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Enabling poor rural people
to overcome poverty

Executive Summary
**Joint Evaluation of the Agriculture and
Rural Development Policies and
Operations in Africa of the African
Development Bank and the
International Fund for Agricultural
Development**

Executive Board — Ninety-eighth Session
Rome, 15-17 December 2009

For: **Review**

Note to Executive Board Directors

This document is submitted for review by the Executive Board.

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Abbreviations and acronyms

AfDB	African Development Bank
ADF	African Development Fund
ARD	agriculture and rural development
CAADP	Comprehensive Africa Agriculture Development Programme
COSOP	country strategic opportunities programme
CPIA	country policy and institutional assessment
IFPRI	International Food Policy Research Institute
M&E	monitoring and evaluation
MoU	memorandum of understanding
ODA	official development assistance
OE	IFAD's Office of Evaluation
OECD	Organisation for Economic Co-operation and Development
OPEV	AfDB's Operations Evaluation Department
SWAp	sector-wide approach

Executive Summary

Joint Evaluation of the Agriculture and Rural Development Policies and Operations in Africa of the African Development Bank and the International Fund for Agricultural Development

I. Introduction

Background

1. At the suggestion of their Presidents, the executive boards of the African Development Bank (AfDB) and the International Fund for Agricultural Development (IFAD) requested that a joint evaluation of agriculture and rural development (ARD) policies and operations in Africa be undertaken by their independent evaluation offices. This document provides an overview of the main findings, conclusions and recommendations of that evaluation. The full main report is available upon request from IFAD's Office of Evaluation (OE) or AfDB's Operations Evaluation Department (OPEV).
2. The joint evaluation was launched following the signing of a memorandum of understanding (MoU) by the Directors of OE and OPEV on behalf of the Presidents of IFAD and AfDB. An oversight committee,¹ a senior independent advisory panel² and a joint evaluation secretariat³ were established to implement the evaluation, and a number of consultants⁴ were hired to support OE and OPEV. On the basis of the joint evaluation approach paper, an inception report was produced and shared with IFAD and AfDB managements at the beginning of 2008. The inception report set out the objectives, methods, key questions, timeframes, governance arrangements and communication approaches for the joint evaluation. All major deliverables produced during the process – including the full final report – can be downloaded from the dedicated website established for the joint evaluation.⁵

Objectives

3. The joint evaluation focused on the ARD policies and operations implemented by AfDB and IFAD in Africa. The evaluation had four objectives: (i) determine the relevance of these policies and operations in the light of current and emerging issues affecting ARD on the continent; (ii) assess the performance and impact of IFAD and AfDB policies and operations in ARD in Africa;⁶ (iii) evaluate the strategic partnerships between IFAD and AfDB, and between the two organizations and other prominent ARD actors on the continent; and (iv) understand the proximate causes of IFAD and AfDB relevance and performance in ARD, and draw up recommendations to enhance development effectiveness, for example through partnership between the two organizations and with others. The joint evaluation included an assessment of past and current relevance and performance, but was also forward-looking in seeking to provide recommendations as to ways in which the two organizations can respond to a changing environment in line with their strategic objectives and comparative advantages.

¹ Consisting of the Directors of OE and OPEV.

² Senior independent advisers were mobilized to reassure the governing bodies that the evaluation was of the required quality and in line with international best practice. The advisory panel consists of three development professionals with wide experience in ARD in Africa and an understanding of evaluation: Mr Per Pinstrup-Andersen (Denmark), former Director General of the International Food Policy Research Institute; Mr Robert Picciotto (Italy), former Director-General of the Independent Evaluation Group of the World Bank Group; and Mr Seydou Traoré (Mali), former Minister of Agriculture of Mali.

³ Set up in OE.

⁴ See annex 1 for details of the consultants who collaborated with OE and OPEV in the joint evaluation.

⁵ <http://www.ifad.org/evaluation/jointevaluation/docs/index.htm>

⁶ With regard to the Bank, this joint evaluation reviews only the operations financed by the Agriculture and Agro-Industry Department (OSAN).

Process and deliverables

4. To manage the process effectively, the evaluation was undertaken in four phases, each of which included complementary activities and deliverables. The four phases were as follows: (i) preparatory: preparation of an approach paper and thereafter an inception report; (ii) interim: production of the interim report (see paragraph 5); (iii) country work: including visits to eight countries on the continent (see paragraph 6); and (iv) preparation of the joint final evaluation report. In addition, a quality-at-entry review of a sample of recent country strategies and projects was conducted and the findings used in the preparation of the final report (see paragraphs 7 and 8). The four main phases listed above were carried out in sequence.
5. The interim phase consisted of a desk review of documents from AfDB, IFAD and other organizations, complemented by group and individual discussions with management and staff of both organizations. The interim phase entailed the production of working papers on: (i) contextual issues affecting ARD in Africa and emerging challenges and opportunities; (ii) a meta-evaluation⁷ of previous operations funded by IFAD and AfDB in Africa, based on a review of existing reports of independent evaluations undertaken by OPEV and OE; (iii) a review of partnerships between AfDB and IFAD and other players in ARD in Africa; and (iv) an analysis of business processes (such as direct supervision and implementation support) and their impact on results on the ground. The working papers constituted the basis for the interim report and also informed the final report. Presentations of emerging results from the interim phase were delivered to management, staff and the governing bodies of IFAD and AfDB, and their feedback was duly considered in the finalization of the interim report.
6. The country studies covered Ghana, Mali, Morocco, Mozambique, Nigeria, Rwanda, the Sudan and the United Republic of Tanzania. This gave the evaluation team an opportunity to validate the findings of the interim report and to deepen the enquiries on selected issues through interaction with partners in governments, donor representatives, project staff, civil society organizations and beneficiaries, as well as through visits to selected project sites and activities. The country visits were complemented by a perception survey in six of the eight countries, which aimed to collect feedback from a range of partners and stakeholders about the operations funded by the two agencies⁸.
7. At the same time, further desk work included a quality-at-entry study to review a sample of recent country strategies and projects supported by the two organizations in Africa. The main aim of this study was to determine the extent to which AfDB and IFAD had internalized key lessons learned and insights from previous evaluations in new strategies and projects.
8. The final report was informed by the deliverables outlined in the preceding paragraphs. It builds on the interim report and its four working papers, the country work and the perception survey, in addition to the quality-at-entry review. The draft final report benefits from comments received from the managements of AfDB and IFAD. Moreover, a consultation meeting was held in Mali to discuss the draft final report in September 2009 with representatives of African governments, donors, civil society organizations and NGOs and others. Their main comments were also considered in preparing the final joint evaluation report.
9. Chapter II of this document analyses emerging opportunities and challenges affecting ARD in Africa. Chapter III provides an overview of AfDB and IFAD

⁷ The meta-evaluation allowed the joint evaluation to assess the performance and impact of IFAD and AfDB policies and operations, and to understand the proximate causes of performance based on a thorough desk review of existing evaluative evidence.

