areas and in agriculture, women play a particularly important role. MINAGRI has a gender budget and presents a "gender budget statement" in its annual Agricultural Sector Performance Report with a review of outputs, activities, indicators and allocated budget.

195. Women and widows in particular are among the vulnerable groups according to the COSOP and this focus has been operationalized through IFAD projects contributing to national programmes such as the Girinka programme which has helped women gain a stable source of income and improve their status within their family and community.

196. Generally, the evaluated projects provide gender disaggregated data showing a high participation of women in the supported activities and in the management of cooperatives and associations. For example in PPPMER II, women accounted for 57 per cent of the apprentices and 43 per cent of the members in cooperative MSEs. Rather than focusing on capacity building and awareness, PDRCIU had initially invested in infrastructure for women (construction of women's centres) eventually used for administrative purposes. Yet in PDRCIU women accounted for 54 per cent of the cooperative committee members trained, and 55 per cent of the cooperatives that had been registered. In the PDCRE-supported cooperatives, women account for about a third of the membership and for 30 to 66 per cent of the executive and supervisory committees. In PAPSTA, many of the beneficiaries of the livestock pass-on scheme are women.

197. Progress can also be assessed against the three main objectives of the 2003 IFAD Gender Action Plan. The first objective to expand women's access to and control of productive assets has been well achieved through support to subsistence crops as well as economic activities dedicated to women and widows in particular (restocking of cows) and micro enterprises. The second objective to strengthen women's organizations, their decision making in community and representation in local institutions has been achieved to a satisfactory extent through support to cooperatives, as described above. However, the buildings for women's centres do not serve their purpose. The third objective to improve women's well-being and ease their workload by facilitating access to basic services and infrastructure has been achieved to some extent. Projects such as PDRCIU and KWAMP did and do invest in basic infrastructure from which both men and women have benefited. The main issues of sustainability of infrastructure have been pointed out before. In addition, while PDRCIU invested in specific infrastructure for women (see above) there is no evidence that this has been effectively used. These findings present some analogies with those of the evaluation of the corporate-level evaluation of IFAD's Performance with Regard to Gender Equality and Women's Empowerment although the development results seem more favourable in the case of Rwanda portfolio.

198. Overall the portfolio is gender-balanced which may primarily be attributed to national policies. Also IFAD has played a role by including gender expertize in project missions and having a gender-balanced country office, in line with the IFAD management response to the 2010 corporate-level evaluation of IFAD's Performance with regard to Gender Equality and Women's Empowerment.

199. Progress in gender equality and women's empowerment is rated as *satisfactory* (5) across the portfolio, with individual ratings of moderately satisfactory for PDRCIU and PDCRE and satisfactory for PPPMER-II and PAPSTA and taking into account improvements in more recent projects (see annex 1).

D. Overall portfolio achievement

200. It is always a challenge to rate a country portfolio and an individual project.[93] First, ratings of a project on different criteria attempt to provide an average of perhaps highly different performances of its various components and sub-components. Secondly, ratings provide averages of varying performance during long implementation periods.[94] Table 13 provides ratings for the overall portfolio of projects considered in this CPE. The overall portfolio ratings presented in the second column are derived from individual project ratings (annex 1). Following standard CPE format, the third column presents the percentage of projects with a rating of moderately satisfactory or higher. The fourth column presents, as a comparison, the percentage of all projects evaluated between 2007 and 2009 in IFAD's Annual Report on Results and Impact (ARRI) with a rating of moderately satisfactory or higher. Comparison should be taken with a grain of salt given that the percentage for Rwanda (3rd column) is based on a sample of five projects only, with one project (KWAMP) rated for relevance and efficiency only while ARRI figures are a compilation of evaluation results across the global portfolio of IFAD. The fifth column shows average ratings from the 2005 CPE as a comparator.

201. The rating table points to an overall satisfactory landscape at the portfolio achievement level, particularly for criteria that relate to project performance, as well as impact on household assets and food security and gender equality and women's empowerment. Compared to the 2005 CPE averages, the ratings of the current CPE have generally improved. On the other hand, impact on institutions and policy, impact on environment and climate change, sustainability, innovation and up-scaling are rated in the "positive zone" (moderately satisfactory) but identified as areas for improvement. Subject to the caveat explained above, ratings perform on par or better than ARRI percentages with the exception of impact on human and social capital, institutions and policies and innovation and scaling up.

[93] IFAD applies a 6-point rating scale: 6=highly satisfactory; 5=satisfactory; 4=moderately satisfactory; 3=moderately unsatisfactory; 2=unsatisfactory; 1=highly unsatisfactory.

[94] For example, PDRCIU started poorly in terms of efficiency but improved towards the end of the 10-year implementation period.

Table 13
CPE Ratings of the Rwanda project portfolio and benchmarking with the ARRI

Evaluation criteria	*Current CPE portfolio assessment*	*% of projects with rating of moderately satisfactory or higher*	*% of projects with rating of moderately satisfactory or higher in ARRI 2010*[a]	*Average CPE 2005 ratings*[b]
Core performance criteria				
Relevance	5	100%	97%	5.0
Effectiveness	5	100%	77%	3.8
Efficiency	5	80%	57%	3.8
Project performance	*5*	100%	84%	*4.2*
Rural poverty impact	5	100%	86%	*n.a.*
Household income and assets	5	100%	84%	4.2
Human/social capital and empowerment	4	75%	81%	3.7
Food security and agricultural productivity	5	100%	81%	4.4
Natural resources and the environment	4	75%	54%	4.5
Institutions and policies	4	50%	86%	3.4
Other performance criteria				
Sustainability	4	50%	65%	3.0
Innovation and scaling up	4	75%	95%	4.0
Gender equality and women's empowerment	5	100%	-[c]	3.7
Overall project portfolio achievement	5	100%	86%	n.a

[a] The ratings refer to evaluations conducted in the period 2007-2009. This makes comparisons more meaningful with Rwanda portfolio because they refer to similar project cohorts.
[b] The 2005 CPE adopted a different methodology and ratings procedures. Ratings have been converted and averages calculated when possible.
[c] Gender was introduced as a new separate criterion in 2011.

Key points

- Relevance is assessed as satisfactory across the portfolio. Relevance is high to national policies and programmes and to rural poverty reduction priorities (soil and water conservation, cash and export crops, rural non-farm income sources). Project design is generally well adapted to the country context and recognized good practices. The only exception is represented by rural finance components of older projects. Ownership of the projects is high at the central level, but there are risks of creating parallel structures at the local level.
- Effectiveness is rated satisfactory. The best results are observed in integrated watershed management and agricultural productivity. Results are emerging in cash crop development, though constrained by weak cooperatives. As to non-farm income generation, apprenticeship programmes impart skills that help the youth find jobs in non-agricultural enterprises. There has been so far limited investment in micro enterprises connected to agricultural value chains.
- Efficiency is assessed as satisfactory and the on-going portfolio outperforms IFAD regional and global averages, thanks to improved national institutional capacity and enhanced IFAD support.
- Impact is strong in generating income and access to household assets and in improving food security. In the case of cash crop development, however, protection measures are missing for very small landholders during the cash tree growing. Findings on impact on human and social assets are mixed with main challenges represented by weak cooperatives and fragile micro and small entrepreneurs. In addition to environmental benefits, this CPE identifies a set of environmental risks not yet fully analysed and documented.
- In terms of sustainability, the main threats come from subsidized credit lines in rural finance components, and issues of management and maintenance of physical infrastructure. A major threat also comes from weak cooperatives, having unsustainable debt and problems of mismanagement and poor governance.
- The most important innovations are in the area of improved agricultural practices for yield increase and soil management which have been gradually scaled up. Apprenticeship programmes in the area of MSE development have been innovative. Progress has been more modest in product design and technology upgrading for microenterprises.
- In terms of gender, data available at project level suggests an overall high participation of women in the supported activities and in the management of cooperatives and associations, contributing to raising their status and economic independence.
- A comparison with 2005 CPE average ratings suggests that the performance of the current portfolio has improved according to most criteria, particularly for project performance as well as impact on household assets, food security and gender equality and women's empowerment.

V. Performance of partners

A. IFAD

202. IFAD has demonstrated capacity to adapt to changes, sometimes dramatic, in the country context. After the interruption in the operations following the genocide, it was fast in resuming its operations. It responded well initially to the need to address the humanitarian and food crisis and it was later able to adjust to the new country strategy such as a shift from recovery to growth and development. This was visible for example in the approval of a project for cash and export crops in 2002 (PDCRE) and more recently, in the capacity of the Fund to anchor its interventions (PAPSTA and KWAMP) in Government programmes to increase agricultural productivity. These three projects are in fact IFAD support to larger Government programmes.

203. Flexibility and adaptability in approving new projects did not always mean that, once approved, the design of a given project would be timely updated and adapted to change in context during the implementation. This is the case of PDRCIU that was approved as a response to a humanitarian crisis when refugees massively settled in the national park of the former Province of Umutara. The project was meant to facilitate access to basic infrastructure which was an important asset soon after the humanitarian crisis but it was ill-equipped to engage in rural development activities for which it lacked a real conceptual framework. The menu

of interventions was too broad, with too numerous triggers associated with the "flexible lending mechanism" which complicated the design revision during implementation.

204. According to the self-assessment provided by project coordination units, IFAD's approach to project design was found as participatory in recent projects (PAPSTA and KWAMP), a judgment with which this evaluation concurs. This was not the case for earlier projects such as PDRCIU and PDCRE where both the desk review undertaken by this evaluation and the project self-assessments point to a design driven too much by external consultants with limited attention given to national partners in the formulation phase.

205. While the 2005 CPE indicated limited consultation with national partners both in project and COSOP formulation, findings from the current CPE suggest that there have been significant improvements in the consultative approaches of IFAD at the strategic and project level. The self-assessment by project units and this CPE coincide in identifying a considerable difference between the traditional and direct supervision modality. Direct supervision has increased the frequency of supervision missions and reduced the chain of command in identifying and reacting to implementation hiccups. Equally if not more important, it has given the IFAD country programme manager a chance to visit project areas more intensively with a team of sector specialists with better coverage of project components. Project staff members have also commented positively on the reduction in time for processing of withdrawal applications since the advent of direct supervision.

206. **Balancing between hands-off and micro management.** IFAD has embraced the new challenge of direct supervision with commitment. The dedication and responsiveness of the CPM and country office staff is recognized and appreciated. At the same time, in transitioning from third party to direct supervision, there is a risk of introducing micro-management. While recognising the good intentions and overall cooperative attitude of IFAD, some concerns have been expressed by project implementation units and district staff regarding IFAD's giving or denying approvals during implementation. If not applied carefully, tight management can contradict the spirit of national ownership and create disincentives to take initiatives.

207. While this evaluation recognizes that district capacity is weak and found cases where the review by IFAD's Nairobi office and the CPM in Rome had stopped undesirable expenditures, the close supervision also has costs in terms of reducing national ownership (taking responsibility for errors and learning from mistakes). Furthermore, certain procedures in the cooperation process risk placing the district leadership in a problematic situation when, for example, an IFAD-funded investment is endorsed in the district's annual budget and included in the district's "performance contract" with the President of Rwanda but the investment is later rejected or reduced by IFAD.

208. Some project partners suggested that IFAD adopt the World Bank procedures for no-objection in financial and procurement matters, which they found more flexible and involving less micro management. It was also suggested that the time and process (district-PCU-Nairobi-Rome) should be rationalized. Other respondents argued that the response time of the CPM in Rome generally has been as short as feasible, and comparable, if not better, to that of task managers of other international financial institutions such as the World Bank.

209. **Seizing opportunities for providing support beyond projects?** The introduction of direct supervision and the opening of an office in Kigali have served so far the purpose of solving implementation delays or addressing other forms of project implementation problems. The country office is spending a considerable amount of time in organizing and following up on supervision missions and connected financial transactions and fiduciary checks. Less time is spent on other

non-project activities (see chapter VI) such as policy dialogue, developing partnerships and management of knowledge. The country office and staff are fairly new, and the situation may improve as the office staff fully familiarizes itself with projects and partners and masters supervision procedures.

210. In the design of earlier projects considered by this CPE (PDRCIU, PDCRE PPPMER II), IFAD adopted approaches (subsidized credit lines at conditions imposed by IFAD) that are not consistent with recognized good practices and also not in line with IFAD's own policy on the matter. In later interventions (PAPSTA, KWAMP) IFAD did not include rural finance components, avoiding the repetition of problematic practices but not providing a solution to rural financial service needs.

211. Overall, IFAD performance is rated as *satisfactory* (5), and this mainly reflects the general satisfactory performance in direct supervision and the efforts made by IFAD to tightly follow and support project implementation. Individual project ratings are moderately unsatisfactory for PDRCIU while satisfactory for the others (PDCRE, PPPMER-II, PAPSTA, and KWAMP; see annex 1).

B. Government

212. Performance of the Government of Rwanda, as well as governance in Rwanda as a whole, have improved in the past 10 years as evidenced by assessments made by the WB Country Policy and Institutional Assessment as well as Governance Indicators maintained by the World Bank (chapter II). Indeed Rwanda can be considered a special case in the region since policies have not only been prepared in many sectors that are relevant to development (chapter II), but they have also been implemented with tight follow-up and monitoring from the Government, closing the typical gap between intentions and achievements.

213. Government policy directions towards the formalization of the informal economy (chapter II) can be understood in terms of securing tax-based income for the government as well as providing regulation and measures of public order. At the same time, there are risks of introducing unwanted distortions, when fledgling spontaneous organizations or associations are forced to formalize under a very specific and rigid framework. The current preference for and focus on cooperatives should not overshadow other options for corporate structures of private nature. Problems arise when formalization is not matched with flexibility to manage the transition and when changes of direction are taken without the support of a pilot phase to test the consequences of those changes. One case in point was the strict application of one financial cooperative (SACCO) per Umurenge which caused the collapse of many savings and credits village associations of which some were set up following an IFAD-funded preparatory grant.

214. Over the period, there has been a significant, though declining, difference between the performance of central government partners and local government partners with respect to implementation management, including procurement and financial management. Although the capacities and performance of local governments are rapidly improving, they still need some handholding in many of the project implementation issues.

215. At the project level, this evaluation finds, in broad terms, good support from the Government across IFAD's portfolio. In terms of project execution, the 2005 CPE and supervision documents mention problems of belated provision of counterpart funding (PPPMER-II and PDCRE), but these problems seem to have been less pressing in more recent times. Similarly, an analysis of the time elapsed between project approval and declaration of effectiveness shows a marked decrease: from average of 15.7 months for older projects to 8.4 for the projects reviewed by the current CPE. This does not imply that there have been no significant delays during execution but it provides an indicator of improvement at least.

216. Other managerial problems such as staff turnover and prolonged vacancies appear to have constrained the work of management units of PDRCIU. In the context of PDCRE, reportedly, incentives were introduced so as to ensure higher staff retention. Interestingly, perhaps as a demonstration of improved confidence in management capacity, the same coordination unit managing PAPSTA and KWAMP was awarded two prizes at the 2010 IFAD regional portfolio workshop for East and Southern Africa. During the course of project execution there have also been administrative policy changes, for example the "zero car fleet" policy requiring projects to outsource transportation services to private-based operators. While this may have generated short and medium term service disruptions, documented for example in the case of PDCRE, there is no doubt that it will improve financial efficiency in the long term, considering that cost of transportations are typically high in the country and region.

217. As is the case of many IFAD projects, setting up functioning monitoring and evaluation systems has been a challenge in Rwanda as well. The 2007 results-based COSOP in Rwanda called for a programme-wide monitoring system. To some extent this has been followed up with the introduction of an annual country portfolio performance review, conducted by the Government in consultation with IFAD. The question remains to the linkage between the country portfolio review and the individual M&E system at project level, in particular to what extent the country portfolio review is based on empirical data, particularly on development results not just output, rather than judgmental and intuitive considerations.[95]

218. A special Rwandan feature is that the Government is very active in monitoring the programmes and projects of development partners. In 2000, the Central Public Investment and External Finance Bureau (CEPEX) was established within the MINECOFIN. CEPEX monitors on a continuous basis the individual projects and the entire programme of each development partner and rates the performance.[96] This has provided the basis for having meaningful joint annual Government of Rwanda-IFAD portfolio reviews. This evaluation benefited from CEPEX's regular and detailed review of the performance of the five IFAD projects, providing ratings on a number of criteria. CEPEX also participated in the field trips of the evaluation mission.

219. Related to the above, four projects (PDRCIU, PDCRE, PPPMER II, and PAPSTA) conducted impact surveys. Given the traditional dearth of impact-level data in IFAD projects this is per se good news. On the other hand, some of the results of impact surveys have been disputed by the project management teams of PDRCIU and PAPSTA. While it is a positive fact that some initiatives were taken to assess impact, given the emphasis in the latest COSOPs on managing based on results, it would have been helpful to dedicate more attention *ex ante* to the quality of the impact assessment exercises, perhaps benefiting from national statistical institutions or other expertise existing in the country, either in the public sector or in international organizations.

220. Overall, the performance of the Government is rated as *satisfactory* (5). This takes into account both improvements in the strategic and policy environment (although issues remain to be addressed) as well as documented efforts to enhance project management. Individual project ratings are moderately satisfactory for PDRCIU and PDCRE while satisfactory for the others (PPPMER-II, PAPSTA, and KWAMP; see annex 1).

[95] To give an example, the 2010 country portfolio performance review rates the ongoing projects (p.9) based on the achievement of the following objective: "25 per cent increase in rural per capita income" but it is not clear on what basis or data these claims rest, given that the impact surveys that have been conducted do not provide this type of information.

[96] CEPEX was dissolved in early 2011 and its functions absorbed by the MINECOFIN.

C. Cooperating institution

221. UNOPS was the cooperating institution initially in charge of the supervision of PDRCIU, PPPMER-II, PDCRE, and PAPSTA. UNOPS missions were generally appreciated by the project coordination units and UNOPS performed well in loan administration and fiduciary aspects although review of procurement was in some instances not timely, particularly in the case of PDRCIU. Furthermore, PDCRE finds in its self-assessment that the performance of UNOPS was moderately unsatisfactory characterized by limited involvement and ownership and a lot of delays in dealing with withdrawal applications and no objections. Qualifications can be made on the performance of UNOPS which do not come as a surprise, having been highlighted by previous evaluations and stemming from contractual arrangements with IFAD and limited resources available. They relate to limited mission membership, two-persons per mission, easier to manage but not covering the breadth of components and implementation issues with specialized expertise, to one year time distance between UNOPS supervision missions creating a gap in the support required by project coordination units. Overall, considering the constraints in which UNOPS had to operate, its performance is assessed as moderately satisfactory (4), also reflecting individual ratings for projects (PDRCIU, PDCRE, PPPMER-II; see annex 1).

222. **Cofinanciers**. Several development partners and international NGOs have provided cofinancing in the IFAD-supported projects, including DFID, the OPEC Fund for International Development, Desjardins International, Austrian Help Programme, the Governments of Germany (DED), Netherlands and Belgium, and WFP. These partnerships, as highlighted in the next chapter, mainly consisted of cofinancing, with limited involvement during implementation. For this reason, the CPE does not assign a rating to these partners.

Table 14
Assessment of performance of partners in project portfolio delivery

Partner	*Rating*
IFAD	5
Government	5
Cooperating institution (UNOPS)	4

Key points

- IFAD's performance is rated satisfactory. The Fund has been capable of adapting and responding to changes in the national context. Following the 2005 CPE recommendations, it engaged in a more participatory formulation for the 2007 COSOP, as well as in the design of projects which are now better embedded in national sector programmes. Direct supervision and country presence boosted project implementation support, leaving more limited resources for other non-lending activities.
- The performance of the Government performance is rated satisfactory. The Government has provided consistent support to the IFAD programme by strengthening the policy environment and improving management practices. The Government is active in monitoring the programme and conducts an annual joint portfolio review together with IFAD. Disparity still exists between implementation capacity at the central government level and at the local (district) level. In spite of an overall improvement in the policy environment, the Government's drive to formalize all associations can lead to the demise of emerging grassroots initiatives as in the case of micro finance pilot initiatives supported by IFAD.
- Subject to its typical constraints (human and financial resources), UNOPS discharged its duties in a moderately satisfactory manner. However, the limitations of third-party supervision of the traditional sort (narrow technical coverage, time gaps in project support) are quite evident.

VI. Assessment of non-lending activities

223. This heading is standard in CPE reports but a misnomer in Rwanda where IFAD's project portfolio is financed by loans as well as grants, the recent KWAMP being entirely financed by grants under the Debt Sustainability Framework (DSF). Thus in Rwanda, it should be "non-project portfolio activities" in the areas of policy dialogue, knowledge management, and partnership building. In Rwanda as in many other countries, most of IFAD's activities in these areas are taking place within the project portfolio or directly related to it while this chapter focuses on activities outside the portfolio. In the following sections we discuss relevance and effectiveness under each of the three areas of non-lending activities. This is followed by a brief assessment of IFAD's technical assistance grants. We then present some considerations on the overall efficiency, and finally the overall performance of non-lending activities.

A. Policy dialogue

224. **Relevance of plans and strategies for policy dialogue.** As mentioned in chapter III, the 2007 COSOP did not detail an agenda of policy positions that IFAD would advocate, but provided instead a general outline of areas where IFAD could provide support for work on the policy and regulatory framework. Thus, a major part of the COSOP's policy agenda is rather a joint IFAD-Government of Rwanda cooperation agenda. It could be argued that this is because the 2007 COSOP was a joint or jointly consulted document (and not an "IFAD manifesto"). In addition, the COSOP pledged that IFAD would provide support for development of consultative mechanisms allowing private and civil society stakeholders to participate in policy definition, and for developing the advocacy capacity of civil society, in particular apex professional organizations. This was an innovative and relevant pledge which obviously would require some non-portfolio resources and activities as it can not necessarily be expected of a government to support advocacy vis-à-vis itself. However, the COSOP did not provide a budget or identify specific resources for this activity.

225. The 2007 COSOP had focus on microfinance policies and "setting a conducive institutional environment for rural finance" (COSOP, appendix III), but provided no further details. On this and other policy issues, the 2007 COSOP was less specific and concrete than the 2002 COSOP as to what needed to be done (from IFAD's point of view).[97] However, as seen in chapter IV, in the rural finance components of PDRCIU, PDCRE and PPPMER-II) IFAD did impose subsidized end-user lending terms, rather than safeguarding the autonomy of financial institutions.

226. Some may consider IFAD's ambition in Rwanda with respect to policy dialogue as being too modest and ask why IFAD's corporate policies, e.g. the Rural Finance Policy (2000 and 2009), the Rural Enterprise Policy (2004), have not been used as a source for policy advocacy in Rwanda, or why initiatives have not been taken to raise awareness about these IFAD policies among potentially interested stakeholders. As an illustrative example, the Coordinator and staff of PPPMER II, IFAD's main support for rural enterprises and rural finance, were not aware of IFAD's Rural Enterprise and Rural Finance Policies. This CPE has the view that the reasons are not only related to modest ambitions and resources of IFAD but also to a context where getting involved in policy dialogue cannot be taken for granted. For example, IFAD was not invited to comment upon the 2010 SME Policy or the 2009 Revised National Coffee Strategy before they were issued while IFAD could have had relevant experience to contribute. However, it should also be highlighted that nowadays most policy and strategy documents are presented to the relevant

[97] For example on micro/rural finance, the 2002 COSOP pointed to: "the need to introduce an appropriate framework governing MFIs in order to protect farmers' savings, facilitate relations between emerging rural savings and loan associations and the formal banking system, and safeguard the autonomy of associations with respect to their lending policy and criteria".

sector working groups of development partners who through a pro-active effort may influence the final outcomes.

