

Document: EB 2018/124/R.22/Add.1  
Agenda: 7(c)(iii)(b)  
Date: 28 August 2018  
Distribution: Public  
Original: English

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Investing in rural people

## Comments of the Independent Office of Evaluation of IFAD on the Country Strategic Opportunities Programme for the Republic of Moldova

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Executive Board — 124<sup>th</sup> Session  
Rome, 11-13 September 2018

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For: Review

# Comments of the Independent Office of Evaluation of IFAD on the Country Strategic Opportunities Programme for the Republic of Moldova

## General comments

1. The Independent Office of Evaluation of IFAD (IOE) undertook a country programme evaluation (CPE) for the Republic of Moldova in 2013 covering the period from 1999 to 2012. The agreement at completion point (ACP) was signed in February 2014. In line with established practice, the ACP is attached as an appendix to the new country strategic opportunities programme (COSOP) for 2019 to 2024. It should be noted that there was a gap of several years between the period covered by the CPE (up to 2012) and preparation and presentation of the new COSOP.
2. The CPE provided eight recommendations, in three broad areas: (a) strategy; (b) rural finance; and (c) non-lending activities. Under the heading of strategy, the evaluation pointed out the need for the new COSOP to be better aligned with the actual programme on the ground. This recommendation was based on the finding that the achievements of the portfolio were not consistent with the previous COSOPs or the project documents, which frequently referred to direct poverty targeting. The CPE also recommended on the strategic level that the country programme improve linkages between different elements, and better mainstream value chain development. On rural finance, the recommendations were for: diversifying from the approach of channelling large credit lines; increased leverage for IFAD funding for the young entrepreneurs programme; and improving the quality of the microfinance programme. Lastly, the CPE recommended the use of grants to provide the analytic underpinning for policy dialogue and strengthening of non-lending activities in general.
3. IOE welcomes the new Republic of Moldova COSOP and the concept note on Talent Retention for Rural Transformation (TARUT). The COSOP presents key issues and challenges facing the Republic of Moldova's agriculture and rural transformation, including depopulation in rural areas and access to European Union markets (offering opportunities but also increasing competition). IOE finds that the COSOP is more straightforward about targeting compared to previous COSOPs, with indication of the difficulties in targeting the poorest and stating that its focus will be on the "investment grade" rural poor. The TARUT is envisaged as specifically targeting young entrepreneurs, who were highlighted by the CPE as those needing future support. However the document still contains ambiguous language regarding the main target group and how to reach its members (see specific comments below).
4. IOE also notes that the COSOP could have better articulated past experience, results and lessons with a more compelling storyline and justifications for the strategic directions. More careful consideration on key issues and a clearer presentation of lessons – positive and negative – would have been warranted.

## Specific comments

5. This section provides IOE comments on the COSOP in relation to selected CPE recommendations.
6. Target group and targeting. The description of the target group appears to reflect the intention: "investment grade" rural poor. However, targeting is discussed in various sections of the COSOP, and the descriptions are not always consistent or clear. For example, the document also refers to direct targeting of "climate-change-vulnerable and productive poor rural households, with special emphasis on youth and gender issues". Target group typologies are also presented

in key file 4 as follows: semi-commercially based farming households; rural youth; commercial farmers and enterprises; and women. In sum, the definition of the “investment grade” poor is vague. It is also not clear whether and to what extent subsistence farmers (74 per cent of all farm households; see COSOP table 1) would be considered “investment grade” poor.

7. Furthermore, the COSOP (and the TARUT concept note therein) do not provide a clear indication on the overall targeted outreach. In other words, what proportion of farmers in the categories of non-subsistence (estimated to be about 1,000 farm households) and subsistence (about 3,000 farm households) are estimated to be “investment grade” poor and will be reached, directly or indirectly?
8. Mainstreaming of value chain development. The CPE found that it had been challenging to articulate and implement an operational approach to pro-poor value chain development, and that there was a need to move beyond awareness and capacity-building. The CPE recommended that IFAD and the government select and pilot activities in key value chains such as horticulture and livestock development, and that they gear other programme elements (e.g. rural finance and infrastructure) to the specific value chains. The COSOP refers to high-value crops, including fruits and vegetables, while the TARUT concept note refers to “selected value chains (including the hospitality value chains)” and the intention to establish multi-stakeholder platforms with value chain actors. The country strategy and new project concept could have benefited from an initial market demand analysis of potential value chains.
9. Rural finance. IOE notes that the CPE recommendation for greater leverage for IFAD funding of the young entrepreneurs programme is taken up by the COSOP and in the proposed TARUT. The CPE recommendation to diversify from the approach of channelling large lines of credit has been implemented under the ongoing Rural Resilience Project – for example, by also supporting credit guarantee schemes. On the other hand, there is little explicit reference to a microfinance programme, which was seen in the CPE as a potential area for support, but also in need of a strategic review on the experience to reflect on the way forward. It may be that microfinance support is subsumed under the heading of access to financial services. The COSOP mentions IFAD’s support for the savings and credit associations only in passing, but it does not offer lessons as such.
10. Non-lending activities. The COSOP presents a number of potential areas and topics, in two related sections: “learning and knowledge management” and “policy engagement for rural prosperity”. One of the risk mitigation strategies (table 3) also indicates the intention of engaging in policy dialogue with the aim of protecting against agricultural budget cuts. These topics seem to be broadly relevant to rural transformation, but the list is rather long and perhaps ambitious. How these will be supported – through investment projects and/or non-lending activities – is also not certain, with the only mention being that “grant resources will be mobilized and used to capitalize on non-lending activities” (paragraph 41).
11. While key file 3 provides a long list of “complementary donor initiatives/partnership potential”, the section on “partnership” could have provided more details on concrete opportunities, with specification of potential partners, for what and how.

#### Final remarks

12. With the above qualifications, IOE wishes to express its appreciation for the efforts made to reflect on the county context and to follow up on the Republic of Moldova CPE recommendations and ACP.