⁸ Two hundred stakeholders in six countries were included in the survey, including government ministers, officials in ministries concerned with agriculture and rural development, private sector and civil society representatives, and multilateral and bilateral donors.

strategic priorities and comments on their relevance in terms of meeting the challenges outlined in Chapter II. Chapter IV analyses the performance of past operations funded by IFAD and AfDB in Africa and outlines the work done by the two organizations in recent years to enhance their development effectiveness through institutional reform. Chapter V assesses the past IFAD/AfDB partnership and partnerships with governments and other development actors, a critical aspect of ARD work. Chapter VI contains the main conclusions and recommendations.

II. Context for agriculture and rural development policies: implications for strategy

10. ARD provides an important route towards achieving the critical development goals of promoting growth and reducing poverty and hunger in Africa. Agriculture supports the livelihoods of around 80 per cent of Africa's people, and it contributes to one third of the continent's GDP. Studies indicate that growth based on agriculture can be four times more effective in reducing poverty than growth based in other sectors. Yet, to ensure that ARD plays its part in reducing poverty, there are many challenges that need to be overcome, such as the low productivity of smallholder farmers and their lack of access to markets, inadequate fiscal commitments from national governments, stagnant volume and quality of aid from traditional donors, and the need to develop sustainable rural finance systems in Africa. The evaluation therefore devoted particular attention to the changing context and prospects for ARD in Africa and identified emerging trends, sector policy issues, and strategic investment implications from African and global perspectives.

A. Africa on the move: opportunities for agriculture

11. The evaluation found that the economic situation in Africa has generally improved in recent years. For over a decade before the current global recession, many African economies had been growing rapidly, helped by improvements in the macroeconomic environment, better governance and a reduction in levels of armed conflict. High economic growth helped to reduce poverty and agricultural growth in particular contributed both to promoting food security and to reducing hunger and malnutrition. ARD sector policies also improved in a number of countries, backed by increased political support for the sector. Commodity prices appear to be stabilizing at higher levels, providing better incentives for farmers and private sector businesses and, consequently, increased opportunities for agricultural development.
12. Increased agricultural growth since the 1980s is largely the result of better policies, more private investment and higher demand for agricultural products as a result of economic growth, as well as improved labour productivity in some parts of the continent. Like economic growth, agricultural growth has varied among countries, but the fact that more than a dozen countries have achieved strong agricultural growth is reason to hope that good performance is more widely attainable.
13. In spite of the ongoing recession and some continued challenges for the sector, the evaluation identified opportunities for African farmers and agribusinesses and the significant potential of African agriculture to reduce poverty and hunger. In particular, the prospect for growers of traditional crops is good, which is encouraging given that such crops are the mainstay of Africa's smallholder farmers.
14. Regional and global markets for agricultural commodities are opening up. New agriculture technologies and products (such as biofuels) are sweeping the continent. Regional economic communities are committed to creating customs unions and common markets to support South-South regional trade. In the immediate future, the main markets for African farmers are in Africa. These markets are large and growing fast. Urbanization will increase demand for higher-value foods. Until recently, the large and growing Asian markets, particularly China and India, have been to a great extent self-sufficient in food production. Because

they have limited additional land – the best areas are already used intensively – Asian countries are expected to import more agricultural commodities in future. Africa is well placed to meet this increasing demand.

15. In the medium and long term, factors such as biotechnology and production of biofuels provide significant opportunities for agriculture. Dramatic changes are already occurring in international agribusiness and agricultural research as a consequence of the development of new varieties of high-yield, pest-resistant or drought-tolerant crops. The lack of a green revolution in Africa is frequently lamented, but technical progress has been made: examples include improved, mosaic-free varieties of cassava and new varieties of rice such as NERICA that cross the characteristics of African and Asian rice strains.
16. African governments, regional institutions and development partners are increasingly committed to ARD. New private donors and emerging donors such as Brazil, China and India are providing growing volumes of aid and investment for Africa, even though this increases the challenge of coordination in development interventions and is further complicated by the proliferation of donors. However, the emphasis on country ownership in the agenda of the Paris Declaration on Aid Effectiveness offers a realistic way forward.
17. As these opportunities are captured, a growing agriculture sector will provide employment, food security and growth, and reduce poverty and malnutrition. There is a strong rationale for a strategic engagement and expanded investments in agriculture in Africa.

B. Major challenges for agriculture in Africa

18. Yet many challenges remain for agriculture in Africa, such as poor infrastructure; weak sector institutions and insufficient regional integration; underdeveloped markets and limited private-sector involvement; the low productivity of smallholder farmers who are the main actors in ARD in Africa; unsustainable land management practices and unclear land tenure; the need for effective management of natural resources and the environment, particularly in the face of climate change; high levels of poverty, exacerbated by rapid population growth and the continued prevalence of HIV/AIDS; and pervasive gender inequality, which undercuts the contribution of women in a region where they play key roles in agriculture and agricultural trade. In 2008, these challenges were compounded by the successive shocks of the food price crisis, the energy crisis and the financial crisis leading to the sharp economic downturn affecting all parts of the world, including Africa.
19. **Commercialization and markets.** A particular challenge is to enable the many smallholder farmers to move from subsistence to commercial farming. Enhanced market access, value chains and price incentives for agriculture products are paramount. Yet even large-scale commercial producers face market constraints. Limited access to markets – both domestic and international – undercuts African agriculture. Trade barriers and export subsidies in the Organisation for Economic Co-operation and Development (OECD) countries, inefficient production systems and limited product quality assurance mechanisms in Africa combine to hamper trade and market access in the continent. Domestic policies also can harm farmers in Africa. Protection of farming in OECD countries depresses the price of some commodities in world markets and deprives African exporters of potential income. A notable case is cotton, where international prices have been forced down by exports from large-scale farmers who benefit from generous subsidies. Moreover, African farmers often cannot compete with imports of cheap subsidized cereals and meat that benefit the urban consumer at the expense of the local producer. In theory, more liberalized agricultural trade and deals should allow African farmers to export freely to the North. But in practice some exports – often those of promising non-traditional items such as horticulture and high-value fish – run into non-tariff barriers such as very demanding sanitary and phyto-sanitary regulations. Agro-industries in Africa considering exports run into tariff escalation on processed

goods, whereby there may be free access for unprocessed produce, but tariffs rise rapidly with any additional processing. These systemic market and trade issues require a strategic response.

20. Good road networks and market infrastructure are critical for reducing marketing costs. Yet progress in creating such infrastructure is slow, particularly in terms of linking land-locked countries and remote regions of coastal countries with the centres of demand and ports. The necessary regional and subregional investments continue to be underfunded.
21. **ARD in fragile states and in other low-income countries.** Agriculture plays a key role in the food security and survival of the poor in fragile states and other low-income countries.⁹ Their challenges deserve particular attention. Vulnerability remains high on the continent, and agriculture can play a significant role in generating livelihoods and food security. But there are difficult questions to be addressed in stimulating ARD in fragile states and in low-income countries facing adverse circumstances. To achieve the agricultural growth seen elsewhere, such countries must overcome challenges of poor governance, weak institutional capacity and lingering conflicts.
22. As the challenges are many and the agenda is large, it is not easy to get the policies right, to prioritize and sequence them well, and to avoid spreading public interventions too thinly with little end result. This is where there is a need for political will and leadership that can lead to strategic and effective policy formulation and implementation.