227. As it should be, the Government of Rwanda has led the development of agricultural policies, strategies and programmes, demonstrating strong determination in terms of achieving its defined goals and targets. In this context, it is not surprising that IFAD has had so far only a limited role in the dialogue on the "what to do issues". At the same time, it can also be argued that by confining its contribution to project funding, IFAD may induce self-fulfilling expectations that it is not able nor interested in engaging in dialogue on reforms and policies, even when it has substantive input to provide. This evaluation believes that government may improve the effectiveness of its programmes by using IFAD's international experiences to a greater extent than what is currently the case.

228. **Different notions of policy dialogue.** This CPE notes that several activities are included by IFAD under the label of "policy dialogue" in its programme in Rwanda. Policy dialogue is sometimes understood as (i) adjustment and fixing of a project component or (ii) provision of technical assistance facilities. With respect to "project component adjustments", the underlying assumption is that the adjustments automatically will introduce better practices, beyond the project, and change the orientation of Government policy, for example in the area of microfinance. On the other hand, "technical assistance" essentially means providing funds for Government to contract sector specialists who will help prepare a policy document, write a sector strategy. This notion of policy dialogue is for example presented in the 2007 COSOP regarding IFAD's support to formulation of PSTA, which this evaluation considers a valuable form of technical assistance to MINAGRI.

229. While the above two activities can represent a good starting point, they do not necessarily constitute policy dialogue. The notion of policy dialogue adopted by this CPE is that of an ongoing dialectic exchange with the Government and development partners on key issues on the policy and strategic agenda. Although policy dialogue for IFAD may stem from concrete project-level issues, its scope goes beyond an individual project component. It requires reflection, analytical capacity, conceptualisation and, sometimes, high-calibre expertise. It implies continued two-way interactions, which can experience periods of both dynamism and stagnation.

230. For reasons that relate to corporate practices and culture, IFAD traditionally espoused the first and second notions of policy dialogue (project component fixing and technical assistance). This is understandable due to its past lack of country presence and exclusive focus on project-level activities (a fact already underlined in the 2005 CPE). But the situation is changing, because IFAD now has a country office providing further opportunities (yet to be harnessed). Moreover, certain reform issues, such as in the case of microfinance and cooperative development, need to be addressed at a higher level than individual project component.

231. **Effectiveness of policy dialogue.** As indicated above, IFAD has made some contributions to policy work, funding consultants and other support to assist government to develop strategies. For example, IFAD was one of the supporters in the process where government developed the Strategic Plan for Transformation of Agriculture (PSTA) and provided a grant for MINAGRI for recruiting consultants (see section D of this chapter), together DFID and the Government of the Netherlands.[98] With respect to "real dialogue", where IFAD staff would engage in

[98] According to the feedback receive by the CPE mission from national stakeholders and international partners, the 2007 COSOP claim (paragraph 28) of a "the Strategic Plan for Transformation of Agriculture (PSTA), prepared by IFAD in collaboration with DFID and The Netherlands" (our underlining) provides a somehow overstated account of IFAD's role, while it is true that IFAD provided technical assistance.

dialogue advocating IFAD policy positions, the volume of activity is modest and so are the outcomes. Through its direct supervision activities, IFAD has addressed design shortcomings of micro/rural finance project components in the older projects (PDRCIU, PDCRE and PPPMER II), and in the more recent projects (PAPSTA and KWAMP) IFAD did not include microfinance components, perhaps recognising past problems. While disengagement from non-performing practices is better than continuing with the same, this is not policy dialogue.

232. Despite the COSOP pledges, IFAD has not contributed to developing the institutional/policy framework for micro/rural finance, which instead was developed (microfinance law and regulation) by the Government in cooperation with other development partners. In fact, IFAD is detached from a new joint initiative of the Government and Development Partners initiated by DFID, *Access to Finance Rwanda* (AFR). IFAD did not react when changes in Government policies on establishing SACCOs led to the demise of village level savings and loan associations that had been piloted through an IFAD-funded grant. IFAD should have advised a cautious approach, vis à vis the nation-wide establishment of one SACCO per administrative sector (*Umurenge*) by administrative fiat.

233. Participation of private and civil society organizations in policy formulation was another thrust of the 2007 COSOP. No specific IFAD-funded activities have been found in this area. Within the project portfolio, PDRCIU has provided a financial contribution to the apex organization of MFIs, AMIR, but not specifically targeting the advocacy capacity. Some cases of participation of private sector and civil society organizations in policy discussion are documented in policy fora organized and managed by the Government of Rwanda (for example on the PSTA, CIP, fertilizer policy). They are part of ongoing sector coordination initiatives ked by the Government, not of IFAD initiatives.

B. Knowledge management

234. **Relevance of strategies for knowledge management.** The agenda for knowledge management and communication as outlined in the 2007 COSOP is largely an agenda related to the project portfolio: construction of innovation centres (PAPSTA), agricultural management information systems (PAPSTA), and improved project M&E systems.

235. **Effectiveness of knowledge management.** While IFAD since the 2007 COSOP has undertaken major activities of knowledge management within the project portfolio, this evaluation is not aware of major activities outside or beyond the project portfolio. Within the project components, knowledge management has improved over the period. In the individual projects, M&E systems have been strengthened and baseline and repeat surveys have been introduced. However, in some cases the methodology of contracted services providers is disputed, suggesting that more quality assurance ex ante may be required.

236. Study tours to innovative IFAD supported activities in other countries have been organized for project stakeholders and beneficiaries, as in the case of the intensive system for rice cultivation (SRI) imported from Madagascar. With respect to knowledge generation, some pilots/innovations have been introduced, particularly in PAPSTA. While the results of these innovations are being monitored in the M&E systems, an independent assessment would help to determine whether or not these innovations are cost-effective and worthwhile scaling up. If others shall be convinced to replicate and scale up the experience, an independent assessment is more effective than an internal assessment. Between the projects, efforts have been made to promote synergies; for example, experienced procurement and finance staff from one PCU has been used to train staff in other PCUs as well as the district administrations.

237. Outside individual projects, knowledge management activities are limited, and there is room for improving the transfer of knowledge. As indicated above, while

IFAD's website serves to disseminate knowledge about IFAD and its policies, it does not ensure that relevant users capture the information, as shown in the case of PPPMER-II where senior staff is not aware of two key policies. Therefore, if IFAD wishes that its Rwandan partners in rural finance, non-farm rural enterprise development or other areas are familiar with IFAD's corporate policies on these themes, IFAD would need to organize local learning events on its policies and strategies (and not just refer people to the website). Furthermore, though Rwanda has entered the electronic age, distribution of hard copies of key policies and documents can still be an effective instrument.

238. Finally, this evaluation finds that IFAD has not fully invested in capturing experiences and lessons generated outside "the IFAD box", in projects and programmes financed by government, NGOs and other development partners (e.g. simpler and less costly approaches to coffee washing stations tested by USAID). This would require that IFAD's Country Office has the resources and the task to pro-actively search for positive (and negative) experiences in other programmes, e.g. programmes supporting the coffee and tea sectors, rural finance etc. This also requires an attitude of acknowledging that sometimes others may have a better solution and approach.

C. Partnership building

239. **Relevance of plans for partnership building.** The 2007 COSOP presented a relevant agenda for partnership building, including emphasis on civil society and private institutions. It included a "Key file" on complementary donor initiative/partnership potential, listing areas of cooperation or complementarity with Belgium, Canada, DFID, the EU, the Netherlands and USAID as well as the AfDB, FAO, WFP and the World Bank. To the knowledge of this CPE, IFAD has not, since the 2007 COSOP, entered into any formal cofinancing agreements with the EU, AfDB, USAID, or the World Bank, although there have been regular contacts and some project-level collaboration.

240. The COSOP stated that it is easier to develop partnerships with civil society and private sector institutions when projects are financed by grants. This might be based on the view that IFAD has more to say over the use of grant resources as compared to a loan where government is the owner of the loan proceeds and has to repay the loan. However, this may not be a correct interpretation of the implications of the conversion from loans to DSF grants which in principle does not change procedures for deciding on how resources are used. Furthermore, as a grant recipient, the Government is also the owner of the resources, once given.

241. **Effectiveness of partnership building.** The overall partnership between government and IFAD is positive and IFAD's work is generally well known and appreciated. At the general coordinating level, IFAD's partner is the MINECOFIN. At project level, the Ministry of Agriculture and Animal Resources (MINAGRI) is responsible for implementing PDCRE, PAPSTA and KWAMP, the MINICOM for PPPMER II and the Ministry of Local Government (MINALOC) for PDRCIU. In the latter case, the central level of MINALOC has during implementation gradually withdrawn, leaving the responsibility for coordination to the Governor of the Eastern Province. Through the projects, IFAD is also indirectly partnering with a number of private and civil society organizations as well as semi-autonomous public agencies (e.g. RADA, RARDA and ISAR in agriculture) which provide services for the implementation.

242. PDRCIU, PAPSTA and KWAMP have partnerships with a number of district governments and administrations. While gradually more and more implementation responsibility is being transferred to district governments, there is yet no district that serves as implementing agency for an IFAD supported project or component. IFAD's strategic direction supports the decentralization but the creation of CLGSs

as partners of the PCU/MINAGRI for management of the watersheds has created some ambiguity (see chapter IV).

243. MINAGRI, at the senior level, expressed a preference for more harmonization among development partners and for IFAD's participation in the agricultural SWAp, not only alignment to PSTA objectives but participation in the implementation machinery for the SWAp possibly through some pooling of resources. This is understandable given the very small size of MINAGRI (about 30 staff members) and the proportionally high number of projects managed (some 34 projects funded by international cooperation partners, as of December 2010) and the consequent need to control transaction costs. Other development partners also informed the evaluation mission that they would like to see IFAD join harmonized frameworks not only because of IFAD's financial contribution but also because of IFAD's potential technical and professional contributions.

244. IFAD was part of and contributed to the process of preparing the MoU on the Agricultural SWAp, signed in December 2008. However, IFAD is not considered to be one of the core SWAp partners. From its side, IFAD has informed that its current agricultural portfolio is already aligned to ongoing Government programmes in agriculture. Other partners are currently preparing their sector budget support or Programme Based Aid for the SWAp, including DFID and USAID which fielded formulation missions during late 2010.

245. IFAD's partnership with government and other development partners is overall good but there is a demand for a more active and profiled participation in sector working groups. With respect to partnerships with cofinanciers, IFAD may need to assess in more detail the internal procedural requirements and expectations of each cofinancier, which seems to differ considerably with respect to information required, participation in implementation support missions etc. In areas such as rural finance and non-farm enterprise development, IFAD is not perceived as a lead partner and therefore, if supporting these areas, IFAD's best choice would be to follow other partners who lead the development in these fields.

246. Specific cofinancing opportunities with AfDB have been discussed although they have not yet materialized. In 2000 AfDB was to fund the second project in Umutara but then withdrew due to overall portfolio re-composition decisions and IFAD financed the "twin project" (chapter III). More recently, IFAD invited AfDB to cofinance KWAMP but, reportedly, the Government preferred to finance itself the activities foreseen for AfDB. Also, IFAD could not join AfDB in sectoral budget support initiatives given that this instrument is precluded by its policies.

247. Through the Country Office, IFAD has become an active partner in the One UN Process which requires time and resources for participation in meetings and reporting.[99] IFAD is also a contributor and signatory to the United Nations Development Assistance Framework (UNDAF). From interviews held with UN staff in Kigali and according to an evaluation conducted of the UN "Delivering as One" pilot initiative (Universalia 2010), the process is still at the beginning, with each agency preparing separate programmes and budgets which are then collated into one document, rather than preparing one programme and one budget from the outset.

248. Partnerships with private sector entities and non-governmental organizations have taken place at the project level with the latter playing the role of service providers, for example for field extension and training activities. Also at project level, new initiatives of private-public sector partnerships are emerging in the tea sector

[99] The pilot One UN is based on four principles: one leader, one budget, one programme and one office. The 2010 evaluation of the One UN Pilot in Rwanda inter alia found that while progress had been made in terms of enhanced collaboration between UN agencies, there was not (yet) evidence of improved efficiency through cost savings, reduction of meetings or increase in number of programme output per unit of input.

(PDCRE). There is strong emphasis in Rwanda on the creation of cooperatives, including for agricultural production and financial services (i.e. the SACCOs). The evaluation of PDCRE highlights problems of financial viability and internal management for cooperatives in the coffee sector, as well as financial cooperatives (SACCOs). In particular, in the case of cooperatives running coffee washing stations, the scale of plants was found to be over-sized with respect to production volumes. In some cases, this meant that the capital investment financed through borrowing and indebtedness of cooperatives was under-utilized for several years, and there were several cases of inefficient management or mismanagement. In view of these findings the issue of giving opportunities to entry for fully private operators becomes important. While the establishment of cooperatives and SACCOs tends to follow the administrative divisions of the territory, private operators generally follow a different market-based logic. Further engagement of private sector operators may provide opportunities for efficiency gains and enhanced sustainability.

D. Technical assistance grants

249. In the period considered by this CPE (2000-2010), IFAD provided a parallel financing window through smaller grants of regional as well as country-specific scope. Regional grants had either a focal point in Rwanda or provided services in an electronic network modality. A total number of 8 regional grants were tracked in IFAD records, while 5 country-specific grants were tracked. The latter consisted of one larger grant and four small grants (below US$200,000) provided by IFAD to the Government, local and international NGOs, and international agricultural research institutions (e.g. IRRI and ICRISAT).

250. Four regional grants were purposively sampled for the current CPE in order to be representative of sectors and themes of intervention. In addition, three country-specific grants were reviewed. The selected regional grants included a grant to: (i) SNV Netherlands Development Organization for enhanced market access and knowledge management for small agricultural producers; (ii) Kenya Gatsby Trust (KGT) followed by AFRACA for improving the delivery, outreach, appropriateness and sustainability of financial services for poor people in the rural areas of Eastern and Southern Africa; (iii) IRRI for improving rice production in the region; and (iv) ICRISAT for improving management of agricultural water in the region.

251. The most important country specific grant was a grant of US$400,000 approved by IFAD's Executive Board in 2004 for "Strengthening Implementation of the Rwanda Agriculture Strategy and Action Plan" (RWASAP) which contributed to a common fund further supported by DFID and the Government of the Netherlands. This technical assistance helped the Government prepare the Strategic Plan for Transformation of Agriculture (PSTA). In addition, there was a smaller grant (US$30,000) to the Government to assess, review and streamline administrative and operational procedures, related to RWASAP. Finally, there were three smaller country grants to NGOs provided to: (i) the Episcopal Church of Rwanda and the Presbyterian Church of Rwanda (EER-EPR) to support vulnerable groups living with HIV-AIDS; (iii) CARE for strengthening organized community responses to HIV-AIDS (CARE SCORE-AIDS); and (iii) CARE for "community learning and action saving stimulation and enhancement of business (CLASSE-B)". These grants covered microfinance, HIV-AIDS, agricultural technology, and agricultural strategies and programme management.

252. Regional grants with activities in Rwanda that were approved since 2000 had a total financing volume of US$6.5 million, of which an estimated US$1.0 benefited Rwanda.[100] In addition, the five country-specific grants had a total financial

[100] For regional grants, there was no country-specific allocation. A crude estimate of the financing for activities taking place in Rwanda can be gathered by dividing financial amounts by the country included in the grant documentation.

allocation of US$0.73 million, implying a total estimated grant envelope of US$1.73 million.

253. In the present and following paragraphs we review the selected grants grouped by thematic area, with the exception of the two country-specific grants for the Government which have already been dealt with under policy dialogue (chapter VI). One of the common problems highlighted by previous CPEs was that IFAD grant programmes, particularly the regional grants, tended to establish parallel agendas for agricultural research with little relevance to the lending portfolio of individual countries. This does not seem to be the case of Rwanda: all grants, including the regional ones, appear to be relevant, at least in principle, to IFAD's main portfolio of projects. The grants to IRRI and ICRISAT had more tenuous linkages to projects but the topics addressed were relevant to the Rwandan agriculture sector.

254. In the case of rural finance, the SNV grant identified coffee and apiculture as entry points for piloting market linkages and value chain development, with an emphasis on market and financial service information. Through the grant, training was provided on accounting either directly to managers of producer cooperatives or through service providers (training of trainers). While in principle useful, effectiveness of a single training session was found by SNV itself to be constrained by the limited experience of cooperative managers and members, many of them illiterate. Attempts to link cooperatives with the financial system were not successful: unfortunately, none of the banks and MFIs approached by SNV accepted to lend to beekeeping cooperatives or small honey producers, probably because financial institutions had doubts about the financial viability of cooperatives and producers.

255. With grant resources, AFRACA established a website, a quarterly rural finance newsletter and regional rural finance workshops, one of which held in Rwanda in 2009. This grant was mainly active in knowledge exchange. A component on dissemination of financial products through partnerships with international microfinance networks was implemented in other countries but not in Rwanda.

256. The grant to CARE for the CLASSE-B initiative provided a pilot opportunity to promote village savings and loan associations, collecting savings and disbursing loans at self-determined interest rates to members. The VSLA concept has been implemented successfully in many other African countries. These associations were then to be linked to the network of the *Banques Populaires* for refinancing, with the perspective that CARE would eventually move out. This was a very interesting pilot of linkages between the formal and informal financial sector, which was subsequently implemented in PPPMER II and PDRCIU.

257. Unfortunately, the programme collapsed due to internal and external reasons. Regarding the former, one major problem was that, building on this pilot experience, PDRCIU and PPPMER II moved too fast with credit activities, without specialized rural finance staff and before associations had the time to mobilize sufficient savings and obtain sufficient institutional strength as they only had received limited training. As far as external factors are concerned, the option of reorganizing groups into SACCOs was made impossible by the Government's Umurenge strategy which called for creating one SACCO within each *umurenge* (while the VSLAs often cut across more than one umurenge). No transitional measure was allowed and neither the project management units of PDRCIU and PPPMER II nor IFAD put forward any concrete proposal to solve the situation.[101] In retrospect, this could have been an opportunity for policy dialogue based on a very concrete project-level experience. Also, in 2008 the *Banques Populaires* were converted into a private commercial bank, BPR, which discontinued the refinancing to village groups.

[101] These facts took place before the advent of direct supervision.

258. In the area of HIV-AIDS, two small grants were given to NGOs (national and international) for activities including sensitization on HIV-AIDS, knowledge of preventive measures, access to blood testing, adoption of community plans to facilitate access to anti-retroviral treatment for persons living with the disease, and support to education of children orphaned by the disease or living with the disease. One of the two grants (EPR-ERR) also financed activities of economic relevance such as small income-generating initiatives with financing from the VSLAs. These initiatives were piloted in collaboration with PDRCIU. While HIV-AIDS is not part of the core mandate of IFAD, these activities were relevant inasmuch as they provided an entry point to engage vulnerable groups in poverty reduction initiatives (which corresponded to objective 3 of the 2007 COSOP). Also in this case, the initiative proved to be unsustainable due to policy shifts of the Government when the principle of one SACCO per sector (umurenge) was strictly implemented and led to the demise of informal groups cutting across several sectors. Formalization of informal associations without transitional measures may indiscriminately weed out interesting experiences.

259. In the area of agricultural technology, the regional grants to IRRI and ICRISAT had limited activities in Rwanda. In the case of the IRRI grant some ten researchers of ISAR participated in a training session organized in Tanzania, Mozambique and Burundi on paddy growing and rice breeding techniques. Also training was organized for ISAR staff in IRRI Headquarters (Philippines) on Seed Technology, Plant Pathology and Post-Harvest Technology. As for the ICRISAT grant, it financed workshops in Rwanda and abroad on agricultural water management as well as two studies, one on the political and institutional framework of water management activities and another one on economic and agronomic benefits of water management, as well as a documentary film on best practices in improved water management in agriculture, shot in Rwanda. The audience of seminars and the documentary consisted of MINAGRI staff, staff of IFAD projects, and agencies under the supervision of MINAGRI (RADA, ISAR).

260. To summarize, in Rwanda all grant activities were of direct relevance to the objectives of IFAD-funded projects and almost in all cases some form of collaboration took place, although to a minor extent in the case of the grants to IRRI and ICRISAT in the area of agricultural technology. This is better than the average situation highlighted in previous CPEs. In some cases, the financial volume available was a drop in the ocean (as in the case of training in accounting skills for cooperatives). In almost no case, the role of the grants in testing and incubating pilot experiences was clearly specified and the responsibility of larger projects in providing specialized staff and fostering these fledgling initiatives was not made clear enough. Perhaps because direct supervision was not yet applied, IFAD missed an opportunity to timely react and engage in policy discussion with the Government. This could have led to a useful discussion on the risks of excessive formalization without a plan to accompany the transition and salvage pilot initiatives that would be otherwise wiped out. It could have been an example of a broader policy dialogue inspired by field level experience.

E. Efficiency of non-lending activities

261. Apart from the grants for RWASAP (US$430,000), the investments in non-portfolio activities have overall been more limited and so have the results. The 2007 COSOP did not establish a specific financial envelope for financing the non-portfolio activities that it had pledged to undertake. The transition to the direct supervision modality has taken a major part of the time of the CPM and the country office. Moving to the direct supervision modality and opening a country office in Kigali has clearly enhanced IFAD's responsiveness vis à vis project implementation issues. Yet support to supervision missions and to fiduciary aspects and financial transactions is very time intensive and absorbs a large amount of the human resources currently available to IFAD in Kigali.

262. The little remaining time is mostly used for obligatory activities such as participation in the consultations for the One UN process, Government of Rwanda-DP groups in the agricultural and rural development cluster, and serving other IFAD requests, such as this evaluation. Very limited time remains available for higher-level policy dialogue, knowledge management and nurturing partnerships. As the new staff in the Country Office gain experience and familiarity with IFAD, efficiency gains could be obtained by delegating more decision-making power from the headquarters to the Country Office and by introducing a clearer division of labour and responsibilities between the Country Programme Officer and the Country Programme Assistant within the country office. Delegation and division of labour can help save time.

F. Overall assessment of non-lending activities

263. The cooperation between IFAD and the Government of Rwanda is focusing on the project portfolio, and the activities related to policy dialogue, knowledge management and partnership building are primarily taking place within or in relation to specific projects. Non-portfolio activities have been more limited, and so have the results, particularly in the area of rural finance. Within government and IFAD there may be different views on whether this situation is satisfactory or not. The IFAD Country Programme Management Team may have considered so far that project component adjustment and technical assistance were the most effective contribution. While appreciating that there are different views, it is also clear that certain institutional and policy issues can be addressed at a higher level and with a broader partnership rather than at individual project level. The ratings are presented in table 15: moderately satisfactory for partnership building and knowledge management, while moderately unsatisfactory for policy dialogue (efforts in technical assistance for sector strategy development but no real policy dialogue particularly in rural finance). The overall rating for non-lending activities is moderately satisfactory (4), with the understanding that this is an area for improvement.