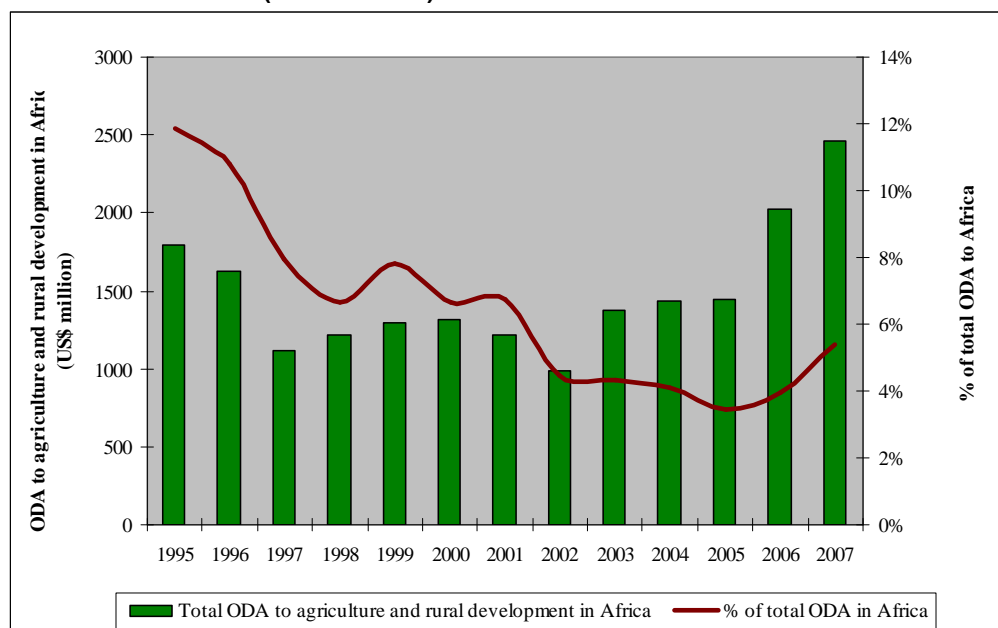
C. Political support for ARD in Africa

23. Recent years have seen renewed support for agriculture, such as the Comprehensive Africa Agriculture Development Programme (CAADP) launched by the New Partnership for Africa's Development (NEPAD) in 2002 and the Maputo Declaration of 2003, which committed African governments to allocating 10 per cent of their national budgets to agriculture with the aim of raising annual agricultural growth rates to 6 per cent. By early 2009, seven African countries had reached the commitment level of 10 per cent of budget set by the Maputo Declaration. Still, political support for the sector is often weaker in Africa than in other parts of the developing world. Overall, the evaluation found support existed for enhanced investment in ARD in the countries visited, though questions remain as to the effectiveness of sector investments. The level of public spending on ARD is clearly important, but its composition and the effectiveness of resource utilization are critical. This requires prioritization and careful analysis of public expenditure, for which many countries are ill-equipped.
24. Increased interest and greater spending by African governments has been matched by increased official development assistance (ODA) funding for agriculture (see figure 1). In 2002, ODA for ARD reached a low of US\$991 million, but by 2007 it had more than doubled to US\$2,456 million. As a share of aid, the proportion allocated to ARD in the region declined from 11.8 per cent to 3.5 per cent between 1995 and 2005; by 2007, however, it had recovered to 5.4 per cent. ODA commitments for 2008 and 2009 are higher still and new bilateral donors and private foundations are becoming more actively involved. The proliferation of donors is useful in terms of bringing additional resources to ARD, but it entails coordination challenges in a sector that is often characterized by weak institutions. Finally, it is useful to underline that between 1998 and 2007, IFAD and AfDB together provided around 50 per cent of total multilateral ODA for ARD in Africa. This shows the sustained volume of support for ARD by the two organizations,

⁹ Including countries that have a low country policy and institutional assessment (CPIA) score. Countries are given a CPIA score by the World Bank calculated on the basis of their economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions.

especially when other donors were drawing back in the 1990s and the early part of this decade.

Figure 1
ODA for ARD in Africa (commitments)



Note: ARD includes agriculture, forestry and fisheries.

Source: <http://stats.oecd.org/WBOS/Index.aspx?DatasetCode=CRSNEW>

Policy and leadership gap

25. Although there was a concerted response to the food price crisis, and despite the useful CAADP policy umbrella, sound ARD policies and strong leadership in the sector have been in short supply across the continent. Many governments, mostly in sub-Saharan Africa, still lack adequate capacity to lead the development and implementation of appropriate policies and programmes in ARD combining growth and poverty reduction goals. The capacity to coordinate policies and manage the division of labour within a complex aid architecture is also limited. This “policy gap” is exacerbated by the fact that there is also a “knowledge gap” regarding agriculture in Africa, compounded by the region’s heterogeneity, where local conditions and knowledge of what is needed vary widely. Nevertheless, there are some positive examples of leadership and significantly enhanced sector and investment strategies in several countries, such as Rwanda and the United Republic of Tanzania. CAADP holds much promise, but still has to prove itself as a catalyst for action. Its role has been somewhat controversial and has evolved over time, while its influence is still moderate. The pace of CAADP activities accelerated in 2009 though, and a series of country roundtables organized recently by CAADP to develop national “compacts” could lead to increased momentum. CAADP compacts are high-level agreements among governments, regional representatives and development partners for a focused implementation of CAADP within a given country (or region if it is a regional compact). They are meant to detail programmes and projects addressing national priorities to which the various partners can commit resources.
26. To some extent, AfDB has helped to fill the vacuum of leadership in ARD in Africa through its response to the food price crisis, which included efforts to coordinate donor support to the sector. For its part, IFAD has worked actively on the United Nations High-Level Task Force on the Global Food Security Crisis and its coordinated response to the food price crisis. The response to the food price crisis was timely, but has not been extended to address longer-term strategic issues in the sector. Both AfDB and IFAD have also taken the policy lead in some critical subsectors in several countries Africa, for example in water management (AfDB) or

in rural finance and community development (IFAD). But neither organization has been capable of providing leadership in ARD as a whole, at the regional or the country level, nor is any other organization doing so consistently. The next challenge for AfDB and IFAD in Africa is to step up from such niches of policy dialogue to the sector level, to actively engage with governments, other donors, the private sector, and with regional and subregional bodies such as CAADP, and work towards more government leadership and a more effective aid architecture for ARD in Africa.