Table 15
Assessment of non-project portfolio activities

Type of non-lending activity	*Rating*
Policy dialogue	3
Knowledge management	4
Partnership building	4
Overall non-lending activities	**4**

Key points

- Knowledge management is assessed as moderately satisfactory. There have been information exchanges within projects or between projects (intensive rice cultivation techniques, community innovation centres, watershed development approaches), as well as increased attention for M&E functions and management information systems Knowledge management outside the projects, such as learning from approaches adopted by other donors, or NGOs ("thinking outside the box") has been quite limited.
- Policy dialogue is assessed as moderately unsatisfactory. Policy dialogue resources and results have been limited in transferring experience and issues from project level to a higher-level arena of dialogue on reforms. Results have been particularly modest in the area of rural finance which was singled out as an objective in the 2007 COSOP and was already identified as an area for improvement by the 2005 CPE.
- Partnership development is assessed as moderately satisfactory. Financial partnerships with government and other development partners are well established but there is a demand for a more active and profiled IFAD participation in sector working groups. Partnerships with the private sector and non-governmental organization have consisted of contracting out service provision in projects. A new experiment of private-public partnership has recently emerged in the tea sector (PDCRE), although it is too early to assess.
- Overall the assessment for non-lending activities is moderately satisfactory, in view of two moderately satisfactory assessments (knowledge management, partnership) and one moderately unsatisfactory (policy dialogue). Non-lending activities are under-resourced and an area for improvement.

VII. COSOP performance

A. Relevance

Alignment of strategic objectives

264. **Good overall alignment.** Synchronisation of COSOP and national processes for defining strategies and objectives allowed a high degree of alignment at this level. The 2002 COSOP (December 2002) was prepared concurrently with the Government of Rwanda's PRSP (June 2002) while the 2007 COSOP and the Government's Economic Development and Poverty Reduction Strategy both were issued in September 2007. This allowed the COSOP formulation to take into account the most recent government strategies and align the COSOPs to the strategic objectives of government's medium-term plans. Furthermore, the design of the 2007 COSOP was able to align to the first PSTA (2005) as well as IFAD's Strategic Framework 2007-2010. In retrospective, it can be said that IFAD acted upon the recommendations of the 2005 CPE advocating for better inserting individual projects in national strategies and programmes.

265. With reference to the discussion in the previous chapter, it can be noted that the objectives of the 2007 COSOP were mainly set at the project and "field level", with perhaps less emphasis at a higher institutional and policy level.

266. **Some inconsistencies in the definition of "vulnerable groups".** Overall the three strategic objectives of the 2007 COSOP are aligned to the Government objectives. However, there are some issues of target group definition and approaches for reaching different target groups. Strategic Objective 1 (raising economic opportunities and incomes) is defined to target "the very poor and the resource poor" but omits the group in-between, i.e. "the poor".[102] In the third strategic objective (vulnerable groups participate in the social and economic transformation) vulnerable groups are defined as comprising women heads of households, young people and the landless, orphans and people with HIV/AIDS. To that end, IFAD will (i) promote the active participation of such groups in local planning and implementation of development activities; and (ii) strengthen the

[102] According to the interpretation of the CPM, objective 1, implicitly, also includes the poor, even though not specifically mentioned in the COSOP text.

inclusive approach by combining support for family planning with assistance to people with HIV/AIDS." These directions raise two issues.

267. First, the strategy and approach of addressing the vulnerable appears very general, comprising: (i) "empowerment" with no distinction between the challenges of different sub-groups of the vulnerable population; and (ii) family planning (perhaps not an area where IFAD has a comparative advantage) and assistance to people with HIV/AIDS which may include social security services (outside IFAD's domain) as well as services to improve or safeguard production, incomes and nutrition (within IFAD's domain).

268. The second issue is related to definitions of poverty and vulnerability[103] where there are many different definitions applied by national systems and programmes as well as by development partners and NGOs. When households in extreme poverty (below minimum food requirements) are included, more than 40 per cent of the rural population are categorized as belonging to the vulnerable group. However, when vulnerability is differentiated from extreme or abject poverty, only a small percentage is in some cases categorized as being vulnerable. For example, the Ubudehe survey, in which households in communities identify to which socioeconomic category they belong, vulnerable people were identified, in order of greatest destitution, as widows, landless, sick, the elderly[104] and child-headed households (EDPRS, 2007), i.e. different from the COSOP definition. While the major part of the poor (excluding food and money rich) belonged to the "destitute" (18 per cent) and the "poorest" (52.5 per cent), only 4.8 per cent were classified as being vulnerable (EDPRS, p.13).

269. Definitions do matter as they often determine whether a household is eligible for a certain benefit or not.[105] With many different and competing definitions, there is a risk that households and individuals may develop the perception that they are unfairly treated and that the system is arbitrary. There seems to be a need for streamlining the definitions and for government to provide the framework for this including a more coherent strategic framework for how to address the different needs and challenges of the various socioeconomic sub-groups. This would allow IFAD in its future targeting strategy to align to a (streamlined) national framework and define more detailed and differentiated strategies for reaching the different target groups — what to do and how to do it.

Compliance with the Paris Declaration

270. The 2007 COSOP was also prepared concurrently with the OECD country report on Rwanda in connection with the 2006 monitoring survey of compliance with the Paris Declaration (issued in 2007) which, unfortunately, did not inform the COSOP preparation. The COSOP provides a number of commitments:

a) "The recent fielding of a liaison officer to Rwanda allows IFAD to participate more actively in aid coordination structures, particularly in the Development Partners Coordination Group (DCPG) and in two cross-sectoral clusters (rural development and the private sector)."

b) "As a signatory to the 2005 Paris Declaration, IFAD will also seek closer alignment with government procedures and aid modality preferences."

c) "The ICFG [the IFAD COSOP Focal Group] work was conducted with a special focus on the need for harmonization and alignment, taking fully into account

[103] Vulnerable people may also include those who are in an acceptable situation but are at risk of experiencing a negative downturn because of a certain fragility. Such could be people living with a trauma which would include a major part of Rwanda's population.
[104] People over 65 appear to have the highest poverty incidence among all groups but would not be an obvious target group in the IFAD.
[105] Vice versa, the benefit itself may in some cases increase the number of households that reportedly belong to a defined beneficiary target group.

the principles set out in the Paris Declaration. The group agreed that the COSOP should be fully aligned with the EDPRS and PSTA strategic objectives."

271. These commitments point in a general positive direction. At the same time, they do not fully address issues of compliance with respect to IFAD's performance on several of the OECD surveyed indicators, (annex 13). The COSOP uses the wording "closer alignment" while for several of the indicators it is matter of "either or". Furthermore, with respect to the indicator: parallel Project Implementation Units (PIUs) where the aim is to eliminate PIUs, IFAD accounts for 6.3 per cent of the total number of parallel PIUs, while IFAD only provides 1.3 per cent of the aid for the government sectors. The only indicator (related to harmonization) on which IFAD performs better than the average is "coordinated country analytical work". The COSOP commitment of aligning the COSOP to the EDPRS and PSTA strategic objectives has limited concrete implications as most aid can be argued to be aligned to such positively worded objectives.

Relevance and coherence of main elements

272. The three main elements or focus areas of IFAD's current support are: (i) integrated food and livestock production under sustainable management in watersheds (PAPSTA & KWAMP); (ii) export (and cash) crops (PDCRE and the follow-up project); and (iii) non-farm enterprises and employment (PPPMER). PDRCIU included many more elements but it is closing and its design and approach may be considered as something of the past which will not be replicated. Crosscutting themes include support for the decentralization process (KWAMP and PDRCIU), gender, HIV/AIDS and inclusion of vulnerable groups. Some of these themes are add-ons to the three main elements while inclusion of vulnerable groups is one of the three strategic objectives of the COSOP.

273. This CPE finds that the main support elements are highly relevant to the rural development context as well as fully aligned to the priority elements of government strategies. In EDPRS, agricultural productivity and protection of soils constitute a priority objective. The development of export crops is part of the export-oriented growth strategy and the Growth for Jobs and Exports Flagship Programme. Creation of non-farm employment is part of the Vision Umurenge 2020 Flagship Programme and an overriding objective in transforming the economy; from a baseline of 200,000 non-agricultural jobs in year 2000, the target is 1 million non-agricultural jobs by 2010 and 2.5 million by 2020. Rwanda is currently behind in achieving these job targets.

274. **A coherent country programme?** Each of the three support elements is highly relevant and contributes to reduction of rural poverty. As defined by the 2007 COSOP (and to some extent by the 2002 one), IFAD strategies includes several avenues for poverty reduction: intensification of agriculture to raise productivity (higher crop yields, livestock, and erosion control), expansion of the cultivated area (reclamation of marshlands for intensive crop cultivation), agricultural diversification towards cash crops, and creation of alternative employment opportunities through non-farm activities (micro enterprises). These are all relevant in the Rwandan context.

275. While coherence between objectives is high, achieving coherence between the concrete projects can be more challenging. In the current portfolio, part of the reason is that projects belong to different generations (see chapter III) and in part due to project design issues. Disregarding PDRCIU (which responded to country needs in the post-conflict period), the main outlier in the current portfolio is PPPMER supporting non-agricultural skills and enterprises (tailors, hairdressers, carpenters, artisans, and other crafts). More coherence with other projects could be obtained if the support for non-farm employment and enterprises were to be more focused on agriculture-related enterprises, up and down-stream in the IFAD supported agricultural value chains, for example producers/manufacturers and

dealers in agricultural inputs and equipment, agricultural services providers, warehouses, agro-processing enterprises, and a multitude of different enterprises providing services and products required in the agro-processing industry (packaging materials, quality control etc.). In Rwanda these areas are at an infant stage of development, requiring major investments if Rwanda is to reap the potential benefits of the recent impressive growth in agricultural production.[106]

276. **Coherence within projects.** In several countries in East and Southern Africa, ESA has promoted a transition from area-based agricultural and rural development projects to thematic programmes working at national level (policies and institutions), meso level (e.g. apex organizations) and micro level (field based activities in selected areas), trying to link the three levels into a coherent programme. The themes have included rural finance, agricultural marketing, and agricultural extension services. Such a transition has not taken place in Rwanda, though one would expect that it would be easier to apply a thematic programme approach in a small country with above average performance on public financial management and other governance indicators. However, it can be argued that PAPSTA and PDCRE have some of the features of such a coherent thematic programme approach.

277. **IFAD's niche.** The 2007 COSOP identifies "IFAD's comparative advantages in Rwanda, i.e. a focus on improving the livelihoods of small producers and vulnerable rural poor through the development of innovative demand-driven approaches, coupled with institutional and policy support to develop and scale up successful pro-poor policies and approaches. This twofold approach will be applied to four key areas: (i) production/market support for both food and export crops; (ii) rural enterprise development; (iii) support to decentralization and participatory democracy; and (iv) rural finance." The COSOP also claims that "IFAD has acquired experience in coordinated sector programmes that may be gainfully applied when developing an agricultural SWAp in Rwanda."

278. Given that IFAD disburses US$5-8 million per year, it may be argued that the above-mentioned very wide menu does not represent a niche. Furthermore, the 2007 COSOP, but also the 2002 COSOP, included suggestions for IFAD support in some areas where IFAD has limited experience and expertise, at least compared to other specialized organizations (for example, family planning in the 2007 COSOP and support for schools[107] in the 2002 COSOP).

COSOP and country programme management

279. The 2007 COSOP presented a relevant results management framework using indicators selected from the EDPRS for managing the country portfolio and its contribution to the three strategic objectives. The COSOP also provided for annual reviews assisted by the IFAD COSOP FOCAL Group (later replaced by the Country Programme Management Team). The 2007 COSOP pledged to promote synergies between the projects (also in the 2002 COSOP) and between portfolio and non-portfolio activities. However, the COSOP provided few indications of how the non-portfolio activities would be financed, implemented, managed and monitored.

280. For improving project management and performance, the COSOP suggests training and national and international technical assistance. In addition, "close supervision" — implied that this is by IFAD direct supervision under which it is also suggested that cofinanciers and farmers' organizations are involved. The COSOP also refers to

[106] Several agribusinesses are located in areas formally classified as urban rather than rural, even though the distinction urban/rural is blurred in some parts of Rwanda where rural population densities have urban levels. If IFAD adopts a value chain development approach, this should not be considered as an obstacle as it would facilitate access to markets for farmers in formally rural areas.

[107] In relation to this, PAPSTA has a target of training 1,100 primary school students in soil conservation (with zero achievement). Planners and managers in the education sector or in a primary school cannot accept all types of trainings in all kinds of worthy causes if they wish to organize a coherent education for the students.

MINECOFIN's "recent country portfolio performance reviews, which stressed that project's design should promote flexible, demand-driven processes matched by unallocated resources to adapt to rapidly changing environments rather than predetermined activities." IFAD projects are normally not designed with large unallocated budgets but the budget of KWAMP, the first project after the 2007 COSOP, was designed with 4.75 per cent of the total budget as unallocated.

281. Relevance of the COSOP is assessed as overall satisfactory. This takes into account improvements since the latest CPE, more participatory COSOP definition, a very high degree of alignment to country rural poverty reduction needs (mainly from a field and community-level perspective), medium degree of internal coherence, and compliance with the Paris Declaration as an area for improvement.

B. Effectiveness

282. **Progress towards strategic objectives.** The analysis is presented according to the strategic objectives of the 2007 COSOP, trying to highlight connections between IFAD project results and broader sectoral development changes, with the understanding that it is not possible to attribute such changes to the IFAD portfolio alone.

283. **Strategic objective 1.** *Economic opportunities for the rural poor [are] increased and their incomes risen sustainably.* Household data that give value to several of the related indicators will not be available before the 2012 Household Living Conditions Survey (EICV).[108] However, for several outcome indicators pertaining to the agricultural sector there are data or estimates (please refer to chapter II) that confirm high growth since 2007 in food crop and livestock production while the achievements in the export crops are positive but less impressive. In terms of output achievement, e.g. percentage of land protected against soil erosion, the development is also encouraging and here IFAD support for PAPSTA and KWAMP is making an important contribution though there is still a long way to go before one can claim that an entire watershed is fully protected. However, a very significant increase in production volumes has already been obtained, and it seems fair to assume that this has resulted in higher household income and consumption for a large number of households. Thus, Strategic Objective 1 is likely to be achieved, hopefully reducing poverty (the COSOP overall objective) and improving the quality of life of all the people of Rwanda (the EDPRS goal).

284. Looking at the situation from the bottom and up, i.e. the contributions of the five projects to Strategic Objective 1, the assessment of this evaluation is generally concurring with the positive assessment of Rwanda Country Project Portfolio Review 2010 (annex 14). The most significant contributions have probably been made by PAPSTA and PPPMER while the major improvement of household incomes of coffee and tea growers (PDCRE) is likely to emerge when the new plantings come into production over the next years. There is also reason to be hopeful regarding the future contributions from KWAMP.

285. However, in rural finance, the effectiveness of the COSOPs (2002 as well as 2007) has been unsatisfactory. The pledged actions were simply not delivered. Since PPPMER II (2003), IFAD has not approved any support for rural finance nor has IFAD engaged in any significant activities related to rural finance outside the portfolio. Since introduction of direct supervision IFAD has contributed to addressing some of the not-so-good practices in the old portfolio. The new initiative Access to Finance Rwanda (AFR) provides IFAD with an excellent opportunity of honouring the commitment made in the 2002 COSOP: "Through policy dialogue, IFAD will cooperate with other donors to promote the enactment of adequate,

[108] These surveys, referred to as EICV (Enquête Intégrale sur les Conditions de Vie des Ménages), are *inter alia* undertaken to monitor progress towards poverty reduction targets. Two EICVs have been undertaken, 2000/2001 and 2005/2006, leaving quite a distance to the next EICV scheduled for 2012.

flexible regulations to facilitate the development of MFIs and ensure sound management and protection of peoples' savings".

286. **Strategic objective 2.** *Organization and institutions of the rural poor as well as decentralized entities [are] strengthened.* With respect to the local government part, there has been a general improvement in the capacity of local government over the last 10 years. However, relative to others, the PDRCIU districts have in recent years dropped some places on the performance ranking (annex 16) while Kirehe District (KWAMP) has improved its rankings, however before KWAMP started. With respect to farmers and users organizations there has been, over the period and nationally, an increase in the level of organization and an improvement in the capacity of many organizations. However, the drive to formalize institutions, forcing functioning associations to convert to registered cooperatives has in some areas resulted in an "organizational loss". Considering the contributions of individual projects to development of rural organizations, the most significant contribution has been delivered by PAPSTA and PPPMER II, while a major contribution may also be expected over time from KWAMP.

287. **Strategic objective 3.** *Vulnerable groups participate in the social and economic transformation*. The Country Portfolio Performance Review 2010 (annex 14) finds that progress is lagging with respect to the participation of vulnerable groups in the social and economic transformation. However, this should not overlook the fact that many vulnerable households and people are changing their lives for the better, for example: orphans and other vulnerable groups are acquiring skills and starting a business (PPPMER II), elderly widows struggling to take care of orphaned grandchildren are now receiving a cow and can feed the children and earn cash to send them to school (PDRCIU, PAPSTA, KWAMP), landless households are getting a small plot of irrigated land in the former marshland and now have a secure source of income etc. In some cases, the empowerment will follow the change in income/living standards, e.g. a Girinka programme beneficiary obtains higher status especially as she becomes a donor of a heifer and the higher status may give her the self-confidence to participate in community decision-making fora.

288. Due to lack of adequate up-to-date national data it is difficult to assess national developments during recent years.[109] Furthermore, the different definitions of vulnerable groups complicate matters. Nevertheless, findings of this CPE point to major achievements being made to address the needs of different vulnerable groups through a number of local and national initiatives and programmes, e.g. the *Ubudehe* programme, VUP, the Girinka programme etc.

289. **Modest progress towards compliance with the Paris Declaration.** Though it is for the OECD to assess compliance, it is the overall assessment of this CPE that IFAD has made limited progress on several of the indicators in spite of the general commitments made in the COSOP. Though IFAD now uses a combination of IFAD and the Government PFM and procurement systems and procedures, IFAD would probably still receive a zero-score as it does not fully use the national systems with the possible exception of "use of national audit systems"; and finally, there has been no reduction in the number of parallel PIUs. For a ministry with few staff, such as MINAGRI, it can be taxing to manage numerous parallel systems.

290. With respect to joining the agricultural SWAp, IFAD so far has preferred to continue in the current project mode while maintaining that the objectives of the on-going portfolio already are well aligned to the PSTA, and thus to the future SWAp that will be based on the PSTA.

291. **Compliance with the geographical targeting strategy?** The 2007 COSOP outlined a geographical targeting strategy comprising three criteria (chapter III)

[109] MINALOC in collaboration with Rwanda Local Development Support Fund is finalizing the data collection on vulnerable group which is expected to be validated by end September 2011.

including: (i) a high incidence of poverty and food insecurity; (ii) potential for productive investments and economic development directly benefiting the poorest people; and (iii) scope for complementarities with other rural pro-poor investments. While the third criterion does not provide for much geographical focus as such potential appears available in most areas, the first two criteria may potentially conflict with each other.

292. For the last 10 years, IFAD's support has been concentrated on the Eastern Province which has the lowest population density of the four provinces (although high by regional standards) and also a relatively high agricultural development potential. At the start of PDRCIU in year 2000, the Eastern Province fulfilled both the first and the second criterion but this was no longer the case at the start of KWAMP. The Eastern Province has experienced the highest decline in poverty incidence from 2000 to 2006 and had by 2006 the lowest poverty incidence among the four Provinces, - a trend that is likely to have been continued till today as the Eastern province in recent years has recorded impressive increases in crop production. In the national rankings (30 districts), Kirehe was in 2010/11 ranked among the best one third with respect to economic and social development.

293. This evaluation believes that there has been valid rationale for focusing on the Eastern Province. In 2006, when the Government and IFAD started to identify KWAMP, Kirehe District was still ranked among districts with an issue of food security due to the long dry season. In addition, as indicated by the experience of the last couple of years, large increases in agricultural production have a number of positive effects at national level, including lower food prices, better access to food, and savings on the import bill. The question is rather about the future targeting strategy — if development of agricultural production is IFAD's main strategy and instrument, should IFAD's future focus be on areas with a good agricultural development potential?

294. COSOP effectiveness is overall assessed as moderately satisfactory, reflecting positive progress towards achievement of the COSOP objectives, with some qualifications such as unsatisfactory effectiveness in the area of microfinance and cooperative development (particularly institutional and policy aspects), and limited progress towards Paris Agenda compliance.

C. Assessment of overall COSOP performance

295. For the strategic objectives, the relevance and effectiveness, the general **COSOP performance** is overall found satisfactory. There is room for improvement in particular with respect to Paris Declaration compliance but also in the cooperation processes under IFAD's direct supervision. There is scope for improving coherence and project linkages and synergies in the project portfolio, defining a sharper and more focused niche, avoiding ad hoc interventions in areas beyond IFAD's expertise. Finally, limited effectiveness was found in the areas of rural finance and non-portfolio activities.

Table 16
Assessment of COSOP performance

Evaluation criterion	*Rating*
Relevance	5
Effectiveness	4
COSOP performance	**5**

Key points

- COSOP relevance is assessed as overall satisfactory. The strategic objectives of the latest two COSOPs are very well aligned to national sub-sectoral goals and objectives and IFAD carefully followed up the recommendations of the 2005 CPE in this sense. The 2007 COSOP objectives were mainly pitched at the project and community-level, which was justifiable given the IFAD portfolio situation and the national regulatory and policy environment of that time but may not be sufficient in the years to come, given the evolving institutional context and expectations from the Government and development partners on the role to be played by IFAD.
- The areas of sub-sectoral concentration of IFAD are in line with national strategies and very relevant to respond to the needs of a land-locked, land-scarce country with serious risk of natural resource depletion and need to diversify income resources out of farming. Two areas require improvement: first, the definition of "vulnerable groups", which can generate inconsistency and confusion; second, the support to micro and small enterprises has not sufficiently emphasized the aspect of transformation of agricultural produce which is essential to creating agricultural value chain, allowing for non-farm job creation.
- COSOP effectiveness is assessed as moderately satisfactory. Progress has been made in terms of improving household and community incomes, assets and food security. Progress has been more limited at the broader policy and institutional level, particularly in the area of rural finance and support to cooperative development. Progress towards compliance with Paris Declaration has been so far quite limited.

D. Overall assessment of the Government-IFAD partnership

296. Over the last decade, the Government of Rwanda has defined and effectively pursued policy objectives that are generally in line with IFAD's mandate and policy objectives. Over the period, the performance of the partnership has improved, thanks to positive developments on both sides. From a low base following the genocide, Government's human resource capacity has improved considerably, and the responsibility for rural development has gradually been transferred to local governments which are close to the clients. This, combined with a strong accountability framework, is producing good results, notably in terms of rural poverty reduction. IFAD has become a more active and responsive partner, establishing a country office and taking responsibility for project supervision and implementation support. In the second part of the period, IFAD has applied more participatory processes for developing the COSOP and the project portfolio.

297. The partnership has focused on the project portfolio where the major results have been achieved. For the 10-year period, the performance of the portfolio is assessed as "satisfactory", particularly due to improved performance in more recent operations. Non-portfolio activities have had moderately satisfactory results, because IFAD mainly focused on individual project design and implementation and allocated limited financial resources and time for non-lending activities. In the case of policy dialogue, the government has not made sufficient use of IFAD's international experiences on how certain strategic objectives may best be achieved (e.g. elaboration of the national coffee strategy and micro and small enterprise policy). COSOP performance is assessed as "satisfactory", because of high relevance of the choice of sub-sectors of intervention for poverty reduction results. The overall assessment of the partnership is "satisfactory" and this is due, to a significant extent, to the recognition of major improvements in the more recent years.

298. The main challenge for the partnership at the entrance into the new decade is to sharpen IFAD's sub-sectoral focus and recognize that project-focused support is effective to test innovative approaches but not sufficient to address systemic issues. Moreover, the scaling up of innovations typically requires more involvement in policy dialogue, partnership and knowledge management. As the Government moves towards further harmonization of international cooperation, this calls for a more coordinated approach to cooperation.