D. Strategic implications for ARD in Africa

The four Is

27. Increasing agricultural growth and productivity will require a wide range of actions to address the challenges set out above. Priorities can be summarized in terms of "the four Is": improving the **investment climate**; better **infrastructure** and regional integration; supporting **innovation**; and strengthening **institutional capacity** (Ndulu et al. 2007). However, the African context in all dimensions is complex and highly diverse, and solutions need to be tailored to fit local conditions. The country context is key.
28. A better investment climate would entail: (i) adequate incentives for farmers through sound macroeconomic, trade and sector policies; (ii) increased incentives and less red tape for small businesses; (iii) the reduction of transport costs for agricultural products; and (iv) the removal of barriers to interregional trade. Confirming rights to land, particularly for women, would give farmers more security to invest in their land. Public and private investments in road, water management and market infrastructure are particularly important to enhance productivity and increase the competitiveness of African products on regional and international markets. Expanded regional and national agricultural science, technology and research are necessary to reduce the widening technology gap faced by African producers, with technologies tailored to the many different agroecological environments and the latest biotechnology research. Returns for investment in innovation and agricultural research in Africa are high.
29. The evaluation views institutional development as critical. Four types of institutions need to collaborate to support farmers in gaining access to credit, extension and markets, as well as in local and community development: (i) the private sector, including business and farmer/producer associations; (ii) communities and civil society organizations; (iii) decentralized government institutions; and (iv) traditional sector institutions, which often need reform to become more focused, efficient and effective. Governments, which have policy and financial responsibilities, need to drive decentralization and public-sector reform. Opportunities to combine public and private initiatives should become apparent and ways to link smallholder farmers with firms providing inputs, services and process or market outputs should emerge.
30. Efforts to enhance African agriculture will have to take account of the variety of smallholder producers, particularly women farmers. Smallholders need access to technologies that increase productivity and profitability, supporting institutions, and effective input and output supply chains, with fair and open markets at home and abroad. Equally important are commercial enterprises within a competitive private sector and functioning markets. Supportive public action should: (i) enable and encourage private investment and initiative, possibly in public-private partnerships; (ii) provide coordination when markets reach their limits; and (iii) help the sector to take advantage of new market opportunities and channels of demand such as supermarkets.

Addressing complexity – differentiating the ARD agenda

31. The main elements of the agenda are clear, but the detail has to be adapted to national circumstances. In this respect, it may help to consider four different

intervention areas along two dimensions: (i) from policies that do not require investments to programmes that do; and (ii) from simple, proven approaches that can be implemented with confidence to complex approaches requiring adaptation to context. Table 1 illustrates these differences. The listing is of course not exhaustive, nor can all actions be neatly classified.

32. Ideally, all of the agenda should be addressed at any given time, but in many countries, and especially in fragile states, limited capacity to analyse, design and implement policy and investments means that development efforts need to be sequenced. The ARD agenda can then be seen in terms of proceeding with the basics, given the political commitment and resources, while engaging with more difficult issues. The “blueprint” approach to planning and implementation is inappropriate, as much depends on context.
33. The emergence of new donors and foundations working on ARD and increased funding requires donors and international aid agencies to work in partnerships with one another and with African countries in the spirit of the Paris Declaration on Aid Effectiveness; each should identify its comparative advantages. The matrix may help locate and focus the support of individual agencies within the aid (or government) architecture. Given that the mix of donors and foundations varies by country, relationships and specializations need to be developed at the country level.

Table 1
Different ARD intervention areas

	<i>Policies</i>	<i>Investments and programmes</i>
Basic relatively simple; proven; low risk; widely agreed	<ul style="list-style-type: none"> • Stable macroeconomy • No disproportionate tax on farmers • Improve the investment climate • Open trade with the rest of the world and especially with neighbouring countries 	<ul style="list-style-type: none"> • Agricultural research • Roads, power • Irrigation (often preferably small-scale and locally owned) • Rural education • Primary health care
Complex more difficult; high risk; complex; disputed; needs innovation and adaptation	<ul style="list-style-type: none"> • Kick-start development by offering additional support to farmers, such as subsidies on inputs and credit, or by protecting some activities from competition from imports • Set development strategies, in fragile states when needs are many, resources few and capacity low 	<ul style="list-style-type: none"> • Balance public investment between higher and lower potential areas • Deal with market failures – high transaction costs, monopoly powers – through institutional innovation • Promote rural financial systems • Conserve natural resources • More equitable gender relations • Protect land rights • Reducing poor farmers’ risks

III. Relevance of AfDB and IFAD in the changing ARD context in Africa

34. The evaluation assessed the relevance of the mandates of AfDB and IFAD to ARD in Africa. While AfDB has a broad multisectoral mandate, its geographical engagement is limited to Africa. In contrast, IFAD has a global remit, and its mandate is tightly focused on the needs of smallholder farmers, women and the rural poor in general. Although AfDB has a broad agenda, it is increasingly focusing on the provision of major infrastructure and enhanced governance, contrasting with IFAD’s exclusive focus on ARD, including pro-poor innovation, rural institutions and community development (see annex VI for more details). In terms of private-sector engagement, IFAD works with small-scale producers and entrepreneurs to enhance their access to markets, while AfDB is scaling up its operations with large-scale enterprises. It seems clear that the mandates and policies of the two institutions are distinct, but complementary, and are, separately and together, highly relevant to Africa’s current and future needs in ARD.

A. AfDB and IFAD operations in ARD in Africa

35. **Overview.** IFAD and AfDB have been and remain significant players in ARD in Africa. They have provided the continent with a combined cumulative total of more than US\$10 billion in loans and grants for the purpose, which increases to around US\$17 billion when cofinancing and borrower contributions are included.
36. In 2008 alone, IFAD approved ARD financing of US\$235 million (loans and grants) in 13 countries in Africa, and AfDB provided US\$360 million in 17 countries. The total ARD portfolios for IFAD and AfDB in Africa in 2008 were US\$2.09 billion and US\$3.98 billion, respectively, with ongoing activities in almost all countries on the continent. These are substantial amounts and do not include ancillary investments, mainly by the AfDB, in general rural infrastructure such as transport, communications and energy, or in rural health and rural education.
37. At IFAD, investment projects and programmes in Africa comprise more than 40 per cent of its ongoing global portfolio and new annual commitments. Of all the countries borrowing from IFAD around the globe, most are located in Africa, and most of these receive loans at highly concessional rates.¹⁰ The operations in Africa are managed by the Eastern and Southern Africa, Western and Central Africa, and Near East and North Africa divisions. IFAD produced three regional strategies for Africa in 2002 by tailoring the Fund's Strategic Framework 2002-2006 to the regional contexts, which provided a framework for country strategy formulation and project design. But the regional strategies have not been enhanced since, even when the IFAD Strategic Framework 2007-2010 was introduced.
38. At AfDB, the relative importance of newly approved investments for agriculture in its portfolio has declined over the past decade from about 13 per cent of all loan approvals in 2004-2006 (and an even higher 18 per cent for earlier periods), to about 8 per cent for 2007-2008. This is due to the rapidly increasing overall budget at the Bank over the past decade, whereas allocations for agriculture remained relatively constant. The absolute volume of investments for agriculture since 2001 stabilized at around US\$350 million annually (reaching US\$360 million in 2008 as mentioned above). Also, many ARD activities of relevance in the AfDB are financed through other sectors, such as public investments in rural roads and transport, energy, communications or water for household consumption. Since 2006 AfDB's expanded private-sector operations have increasingly focused on agribusiness investments, through large-scale private operations (above US\$15 million) and public-private partnerships, particularly in middle-income countries.
39. **IFAD and AfDB policies.** Both organizations have adjusted and focused their policies and strategies for ARD in Africa in recent years to align with the unfolding economic and international aid landscape. AfDB recently refined its vision of its role in agriculture in the new Medium-Term Strategy 2008-2012 and subsequently refocused its rather wide-ranging ARD policy of January 2000 on fewer activities. IFAD formulated a new strategic framework for 2007-2010, building on regional strategies issued in 2002. Both organizations are concerned about poverty reduction: IFAD through directly targeting poor small-scale and landless farmers and women, AfDB primarily by supporting the drivers of stronger and more equitable growth and economic integration. Annex VI summarizes and compares the strategic objectives and priorities of AfDB and IFAD.