Table 17
Overall assessment of the partnership

	Rating
Portfolio performance	5
Non-lending activities	4
COSOP performance	5
Overall Government-IFAD partnership	**5**

VIII. Conclusions and recommendations

A. Conclusions

299. The main conclusions of the present evaluation have been drawn from the findings set out in the preceding chapters.

300. Poverty persists in Rwanda despite strong growth both in the general economy and in agriculture. The country has a high population density and small average landholdings similar to those in some south-east Asian countries. This, combined with the rapid population growth, makes it imperative to increase the country's agricultural productivity, protect the natural resource base and identify alternative sources of employment and income for the rural population. The present CPE finds that, overall, thanks to its projects and contribution to non-farm employment generation, IFAD has been effective in supporting the Government's three-pronged strategy to address these issues.

301. The performance of the portfolio has improved significantly since the CPE of 2005, especially with regard to effectiveness and efficiency, impact on household incomes and food security. Key factors contributing to such improvement have been identified as the stronger policy and institutional environment that the country has built up over the past decade and which has started to show results in recent years. At the same time, IFAD has improved the alignment of its interventions with national strategies and has introduced direct supervision and implementation support together with a country presence.

302. To date, IFAD's cooperation with the Government of Rwanda has been essentially project-based and, as a general rule, has succeeded in generating effects at the field level. However, insufficient effort and resources have been devoted to non-lending activities. Key issues encountered in the programme (rural finance, cooperative development, support to local government) are of a systemic nature and cannot be adequately addressed by individual project components alone. The replication and scaling up of technical innovations for agriculture (such as those in PAPSTA) calls for more institutional support, over and above the components financed to date. In addition, the Government's increased emphasis on harmonization and a SWAp in agriculture calls for efforts beyond projects. IFAD has gained knowledge and experience through its projects which can be the basis for broader IFAD engagement in Rwanda.

303. Essentially, the present CPE concludes that IFAD's portfolio in Rwanda has contributed to significant poverty reduction results at the field and project level. Attention to, and achievements at, a higher institutional and non-lending level have been more limited. As the Government and IFAD move towards formulating future strategies, and as the international cooperation context evolves in the country, more emphasis will be needed on non-lending activities and higher-level institutional issues if IFAD is to play a central role in the country's rural development.

304. **Rural poverty reduction in Rwanda — major challenges but a solid institutional framework.** From a low base following the genocide of 1994, the

economy has continuously shown strong growth. Over the last three years, agriculture has achieved annual growth rates of 8-10 per cent, thereby exceeding the 6 per cent CAADP target. (chapter II.D). Rwanda has become self-sufficient in food: for some food crops and livestock products, there are now surpluses in some localities and even at the national level. To a large extent, this strong growth has been facilitated by conducive government policies. Policies and strategies are developed from Vision 2020, which sets the goal of developing Rwanda into a competitive, middle-income country with a poverty incidence of 30 per cent. Rwanda has a strong accountability framework (including performance-based contracts) to ensure that policies and strategies are actually implemented. Despite the strong economic growth, however, between 2000/2001 and 2005/2006, there was a reduction of only 3 per cent in the incidence of poverty (from 60 per cent to 57 per cent). However, following the recent strong growth in agriculture, the next survey (2012) is expected to show a major reduction in poverty.

305. Key features distinguishing Rwanda from other countries in the region are its **high population density and small landholdings which, combined with population growth, points up the need to find alternative sources of employment and income** (chapter II.A) for a major part of the rural population. Population density in land-locked Rwanda is similar to that of The Netherlands and some regions of Asia. The majority of farmers have landholdings of less than 0.7 ha, and high population growth (2.7 per cent) is leading to further fragmentation. Most of Rwanda's rural poor live in densely-populated watersheds with fragile natural resources and soil degradation and fertility losses on hillsides. Landholdings are small and the productivity of natural resources is low, in many cases declining.

306. The **Government has adopted a three-pronged strategy for addressing this challenge.** *First*, investments have been made to *raise the productive capacity of the watersheds* and thus improve the productivity and livelihoods of the rural poor. This involves protecting the watersheds accompanied by measures to improve soil fertility and productivity on existing cultivated lands. Investments have also been made to reclaim marshlands in the valley bottoms for intensive crop production under irrigation. A *second* strategy to raise agricultural productivity consists of *focus on high-value produce,* including cash and export crops. *Third*, efforts have been made to *create non-farm employment to* enable *young people to move out of agriculture* — the target for 2020 is two million new non-farm jobs, but achievements to date are below target. This goal is being pursued, inter alia, by creating a conducive business environment, through enterprise support and by educating young people so that they have the necessary skills and backgrounds to obtain non-farm employment. As part of this strategy, over the last five years the Government has made a major push for formalization — obliging informal business entities to register as cooperatives or companies (chapter II.B).

307. **IFAD has effectively supported the Government's three-pronged strategy and, in more recent years, better integrated its interventions in national sectoral programmes.** Immediately following the events of 1994, part of the IFAD portfolio was allocated to rehabilitation. Since then, however, the focus has been on growth and development, restoring the productivity of watersheds, boosting cash and export crop production, and creating non-farm employment. This focus was and remains highly relevant.

308. First of all, the portfolio has helped to protect watersheds and has led to noticeable increases in productivity and improved soil fertility and household income and assets. The integration of livestock into the production systems has played a key role, in particular through the Government's *Girinka* programme. This has had a major impact on reducing rural poverty, in helping Rwanda return to its historical position as a dairy country, spurring the growth of a dairy industry and generating employment opportunities outside the farms. Secondly, the IFAD programme has helped to develop traditional export crops - coffee and tea - and introduce new

cash crops such as sericulture (which is still in its infancy in Rwanda). Cash and export crops play an important role in reducing the huge deficit in trade balances, and there is also considerable potential for value addition and for creating non-farm employment.

309. Thirdly, the portfolio has contributed to creating non-farm employment opportunities in micro and small enterprises, some of which relate to agriculture (transformation of agricultural produce) and some not (artisanal activities, hairdressers, etc.). Support for an apprenticeship programme has effectively helped many poor youths to obtain jobs or start-up businesses. Support for business development has strengthened the enterprises even though many are still in a fragile state. Other development partners and programmes support non-farm employment generation and the development of micro, small and medium-sized enterprises. While IFAD is not a lead partner (chapters III.B. and IV.D), opportunities exist for better integrating micro and small enterprises in agricultural value chains.

310. **Portfolio performance has improved substantially since 2005.** Compared with the findings of the CPE of 2005, main improvements are to be seen in the areas of effectiveness and efficiency, impact on household income and assets, and in food security. In addition, prospects for sustainability have improved and the principles of gender equality have been better internalized, both in the COSOPs and in projects (chapter IV.D.).

311. While results have improved overall for other evaluation criteria, they are assessed in the "positive zone" and considered to be only moderately satisfactory. This is the case for impact on the environment where mixed results are recorded, i.e. positive impacts on watersheds coupled with potential negative externalities involved in converting marshlands and part of a national park into agriculture (chapter IV.B.). With respect to innovation and scaling up, the findings are positive for agricultural support but only limited technological innovation and product development was found in support for micro and small enterprises. The potential of small country grants to pilot innovations that can be expanded through projects has not been fully harnessed (chapter VI.D).

312. The improvements may be seen - in the first instance — as the result of a better defined national policy framework, a continuously improving capacity of government institutions at the central and local levels, and rigorous implementation of policies and regular monitoring. At the same time, IFAD has introduced positive changes in its modus operandi: the 2007 COSOP was developed in a more participatory fashion compared with that of 2002; project designs have been better embedded in national strategies and programmes (e.g. crop intensification programme, Girinka programme, etc.); and IFAD has moved to direct supervision and opened a country office. All this has contributed to a better understanding and responsiveness to project implementation issues on the part of IFAD.

313. The present CPE also identifies areas of weakness, such as support for cooperatives and rural finance, both of which are subject to significant sustainability threats. Since 2005, more than 4,000 new cooperatives have been established, with the majority of members having limited business skills and low levels of literacy. Although the Government had made a major effort to establish the necessary structures for regulating and supporting these cooperatives, a gap still remains. Moreover, while many development partners support cooperative development through their projects, there is no uniformity in practices and standards. Finally, complex tasks are sometimes entrusted to newly-formed cooperatives (e.g. running an enterprise such as a coffee-washing station), with major capital investments financed through loans. Newly-formed cooperatives can be expected

to perform only simple tasks (distribution of inputs, collection of produce) while more complex commercial tasks are better performed by private-sector companies.

314. The design of rural finance components in the three early projects of the portfolio evaluated by the CPE was not in conformity with IFAD's Rural Finance Policy and did not take account of the evolution of the country's financial sector. Credit lines, with IFAD-determined subsidized end-user terms, constituted the main support element in the early part of the portfolio, neglecting assistance for building up a viable rural finance system. Thus, the portfolio has not contributed to developing a viable rural finance system, which is disappointing inasmuch as Rwanda has many of the pre-requisites for success: high population density and relatively good transport infrastructure imply lower transaction costs than in more sparsely-populated countries (chapters IV.A. and VI.A.).

315. **The 2007 COSOP objectives and ensuing interventions have focused on projects. The evolving country context calls for greater attention to institutional and policy-level matters, for which there is currently a gap in the IFAD-supported programme.** While selected policy dialogue pledges were contemplated in the 2007 COSOP (e.g. developing the institutional/policy framework for micro/rural finance), the programme has been mainly articulated at the project level. This is not surprising: IFAD's traditional approach has been hinged on funding individual projects — as already highlighted in the CPE of 2005. In the meantime, the country's institutional setting has evolved and, as already noted, Rwanda has now one of the most solid institutional and policy environments in the region. While understandable at the time of formulation, in today's perspective, the goals of the latest COSOP set the bar quite low. The level of sophistication of the country's policy framework, and its recent bid to better harmonize development cooperation, imply that donor interventions (e.g. the 2006 Aid Policy and forthcoming agricultural sector SWAp) call for further engagement in addition to traditional project interventions. Beyond the knowledge gained in Rwanda, IFAD can also bring lessons from the region and globally to inform policy and sector programmes.

316. The present CPE has identified weakness in the support to cooperatives and rural finance. Many of the issues are of a sectoral and systemic nature and thus cannot be properly addressed by individual project components. This is also the case in the current national drive towards formalization of the informal economy, without a transition phase or rapid establishment of financial cooperatives (SACCOs) along territorial administrative lines. The CPE comments on the potential challenges that this accelerated formalization may pose to fledgling rural organizations. For its part, IFAD has acknowledged these risks and essentially tried to tackle them at the individual project component level, but not as yet at the policy level (chapters II.B. and VI.A.).

317. Policy dialogue is sometimes understood and treated by IFAD as fixing project design flaws or providing technical assistance to help the Government to hire consultants for preparing official documents. These may be legitimate points of departure, but real policy dialogue calls for continuous dialectic exchanges at a higher level as well as better consultation and harmonization with other development partners. It also calls for an analytical capacity and knowledge generation and management.

318. Another example of the constraints of individual projects relate to decentralization interventions. While IFAD has done much to strengthen local governments, this support has been mainly in terms of physical assets and has not yet been fully integrated into overall support for the decentralization process. The structures established for managing watershed development run the risk of becoming parallel systems that are not integrated into official local government structures. Some of the physical investments made (community innovation centres) are costly to build

and operate, leading to questions as to the financial capacity of districts to operate them in the long term (chapter IV). Project ownership by local governments has so far been limited, partly because implementation has been driven by the project coordination units (PCUs) and because direct supervision, while effective to address implementation issues, has also brought about micro-management risks. IFAD is currently revisiting these approaches.

319. The present CPE recognizes that demand from national counterparts for IFAD engagement in policy dialogue has not always been strong, such as in the case of the policy on micro and small enterprises and the revised coffee-sector strategy that were produced without any IFAD input (chapter VI.A.). On the other hand, the Government is now more and more willing to participate in consultative processes with international cooperation groups on specific themes and sectors. This implies that opportunities to engage in policy dialogue exist.

320. **IFAD has provided limited incentives and resources for higher-level non-lending activities**. The 2002 and 2007 COSOPs made no specific provision for policy dialogue and knowledge management. Since 2007, IFAD has moved to direct supervision and opened up a country office, both of which have helped improve knowledge of the portfolio and allowed the Fund to be more responsive to project implementation issues. At the same time, following up project-level issues has placed a heavy burden both on the country programme manager (CPM) and on staff of the country office.

321. Both headquarters and the country office have focused on the implementation aspects of IFAD projects. Time and attention have been constrained in terms of acquiring better knowledge of what other donors are doing. IFAD has started to participate in the One-UN Initiative and in donor coordination groups, although the goals of such involvement, the resources and the "weight" required, have not been defined with the same degree of clarity as project follow-up. The division of labour between headquarters and the country office has not yet been fully clarified. New, untapped opportunities have arisen with the recent opening of a regional office in Nairobi (chapters III.B. and V.A.) and the posting of technical advisors who could contribute to shaping the support for non-lending initiatives.

322. Another consequence of exclusive project focus is the limited progress in harmonization of cooperation. The CPE assesses performance in harmonization, in the spirit of the Paris Declaration, as quite modest. Commitments in the 2007 COSOP were rather general and OECD's scorecard on IFAD, in terms of aligning aid and maintaining parallel implementation units, is not very favourable - although it should be understood that certain instruments such as budget support are precluded to IFAD because of its internal policies (chapter VII.A.).

B. Recommendations

323. The partnership between IFAD and the Government of Rwanda has, overall, been satisfactory and has addressed sub-sectors relevant to poverty reduction. However, the country context has changed and Rwanda has now a more solid institutional and policy environment compared to when the 2007 COSOP was formulated. Adapting to this new context implies, inter alia, pitching the objectives of the programme and the type of interventions at a higher level. Attention will need to be reinforced on, and adequate resources allocated to, non-lending activities (policy dialogue, partnership building and knowledge management) to pursue development objectives that were only achieved in part or not at all (e.g. institutional development of local government, rural finance), as well as to cater for other needs that have emerged during COSOP implementation such as the need for harmonized capacity-building for cooperatives and for more strategic programme management. The present CPE argues that portfolio development activities will remain very important and probably absorb the greater part of IFAD's investments.

However, recommendations are deliberately presented starting from "higher plane" objectives as these have so far commanded limited resources.

B.1. Place greater emphasis on institutional support and non-lending activities to promote the scaling up of innovations and harmonized approaches to rural finance and cooperative development.

324. These recommendations include two sub-areas: (i) providing institutional support to local government for the scaling up of agricultural innovations and pave the way to SWAp preparation; and (ii) programme-based support to participate in harmonized frameworks in rural finance and cooperative development. This calls for a gradual shift from project focus towards more attention on the systematization of lessons learned both from within and outside the IFAD portfolio. It also calls for further dialogue and harmonization with development partners and for sharing knowledge, experiences and values in the policy arena.

B.1.a. Provide institutional support to local governments in the scaling up of agricultural innovations and in paving the way for the forthcoming agricultural SWAp.

325. Individual projects such as PAPSTA and KWAMP have helped promote emerging agricultural innovations. The long-term challenge to scale up such innovations is of an institutional nature. The challenge is to define an institutional approach that fits into the decentralization process and local government structure. As decentralization proceeds into its third phase (2011-2015) and district and sector administrations/governments further develop their capacity, it should be possible to transfer full responsibility for implementation to local governments.

326. Such transfer will need to be facilitated. IFAD, in collaboration with the central and local governments and other developing partners, should support the development and systematization of approaches and guidance tools that help local governments plan, implement and monitor the various technical interventions. These approaches and tools may create the basis for central government grants to local governments for watershed development, which could be one of the important pillars of the agricultural SWAp. IFAD should explore opportunities for integrating its interventions in the forthcoming SWAp in order to ensure its participation in major strategic and policy dialogue initiatives in the agriculture and rural development sector. IFAD's participation in the SWAp may also include the development of implementation tools and methodologies that ensures ownership by local governments in up-scaling innovations.

B.1.b. Support for harmonized thematic programmes in rural/micro finance and cooperative development.

327. Within as well as outside IFAD-financed portfolio, support is provided for the development of rural/micro finance and cooperatives but approaches and methodologies often differ. The present CPE finds that such support is of an *ad hoc* character and that systemic issues are not addressed in a coherent and harmonized manner. Through a modest financial contribution to harmonized thematic programmes, IFAD could establish its presence in high-level policy dialogue and share its experiences.

328. *In rural finance, explore the option for support to Access to Finance Rwanda (AFR).* IFAD should stay involved in rural finance in Rwanda. Despite problematic experiences in Rwanda, the Fund has relevant lessons to contribute through its regional and global portfolio. AFR, established by the Government and several development partners led by the UK Department for International Development (DFID), is expected to address systemic issues with a view to increasing access to finance, particularly for the large numbers of people who have no, or only limited, access to financial services. Recently, DFID has supported Government in developing a Rural and Agricultural Finance Strategy and AFR has presented a sustainability strategy for Savings and Credit Cooperatives. Even a modest financial

participation from IFAD would be important because it would allow IFAD to contribute to the agenda and work, based on its own experience in implementing the portfolio and, at the same time, benefit from exchanges of information. Being outside these harmonized frameworks would severely limit IFAD's ability to engage in policy dialogue and knowledge management. Obviously, IFAD's contribution to AFR should be based on an assessment of whether this facility provides an effective contribution to rural poverty reduction objectives.

329. Regarding *cooperative development, IFAD should contribute to efforts to develop a harmonized support framework***.** The RCA reports that it is planning to harmonize the current highly fragmented support for cooperative development; it would be appropriate for IFAD to support this endeavour. If the initiative leads to a harmonized framework with financial support from government and several development partners, IFAD should explore the possibility of making a financial contribution so as to become an active participant, as per the rationale described above.

B.2. Move towards more strategic programme management and reliance on national systems, in line with the Paris Declaration (reference paragraphs 321-323).

330. Increased engagement in non-lending activities will call for a review of current transaction costs in individual project follow-up. In line with the Paris Declaration, IFAD/Government project cooperation should rely more on the Government's accountability and implementation systems, recognized as among the best and most efficient in sub-Saharan Africa. IFAD should move away from micro management, leaving this to government systems, while adopting a more strategic management approach.

331. In this new role, IFAD would use more of its country programme management resources for addressing strategic issues both within and above projects. This should also include more strategic use of technical assistance grants, not only for project design but also for developing the capacity of institutions so that national institutions can take over activities once the projects end. This would be a gradual process, adapted to capacity improvements in government systems, where IFAD and the Government would continuously reassess what should and can be done by government institutions, and what are the most conducive cooperation procedures for ensuring accountability and local ownership. The introduction of portfolio-wide annual joint reviews between the Government and IFAD has been a commendable step towards strategic portfolio management. Additional measures are indicated below.

B.2.a. Replace PCUs with facilitation support.

332. In the current portfolio, there is a tendency to perceive projects as independent institutions and the PCUs as their managers - while in reality "a project" is no more than a temporary initiative for partner institutions. Recent government policy encourages ministries to reduce the number of PCUs by establishing a single project implementation unit for all donor-assisted projects. Though the efficiency of this new set-up has yet to be demonstrated, eventually IFAD may have to comply and change its implementation management procedures. Under the new set-up, it is recommended that IFAD's project should include the provision of technical assistance/facilitation support, not as decision-making managers but as advisers and facilitators, to the implementing management units - whether at the central ministry level or within district administrations.

B.2.b. Articulate more clearly the division of labour between the headquarters, the IFAD regional office in Nairobi and the country office.

333. This implies giving a more substantive role to the latter in partnership-building, policy dialogue and knowledge management. In this context, consideration should also be given to defining the technical backstopping functions of the Nairobi office,

which, for example, could include quality assurance of baseline and impact surveys.

B.2.c. Undertake joint supervision missions with the Government and development partners.

334. One can reduce transaction costs of IFAD, of the concerned Ministries and of development partners by having more joint supervision and implementation support missions. When feasible, it should be considered to field a single mission covering several projects executed by the same Ministry.

B.3. Develop strengthened sub-sectoral support activities around three main axes: (a) protection of the natural resource base in the watersheds; and develop pro-poor agricultural value chains based on private-public partnerships in (b) food crops and (c) cash and export crops (reference paragraphs 302-306).

B.3.a. Sustainable natural resources development in the watersheds and carbon financing.

335. IFAD's future programme should continue its watershed development initiatives, including the promotion and scaling up of agricultural innovations and soil and watershed protection. It should better assess and document environmental risks as well as opportunities. Both the 2007 COSOP and past project design documents did not include a detailed assessment of environmental risks and trade-offs, and thus no mitigation plans. The next COSOP should include a strategic analysis of environmental and natural resource management issues, in line with the requirements of IFAD's Environment and Natural Resource Management Policy, and explore opportunities for qualifying for carbon financing. Future project designs should include environmental and social impact assessments.

B.3.b. Support for the development of value chains for food crops and livestock products through private-public partnerships.

336. While many farm households have increased their production of food crops and livestock products beyond subsistence needs over the last three years, the systems needed to handle these surpluses (e.g. warehouses, processing and marketing) are not available. Major investments (capital and human resources investments) are required to handle the rapidly increasing surpluses. Given Rwanda's small farm sizes, the country's long-term competitive advantage is unlikely to be in low-value staple food crops that can be produced at lower cost in countries with an abundance of land.

337. For this reason, IFAD should consider moving towards higher-value commodities produced in intensive systems with a high labour input, and with potential for creating significant *non-farm employment* in processing and marketing enterprises. Based on current intensive zero-grazing systems, dairy would be an obvious candidate - but other candidates may include high-value horticultural products.

B.3.c. Support a pro-poor development of export and cash crops and products through private-public partnerships.

338. Apart from their foreign exchange contributions, some crops have potential for generating significant on- and off-farm employment. For tea and coffee, there are still a number of unexploited value addition activities. Albeit currently in a difficult start-up phase, sericulture could well create many on- and off-farm jobs in activities that are highly labour-intensive and with products of high value to weight. According to international sericulture experts, Rwanda's climatic and natural resource conditions are well suited to sericulture.

339. Special mitigating measures (e.g. based on support to subsistence crops or food-for-work schemes) need to be considered for very poor households. This is because value-chain development for export and cash crops often fails to involve marginal

landholders, and expansion of export/cash crop areas may be at the cost of food crops and food security.

340. In pursuing public-private partnerships, support will be needed to promote transparent agreements and competition in order to address situations whereby a large private investor, owing to limited competition, might exploit producers. Consideration will need to be given to the complexity and scale of operations. For certain levels of scale and complexity, private companies may be in a better position than the newly-established cooperatives. Thus, an approach for private-sector development, including development of public-private partnerships, should be developed to guide such support.

Ratings of IFAD-funded project portfolio in Rwanda

Evaluation criteria	*PDRCIU/UMUTARA*	*PDCRE*	*PPPMER II*	*PAPSTA*	*KWAMP*	*PORTFOLIO ASSESSMENTNT*
Core performance criteria						
Relevance	5	5	5	6	*6*	5
Effectiveness	4	4	5	5	*n/a*	5
Efficiency	3	4	5	5	*6*	5
Project performance	**4**	**4.3**	**5**	**5.3**	***5.5***	**5.0**
Rural poverty impact	**4**	**4**	**4**	**5**	***n/a***	**5**
Household income and assets	5	4	5	6	*n/a*	5
Human/social capital and empowerment	3	5	4	4	*n/a*	4
Food security and agricultural productivity	4	4	n/a	6	*n/a*	5
Natural resources and the environment	5	3	4	5	*n/a*	4
Institutions and policies	3	4	4	4	*n/a*	4
Other performance criteria						
Sustainability	3	4	3	4	*n/a*	4
Innovation, replication and scaling up	3	4	4	5	*n/a*	4
Gender equality and women's empowerment	4	4	5	5	*n/a*	5
Overall project portfolio achievement	**4**	**4**	**4**	**5**	***n/a***	**5**
Performance of partners						
IFAD	3	5	5	5	5	**5**
Government	4	4	5	5	5	**5**
Cooperating institution	4	4	4	**n/a**	**n/a**	**4**

n/a = not applicable

IFAD-financed projects in Rwanda, 1981-2010

	Project name	*Project type*	*Total project cost US$ million*	*IFAD approved financing US$ million**	*Cofinancier approved amount US$ million*	*Counterpart approved amount USD million*	*Board approval*	*Loan effectiveness*	*Project completion date*	*Cooperating institution*	*Project status***
1	Byumba Rural Development Project	RURAL	24.52	10.17 (loan) 1.05 (grant)	11.30 (AfDF)	2.00 (national)	17 Dec 81	01 Apr 83	31 Dec 89	AfDB	CD
2	Birunga Maize Project	AGRIC	4.34	3.80 (loan)	-	0.54 (national)	11 Sep 84	12 Oct 84	30 Jun 98	IDA	CD
3	Gikongoro Agricultural Development Project	AGRIC	31.20	11.20 (loan)	7.70 (Benefic.) 3.73 United Nations Capital Development Fund) 3.19 (UNDP)	5.38 (national)	30 Nov 88	22 Dec 89	31 Dec 00	IDA	CD
4	Byumba Agricultural Development Project – Phase II	AGRIC	19.50	8.73 (loan)	6.47 (AfDF)	4.30 (national)	1 Oct 90	5 Nov 91	30 Jun 01	AfDB	CD
5	Intensified Land Use Management Project in the Buberuka Highlands	AGRIC	10.78	9.48 (loan)	-	1.30 (national)	2 Dec 92	23 Jul 96	31 Dec 03	UNOPS	CD
6	Rural Small and Micro-enterprise Promotion Project	RURAL	5.96	5.43 (loan)	-	0.53 (national)	17 Apr 96	2 Mar 98	30 Jun 04	UNOPS	CD
7	Rwanda Returnees Rehabilitation Programme	AGRIC	5.50	2.80 (grant)	2.50 (Belgian Survival Fund 0.20 (SDC)	-	11 Sep 97	24 Oct 97	31 Dec 00	UNOPS	CD
8	Umutara Community Resource and Infrastructure Development Project	AGRIC	32.88	15.93 (loan)	1.55 (Benefic.) 9.83 (OFID) 2.34 (to be determined)	3.23 (national)	4 May 00	5 Dec 00	31 Dec 10	IFAD	OG
9	Umutara Community Resource and Infrastructure Development Twin Project (PDCRIU)	RURAL	24.23	12.00 (loan)	8.00 (OFID) 1.12 (Benefic) 0.107 (Austrian help Programme) 0.107(Desjardins international) 0.107 (Germany DEI 0.107 (Lutheran World Federation) 0.107 (Netherlands)	2.52 (national)	6 Dec 01	30 Oct 02	31 Dec 07	UNOPS	CT

IFAD-financed projects in Rwanda, 1981-2010 (cont.)

	Project name	*Project type*	*Total project cost US$ million*	*IFAD approved financing US$ million**	*Cofinancier approved amount US$ million*	*Counterpart approved amount US$ million*	*Board approval*	*Loan effectiveness*	*Project completion date*	*Cooperating institution*	*Project status***
10	Smallholder Cash and Export Crops Development Project (PDCRE)	MRKTG	25.09	16.26 (loan)	0.638 (Benefic.) 0.638 (Domes. Fin. Inst.) 5.66 (BADEA: later cancelled)	1.89 (national)	11 Dec 02	19 Sept 03	30 Sep 11	IFAD	OG
11	Rural Small and Micro enterprise Promotion Project – Phase II (PPPMER II)	RURAL	17.57	14.91 (loan)	-	2.65 (national)	11 Sep 03	15 Jun 04	30 Jun 11	IFAD	OG
12	Support Project for the Strategic Plan for the Transformation of Agriculture (PAPSTA)	AGRIC	32.66	3.00 (DSF grant sup.) 0.20 (grant) 8.21 (loan)	3.67 (Benefic.) 4.96 (Belgium) 0.61 (Germany DED) 5.41 (DFID) 2.66 (WFP) 1.72 (to be determined)	2.76	8 Sep 05	31 Mar 06	31 Mar 13	IFAD	OG
13	Kirehe Community-based Watershed Management Project (KWAMP)	AGRIC	49.33	20.45 (DSF grant) 6.32 (DSF grant sup.)	3.12 (Benefic.) 1.25 (Private sector local) 0.51 (Germany DED) 8.13 (WFP)	1.96 (national) 7.60 (local)	11 Sep 08	30 Apr 09	31 Dec 16	IFAD	OG
			283.55	**149.94**	**96.96**	**36.65**					

* Loans and grants – All IFAD loans are provided on highly concessional terms.
** CD = closed; CT = completed; OG = ongoing
Source: PPMS (tables PRT010 and PRT110)

Information on grants

IFAD regional grants covering Rwanda

Programme	*Beneficiary*	*Countries covered*	*Type*	*Grant nr.*	*Grant amount USD million*	*Approval*	*Grant effectiveness*	*Completion date*	*Closing date*	*Cooperating institution*
Large grants										
Stress tolerant maize for sustainable food security in East, West and Central Africa – Phase II	International maize and wheat improvement centre (CIMMYT)	Burundi, Ethiopia, Kenya, Madagascar, Rwanda, Tanzania, Uganda	TAG	695	1.30	21 Apr 04	10 May 05	30 Jun 08	31 Dec 08	CGIAR
Programme for strengthening support capacity for enhanced market access and knowledge management in eastern and southern Africa (Strengthening Support Capacity for Enhanced Market Access and Knowledge Management)	Netherlands based international development organization (SNV)		TAG	904	1.55	14 Dec 06	02 Mar 07	Original: 30 Jun 09 New: 30 Jun 10	31 Dec 10	IFAD
Develop value chains to be used in diverse fragile agroecological conditions to enhance the income of the poor, especially women, the landless and marginal farmers in remote areas of East, West and North Africa	ICIPE		TAG	819	1.40	13 Dec 05	03 Apr 06	30 Jun 10	31 Dec 10	IFAD
Programme for alleviating rural poverty by improving rice production in Eastern and Southern Africa	International rice research institute (IRRI)		TAG	955	1.50	18 Apr 07	20 Sep 07	30 Sep 10	31 Mar 11	IFAD
Small grants										
Rural finance knowledge management partnership for Eastern and Southern Africa	Kenya Gatsby Trust (KGT)	ESA region	NGO	264	0.1	18 Dec 03	17 Feb 04	30 Sep 09	Closed on 31 Mar 06	IFAD

IFAD regional grants covering Rwanda (cont.)

Programme	*Beneficiary*	*Countries covered*	*Type*	*Grant nr.*	*Grant amount USD million*	*Approval*	*Grant effectiveness*	*Completion date*	*Closing date*	*Cooperating institution*
Small grants										
Africa enterprise challenge funds	Alliance for Green Revolution in Africa (AGRA)	All Africa	TAG	1067	0.2	02 Dec 08	23 Jan 09	31 Dec 09	30 Jun 10	IFAD
Africa fertilizer financing mechanism (AFFM)	African Development Bank (AfDB)	All Africa	TAG	1068	0.2	02 Dec 08	16 Dec 08	28 Feb 10	31 Jul 10	IFAD
Improved management of agricultural water in East and Southern Africa (IMAWESA)	International Crops Research Institute for the Semi-arid Tropics (ICRISAT)	ESA region	TAG	1132	0.2	12 Jun 09	23 Jun 09	30 Jun 10	31 Mar 11	IFAD

* CD = closed; EF = effective
Source: LGS; Global/regional grants portfolio in PF region on //desk

IFAD portfolio of country-specific grants for Rwanda since 2000

Programme	*Fund*	*Grant Nr*	*Approved grant amount*	*US$ equivalent*	*Approval*	*Grant effectiveness*	*Completion date*	*Closing date*	*Cooperating institution*	*Status**
Assess, review and streamline administrative and operational procedures	IFAD technical assistance grant	640	$0.031m	$0.031m	16 Dec 02	16 Dec 02		31 Dec 04	IFAD	CD
Strengthening implementation of the Rwanda Agriculture Strategy and Action Plan (RWASAP)	IFAD technical assistance grant	733	$0.40m	$0.40m	02 Dec 04	28 Apr 05	31 Dec 06	30 Jun 07	IFAD	CD

Other Small NGO Grants

- Scapema (Coffee and apiculture)
- COPORWA (Indigenous people)
- EPR-EER (HIV-AIDS, Umutara)
- SCORE-AIDS (HIV-AIDS, Umutara)
- CLASSE B (Microenterprise and Microfinance – PPPMER)

Approach Paper for the Rwanda CPE

Introduction

1. As decided by the Executive Board,[1] the Independent Office of Evaluation of IFAD (IOE) will undertake a country programme evaluation (CPE) in 2010-2011 of the cooperation between the Government of Rwanda and IFAD. A CPE is conducted prior to the preparation of a new cooperation strategy in a given country. The Rwanda CPE will be conducted within the overall provisions contained in the IFAD Evaluation Policy[2] and follow IOE's methodology and processes for CPEs as per the Evaluation Manual.[3]

Country background

2. Rwanda is a land-locked country of Eastern Africa, bordering with Burundi, the Democratic Republic of Congo, Uganda, and the United Republic of Tanzania. It has an estimated population of 10.4 million at mid-year 2010 of which 83 per cent rural. Population growth rates have fluctuated significantly in the past 10 years, under the effect of a high total fertility rate (5.6 births per woman) and repatriation of former refugees. A notable feature of Rwanda's population is its high density: 394 people per sq. km, comparing to sub-regional average of only 51 in Eastern Africa. Population density in Rwanda is projected to reach 500 per sq km by 2020 and a total population of 13.3 million with increasing pressure on natural resources (PRB 2010).

3. After the collapse connected to the 1994 genocide, Rwanda's economy showed a remarkable growth. Estimates by the World Bank and IMF posted a real GDP real growth of 7.4 per cent for the period 1997-2006, against an average of 5.2 per cent for the East African Community and 5.8 per cent for Sub-Saharan Africa. Real per capita GDP growth in the same period was estimated at 3.6 per cent, against 2.8 per cent and 3.4 for East African Community and Sub-Saharan Africa respectively. Further disaggregation of data showed GDP growth slowing between 1996-2000 and 2000-2006 (from an average of 10.8 per cent to 6.4 per cent). More recent data showed a new acceleration to 7.9 per cent and 11.2 per cent in 2007 and 2008 respectively (IMF 2009, WB 2008, 2010 and 2010a).

4. Yet Rwanda remains a low income country with an estimated GDP per capita of US$313 (in constant 2000 US$). Estimates based on national poverty lines show that poverty headcount only declined from 60.4 per cent in 2000 (65 per cent rural) to 56.9 per cent in 2006 (62.5 per cent rural) in spite of GDP growth. During the same period, the absolute number of poor increased by 600,000, because population growth outpaced the rate of poverty reduction (IMF 2009, WB 2008, 2010 and 2010a).

5. Non-income based indicators also show a worrisome portrait. As for child malnutrition, at the national level, the prevalence of stunting (low height for age) in children of 0-5 years has slightly increased from 43 per cent in 2000 to 45 per cent in 2005 (Republic of Rwanda, 2009). While the UNDP Human Development Index of Rwanda (incorporating income, health and education indicators) recorded an increase from 0.402 in 2000 to 0.460 in 2007, in 2007 Rwanda ranked 167th among 182 countries and was classified as a low human development country (UNDP 2009).

6. Among the factors that explain the sluggish performance of monetary and non-monetary poverty indicators are the limitation in the provision of social services but also "qualitative" characteristics of growth and particularly its limited effects on

[1] EB/2009/98/R.2, p.54.
[2] Available at: http://www.ifad.org/evaluation/policy/new_policy.htm
[3] http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf

poorer strata. In Rwanda, the Gini coefficient[4] (a measure of inequality of income distribution) has increased from 0.47 in 2001 to 0.51 in 2006. It is also estimated that the Gini coefficient almost doubled since the 1980s, placing Rwanda among the 15 per cent most unequal countries in the world (UNDP 2007).

7. In terms of achieving the Millennium Development Goals (MDGs), Rwanda is on track to meet targets under MDG 2 (universal primary education), MDG 3 (promote gender equality), MDG 4 (reduce child mortality), and parts of MDG 6 (combat AIDS, malaria and other diseases) and likely to achieve MDG 7 (environmental sustainability). Meeting MDGs on income poverty, equality, malnutrition, and maternal mortality will be challenging (table 1).

Annex 4 - Table 1
Progress towards the MDGs*

MDG	*Current status*	*Target 2015*	*Attainment by 2015*
1. Eradicate extreme poverty and hunger Poverty headcount (Below national poverty line)	56.9%	30.2%	Not likely
2. Achieve universal primary education Net primary enrolment	95%	100%	Attainable
3. Eliminate gender disparity Women participation in parliament	48.8%	50%	Attainable
4. Reduce child mortality Under 5 mortality (per 1 000)	103	50	Attainable
5. Reduce maternal mortality Maternal mortality (per 100 000)	750	286	Not likely
6. Halt/reverse AIDS, malaria and other diseases HIV Prevalence	3%	5.1%	Attainable
Use of bed nets (children under 5)	65%	90%	Attainable
7. Ensure environmental sustainability Access to improved water source	71%	82%	Attainable

* Numbers in the table represent prevalence in per cent, per 1,000 or per 100,000, depending on the indicator

Source: Economic Development and Poverty Reduction Strategy, quoted in WB 2008.

8. Rwanda has an agriculture-based economy where the sector represents 37 per cent of GDP (WB 2008) and the population is predominantly rural. In principle, investing in agriculture can represent both an engine of growth through forward and backward linkages with other sectors, as well as improvements in food security. Yet there are agro ecological constraints such as very small size of landholding. More than 60 per cent of households cultivate less than 0.7ha (considered as the average minimum viable farm size for a Rwandan family) and more than a quarter cultivate less than 0.2ha. Less than 1 per cent of total agricultural land is irrigated. Agriculture is conducted with traditional techniques, low use of fertilizers, and 27 per cent of land cultivation is undertaken on slopes more than 20 degrees and 23 per cent on slopes between 10 and 20 degrees which poses threats to maintaining soil fertility (Republic of Rwanda, 2009).

9. Production of major food crops (wheat, rice, soybeans, Irish potato, maize, banana, sweet potato, vegetables) increased in 2000-2005 but yields remain below world averages and often below regional averages. On the other hand, progress has been recorded in the area of export crops (coffee, flowers, fruits and vegetables) as well as in livestock numbers (Republic of Rwanda, 2009). Agro-ecological factors are not the only obstacles. There are broader institutional and infrastructure constraints beyond the agricultural sector. In 2007 the Government of Rwanda allocated 4 per cent of its budget in agriculture. In 2010 this had increased to 6.6

[4] The Gini coefficient can have values between 0 (total equality) and 1 (total inequality).

per cent, a progress toward the target of 10 per cent target recommended by the New Partnership for Africa's Development.

10. In terms of economic infrastructure, Rwanda is a land-locked country which results in high transportation costs, also due to poor road conditions and inefficient port services in transit countries (Tanzania and Kenya). There is a deficit in the supply of electricity and costs per kilowatt hour are three times higher than in Kenya, Tanzania, and Uganda, affecting competitiveness. Serious gaps have existed in the financial sector which recent policies and reforms have tried to fill in. In 2008 a Capital Markets Authority and a Stock Exchange were established and in 2007 capital requirements for banks and microfinance institutions were raised. The major microfinance institution, *Union des Banques Populaires du Rwanda* was restructured and reorganized into a commercial bank (AfDB 2008, IMF 2009).

11. The private sector is emerging but its role in the overall economy is still limited. Private sector investment was estimated at 12 per cent of GDP against 14.4 per cent in the region (WB 2008). The Government of Rwanda has shown commitment to paving the way for the development of the private sector and has implemented reforms in the areas of commercial justice, registration of business and land, aiming at lowering costs of doing business. Privatization of state-owned companies was also started and included coffee and tea estates. Partly reflecting this evolution, the World Bank classification of ease of doing business for Rwanda improved dramatically in the past few years. Whereas Rwanda was classified 150th of 178 countries in 2008 it ranked 67th out of 183 countries in 2010 (WB 2008a and 2010b).

12. Another area to be considered is governance where important reforms were initiated in the past decade. The Public Sector Reform and the National Decentralization Policy were started in 2000 and the anti-corruption agenda was initiated with the establishment of the Ombudsman's Office in 2004. Decentralization through the Local Administration Reform was initiated in 2002 and implemented in 2006. It created 30 districts and 4 provinces plus the city of Kigali, thus consolidating the previous 106 districts and 12 provinces. The reform included the election of local, as well as measures of administrative and fiscal decentralization.

13. The World Bank maintains a database on governance indicators, including the following: voice and accountability, political stability, governance effectiveness, regulatory quality, rule of law and control of corruption. Time series of these indicators in Rwanda since 1998 show notable progress on almost all these indicators, with the exception of voice and accountability. In the other indicators, Rwanda's classification moved from the 0-10 or 10-25 lowest percentiles to 25-50 or even 50-75 percentiles. Progress has been recognized in the domain of control of corruption (WB 2010c).[5]

14. Rwanda became member of East African Community in 2007, a regional intergovernmental organization of Kenya, Uganda, Tanzania, Rwanda and Burundi. Although the impact on Rwandan economy might be modest in the short run (IMF 2009), regional integration may prove to be an important opportunity in the medium-long term to address regional infrastructure gaps, coordinating the use of energy resources and set high standards and codes for investment and anti-corruption. This may inter alia help improve Rwanda's export base which is currently less than 10 per cent of GDP and unleash the potential of export agricultural commodities, both conventional such coffee, tea, and pyrethrum, as well as non-conventional commodities and services such as fruits, vegetables and tourism.

[5] Rwanda is classified 89th out of 180 countries according to the 2009 Corruption perception index.

15. Rwanda elaborated its first Poverty Reduction Strategy Paper to cover the period 2002-2005. In 2007 it issued a second generation strategy called the Economic Development and Poverty Reduction Strategy (EDPRS) for the period 2008-2012. The ultimate long-term goal of the strategy is to help achieve the MDG and reach the lower middle income economy status (US$900 per caput) by 2020. The EDPRS is articulated in three strategic flagship programs: (i) economic-wide growth through productivity improvements, aiming to transform the country's economy from subsistence agriculture to commercial agriculture, manufacturing and services; (ii) pro-poor growth through *Vision Umurenge 2020* led by the Ministry of Local Government , using the existing decentralization framework to accelerate poverty reduction, framed through three components public works, credit packages and direct support to improve access to social services; and (iii) governance: strengthening public sector institutions to create an attractive business environment (including the goal of becoming an IT hub).

16. Of more direct relevance for IFAD's operations, the Government of Rwanda elaborated a Strategic Plan for Agricultural Transformation in (2004) and a phase II plan in 2008 (excerpted targets in table 2). The latter insists on principles such as poverty reduction, increasing productivity, market-driven allocation and production decisions and environmental sustainability. It has the following objectives: (i) intensification and development of sustainable production systems; (ii) support to the professionalization of the producers; (iii) promotion of commodity chains and agribusiness development; (iv) institutional development.

Annex 4 - Table 2
Objectives of the plan for agricultural transformation – phase II

Indicator	*2006*	*Target 2012*
Ag. Land protected against erosion (%)	40	100
Area under irrigation (ha)	15 000	34 000
- of which hillside irrigation	130	10 000
Reclaimed marshland (ha)	11 105	31 105
Fertilizer application (kg /ha)	4	12
Inorganic fertilize use (% households)	11	17
Improved seed use (%)	24	37
Rural household with livestock (% total)	71	85

Rwanda Ministry of Finance an MINAGRI (quoted in PSTA II)

17. In 2005 Rwanda reached the completion point under the Highly Indebted Poor Countries (HIPC) initiative which marked the turning point from recovery to the development phase (UNDP 2007). Rwanda's debt burden fell from 93.4 per cent of GDP before the completion point to 15 per cent after.

18. According to the OECD-DAC data, in 2008 total ODA in Rwanda was US$1,016.6 million, corresponding to US$95 per capita and 50 per cent of the Government budget. The total ODA in the agricultural sector corresponded to US$90 million of which IFAD's contribution was 18.6 million or 20.7 per cent.[6] Aid coordination in Rwanda is strong. Rwanda approved an Aid Policy in 2006 which identifies budget support as the preferred modality of aid delivery but recognizes that the project approach can be justified, particularly for innovative experiences. There is an ongoing sector-wide approach to planning (SWAp) in the education and health sector and one is under preparation in the agricultural sector. The Government and the development partners have established a Common Performance Assessment

[6] The first was IDA (US$121m), followed by the US (US$104m), UK (US$97), EC, AfDF, Global Fund to Combat Malaria, Belgium, Netherlands, Germany, IFAD.

Framework to monitor the EDPRS during the period 2008-2012. Also a Development Partners Coordination Group and cross-sectoral clusters have been established.

19. Rwanda is one of the eight countries that volunteered for the UN "Delivering as One" pilot initiative in 2007. The initiative is expected to test how agencies of the UN family can provide development assistance in a more coordinated manner. The pilot is based on four principles: one leader, one budget, one programme and one office. In 2010 a country-led evaluation of the experience has been conducted (Universalia 2010). Inter alia, the evaluation found that progress has been made in terms of joint programming and avoiding duplications between UN organizations but there was not (yet) evidence of improved efficiency through cost savings, reduction of meetings or increase in number of programme output per unit of input.

Overview of IFAD's operations and evolution of the country strategy

Projects

20. Since 1981, IFAD financed 13 projects in Rwanda. The total amount of IFAD financing corresponds to US$149.9 million (Rwanda is the 8th largest country in terms of funding volume in the East and Southern Africa region) and the total cost of projects is US$283.55. IFAD-funded projects have covered all the provinces of Rwanda (annex 2).

21. While IFAD in the past approved highly concessional loans,[7] in recent years, IFAD has increasingly used grants[8] as financing instruments for projects in Rwanda, through the Debt Sustainability Framework, in line with the decision taken by other international financial institutions such as IDA, in order to avoid rapid re-accumulation of debt in the country. In fact, IFAD has provided US$33.8 million in grants (22.5 per cent of its financing) and its latest project, the Kirehe Community-based Watershed Management Project, is entirely financed through grant sources.

22. The Government of Rwanda has provided counterpart funds for an amount of US$36.7m, corresponding to 13 per cent of total project costs. The rest of the funding sources, US$97.0m (34 per cent of total project costs) have come from a plurality of partners. During the first 10 years of IFAD's investments, the largest cofinancier was the AfDB (17.7m). Since 2000 the composition of the cofinanciers has been more diversified with OPEC Fund for International Development (OFID) (17.8m) being the largest one. In terms of sectoral focus, the first 5 projects were integrated agricultural development projects at the province level. Following the national events, they were followed by a generation of projects emphasising post crisis reconstruction and recovery. In turn they were followed by a new generation of rather diverse projects, some focusing on the improvement of farm productivity, others on reviving opportunities for traditional cash crops and exploring opportunities for non-traditional cash crops, and others on non-farm income generation.