¹⁰ IFAD lends on highly concessional, intermediate and ordinary terms. The highly concessional terms do not entail an interest rate for loans, but rather a service charge of 0.75 per cent. The African Development Bank Group provides a wide range of lending products. The relative decline in ARD funding noted in paragraph 38 is more pronounced for the Bank's non-concessional window for middle-income countries than for concessional funds from its ADF window, which provides concessional loans and grants to Africa's poorest countries. No interest is charged on ADF loans: however, the loans carry a service charge of 0.75 percent per annum on outstanding balances.

B. AfDB and IFAD response to challenges in ARD in Africa

40. This section provides a snapshot of ways in which AfDB and IFAD have responded to some of the challenges affecting ARD in Africa. These include the “policy gap” identified above, undersupply of public goods, regional integration, access to markets, private-sector engagement, gender, international trade, challenges associated with the multidimensional nature of poverty, and climate change.
41. The role of the two organizations in policy dialogue and filling the leadership and policy gap has been limited, but both have in recent years increased their attempts to influence policy at the subsector level, for example in artisanal fisheries (IFAD) and water management (AfDB), drawing on the experience of the investment projects funded.
42. Moreover, neither AfDB nor IFAD has systematically engaged in the debate on critical issues related to international trade. This would not matter if there were other agencies active in this area, but there are few and it is arguably a donor “blind spot”. There are therefore opportunities for the two organizations – in particular the Bank – to increase their involvement in contributing to the establishment of a more favourable trade environment: for example, by helping to build the capacity of African governments to engage in international trade negotiations.
43. There has generally been an undersupply of public goods in ARD. Over the years, AfDB has financed with priority the construction and maintenance of rural roads and power supply, in addition to irrigation systems. With recognized capacity in these subsectors, AfDB is able to give valued advice to governments. IFAD has also supported development of local infrastructures, for example by investing in feeder roads and small irrigation systems, as well as in health, education, and drinking water supply in partnership with the Belgian Survival Fund. But both organizations could do more to fill the large gap, particularly in closer cooperation with the private sector. The evaluation found that good or promising results were achieved when investments were made in regional public goods such as agricultural research and dissemination of information at the regional level – examples include the IFAD roots and tubers programme in West Africa, AfDB funding for NERICA rice, and control of animal diseases and locusts by AfDB and IFAD.
44. Both organizations recognize the importance of the private sector, inter alia, in promoting access to markets and provision of rural finance. But their efforts have not been commensurate with the importance of the private sector in ARD in general.
45. Climate change is another area of challenge. AfDB and IFAD are addressing climate change and have dedicated units at their headquarters, but the staff have little experience of policy and operational work in this area. Given the varied nature of problems of natural resource management, it is difficult to judge how well the work of AfDB and IFAD matches the needs. AfDB plans to work more on these issues: if there is a focus on water management, this would complement its work on irrigation and drainage. Through its partnership with the Global Mechanism of the United Nations Convention to Combat Desertification and the International Land Coalition, IFAD also has an opportunity to enhance its activities related to climate change.
46. AfDB and IFAD also recognize the importance of promoting gender equality in enhancing African agricultural productivity. Both have gender action plans, in addition to guidelines on gender issues for staff preparing projects. Both organizations try to ensure that the interests of women are taken into account in their projects, with IFAD being particularly concerned about poor women’s empowerment. But the social and political environments into which these inputs are made are often not receptive, though they are changing, and it is especially difficult to ensure that women have a say in decision-making. Current efforts on gender by

both organizations are not commensurate with the scale and importance of the issue.

47. AfDB's corporate focus on fragile states and IFAD's agenda of working with the rural poor and the most marginal population groups suggests a need for a much stronger involvement in fragile and post-conflict states in the future.
48. In sum, both IFAD and AfDB have a clear corporate vision of what they should do and also, importantly, what they should not do in ARD in Africa. Although there is some room for improvement, as noted above, both institutions are nevertheless highly relevant to the challenges facing the sector.

C. The challenge of multiple problems and complexity

49. Both IFAD and AfDB face a heterogeneous and complex ARD context in Africa. Rural poverty is multifaceted, and the institutions often confront situations of multiple disadvantages. In response to this, both agencies in the past adopted a comprehensive approach to agricultural development and combating poverty, rather than defining a clear strategic focus and being selective. A common reaction in IFAD and AfDB has been to design country strategies and projects that tackle many of the problems seen, resulting in projects with multiple components. This is also partly due to the lack of analytical work undertaken by the two organizations. Better analysis could assist in determining priorities based on their respective comparative advantages and areas of specialization.
50. IFAD, in line with its mandate, tends to operate in remote regions with low levels of development and poor natural resources, where it works with some of the most disadvantaged groups. Accordingly, problems are many and complex, and donors and government interventions are often few. It is therefore not surprising to find a major increase in IFAD-financed ARD projects in the present decade, addressing many dimensions of rural poverty such as agriculture, community infrastructure, institution building, rural finance, empowerment and capacity-building and off-farm employment. Similarly, AfDB has increased over time the share of multi-subsector interventions in its ARD portfolio, although it has less of an area-focused approach than IFAD does.
51. The danger with the resulting multicomponent projects is that they become difficult to manage and resources can be dissipated in an attempt to address all problems instead of focusing limited capacity on the most pressing issues or on activities most likely to succeed. One alternative is to address difficult situations with sequential actions. There are examples in Ghana and the United Republic of Tanzania, where IFAD first promoted agricultural production and subsequently financed projects to deal with market access.
52. Another alternative to multicomponent projects is to engage in strategic partnerships based on each organization's comparative advantage and specialization, in which different partners tackle different aspects of the problem through coordinated but separate or parallel projects. Yet the potential of partnerships to address the multifaceted nature of poverty so far has not been sufficiently recognized by AfDB and IFAD. Looking at ongoing investments in terms of table 1 above, many of the Bank-financed projects concern basic investments, such as roads and irrigation, whereas much of IFAD's work falls into the more complex category, such as community mobilization, dealing with market failures, building rural financial systems and protecting land rights. This could suggest a possible division of labour between AfDB and IFAD. Given the prominence of IFAD and other agencies in addressing more complex issues, there is a good case for AfDB concentrating on basic investments such as infrastructure, where it has experience and a comparative advantage.