[7] According to IFAD's Lending Policies and Criteria, there are three types of lending terms: highly concessional, intermediate and ordinary. The conditions for these are as follows: (i) special loans on highly concessional terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum and have a maturity period of forty (40) years, including a grace period of ten (10) years; (ii) loans on intermediate terms shall have a rate of interest per annum equivalent to fifty per cent (50 per cent) of the variable reference interest rate, and a maturity period of twenty (20) years, including a grace period of five (5) years; (iii) loans on ordinary terms shall have a rate of interest per annum equivalent to one hundred per cent (100 per cent) of the variable reference interest rate, and a maturity period of fifteen (15) to eighteen (18) years, including a grace period of three (3) years.

[8] Grants as an instrument to finance development projects should not be confused with the separate portfolio of regional and country-specific grants.

23. For the first four projects, the cooperating institutions in charge of project supervision were the AfDB and IDA, although the latter was never a cofinancier. UNOPS was in charge of the supervision of all the next projects with the exception of the very last one but since 2009 all ongoing projects have been put under IFAD direct supervision (annex 2). An IFAD country office was established in 2008 and hosted in FAO premises.

Grant portfolio

24. In addition to the main project portfolio, IFAD has a parallel financing window based on two types of grants: (i) regional grants and (ii) country-specific grants. The former include small regional grants (not exceeding US$200,000) and larger regional grants (with a financing volume exceeding US$200,000). Information on such grants was retrieved from IFAD's databases on grants approved since 2000 and is presented in Appendices 3 and 4.

25. Regional grants have been used to finance research and knowledge management activities in the Eastern and Southern Africa region, including some specific activities in Rwanda. Regional grants with activities in Rwanda that were approved since 2000 had a total financing volume of US$6.5 million. Of this, about US$1.0 million is estimated to be dedicated to Rwanda.

26. IFAD's records on country-specific grant allocations since 2000 include supplementary grants[9] for the Kirehe Community-based Watershed Management Project and the Support Project for the Strategic Plan for the Transformation of Agriculture, a grant managed by ESA on agriculture policy building, smaller grants for NGOs,[10] as well as other portfolio support activities (for example the preparation of project completion reports).

Evolving strategy: COSOPs

27. IFAD approved three COSOPs in Rwanda, in 1999, 2002 and 2007 respectively. In 2005 a country programme evaluation was completed in Rwanda and it was the basis to prepare the 2007 COSOP. Until 2006, COSOP meant "country strategic opportunities *paper*"; while from 2007 onwards the "P" stands for "*programme*". In 2006 IFAD introduced Results-Based COSOPs, putting more emphasis on accountability and country ownership.[11] Therefore the 2007 COSOP should be better referred to as RB-COSOP.

28. The 1999 Rwanda COSOP emphasized agriculture and aimed to improve commercial activities of smaller farmers, to develop from subsistence farming to income and saving- generating agricultural production. The 2002 COSOP had a broader poverty reduction perspective, encompassing diversification of income sources (e.g. non-agricultural sources and microenterprises, and rural finance), support to the decentralization process and technology generation and transfer for agriculture. The 2002 COSOP introduced explicit policy dialogue topics (decentralization, development of export and cash crop, regulatory frameworks for microfinance) and objectives for partnership building (e.g. agricultural research with the World Bank, good governance with UNDP, basic infrastructure with OFID and cash crops with BADEA).

[9] These supplementary grants have come through increased allocation within IFAD's Performance-based allocation system after the project had been approved by IFAD's Board.
[10] NGO grants included: (i) Scapema (Coffee and apiculture), (ii) - COPORWA (Indigenous people); (iii) EPR-EER (HIV-AIDS, Umutara); (iv) SCORE-AIDS (HIV-AIDS, Umutara); (v) CLASSE B (Microenterprise and Microfinance – PPPMER).
[11] Since 2007, COSOPs had to follow a stricter set of requirements in terms of the analysis (identification of sectoral issues, SWOT matrix, mapping of potential partners' activities, target group identification), process of COSOP formulation (consultation with potential partners, follow-up on recommendations from a CPE if available), and results-based management (new-generation COSOPs have a results management framework which also shows their alignment with national sectoral strategies).

28. Tables 3 and 5 offer comparisons between the 2002 COSOP and 2007 RB-COSOPs. The remainder of this section focuses on the 2007 RB-COSOP. Building upon the existing knowledge, including the 2005 CPE, the 2007 RB-COSOP aimed to provide a comprehensive programme approach.[12] The 2007 RB-COSOP defined three strategic objectives: (i) sustainable increase in economic opportunities and income for the rural poor (in both farm and off-farm rural sub-sectors); (ii) the strengthening of organizations and institutions of the rural poor, as well as decentralized entities (including commodity chains, district governments and sector community development committees); and (iii) ensuring that vulnerable groups would participate in the social and economic transformation. According to the qualification given by the RB-COSOP, these groups would include women-headed households, the youth, the landless, as well as persons living with HIV-AIDS.

29. Goals in terms of promotion of innovations were embedded in the three objectives, and encompassed technical innovations (watershed-based management, water harvesting, crop-livestock integration) as well as institutional (new partnerships, stakeholders' involvement and inclusive approaches) innovations.

30. The 2007 RB-COSOP referred to a differentiation of the potential IFAD target population in Rwanda (those in extreme poverty, very poor, poor, and resourceful poor). Given the high percentage of poverty in rural areas, an inclusive approach to targeting was proposed, with the understanding that the majority of households would be poor and even most of the non-poor would still suffer from resource constraints. In addition to social targeting, the RB-COSOP provided general criteria for geographical focus, such as (i) areas with high incidence of food insecurity; (ii) potential for irrigation and water harvesting and (iii) complementarity with other pro-poor investments.

31. Policy linkages and partnerships. The 2007 RB-COSOP proposed focus on policy dialogue in three main areas: (i) support to the preparation of a Sector-Wide Approach in agriculture; (ii) organizational and legal framework for water management (including the issue of land tenure and the implementation of a new land law) and (iii) microfinance policies. In terms of partnerships, the RB-COSOP gave particular emphasis to donor coordination in line with the Paris Declaration on Aid Effectiveness, and highlighted partnerships with DFID, the Netherlands, the AfDB, and the World Bank. Given that Rwanda is included in the One UN Pilot, the RB-COSOP singled out coordination with the UN system. It proposed continuing the collaboration with non-government entities (NGOs and research organizations) to foster innovation through regional grants. The final and arguably most novel feature of partnerships was identified in the involvement of private sector entities by supporting commodity chains.

32. Programme management and knowledge management. In these areas, the 2007 RB-COSOP was oriented towards bridging gaps emerging from former programming. In terms of programme management, emphasis was placed on providing training and technical assistance to programme staff, in view of problems found in complying with demanding requirements of project administration. From IFAD's side, direct supervision and implementation support was also recognized as an appropriate tool for improving performance. Enhanced attention for institutional setting of the projects and early consideration of exit strategy were highlighted as avenues to strengthen the sustainability prospects of results of interventions assisted by IFAD.

[12] The 2007 COSOP cites the following lessons learned stemming from the 2005 CPE: (i) limited attention to policy dialogue, due to a combination of lack of field presence and unclear objectives; (ii) problems of sustainability not adequately addressed; (iii) no clear approaches to improve gender equality, conflict prevention and social equity; (iv) low familiarity of project staff with IFAD project management requirements; and (v) weak M&E systems.

33. As far as knowledge management, the RB-COSOP insisted on the importance of establishing a country-programme M&E system which builds upon the existing information systems at the national level, as well as on specific project activities such as surveys, training on M&E for project personnel. Knowledge management tools were also foreseen at the community level, for example by establishing community-level innovation centres to collect and disseminate basic information on innovative approaches.

34. In terms of financing instruments, allocations from IFAD to Rwanda were planned to come from grants, through the Debt Sustainability Framework, rather than loans with an expected volume of US$30 million for the period 2008-2010, and US$40 million for 2011-2012, under the baseline scenario of the performance-based allocation, which would be sufficient to fund two projects, one focusing on water management and soil conservation (the Kirehe Community-based Watershed Management Project) and the other on export crops (soon to be designed as PDCRE II, based on a request of the Government, as it is not identified in the COSOP). A third project on rural economic development is to be prepared as a reserve project during 2011.

Annex 4 - Table 3
Main elements of 2002 and 2007 COSOPs

Key elements of the strategy	*COSOP 2002*	*RB-COSOP 2007*
Strategic objectives	- Support to income generation, diversification and market organization - Support for the development of sustainable rural MFIs - Integrated support to rural, non-farm small and micro enterprise - Technology generation and transfer - Community infrastructure - Support to the decentralization process - Cross-cutting emphasis on gender	1. Economic opportunities for the rural poor [are] increased and their incomes raise sustainably 2. Organization and institutions of the rural poor as well as decentralized entities [are] strengthened 3. Vulnerable groups participate in the social and economic transformation
Geographic priority	Not stated	Not directly identified, The RB-COSOP mentions criteria: high incidence of poverty and food insecurity, investment potentials and complementarity with other projects
Subsector focus	rural finance, micro enterprises, marketing, community infrastructure, support to decentralization	Irrigation, water management, rural finance, micro enterprises, commodity chains
Main partner institutions	- National partners: central Government and provincial governments; national NGOs International partners: -World Bank: agricultural research - UNDP: good governance and decentralization - OPEC Fund: basic infrastructure - Arab Bank for the Economic Development of Africa (BADEA): coffee and tea	- National partners: central Government and provincial governments; national NGOs, private businesses. International partners: - Belgian Technical Cooperation, WFP, FAO, AfDB, World Bank (food for work, soil conservation, hillside irrigation) - SNV Netherlands, International Centre for Insect Physiology and Ecology (coffee, sericulture, honey, value chains)
Targeting approach	Not treated specifically	Strategic objective 1 will target the “very poor and resourceful poor”. Strategic objective 2 will target the rural poor through farmers’ organizations Strategic objective 3 will target special vulnerable groups
Country programme mix	Mix of loans and technical assistance grants, non-lending activities included (see	Mix of loans and grants. Non-lending activities identified (see further down in the document)

Key elements of the strategy	*COSOP 2002*	*RB-COSOP 2007*
(loans, grants and non-lending activities)	further down in the document)	
Country programme management	Not treated specifically	Technical assistance for design, training for project staff, direct supervision and implementation support. Programme-wide M&E. Strong anchoring of project in public institutions (national and local).

Evaluation objectives, methodology and process

35. The objectives of the CPE are to assess the performance and impact of IFAD operations and generate findings and recommendations that will provide a basis for the next country strategy in Rwanda to be prepared between IFAD and the Government. The CPE will assess the results of the cooperation and partnership between IFAD and the government rather than the country's overall development results in agriculture and rural development.

36. The CPE will be conducted in line with the Evaluation Manual[13] and will include three levels of analysis: (i) the portfolio of projects of IFAD; (ii) non-lending activities (partnership building, knowledge management, and policy dialogue); and (iii) performance at the programme level (COSOP performance), including an assessment of the strategic objectives, geographic priority, subsector focus, partner institutions, targeting approaches, and country programme mix and the country programme and COSOP management (see the Evaluation Framework in annex 5).

37. In terms of the assessment of the portfolio of projects, the following criteria will be considered:

Relevance: this includes two parts: (i) consistency of project's *goals* with IFAD's strategy, Government strategies and policies, needs of the intended project users and local poverty situation; and (ii) adequacy of the project *approaches,* such as adaptation of the project design and components to local conditions, adherence to recognized standards (if applicable) and provision of realistic resources.

Effectiveness: achievement of project's primary objectives, to be found in the project design documentation (e.g. appraisal report).

Efficiency: economic use of resources in order to achieve certain outputs or results, with reference to established benchmark and alternative options.

Rural poverty impact: changes that have occurred in the welfare of people and their community, whether positive, negative, direct, indirect, intended or non-intended, with special focus on 5 impact domains (household impact and net assets, human and social capital and empowerment, food security and agricultural productivity, natural resources and the environment and institutions and policies)

Sustainability: the likelihood that benefits generated by a development intervention will continue with a reduced external support and will be resilient to threats.

Promotion of pro-poor innovation and scaling up: the extent to which IFAD has facilitated the introduction of innovative[14] approaches and opportunities and constraints to the scaling up of such approaches.

Performance of partners: assessment of the contribution of the Government authorities, IFAD, cooperating institutions and cofinancier to the formulation, execution, monitoring, supervision and implementation support and evaluation.

[13] English version: http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf
French version: http://www.ifad.org/evaluation/process_methodology/doc/manual_f.pdf
[14] The Evaluation Manual defines innovativeness with reference to the project context. For example an approach, a practice or technology (say a soil fertility protection technique or a higher yield cattle breed) may be considered innovative if new to the project area, even if already available in another country or in other regions of the same country.

38. Analysis will be provided for each criterion as well as ratings to summarize the CPE judgement on that criterion based on evidence. An overall assessment and rating will also be provided on project performance.[15]

39. Findings may be grouped by sector or theme (for example rural finance, infrastructure, technology transfer, gender equality, conflict management) when this adds value to the analysis (cross-project comparison and learning) and improves readability.

Time line and operations to be included

40. IOE completed a CPE in Rwanda in 2005, covering the period from 1994 to 2005 and focusing on the 1999 and 2002 COSOP. Since that evaluation, one project (Support Project for the Strategic Plan for the Transformation of Agriculture, PAPSTA) was approved in 2005 under the 2002 COSOP, a new RB-COSOP was prepared in 2007 and another project (Kirehe Community-based Watershed Management Project, KWAMP) was approved in 2008 under the 2007 RB-COSOP.

41. *Prima facie* an option for the current CPE would be to focus on IFAD's operations since 2005. Upon reflection, however, it would be more appropriate to set the starting point for the evaluation analysis somewhat earlier. There are some areas of focus of the 2002 COSOP (e.g. decentralization, cash and export crops, and microenterprises) that could not be fully assessed by the previous 2005 CPE. At that point the two projects in Umutara province dealing with decentralization and local development were at intermediate implementation stage, while the Smallholder Cash and Export Crops Development Project (PDCRE) and the Rural Small and Micro enterprise Promotion Project – Phase II, (PPPMER II) were at an early implementation stage. These sectoral areas are not only emphasized in the 2002 COSOP but also in the latest 2007 and there may be new important lessons to be learned from these operations in 2010, now that they have attained a more advanced maturity stage.

42. For the above reasons, the current CPE will cover IFAD's strategies (COSOPs) of 2002 and 2007, the projects that have been approved thereafter and, in addition the two projects in the province of Umutara which were approved in 2000 and 2001 before the 2002 COSOP but embody an importance strategic emphasis on support to decentralization and local governments. These projects include: (i) Umutara community resource and infrastructure development project (PDRCIU) and the Umutara "Twin" project;[16] (ii) Smallholder cash and export crops development project (PDCRE); (iii) Rural small and micro enterprise promotion project - phase II (PPPMER II); (iv) Support project for the strategic plan for the transformation of agriculture (PAPSTA) and (v) Kirehe Community-based Watershed Management Project (KWAMP).

43. The "evaluability" of projects will depend on their implementation stage and the CPE may not apply all evaluation criteria to all projects. For more recent projects it may be impossible to assess impact and sustainability. It is expected that three projects can be evaluated under all the criteria: PDRCIU (effective in late 2000 and 2002 respectively), PDCRE (effective in 2003) and probably PPPMER II (effective in 2004). PDCRE has been evaluated specifically in 2010 and the CPE will draw from this evaluation for analysis and ratings (table 4).

44. In the case of more recent projects, such as PAPSTA (effective in 2006) and KWAMP (effective in 2009), it may be premature to assess some of the criteria

[15] In line with practices of multilateral institutions, IFAD applies ratings on a 6-point scale: : 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory.

[16] Although two separate loans have been approved by IFAD's Executive Board, the two can be considered as one project. The components are almost the same and have been treated as one project by IFAD in its implementation support.

(e.g. impact, sustainability), but a review of project progress may shed light on likely achievements in current trends continue (table 4).

45. Most of the analytical work and field visits of the CPE will concentrate on the PDRCIU, PPPMER II and PAPSTA, although review of the documentation and more selective field visits are foreseen for PDCRE and KWAMP as well.

Annex 4 - Table 4
Projects to be considered by the CPE and expected coverage of evaluation criteria at the project-level

Criteria	*Projects*				
	Umutara &Twin projects	*Smallholder cash and export crops (PDCRE)*	*Rural small and microenterprise (PPPMER II)*	*Support for the plan for agr. transformation (PAPSTA)*	*Kirehe commun. watershed management (KWAMP)*
(Year of effectiveness)	(Dec 2000 and Dec 2002)	(Sep 2003)	(Jun 2004)	(Mar 2006)	(Apr 2009)
Relevance	Yes	Analysis and ratings from dedicated project evaluation	Yes	Yes	Yes
Effectiveness	Yes		Yes	Yes	Yes
Efficiency	Yes		Yes	Yes	Selected issues
Impact	Yes		Yes	Yes (emerging elements)	No
Sustainability	Yes		Yes	Yes (emerging elements)	No
Innovation and scaling up	Yes		Yes	Yes	Selected issues
Performance of partners	Yes		Yes	Yes	Selected issues

46. *Addressing attribution issues*. Attribution of observed changes to a project is often problematic. For example, data may point to significant increases in household assets of children's nutrition but this may also be due to exogenous factors, not influenced by the project (e.g. falling prices of certain household assets; a general economic upturn; households receiving remittances). The CPE may address the attribution issue by:

(i) helping explain the logic chain from project actions to immediate results and impacts;
(ii) considering rival explanations by probing for alternative factors during all interviews, and reassessing the plausibility chain;
(iii) exploring counterfactuals: conducting selected interviews with non-beneficiaries that share key characteristics (e.g. socio-economic status, livelihood, farming system) and may help understand what could have happened without the project.

Regional and country technical assistance grants

47. The CPE will also consider the parallel grant portfolio. The grants to be reviewed include regional and country-specific grants. Out of the eight regional grants that have been identified, four grants will be reviewed, including 2 larger and 2 smaller regional grants. Taking into consideration the type of activities financed by the grants, it is suggested to include one large regional grant on enhanced market access and knowledge management (with SNV), one large regional grant on rice research (with IRRI), one small regional grant on rural finance (KGT) and one small regional grant on common activities on improved management of agricultural water

fertilizer financing (with ICRISAT). This is a purposive sampling which encompasses the main themes of relevance to the regional grants window and includes both grants with more pronounced and tenuous relation to the lending portfolio.

48. For country-specific grants, it is proposed to consider the IFAD grant to support agricultural policy building by the Ministry of Agriculture of Rwanda (*Programme visant à renfocer la mise en oeuvre se la stratégie et du plan d'action pour l'agriculture rwandaise* – RWASAP), as well as three smaller NGO grants: (i) EPR-EER (HIV-Aids, province of Umutara); (ii) CLASSE- B (rural microenterprise, in the context of PPPMER); and (iii) Strengthening Community Organized Responses to HIV/AIDS in Umutara (SCORE-AIDS)

49. In the case of grants, the focus will be on the synergy between loan / project portfolio and grant portfolio, particularly in terms of promoting innovations. The CPE will not conduct an evaluation of individual grants and will not rate individual grants.

Non-lending activities

50. Analysis of non-lending activities will encompass partnership building and management, policy dialogue and knowledge management. Achievements and synergy with the lending portfolio will be assessed. Both the 2002 and the 2007 RB-COSOP had objectives for partnership building and policy dialogue and the 2007 RB-COSOP also had knowledge management objectives (table 5) which will be adopted as a reference for the CPE.

51. Some of the non-lending activities contemplated in 2002 and 2007 RB-COSOP entail specific work and instruments beyond the provision of financial support and the "normal" project components. This is the case for example of donor coordination and harmonization, programme-wide information systems, legal framework for water management and land use. Other non-lending activities are embedded in project components, such as development of cash crops, community-level innovation centres. A question to be considered by the CPE pertains to the mix of instruments and resources that have been available to pursue non-lending goals. Analysis and ratings will be provided in line with the Evaluation Manual.

Annex 4 - Table 5
Objectives of non-lending activities in the latest two programming periods

Non- lending	*COSOP 2002*	*RB-COSOP 2007*
Partnership building	(i) World Bank: agricultural research (ii) UNDP: good governance and decentralization (iii) OPEC Fund: basic infrastructure (iv) Arab Bank for the Economic Development of Africa (BADEA): coffee and tea	(i) Government, policy dialogue (ii) Donor Coordination (Paris Agenda) to enhance harmonization of approaches and work on policy dialogue (iii) NGO and research: technical innovation (iv) Private sector: value chains
Policy dialogue	(i) decentralization and good governance, sustainability of public services (ii) development of traditional cash and export crops (iii) technology generation and transfer (iv) regulatory framework for MFIs (v) gender	(i) support to the preparation of a Sector-Wide Approach in agriculture (ii) organizational and legal framework for water management (including the issue of land tenure) (iii) microfinance policies
Knowledge management		a) Programme level (programme wide M&E, using information system in MINAGRI and EDPRS)

Non- lending	*COSOP 2002*	*RB-COSOP 2007*
	Not treated specifically	b) Project level: surveys, training of staff in M&E concepts and techniques c) Community-level: community innovation centres under PAPSTA

Programme-level analysis

52. A further, more aggregated, level of analysis is the performance of the COSOP.[17] This requires a different type of assessment. While in the portfolio assessment the analysis was project-based, in this latter section, the evaluation will consider the overall objectives of the programme. While linkages obviously exist between individual projects and the overall programme, the latter is not necessarily equal to the sum of the former. It is well known in the literature that discrepancies may be found when comparing different levels of analysis (sometimes known as the "micro / macro paradox").

53. The focus will be on the 2002 and 2007 COSOPs. Both of them had a set of strategic goals, which are defined in terms of "objectives" in the 2007 COSOP or "thrusts" in the 2002 COSOP (table 6). These objectives will be used as a point of reference for programme-level analysis of the CPE and taking into account changes in strategic emphasis between the 2002 and 2007 COSOPs. Should findings at project and programme level differ significantly, the CPE will pinpoint explanatory factors that may be accounted for such disconnects.

Annex 4 - Table 6
Overall programmatic objectives of IFAD in Rwanda

COSOP 2002	*RB-COSOP 2007*
Strategic thrusts	Strategic objectives
- Support to income generation, diversification and market organization - Support for the development of sustainable rural MFIs - Integrated support to rural, non-farm small and microenterprise - Technology generation and transfer - Community infrastructure	1. Economic opportunities for the rural poor [are] increased and their incomes raise sustainably
- Support to the decentralization process	2. Organization and institutions of the rural poor as well as decentralized entities [are] strengthened
- Cross-cutting emphasis on gender	3. Vulnerable groups participate in the social and economic transformation

54. At the conclusion of the analysis, ratings will be provided for relevance of the IFAD programme in addressing its stated goals and causes to poverty and effectiveness in attaining those goals.

55. Thematic issues. Both the 2002 and 2007 COSOPs insist throughout the text on a number of thematic issues that are considered important not only for rural development and rural poverty reduction in Rwanda but also for IFAD's area of focus. These themes are connected to the objectives outlined in the two COSOPs but it can be useful to articulate them in an ad hoc exhibit (table 7). These themes may be considered by the CPE as categories to organize the analysis so as to avoid an overly project-based approach, to better compare experiences across projects and extract more strategic lessons. These themes may also be adopted to

[17] It is to be noted that the "P" of COSOP stands for "programme" in this case, not for "paper" and the analysis is not limited to the review of a document.

strengthen the analysis at the programmatic level, an option contemplated in the Evaluation Manual.

Annex 4 - Table 7
A set of thematic issues extracted from COSOP 2002 and 2007

Theme	*IFAD's interventions and relation to national priorities*
A. Targeting approaches, gender issues	• Targeting "vulnerable" categories: orphans; widowed women; women household head • *(Re)building* or strengthening *social and economic networks* in rural areas and public institution The above refer to consequences of the 1994 genocide and out / -inflow of refugees. They also reflect issues related to HIV-AIDS.
B. Agricultural technology upgrade and dissemination	• Technology transfer for improved practices to conserve soil and Crop-livestock integration • Intervention in irrigation and water harvesting • Support to new approaches to extension The above respond to the need of improving agricultural productivity while protecting soil fertility
C. Market-oriented agriculture	• Value chain support model as a way to address unexploited potential for cash crop • Paving the way for an agricultural SWAp, to address the need of donor coordination in the sector
D. Institutional Support and capacity development	• *(Re)building* or strengthening *social and economic networks* in rural areas and public institution • Supporting decentralized governments with emphasis on capacity building The above refers to the support to national efforts of decentralization, local governance and local development. • Supporting implementation of land law, as a measure to address land tenure issues, partly fostered by the repatriation of refugees
E. Rural non-agricultural sector investment	• Support to micro and small enterprises by addressing financing and business development constraints. These are measures for diversification of income sources in a country with little uncultivated land and high population density

Conclusions and recommendations

56. After completing the analysis, the report will provide conclusions and recommendations. Conclusions are not simply a synthesis of analytical findings. They present a storyline of the report, logically correlated to findings but adding value to findings by highlighting consequences and implication of findings, further exploring proximate explanation of findings (the "why question") and highlighting a selected number of higher-level issues that reader should take away from the report.

57. Conclusions will lead the way to recommendations, which are forward-looking propositions aiming at building on existing programme strengths, filling strategic or operational gaps and improving the performance and development results of IFAD. The CPE will try to keep the recommendations to a manageable number, avoiding redundancy, prioritising them and devising them in an action oriented form, so as to facilitate their adoption by IFAD and its partners.

The evaluation process

58. The evaluation will start with a structured *desk review*. This will entail preparing short desk review notes on individual projects selected for the CPE as well as non-lending activities which will be consolidated in a desk review report, using the standard criteria in the Evaluation Manual. The desk review will allow for a very

preliminary analysis which will need to be validated further on in the evaluation process, and for a verification of the available information as well as knowledge gaps that need to be filled in. The desk review will be shared with ESA and with the Government for their observation before the main mission.

59. A *preparatory mission* will be conducted by IOE to the country. The objective of this mission will be to meet the main ÍFAD partners, explain the objectives, methods and process of the exercise and elicit their views on specific questions, issues and concerns that should be reflected in the CPE. The preparatory mission will be an opportunity to familiarize with the programme. A very short visit (1 day) to 1-2 selected project areas may be scheduled, if deemed useful in preparation for the main mission. This mission will help refine evaluation questions and identify key informants to be interviewed during the main mission. The preparatory mission may also be taken as an opportunity to select and recruit national consultants.

60. The evaluation may benefit from a dedicated exercise of data collection on impact. Both PDRCIU and PPPMER II projects have conducted impact surveys but the one for PDRCIU has not been finalized. While conducting surveys ex novo might be an option, the evaluation will have to consider time and budget constraints. One option could be to start from the results of the existing surveys, albeit not finalized and conduct a validation exercise, mainly consisting of community case studies that could help understand what factors have been playing in determining certain results and whether the order of magnitude of findings evidenced in previous surveys is confirmed. Such validation exercise may be conducted by CPE team members who would conduct extra field work before the main mission.[18] A decision will be taken at the stage of the preparatory mission, considering the trade-off between representativeness and practicality.

61. ESA and the Government will be requested to conduct a *self-assessment* exercise. The self-assessment will focus on: (i) three projects: Umutara, PPPMER II, PAPSTA and KWAMP;[19] (ii) non-lending activities; and (iii) strategic-level dimensions, using the criteria in the Manual. The exercise is not expected to result in a lengthy report and should be kept simple so that it can be completed in a reasonable time frame. In order to facilitate the exercise, IOE has prepared a proposed format for the self-assessment exercise (Appendices 5.a and 5.b). ESA and the Government are encouraged to conduct a joint self-assessment exercise resulting in a single report. The self-assessment should be completed before the beginning of the main evaluation mission, so that the results may be reviewed and discussed during the same. The CPE will refer to the self-assessment and, when required, explain the reasons for any discrepancy in judgement and in ratings.

62. A main evaluation mission will be fielded for a 4-5 week duration. It will combine interviews in the capital, as well as field visits to project areas in order to verify preliminary findings of the desk review, of the self-assessment (and of primary data collection exercises, if previously conducted). Thematic discussion groups may be organized in the capital to cover special thematic or strategic questions that necessitate inputs from a variety of actors. At the end of the mission, an Aide Memoire with emerging findings will be prepared and presented to the Government, ESA and other partners in a wrap up meeting, planned for 17 December 2010. The presence of the IFAD country programme manager at the wrap up meeting is required.

63. The day after the wrap-up meeting, the evaluation team will hold an internal one-day data analysis and report writing workshop, in order to agree: (i) on the techniques to be used in processing, aggregating and displaying data obtained

[18] In both cases, questionnaires or guidelines will be prepared under IOE supervision.
[19] A self-assessment of PDCRE has already been conducted in the context of the dedicated project evaluation. Given the early implementation stage of KWAMP, it would be of little use to request a self-assessment.

from different sources (interviews, focus groups, surveys, documents) and arrive at findings and conclusions; ii) on how to organize technical working papers so that information can be more easily extracted to prepare the main report.

64. The *report writing phase* (the main report will be made available in English) will follow and will include the drafting of thematic technical working papers and the main report. Both will first be shared with the Lead Evaluator and thereafter submitted to an internal peer review in IOE. The peer review will include two steps: (i) reviewing the evidence base and robustness of the analysis and (ii) assessing that conclusions and recommendations flow from the findings, address the main emerging issues and avoid redundancies. Simultaneously to the internal peer review, IOE will request a senior independent advisor to provide comments on the draft report.

65. A revised report will be shared with ESA and, after receiving and incorporating their comments, will be transmitted to the Government for their review.[20] If required, the draft may also be shared with other organizations (e.g. cofinanciers).[21] After comments from these partners have been taken into consideration, the report will be finalized by IOE and a roundtable workshop will be organized soon after.

66. It is important to note that, during the course of the evaluation, it was found that WFP's Office of Evaluation was conducting a country level evaluation in Rwanda. The lead evaluator from IOE-IFAD and from WFP-OE discussed opportunities for collaboration. It emerged that the two evaluations covered distinct strategies and operations but they also had a few points of overlap. While it would be more appropriate for the two evaluations to run in parallel, there were also opportunities for mutual learning. It was decided that the lead consultants for the two evaluations would exchange information in real time during the conduct of the main evaluation mission and the two lead evaluators would exchange information on the progress made in drafting the reports.

The core learning partnership

67. A standard feature in IFAD evaluations, the CLP will include the main users of the evaluation who will provide inputs, insights and comments at determined stage in the evaluation process. The CLP is important in ensuring ownership of the evaluation results by the main stakeholders and utilization of its recommendation, by ensuring that evaluation questions reflect their priorities and that their knowledge and views can be shared in the process. The CLP will be expected to (i) provide comments in the approach paper; (ii) reviewing the desk review findings (IFAD-ESA and Government); (iii) conduct a self-assessment (IFAD and Government); (iv) review and comment on the draft CPE report; (v) review and comment preparatory material for the roundtable workshop (issue paper) and participate in the final workshop.

68. On a tentative basis, the following persons will be members of the CLP. The list will be finalized at the conclusion of the preparatory mission.

- Hon. Agnes Kalibata, Minister of Agriculture and Animal Resources
- Mr Ernest Ruzindaza, Permanent secretary, Ministry of Agriculture and Animal Resources;

[20] IOE will prepare an audit trail explain how comments from different partners have been taken into consideration.

[21] Written comments from the Government, from IFAD and other partners will be carefully reviewed by IOE. IFAD's Evaluation policy provides that IOE will immediately rectify all factual errors, inaccuracies and information gaps that may be brought to its attention. Disagreements on judgments will be treated case by case and may be presented in the final report as dissenting notes. To ensure transparency, IOE will prepare an audit trail showing how comments have been taken into consideration.

- Mr Theoneste Ukize, Acting Director General of Central Public Investments and External Finance Bureau, Ministry of Finance and Economic Planning;
- Mr Leonard Rugwabiza Minega, Director General of National Development Planning and Research, Ministry of Finance and Economic Planning;
- Mr Emmanuel Hategeka, Permanent Secretary, Ministry of Trade and Industry;
- Mr Ephraim Kabaija, Governor, Eastern Province;
- Mr Egide Rugamba, Director General in Charge of Planning and Monitoring and Evaluation, Ministry of Local Development
- Directors of IFAD's ongoing projects in the country;
- Mr Luciano Lavizzari, Director, Independent Office of Evaluation of IFAD
- Mr Ides De Willebois, Director, IFAD's East and Southern Africa Division
- Mr Claus Reiner, IFAD Country Programme Manager, Rwanda
- Mr Fabrizio Felloni, Senior Evaluation Officer, Independent Office of Evaluation of IFAD

Agreement at completion point

69. According to the IFAD Evaluation Policy, evaluations conclude with an Agreement at Completion Point, a document presenting the main findings and recommendations contained in the evaluation report that the Government and IFAD agree to adopt and implement within a specific timeline. The ACP will be prepared after the roundtable workshop (see par. 72) so that it can benefit from the outcomes of the discussion. The ACP will be signed by the Government of Rwanda and the IFAD's Associate Vice President for Programmes. It will be included in the final published report.

Evaluation team

70. The Director of IOE will have the overall oversight of the CPE. The lead evaluator, Mr Fabrizio Felloni, will be in charge of designing the methodology, recruiting specialists, exercising quality control and managing the overall exercise. The IOE will be ultimately responsible for the contents of the evaluation report and the overall evaluation process. Mr Felloni will be supported by Mr Luigi Cuna, Evaluation Officer; Ms Liesbeth Kellens, Associate Evaluation Officer, and Ms Lucy Ariano, Evaluation Assistant.

71. The main field mission will be undertaken by a team of independent and external specialists under the responsibility and supervision of IOE. The team will include a team leader, socio economist, with strong evaluation experience and past experience in team leadership and country programme evaluations and in the rural development sector. It will be accompanied by three or four additional members. At least one member should have strong experience in the evaluation of rural finance and micro enterprise support programmes. One team member will have experience in agricultural development including commodity chain development and ideally cooperation with private sector in agriculture. Ideally one team member will have experience in local development and support to decentralized governments, as well as in institutions relevant to rural development (e.g. land tenure). One of the team members will have to be familiar with agricultural technology issues including technology transfer and extension. Considerations will be given to gender and geographical balance in the team composition, as well as to the importance of recruiting national consultants.

Communication and dissemination events and products

72. A CPE roundtable learning workshop will be organized in Kigali at the conclusion of the evaluation process. This learning event will allow a broader number of stakeholders, beyond the core learning partnership, to discuss the results and the recommendations of the evaluation and their implication for the future collaboration of IFAD in the country. This will be an important step before the

Government of Rwanda and IFAD can sign the Agreement at Completion Point, which is expected to happen within a month after the workshop.

73. The final report (about 60 pages main text in English, will be distributed in hard copies, posted on IFAD's public website as well as on other websites maintained by the UN Evaluation Group, the Evaluation Cooperation Group, the OECD-DAC evaluation networks, as well as other relevant websites. IOE will also elaborate shorter (two-page) documents that are more reader friendly and cater for a broader audience: (i) an evaluation profile (summarizing key findings) and (ii) an evaluation insight (dedicated to a single theme).[22]

74. Other ways to disseminate results may include: a one-minute video interview to the consultants' team leader and team evaluator to be posted as a blog in IOE's webpage, *ad hoc* seminars and publications in specialized journals, as required.

Annex 4 - Table 8
The evaluation roadmap (tentative)

Activity	*Date*
Approach paper shared with ESA	Sept 13
ESA comments on approach paper	Sept 24
Revised approach paper shared with Government	Oct. 1
Government comments approach paper	Oct 14
Team leader to Rome for briefing before preparatory mission	Oct 5-6
Preparatory mission to Rwanda	Oct. 24-31
Approach paper finalized	Oct 29
Self-assessment by ESA and Government	October 15 - November 13
Desk review report shared with ESA for comments	27 October
Observations from ESA	11 November
Revised desk review report shared with Government for comments	15 Nov.
Main mission	**20 November - 18 December**
Wrap up meeting with Government	**17 December 2010**
First draft report sent to IOE	February 7, 2011
Submission to IOE peer reviewers – part 1 main report	February 23, 2011
Peer review – part 1 main report	March 4, 2011
Peer review process – part 2 conclusions and recommendations	April 7
Draft report shared with ESA	April 21
Comments by ESA	May 16
Revised report shared with Government	May 29
Comments by Government	June 17
CPE national roundtable workshop	July or September 2011 (tbc)
Finalize CPE agreement at completion point	Tbc

[22] The profile is an 800-word brochure capturing the main findings and recommendations. The insight focuses on one key learning issue emerging from an evaluation, with the intention of raising further attention and debate around the topic among development practitioners.

Evaluation framework

Criterion	*Guiding questions*	*Sources*	*Options for presenting the analysis in the main report*
	PORTFOLIO PERFORMANCE LEVEL		
Relevance	(i) Relevance of "what" • Consistency of project design with government policy, IFAD strategy (COSOP), national and local poverty context and needs of the poor. • Adaptation to changing context (if applicable) (ii) Relevance of "how" • Did IFAD study the project context adequately? Did it prepare the components situation sufficiently? Information gaps? • Internal logic of design (look at project log frame): Consistent? Gaps? Strong assumptions? • Adopting recognized good practices? Using available knowledge (evaluations, studies)? • Allocating realistic resources?	Documents Government official strategies (national, sectoral); IFAD COSOP, sectoral policies / strategies; IFAD project documentation (design, MTR, supervision, completion) IFAD/Government self-assessment Interviews: CPM, project staff, national sector experts Field visits: may highlight local technical or agro-ecological constraints	For readability sake, one option is to present findings by theme (institutional support, technological transfer, market oriented agriculture …) and use project-specific findings as examples Ratings will be assigned separately to each project
Effectiveness	Consider key project objectives and verify data on their achievement comparing (when possible) actual figures against expected figures (with some caution if the project is not completed). Refer to the detailed project objectives in the design document (e.g. appraisal report) Take the example of a project whose objective is to provide financial services to people. Measures of achievement may be number of clients of micro finance institution, type of financial services used and degree of satisfaction (e.g. repeat loans) and repayment rates, portfolio quality. For a project disseminating new agricultural practices, measures of effectiveness may be adoption rates. Actual figures may be compared to expected figures (with some caution if the project is not completed) Important to highlight factors that explain achievement and under-achievement	Documents IFAD MTR, supervision, completion reports IFAD / Government self-assessment Interviews: project staff, visit to project sites, interviews with beneficiaries, photographic documentation.	As above

Evaluation framework (cont.)

Criterion	*Guiding questions*	*Sources*	*Options for presenting the analysis in the main report*
	PORTFOLIO PERFORMANCE LEVEL		
Efficiency	Economic use of resources to produce outputs or results Typical indicators: (i) % project management cost over total project costs (and compare with other projects and countries) (iii) project cost by beneficiary (iii) unit cost of delivering services / product, compare to country or regional benchmark (taking care of special cost related to reaching secluded areas); (iv) critiquing EIRR calculation (v) project managerial efficiency: time between project approval and effectiveness; completion delays, cost over-runs	Documents IFAD project design documents, MTR, supervision, completion IFAD/Government self-assessment PPMS database for time between approval and effectiveness Interviews: CPM and project staff (clarify reasons for delays or managerial bottlenecks)	An option is to present the analysis by indicator of efficiency. Ratings will be assigned separately to each project.
Rural poverty impact	A few items to be considered across the board: • Attribution / contribution issues: to what extent did the project play a role in the observed changes and how • Coverage: how many benefited • Magnitude: how large are benefits • Beneficiaries: what categories of people benefited and why Household income and assets Collect data, identify patterns for household income diversification and increase and range of changes Collect data on changes in housing quality, availability of livestock, appliances, durable goods, inventory for microenterprises Collect data on indebtedness if possible Human and social capital and empowerment Observe patterns in changes in social cohesion, functioning of rural poor's organizations Changes in technical capacity of people Changes in the way the poor interact with authorities Changes in the way certain categories (women, orphans, minorities) interact with others?	Documents IFAD MTR, supervision, completion reports IFAD/Government self-assessment Interviews: CPM, project staff, (Surveys: if required) Field visits: observation, individual interviews, focus groups, photographic documentation	For readability sake, one option is to present findings by theme (institutional support, technological transfer, market oriented agriculture …) and use project-specific findings as examples Ratings will be assigned separately to each project

Evaluation framework (cont.)

Criterion	*Guiding questions*	*Sources*	*Options for presenting the analysis in the main report*
	PORTFOLIO PERFORMANCE LEVEL		
Rural poverty impact	*<u>Food security and agricultural productivity</u>* *Access to food* *Evidence on children's nutritional status* *Reduction in seasonal fluctuation in food availability* *<u>Natural resources and the environment</u>* *Changes in the availability of natural resources (forest, water, topsoil, fish, vegetable cover)* *Changes in capacity to manage natural resources* *Changes in exposure to environmental risks (e.g. flooding, landslides)* *<u>Institution and policies</u>* *Consider changes in issues such as land tenure and security , protection / regulation of savings for rural poor, access to market, price information* *Change in other institutions that affect the poor*	.	
Sustainability	*Consider the main benefits generated by the project and consider a scenario where external resources are going to reduce and terminate.* *Address questions such as the following:* • *What has been foreseen in the project design for this situation?* • *Is there political support at national /local level?* • *Will there be need for external technical assistance?* • *Are economic activities profitable?* • *Will there be resources for recurrent and maintenance costs?* • *Are there environmental threats?*	*<u>Documents</u>* *IFAD design, MTR, supervision, completion reports* *IFAD/Government self-assessment* *<u>Interviews</u>: CPM, project staff,* *<u>Field visits</u>: observation, individual interviews*	*Consider above option.* *Ratings to be assigned separately to each project.*
Pro-poor innovation and scaling up	*Are innovations performing well?* *What type of innovation do we observe (technical, new practice, new approach)? Are they innovative in absolute terms or just unknown in the project area?* *Is the project helping expand the adoption of the innovation? How?* *Is there a plan to further expand the innovation?* *Are there any threats or limits to the uptake of the innovations?*	*<u>Documents</u>* *IFAD design, MTR, supervision, completion reports* *IFAD/Government self-assessment* *<u>Interviews</u>: CPM, project staff,* *<u>Field visits</u>: observation, individual interviews, focus groups, photographic documentation*	*Consider above option.* *Ratings to be assigned separately to each project.*

Evaluation framework (cont.)

Criterion	*Guiding questions*		*Sources*	*Options for presenting the analysis in the main report*
	PORTFOLIO PERFORMANCE LEVEL			
Performance of partners	IFAD Government Cooperating institution Cofinancier	Look at specific issues that pertain to the design of projects, management, fiduciary aspects, supervision and implementation technical support and (for Government) enacting policies that can enhance project effectiveness In the case of IFAD look also at harmonization issue given that the country is part of One-UN Pilot	Documents IFAD design, MTR, supervision, completion reports IFAD/Government self-assessment Interviews: CPM, project staff, senior government officials	Present findings by partner: IFAD, the Government, cooperating institution, cofinanciers. Ratings to be assigned separately to each project in each project
NON- LENDING				
	Review partnership building (relevance, effectiveness and use of resources) vis à COSOP 2002 and 2007 objectives and consider other emerging issues (if applicable)		Documents IFAD design, MTR, supervision, completion reports IFAD/Government self-assessment Interviews: CPM, senior government officials, project staff	Presentation could follow COSOP 2002 and 2007 objectives
	COSOP 2002	COSOP 2007		
	(i) World Bank: agricultural research (ii) UNDP: good governance and decentralization (iii) OPEC Fund: basic infrastructure (iv) Arab Bank for the Economic Development of Africa (BADEA): coffee and tea	(i) Government, policy dialogue (ii) Donor Coordination (Paris Agenda) to enhance harmonization of approaches and work on policy dialogue (iii) NGO and research: technical innovation (iv) Private sector: value chains		

Evaluation framework (cont.)

Criterion	*Guiding questions*	*Sources*	*Options for presenting the analysis in the main report*
NON- LENDING			
Policy dialogue *Sub criteria: relevance and effectiveness*	Review policy dialogue (relevance, effectiveness and use of resources) vis à vis COSOP 2002 and 2007 objectives and consider other emerging issues (if applicable) COSOP 2002: (i) decentralization and good governance, sustainability of public services; (ii) development of traditional cash and export crops; (iii) technology generation and transfer; (iv) regulatory framework for MFIs; (v) gender COSOP 2007: (i) support to the preparation of a Sector-Wide Approach in agriculture; (ii) organizational and legal framework for water management (including the issue of land tenure); (iii) putting the 2006 microfinance policy into practice	Documents IFAD design, MTR, supervision, completion reports IFAD/Government self-assessment Interviews: CPM, senior government officials, project staff	Presentation could follow COSOP 2002 and 2007 objectives
Knowledge management *Sub criteria: relevance and effectiveness*	Review policy dialogue (relevance, effectiveness and use of resources) vis à vis COSOP 2007 objectives and consider other emerging issues (if applicable)3 levels of analysis: a) Programme level KM (programme wide M&E, using information system in MINAGRI and EDPRS) b) Project level KM surveys, training of staff in M&E concepts and techniques c) Community-level KM Community innovation centres under PAPSTA	Documents IFAD design, MTR, supervision, completion reports IFAD/Government self-assessment Interviews: CPM, senior government officials, project staff	Presentation could follow COSOP 2007 objectives

Evaluation framework (cont.)

Criterion	*Guiding questions*		*Sources*	*Options for presenting the analysis in the main report*
COSOP PERFORMANCE				
Effectiveness To what extent have these objectives been achieved?	Assess progress made vis à vis the strategic thrusts (COSOP 2002) and strategic objectives (COSOP 2007).		Documents IFAD design, MTR, supervision, completion reports IFAD/Government self-assessment Interviews: CPM, Senior government officials, project staff, group discussion with national sector specialists	Presentation could follow COSOP 2002 and 2007 objectives
	COSOP 2002	COSOP 2007		
	Strategic Thrusts	Strategic Objectives		
	- Support to income generation, diversification and market organization - Support for the development of sustainable rural MFIs - Integrated support to rural, non-farm small and microenterprise - Technology generation and transfer - Community infrastructure	1. Economic opportunities for the rural poor [are] increased and their incomes raise sustainably		
	- Support to the decentralization process	2. Organization and institutions of the rural poor as well as decentralized entities [are] strengthened		
	Cross-cutting emphasis on gender	3. Vulnerable groups participate in the social and economic transformation		

Definition of the evaluation criteria used by IOE

Criteria	*Definition*[a]
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
Rural poverty impact[b]	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
• Household income and assets	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
• Human and social capital and empowerment	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.
• Food security and agricultural productivity	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
• Natural resources and the environment and climate change	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment as well as in mitigating the negative impact of climate change or promoting adaptation measures.
• Institutions and policies	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
Other performance criteria	
• Sustainability	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
• Innovation and scaling up	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies.
• Gender equality and women's empowerment	The criterion assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects.
Overall project achievement	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
Performance of partners	
• IFAD • Government	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. It also assesses the performance of individual partners against their expected role and responsibilities in the project life cycle.