IV. Assessing performance

53. An important element of the joint evaluation was a meta-evaluation conducted to assess the performance of past operations in ARD conducted by each institution in Africa. This was based on a review of existing country programme evaluations (8 for IFAD and 13 for the Bank) and project evaluations (28 for IFAD and 27 for the Bank) undertaken respectively by OE and OPEV between 2003 and 2007. It is important to underline that most of the projects assessed were approved in the 1990s, before the recent waves of reforms within each institution.
54. The joint evaluation also reviewed the quality at entry of recently approved country strategies and projects, but it was not possible to assess their performance given that most had been under implementation for a very limited period of time. The country visits undertaken in Africa during the joint evaluation provided an opportunity to validate hypotheses emerging from the meta-evaluation, as well as to collect supplementary information on performance and results.
55. The following evaluation criteria were applied to assess project results in the meta-evaluation: relevance, effectiveness, efficiency, rural poverty impact, sustainability, innovations, replication and scaling up, and partner performance including lending agency and government performance.¹¹ In terms of assessing country strategy performance, the joint evaluation focused on assessing four specific dimensions: (i) the relevance of country strategies; (ii) the efforts related to policy dialogue; (iii) aid coordination and harmonization; and (iv) the choice of development instruments deployed to achieve the objectives outlined in the country strategies.

A. Project performance

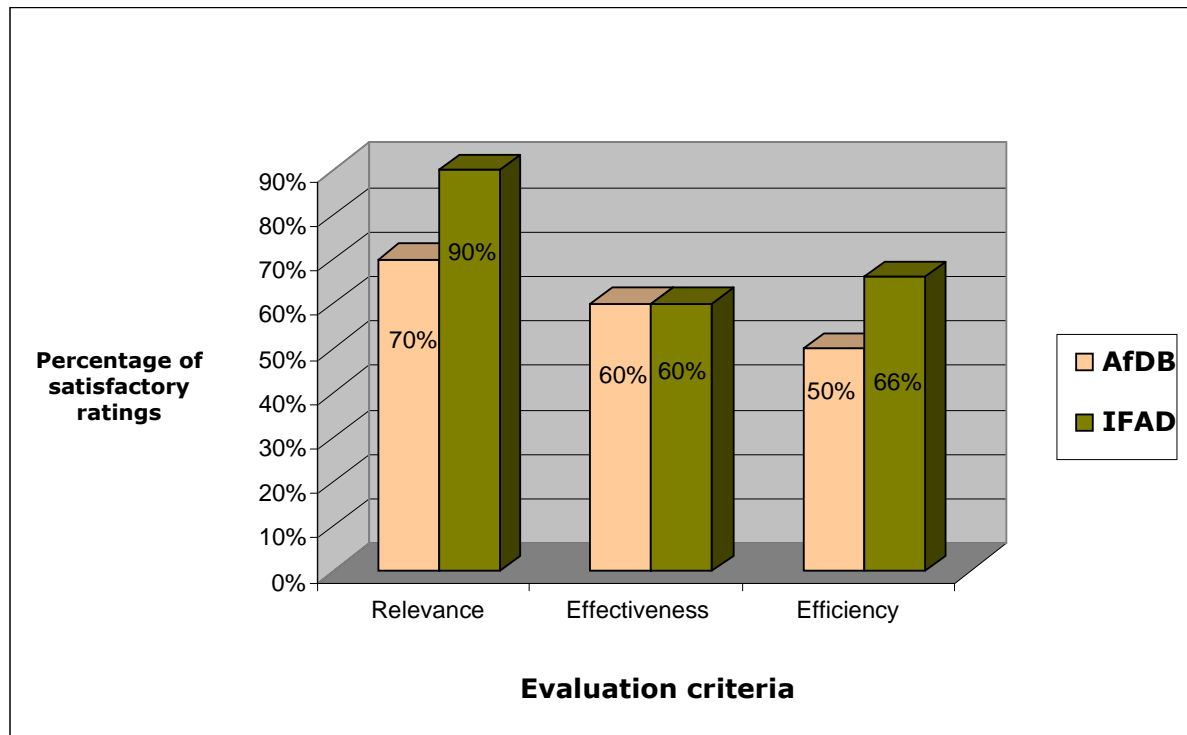
56. **Overall performance.** Past project performance has been moderately satisfactory overall. The projects funded by IFAD tended to perform slightly better than AfDB's, especially in terms of relevance and efficiency.
57. In terms of overall project performance, 72 per cent of IFAD-funded projects were moderately satisfactory or better, compared with 60 per cent of AfDB-funded projects. More specifically, in terms of relevance, some 90 per cent of the IFAD-funded projects assessed were rated moderately satisfactory or better, compared with 70 per cent of AfDB projects. In terms of effectiveness, 60 per cent of the operations evaluated in each organization were considered to be moderately satisfactory or better, but a high proportion were rated moderately unsatisfactory. In terms of efficiency, 50 per cent of AfDB projects and 66 per cent of IFAD projects assessed were rated moderately satisfactory or better. Figure 2 provides a graphical illustration of these results.
58. Around 55 per cent of the projects assessed in each organization were found to be moderately satisfactory or better for poverty impact. But sustainability of benefits was found to be weak. In this respect, less than half the projects assessed in both organizations were moderately satisfactory or better, with the performance of IFAD-funded projects being marginally better. The performance of IFAD and the Bank as lenders was generally weak in the projects assessed. Finally, inadequate attention was devoted to promoting gender equality and women's development, and results here were on the whole unsatisfactory.
59. The performance of AfDB, IFAD and World Bank-financed ARD projects in Africa was also benchmarked in the joint evaluation. The World Bank was selected by reason of its important contribution to ARD in Africa, but also because of the availability of data from independent evaluations. Allowing for difficulties in comparison owing to differences in size and mandate, the data indicate that the overall project performance and sustainability of World Bank ARD operations in

¹¹ The criteria were rated on the standard six-point scale: 1 – highly unsatisfactory; 2 – unsatisfactory; 3 – moderately unsatisfactory; 4 – moderately satisfactory; 5 – satisfactory; 6 – highly satisfactory. The definition of the evaluation criteria is provided in annex III.