[a] These definitions have been taken from the OECD/DAC *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IFAD Evaluation Manual (2009).
[b] The IFAD Evaluation Manual also deals with the "lack of intervention", that is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention "not applicable") is assigned

Persons met and institutions visited

Ministry of Agriculture and Animal Resources, MINAGRI, Kigali
Agnes Matilda Kalibata, Minister
Raphael Rurangwa, Director General, Strategic Planning and Programmes Coordination

Ministry of Finance and Economic Planning, MINECOFIN, Kigali
Leonard Rugwabiza Minega, Director General, National Development Planning and Research
Joél Kayonga, Microfinance Specialist
Aimable Nkuranga, Financial Sector Development Secretariat

Central Public Investments and External Finance Bureau, CEPEX of MINECOFIN
Mr Théoneste Ukize, Sector Specialist and Acting Director General
Emile Karenzi, Sector Specialist

Ministry of Trade and Industry, MINICOM, Kigali
Emmanuel Hatega, Permanent Secretary
Annoncèe Kuradusenge, Director of Department of Industry and Acting PS

Ministry of Local Government, Kigali
Egide Rugamba, Director General, Planning and M&E
Vedaste Hakizimana, DG of Community Development and Social Affairs
Fidele Kayira, Master Trainer, Ubudehe

Rwanda Cooperative Agency, Kigali
Damien Mugabo, Director General

National Agricultural Research Institute, ISAR, Kigali
Daphrose Gahakwa, Director General
Alexandre Uwamungu, Rice specialist in Kirehe
Egide Mutabazi, Senior Horticulture Technician, Ngoma
Musoni, Bean Specialist, Nyagatare

Rwanda Agricultural Development Authority, RADA, Kigali
Norbert Sendege, Act Director General
Claudine Mukakaklisa, Agronomist, Nyanza

Rwanda Animal Resources Development Authority, RARDA, Kigali
Theogene Rutagwenda, Director General

Kayonza District
Muhoro R Damas, Mayor
Danilo Ntebutsi, Director of Planning and M&E
Theogene Rwema, Infrastructure Manager

Gatsibo District
Nicolas Rwaka, Vice Mayor for Economic Affairs

Nyagatare District
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Stephen Mugisha, ICT Officer Manager
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Gabriel Kamanzi, Water Management Field Facilitator, Kirehe
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Eugene Kanyandekwe, Field Coordinator
Emile Rurangwa, CCI manager in Ngororero
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Valerie Batete, Women's Representative, CLGS, Nyange Sector
Florent Nzamurambaho, Pharmacy Manager, Nyange

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Metusella, Rural Finance officer
Cassey Kazungu, Infrastructure Specialist
Methuselah Ndemano, Rural Finance Specialist
Jean Claude Nzaramba, Agriculture Specialist
Davida Ndungutse, Information manager
Evergiste Sagahutu, Internal Auditor
Esan Tusiime, Procurement Officer
Mary Umulisa, Accountant

Jean-Claude Sebahire, Infrastructure specialist, Gatsibo
Assaph Kwikiriza, M&E officer, Gatsibo

African Development Bank
Joseph Nyrimana, Agricultural Portfolio Manager

USAID, Kigali
Gary C. Cramer, Senior Agriculture Advisor
Fina Kayisanabo, Agribusiness Specialist

FAO Investment Center
Michael Marx, Rural Finance Officer

GTZ – German Technical Assistance Agency *(Deutsche Gesellschaft für Technische Zusammenarbeit)***, Kigali.** (Renamed GIZ as of 2011 – *Deutsche Gesellschaft für Internationale Zusammenarbeit*)
Gilbert Rubangisa, Private Sector & Public Relations, Expert
Upgrade Your Skills Secretariat (GTZ – NL – WDA cooperation):

Embassy of Belgium, Kigali
Katrien Meersman

DFID – UKaid, Kigali
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Martin Fowler, Consultant for Evaluation of DFID Contribution to PAPSTA
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Kate Godden, Food Security and Nutrition Specialist, WFP Programme Evaluation

United Nations
Solange Uwera, Non Resident Agency Coordinator

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Elie Nsabimana, Senior Adviser Agriculture

CARE, Rwanda
Innocent Rutikanga, Project Manager

CNF (national women's council)
Julienne Mukansanga, CNF coordinator, Kirehe

EPR (HIV/AIDS Technical Assistance Grant)
Felix Kayihura, Health Program Coordinator
Innocent Sebagira, HIV/AIDS Project Coordinator
Anysie Uwimana, Finance

EER, Gahini (HIV/AIDS Technical Assistance Grant)
Gahima Manasseh, Project Manager

Send a Cow Rwanda
Alfred Musafiri, Veterinarian
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Faustin Zihiga, Chairman of the Board

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Terry Bragg, Consultant

BPR, Kigali
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Gérard Mutumura Sakufi, Head of Agri-business

BPR, Rukara sub-branch
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Duterimbere MFI
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Appolinaire Rutabairu, Branch Manager, Nyagatare Town

Rabobank Foundation, Utrecht
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Rabobank Foundation and Terrafina (NL), Kigali
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Stefan Henkelmann, Head of Division

Umurenge SACCO, Kirehe
Jotham Muvunyi, Manager

***Caisse Populaire d'Epargne et de Crédit*, Ndago, Nyaruguru District**
Venant Nyamuhura, Credit Officer
Fidele Nkulikiyinka, Accountant

Centre IWACU
Adrien Omar, Head of Training Component

Abizerwa Trade Association, Nyagatare District

Abateranankunga Tailoring Cooperative, Gatsibo District

Centre des Artisans, Nyagatare

Centre de Formation des Jeunes, Mpanda

CLGS Gatore/Gahara

CLGS Nyange

CCI and CLGS Nyanza

COJEMENYA, Groupe de lauréats apprentis en ménuiserie, Nyagisozi

COJEMECA Association, Kayonza District

COPABU, Rwanda Art, Huye District

COVEPAKI, Kirehe District

CORPORWA, Mpanda

COPROMA, Ndego-Kayonza

COOP INDAKEMWA Gatore

Urugero Cooperative, Kayonza District

UCORIGI, Kirehe

Kora, National Federation of Artisans, Kigali
Innocent Ruhinda, Coordinator

Maison des Artisans de Kayonza

Jeunes Artistes (Artisans) de Nyankora, Nyankora

Savannah Dairy, Nyagatare

TWITEZIMBERE, Nyaruguru District

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PDCRE

Appraisal Report, 2003
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Loan Agreement Amendment, 2008
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Appraisal Report, 2003
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Themes addressed by the projects covered by the CPE

Themes addressed	*The Umutara Projects (PDRCI & Twin)*	*PDCRE – cash and export crops*	*PPPMER II – rural MSEs*	*PAPSTA*	*KWAMP*
AGRICULTURE AND NATURAL RESOURCE MANAGEMENT					
Food and cash crop production, including irrigation	X	X		X	X
Livestock production	X	(x)		X	X
Soil conservation and watershed management (environment and climate change)	X			X	X
Agricultural value chain development and post-harvest activities (including coops)	X	X	(x)	X (introduced)	X
INFRASTRUCTURE					
Local government buildings (district and/or sector)	X				X
Buildings for farmers organizations, cooperatives, and MSEs	X	X	X		X
Women centres (buildings)	X				
Feeder roads	X			X	X
Water structures for livestock	X				
Water structures for human consumption	X				
Community innovation centres				X	X
RURAL FINANCE AND PRIVATE SECTOR DEVELOPMENT					
Rural/micro finance (including SACCOs)	X	X	X		
Non-farm rural enterprises (individuals and coops) – entrepreneurial development and vocational training	X		X		
CAPACITY AND INSTITUTIONAL DEVELOPMENT					
Support for institutional development and policy development to central government institutions (including provinces)	(x)		(x)	X	
ID of local government institutions (districts and below)	X		X	X	X
ID of community organizations (WUCs, CLGs, etc.)	X		X	X	X
Project management and coordination in relation to national structures	X	X	X	X	X
CROSS-CUTTING THEMES					
Inclusion of vulnerable groups, land tenure and access to land	X	X	X	X	X
Gender equality and women's empowerment	X	(x)	X	(x)	(x)
Environment and climate change	X	¤	¤	X	X
HIV/AIDS	X		X		X

(x) indicates minor and indirect support; ¤ indicates possible unintended impact.

Note: for PDCRE the IOE interim evaluation will be used.

Country policy and institutional assessment data and progress towards the Millennium Development Goals

World Bank country policy and institutional assessment (CPIA)

Indicator clusters	*2005*	*2006*	*2007*	*2008*	*2009*
Public sector management and institutions	3.3	3.4	3.5	3.5	3.5
Policies for social inclusion and equity	3.6	3.8	3.8	3.9	3.9
Economic management	3.5	3.8	3.8	3.8	3.8
Structural policies	3.5	3.5	3.5	3.5	3.8

1=lowest, 6=highest

Progress towards the Millennium Development Goals

Millennium Development Goals	*Target 2015*	*Current status*	*Attainment by 2015*
1. Eradicate extreme poverty and hunger Poverty headcount (Below national poverty line)	30.2 per cent	56.9 per cent (2005)	Challenging
2. Achieve universal primary education Net primary enrolment	100 per cent	95 per cent	Attainable
3. Eliminate gender disparity Women participation in parliament	50 per cent	48.8 per cent	Attainable
4. Reduce child mortality Under 5 mortality (per 1,000)	50	103	Attainable
5. Reduce maternal mortality Maternal mortality (per 100,000)	286	750	Not likely
6. Halt / reverse AIDS, malaria and other diseases			
HIV Prevalence	5.1 per cent	3 per cent	Attainable
Use of bed nets (children under 5)	90 per cent	65 per cent	Attainable
7. Ensure environmental sustainability Access to improved water source	82 per cent	71 per cent	Attainable

Source EDPRS, quoted in WB (2008).

Background data on agricultural production in Rwanda

	2002	*2010*	*Change 2010-2002 per cent*
Cereals (sorghum, maize, wheat, rice)			
Cultivated area (ha)	294 705	305 760	3.8
Production (tons)	304 446	738 080	142.4
Yield (kg/ha)	1 033	2 414	133.7
Legumes (beans, soya, peas, peanut)			
Cultivated area (ha)	436 418	503 045	15.3
Production (tons)	290 436	436 954	50.4
Yield (kg/ha)	665	869	30.5
Banana			
Cultivated area (ha)	358 863	351 644	2.0
Production (tons)	2 784 870	2 749 152	1.3
Yield (kg/ha)	7 760	7 818	0.7
Tubers (Irish and sweet potato, yams and cassava)			
Cultivated area (ha)	476 133	465 254	2.2
Production (tons)	3 485 214	5 192 652	49.0
Yield (kg/ha)	7 320	11 154	52.4
Fruits and vegetables			
Cultivated area (ha)	47 420	100 097	111.1
Production (tons)	233 643	1 022 421	337.6
Yield (kg/ha)	4 927	10 214	107.3
Total food crop production			
Cultivated area (ha)	1 613 539	1 726 070	7.0
Production (tons)	7 098 609	10 139 259	42.8
Yield (kg/ha)	4 399	5 874	33.5

Source: MINAGRI Crop Assessment Report

Background on the Girinka Programme

1. Girinka is a programme initiated by the Government of Rwanda to accelerate poverty reduction, integrate livestock with crop farming and combat malnutrition by providing a cow to those in need. It has its roots in Rwandan culture where cattle is a major socio-economic component. Girinka – "may you have cattle" – is a form of address/salute and an expression of good wishes for prosperity.

2. The origins of cattle are not well known among Rwandans, who believe that cattle either descended from heaven with the family of Gihanga, the first king of Rwanda, or came from regions to the east of the country. Regardless of their origins, however, cattle raising has been highly successful in Rwanda. During the 1930s the country held almost as many cattle as citizens – about one million people and close to one million head of cattle. The country had abundant milk and undoubtedly honey as well, fulfilling the wishes of the ancestors. Rwanda at the time was a regional exporter of butter and leather.

3. People commonly drank milk, as well as blood taken directly from the jugular vein of cattle so as not to have to sacrifice the animal, and rarely meat. Herders' children lived on milk without eating much else until the age of 16 or 18.

4. Cattle have always represented a reserve and an economic guarantee, a sign of social ease, and the currency of all socio-economic transactions. Cattle are given as a marriage dowry or as a sign of appreciation or friendship. This creates a special, quasi-sacred relationship between donor and beneficiary. A whole chain of relationships has been built upon cattle, particularly since King Mibambwe Gisanura (± 1660), who created the concept of Girinka, decreed that ***no Rwandan child was ever to lack daily milk again while others had plenty***. Since that time, Rwandans have given cattle to one another, or milk to those in need.

5. Since the 1940s, cattle consumption and exports have been substantial. The cattle population remained stable at around 500,000-600,000 head until 1997. Then it became apparent that there was a need to increase the number of cattle, not only for nutritional reasons but also to fertilize the country's seriously degraded soil. In addition, when the Ubudehe programme began, it was clear that Rwandans were expressing a strong desire to raise more cattle.

6. All of this served to justify the launching of Girinka as a programme of decentralization, development and poverty reduction. The people themselves determine which households are eligible for Girinka and who will benefit from the pass-on scheme, and they also keep an eye on the management of cattle received. Everyone learns how to build a stable, how to plant forage, and how to feed and look after cattle.

7. The Girinka programme is managed by MINAGRI through the Rwanda Animal Resources Development Authority (RARDA). The programme received government financing in the amount of RWF 1,642 billion, RWF 2,263 billion and RWF 2,650 billion in 2008, 2009 and 2010, respectively. It also benefited from interventions under other programmes and projects (Ubudehe, PAPSTA, KWAMP, PADC) and contributions from private herders. Each beneficiary household gives the first heifer from the cow received to another household identified in advance. In this way, a network of programme donors and beneficiaries is set up – thus reaching all eligible households in the medium term.

8. Since 2006, Girinka has granted a cow to 120,654 households, including 17,211 households through other beneficiary households under the pass-on scheme. New owners benefit from manure to treat their fields and quickly improve their farm production. During the cattle lactation period they sell up to eight litres of milk a day, thus bringing in additional monthly income of more than RWF 30,000, and periodically they sell young bulls born under the Girinka grant.

9. The Girinka beneficiaries are highly appreciative of the initiatve and many of them have already improved their poverty status, graduating from category 1-2 to category 5 or even 6 under the Ubudehe rating system.

10. Girinka has already begun to contribute to increasing farm and cattle production and reducing poverty, in the opinion of many beneficiaries and programme evaluators. In fact, since 2006, national cattle population and milk production have increased steadily. Milk production is rising faster than livestock with the introduction of dairy breeds by artificial insemination and imports.

11. Consequently, in addition to the already existing Nyabisindu Dairy, the Rubirizi and Nyagatare dairies are now in operation and Inyange Industries has begun to process milk. Milk is now being distributed to primary school students under a government grant to combat malnutrition among children.

IFAD's compliance with the Paris Declaration according to the OECD 2006 Monitoring Survey[1]

1. How much aid for government sectors uses country systems?

Figures in US$ million	*Disbursed aid for government sectors*	*Budget support*	*Other PBA[a)]*	*Public financial management*			*Government procurement systems*
				Budget execution	*Financial reporting*	*Auditing*	
Total Aid	554	198	39	207	224	221	255
IFAD	7	0	0	0	0	0	0
IFAD % of total	*1.3%*	*0*	*0*	*0*	*0*	*0*	*0*

[a)] Programme-based Aid

2. Other indicators

	Number of Parallel PIUs	*Are donor missions coordinated?*		*Is analytical work coordinated?*	
		Total missions	*Coordinated missions*	*Total sets of analytical work*	*Coordinated work*
TOTAL (all DPs)	48	244	21	68	25
IFAD	3 *(~6.3%)*	7	0	3	2

[1] Source: OECD, 2007: 2006 Survey on Monitoring the Paris Declaration, Country Chapter on Rwanda.

Rwanda country project portfolio review 2010 - monitoring of project milestones

Overview of COSOP results to which IFAD-supported projects contribute

Strategic objective	*Milestone indicator (COSOP)* *By 2012 in project areas:*		*PDCRE*	*PPPMER II*	*PAPSTA*	*KWAMP*	*Overall COSOP*
SO 1. Economic opportunities for the rural poor raised and their income increased sustainably (PSTA 1 & 3)	❶ 25% increase in rural per capita income						
	❷ 30% increase in staple food production	-	-	-			
	❸ 30% increase in the supported SMEs' turnover		-		-	-	
SO 2. Organizations and institutions of the rural poor as well as decentralized organs strengthened (PSTA 2 & 4)	❹ 80% of total rural population effectively represented in CBOs and farmer organizations			-			
SO 3. Vulnerable groups included in the social and economic transformation (PSTA 1, 2 & 4)	❺ 50% of the vulnerable groups accessing extension and rural finance services						
	❻ 50% reduction of landless farmers			-			

Rating scale:

Green – The project is on track in achieving the result by end-2012 (either the available data or the project staff's assessment indicate that the project is making good progress towards achieving the result in its project area, and if the current efforts are maintained the result is likely to be met).

Yellow - The project is lagging behind the target in achieving the result by end-2012 (current efforts will need to be stepped up and possibly additional efforts made for the result to be achieved, the project may already be working towards achieving the result).

Red - The project is unlikely to achieve the result by end-2012 (either the available data or the project staff's assessment indicate that the project is currently not progressing towards achieving the result in its project area, and increased or additional efforts are not realistic).

Evolution of IFAD's interventions in Rwanda

IFAD in Rwanda before the first COSOP

1. The pre-conflict intervention cohort (1981-1992). The first five projects in Rwanda (Byumba rural development project phase I and II, Birunga Maize Project, Gikongoro Agricultural Development Project, Buberuka Highlands Intensified Land Use Management Project) were, with little exception, area-based integrated agricultural development projects.

2. From an agricultural development perspective, these projects were placing emphasis on strengthening the national extension system in order to provide quality seeds of staple crops (grains and potato) and enhanced agronomic practices in order to increase yields. This continues to be emphasis of recent IFAD interventions. In terms of livestock development, the early projects' objective was to upgrade the genetic quality of small ruminants (whereas current IFAD projects focus on distribution of dairy cows). The second IFAD project in Rwanda (Birunga Maize Project) was exclusively focused on introducing higher-yielding maize varieties, after an intensive trial activity. The project was also to build storage space for harvested maize (one store per commune). This is interesting in retrospective because recent national sector programmes, with the support of IFAD and other donors, have invested in the improvement of yields and production of maize and the scarcity of post-harvest storage is still an acute problem nowadays, particularly in view of the successes reaped in maize development.

3. Average small and fragmented land-holdings were a prominent feature of Rwandan agriculture already in the 1980s as can be gathered from the design documentation. Consequently, very important was the focus of early projects on erosion control through the provision of reinforced plant barriers and sometimes promoting terracing work, an area which is also nowadays the mainstay of government programmes and IFAD interventions. Interestingly, already at that time some components envisaged land reclamation of marshlands, for growing a combination of crops such as wheat potatoes, maize, sorghum, rice and beans. This interest for "extensification" of agriculture through land reclamation has been revamped in the latest KWAMP project, with emphasis on rice production.

4. These early projects also included road rehabilitation and basic infrastructure (access to water) provision. Support to farmers' organizations included primary cooperatives, informal savings and credit groups, and the identification of contact farmers and extension groups. Rural financial services were initially provided directly by the project coordination unit and later through the network of the *Banques Populaires*. Targeting criteria were established in quantitative terms, such as for example maximum size of land holding or number or value of livestock, in line with IFAD practices of the time. From an institutional point of view, early projects worked with de-concentrated units of the Ministries, such as the Ministry of Agriculture, at the prefecture level. At that time decentralization was not a high priority on the political agenda.

5. Considered in retrospective, the early generation of IFAD agricultural development interventions, those designed between 1981 and 1992, focused on sub-sectors and activities which are still considered as a priority in the country in today's time. However, there are important differences between the situation prevailing at that time and the current one, as a consequence of the 1994 events (massive human losses, population movements, and disruption of productive base) and of a totally changed political, institutional and economic policy environment. Early projects of IFAD were designed in the absence of an overall country strategy which was prepared for the first time in 1999.

The post-conflict intervention cohort (1996-2001)

6. Following the 1994 genocide, IFAD restarted operations in 1996 where the overriding concern was to assist with settling the returnees and rebuild destroyed infrastructure. IFAD projects had to be re-structured, meaning that their objectives, area and target population had to be re-adapted to the contingency of post genocide destruction and settlement of refugees. The first project approved after a two-year loan suspension was the Rural Small and Micro-Enterprise Promotion Project (approved in 1996) which was also the first IFAD intervention outside agriculture. IFAD recognized that, while agriculture would remain the economic base for the foreseeable future, agricultural production strategy should be paralleled by diversification efforts (President's Report par. 8).

7. The second project approved after the loan suspension was the Rwanda Returnees Rehabilitation Programme (approved in 1997), financed by IFAD under the form of a grant. This project was executed in the areas of ongoing IFAD projects as a fast-track support instrument. Its components, agricultural inputs, tools, livestock distribution, health centres rehabilitation and community initiatives bespeak the urgency of providing immediate food relief and means of subsistence for a population that had been forcibly displaced a few years before.

8. The third project approved after he suspension was the Umutara Community Resource and Infrastructure Development Project (approved in 2000 and followed by a "twin" project in 2001), to respond to the basic infrastructure needs of refugees settled in a former national park in the former Province of Umutara, an area that for obvious reasons lacked basic social and production infrastructure.

The recent projects (2002-2010)

9. The past decade marked a shift in the country context, from post conflict relief and humanitarian support to economic recovery and growth. A shift which is also visible in the design of IFAD projects. The projects approved since 2002 include: the Smallholder Cash and Export Crops Development Project (PDCRE), Rural Small and Micro enterprise Promotion Project – Phase II (PPPMER II), Support Project for the Strategic Plan for the Transformation of Agriculture (PAPSTA), Kirehe Community-based Watershed Management Project (KWAMP). Together with the Umutara projects, they will be treated more specifically in the following chapters.

Ranking of IFAD-supported districts

Ranking of IFAD-supported districts in the Eastern Province on the basis of performance contract implementation
(Rank of 7 districts : 1=best, 7=worst)

District	*2007*	*2008*	*2009 S1*	*2009/10 Q2*	*2009/10 Q4*	*2010/11 S1*
PDRCIU-supported districts						
Nyagatare	1	2	1	3	3	4
Gatsibo	2	6	7	6	7	5
Kayonza	3	5	5	5	4	7
KWAMP-supported district						
Kirehe	7	1	3	1	2	1

Source: MINALOC

National ranking of IFAD-supported districts on economic and social development and governance and justice - first semester 2010-2011
(All 30 districts, rank 1 = best, rank 30 = worst)

District	*Economic development*	*Social development*	*Governance and justice*	*Overall national*	*Within Eastern Province (7 districts)*
PDRCIU-supported districts					
Nyagatare	7	6	19	7	3
Gatsibo	30	27	29	30	7
Kayonza	19	11	7	17	4
KWAMP-supported district					
Kirehe	4	9	23	6	2

Source: MINALOC