Africa is broadly similar to that of IFAD and AfDB; that is, 60 per cent of the World Bank-financed projects were rated moderately satisfactory or better for project performance, and 40 per cent for sustainability.¹²

Figure 2

The relevance, effectiveness and efficiency of IFAD and AfDB-funded projects in Africa



60. **Determinants of project performance.** Factors affecting project performance include over-ambitious objectives and weaknesses in the logic of project design, excessive numbers of components, inadequate institutional arrangements, weak management capacity in borrowing member countries, including delays in deployment of project management personnel, limited engagement of the private sector and inadequate market linkages, lack of timely allocation of counterpart funds and inappropriate choice of partner institutions for project execution. However, it is useful to recall that – as stated in paragraph 53 – the projects covered by the meta-evaluation were mostly approved in the 1990s and that the quality-at-entry review revealed that various constraints on project performance in the past are being addressed in more recently approved country strategies and project designs. Some other determinants of project performance are outlined below (paragraphs 61-66).
61. **Subsectors.** Livestock components within IFAD and AfDB-financed projects were found to be most effective, followed by community development and capacity-building of the rural poor and their organizations, and irrigation development. A common ingredient of their success is the attention devoted to participatory processes for the management of activities. The components with least success were those related to rural finance and women-specific activities. This was partly because rural finance services did not always benefit the neediest as a result of limited institutional outreach capabilities in rural areas and because of high transaction costs in reaching dispersed populations for whom innovative financial products have not yet been fully developed. IFAD's new rural finance policy (2009) builds on past lessons and is expected to contribute towards better performance in this subsector in the future. In general, results were good in areas such as

¹² Data taken from World Bank Assistance to Agriculture in Sub-Saharan Africa, a review conducted by the Bank's Independent Evaluation Group (2007).

agricultural production and development of physical assets, whereas impact in promoting access to markets, strengthening formal institutions,¹³ and natural resources management and environment were less positive. IFAD introduced new environmental and social assessment guidelines in 2009 and is planning to develop a policy on the topic next year, which together are measures that can strengthen performance in this important area for ARD in the future.

62. **Gender.** Past performance in promoting gender equality and women's development was unsatisfactory and well below expectation. The evaluation found that only 8 of the 55 projects examined included objectives, activities and resources to support the advancement of women and that only four projects showed a positive impact on women's empowerment, incomes and nutritional status. Ten additional IFAD-funded projects were identified that had at least one component with a substantial focus on women in terms of components involving food processing equipment, sanitation and health, rural water supply and household food security. Of these components, half had a measurable effect on the welfare of women. There are several reasons for limited performance in promoting gender equality and women's empowerment, for example the lack of adequate gender analysis in country strategy formulation and project design, limited attention by executing agencies, and weak monitoring and evaluation (M&E) systems to track performance in this area. OE is currently undertaking a corporate-level evaluation on gender equality and women's empowerment, which should yield further insights and lessons on the topic.
63. At AfDB, an OPEV desk review (2008) of gender mainstreaming in AfDB-funded ARD projects found that some progress had been made, particularly at the level of institutional policies in the form of a gender policy and plan of action adapted to gender issues in Africa, but that the gender-related components of projects were still small-scale, mainly women-oriented, and often poorly designed. Performance in meeting gender equality objectives was more directly linked to: (i) overall project performance; (ii) the presence of specific pro-women actions; (iii) careful gender analysis/needs assessment; (iv) use of participatory processes; and (v) involvement of gender experts, or presence of gender expertise in project staff. Impact on women's livelihoods was highest in projects targeting women exclusively (though the evidence is thin), and those exhibiting a higher number of the desired design features. At the institutional level, performance in meeting gender equality objectives was believed to be mostly driven by leadership commitment; financial resources; human resource capacity; and operations support tools. Since 2008 AfDB has addressed gender equality with renewed effort through the establishment of a Sustainable Development, Gender and Climate Change Unit and the preparation of an updated Gender Plan of Action.
64. A similar situation in terms of gender in African ARD operations implemented by IFAD and the Bank was found in other international agencies. This reflects a general limitation in adopting an effective approach to gender issues in the sector. The absence of borrower demand for a gender perspective in many countries, and the capacity to implement it, is seen as one of the constraints on effective operational gender mainstreaming. IFAD and AfDB are trying to tackle the issue through updated gender action plans, central support units, staff training, working groups, networks and, importantly, through high-level leadership.
65. **Innovations.** In line with its mandate, IFAD was found to pay more attention than the Bank to promoting pro-poor innovations and several examples of successful innovations can be found at the grass-roots level, such as the development of pest-resistant high-yielding cassava varieties in partnership with the International Institute of Tropical Agriculture in Nigeria or the promotion of public-private partnership in the development of oil palm in Uganda. But the Fund's ability to promote the replication and scaling up of successful innovations was constrained by an operating model that did not devote sufficient attention and resources to

¹³ For example, research institutes, government agencies, and others.

partnership, knowledge management and policy dialogue. The lack of country presence and the fact that, until recently, IFAD was obliged – according to the Agreement Establishing the Fund - to contract out all project supervision to cooperating institutions are two important factors that limited IFAD's capabilities to replicate and scale up successful innovations in the past. The forthcoming OE evaluation on innovations will provide a further opportunity to discuss issues related to the promotion of innovation, replication and scaling up.

66. **Sustainability.** This is an area of major concern. Less than half the projects in ARD evaluated in both organizations are considered sustainable, a performance similar to that of the World Bank's ARD operations in Africa. At IFAD, while overall performance in sustainability has improved in recent years, it continues to remain challenging in Africa and in lower-income countries in other geographic regions. Other factors affecting sustainability include unresolved land tenure issues, wide geographic coverage of projects, limited ownership by stakeholders, inadequate transfer of technical skills to beneficiaries and the absence of exit strategies in most operations.¹⁴ In sum, while sustainability concerns are being more systematically treated in recent country strategies and projects, there is room for further improvement.

B. Country programme performance

67. **Relevance of country strategies.** The relevance of country strategies in AfDB and IFAD was lower than that of their projects; AfDB performance was slightly better than IFAD's. In terms of relevance, 53 per cent of AfDB's country strategies were assessed as moderately satisfactory or better, compared with 42 per cent of IFAD's. The significant difference in relevance between projects and country strategies can be considered a macro-micro paradox that needs attention if the two organizations are to make a serious contribution to reducing poverty in Africa. The macro-micro paradox is partly a result of the fact that in the past, IFAD and AfDB funded projects without devoting sufficient attention to synergies between operations and between projects and non-lending activities, and that country strategies were often developed without sufficient participation by the partner country. Results-based country strategic opportunities programmes (COSOPs) were introduced at IFAD in September 2006 with a view to ensuring greater coherence and relevance in country programmes, which would be developed in consultation with and owned by the partner country. Similarly, a new generation of results-based country strategy papers at AfDB has been concerned with interacting more with a variety of country partners and encouraging them to fully buy into the Bank's country programmes.
68. **Policy dialogue and harmonization.** Policy dialogue on ARD at the country level was generally found to be inadequate: it was rated moderately satisfactory or better in just ten of the twenty-one evaluations of country programmes/assistance reviewed in either IFAD or AfDB, though there are good examples of policy dialogue at the project level, for example through IFAD-supported activities in rural finance and livestock development in Mozambique. Improvements in recent years have resulted from the allocation of more resources and the establishment of country presence. With regard to donor coordination and harmonization, performance was rated satisfactory in only a few past operations. At IFAD, the picture is changing and a recent study by OECD (2008) shows that IFAD performance is rated highly across most indicators (although unfortunately the data are not disaggregated for Africa). AfDB's results in this area are more mixed. Meanwhile, IFAD and AfDB are working to participate in the development of joint country assistance strategies and engage in agriculture sector-wide approaches (SWAs), especially in eastern and southern Africa. In Mozambique, for example, AfDB's M&E framework is based on

¹⁴ Building on the evaluation findings, IFAD Management has since developed approaches to enhance country ownership and sustainability, as part of the Eighth Replenishment consultations.

the Government's performance assessment framework for the poverty reduction strategy paper.

69. **Country focus.** In recent years, a clearer country focus has emerged in both organizations, with commendably stronger commitment to ensuring an integration of lending and non-lending activities. AfDB is systematically decentralizing its operations and staff to country offices. The Bank is devoting resources to the analysis of macro- and national-level issues. IFAD's new operating model comprises results-based country programming jointly owned with country stakeholders, enhanced country presence, direct supervision and implementation support, improved quality enhancement and assurance mechanisms, and a knowledge management strategy.
70. There is significant work to be done in IFAD and AfDB to improve country programming, especially by developing synergies between lending and non-lending activities, rather than viewing the country programme as merely a collection of individual investment projects as was the case in the past. For both AfDB and IFAD, the establishment of enhanced country programmes is however constrained by the rather slow pace of decentralization to the country level, and limited delegation of decision-making authority. Few of the Bank's sector specialists have been posted to the field, although a number of local technical staff have been appointed in the Bank's Field Offices.

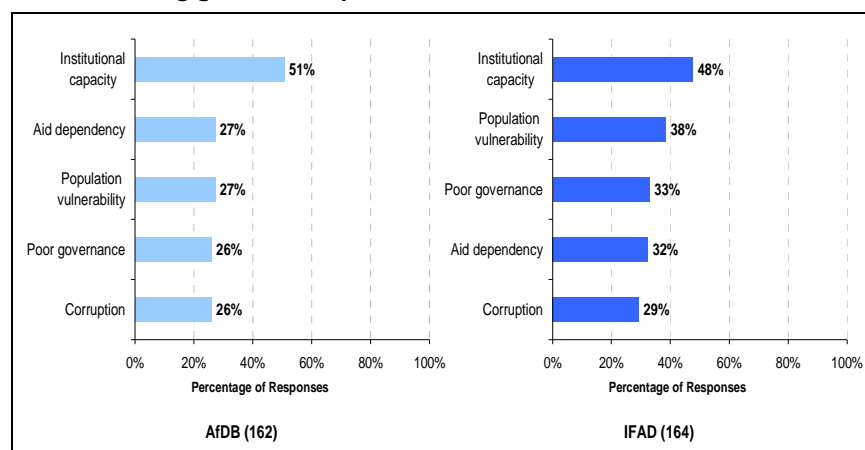
C. Lending agency and borrower performance

71. The joint evaluation revealed that, of the various factors considered, the most significant determinants of project and country programme performance in ARD were the performance of the lending agency (AfDB and IFAD) and the performance of the borrower (government). It also found that the recent reforms in the two organizations had primarily aimed to improve their overall effectiveness rather than tackle weaknesses in the performance of partner governments. There remains a need to address the critical issue of government performance and capacity, which is fundamental to achieving successful development results.
72. IFAD and AfDB performance was assessed, inter alia, by assessing their role and inputs in project design, supervision, and contribution to resolving bottlenecks and making the necessary adjustments to design during execution. Their performance was found to be moderately satisfactory or better only in 40 per cent (IFAD) and 48 per cent (AfDB) of projects reviewed in the joint evaluation. This implies that lending agency performance was moderately satisfactory or better in less than one out of every two projects financed. A number of reasons lie behind the weak performance found in past years, including limited analytical work, inadequate quality at entry, weak implementation support and a lack of results orientation. However, in recent years, both organizations have taken significant steps to improve performance in these areas, for example by introducing new policies and training staff in supervision, strengthening systems assuring quality at entry, introducing results measurement frameworks, and expanding their country presence through decentralization.
73. Similarly, the 2009 Annual Report on Results and Impact of IFAD Operations (ARRI) also found relatively weaker performance in sub-Saharan Africa than in the other geographic regions covered by IFAD operations. This may be partly explained by the challenging context in terms of weak ARD institutional capabilities and policies among countries across the continent, compared with other regions. The ARRI report also underlines that by and large IFAD has pursued a somewhat "one size fits all" approach, in terms of the allocation of administrative resources for country strategy formulation, project design, and supervision and implementation support, irrespective of the country's institutional and policy contexts. The picture at the AfDB is broadly similar. This limits the amount of comprehensive analytical work in the ARD conducted by AfDB and IFAD, particularly in fragile states and other low-income countries. Such analytical work must underpin country strategy formulation,

and supervision and implementation support activities. It is also important for the effective engagement of IFAD and AfDB in non-lending activities including policy dialogue, knowledge management and partnership building. In view of the foregoing, there are valid reasons to pursue a differentiated approach in the allocation of resources (including staff) to the formulation of country strategies and projects, and to supervision and implementation support, in countries with complex and difficult contexts (e.g. fragile states and countries with low CPIA scores).

74. The evaluation found that performance of governments or borrowers is one of the most critical factors in achieving effectiveness and combating poverty. Their contributions and inputs are fundamental in country strategy formulation and project and programme design and execution, for example in terms of commitment and resource allocation to ARD, project management capabilities and ability to coordinate actions among stakeholders. Moreover, ultimately governments are primarily responsible for project execution and providing the required policy and institutional environment to achieve results on the ground.
75. The joint evaluation assessed government performance by reviewing the quality of project management, including M&E. It found government performance to be moderately satisfactory or better in only 30 per cent of the projects reviewed. Only one evaluation in four considered government commitment and ownership to be particularly strong and an important factor in project effectiveness and sustainability. In 45 per cent of the projects it was found that the borrower failed to provide an enabling political, legal or institutional environment; in 38 per cent of cases the evaluation considered that borrowers had not fulfilled all agreements made during project design. Weak borrower performance is also explained by: (i) inadequacies in the staffing of project management units, and high staff turnover; (ii) insufficient training and support for project staff in participatory planning, procurement procedures and financial management; (iii) slow staff recruitment; (iv) weak institutional support; (v) inexperience with lenders' procedures; and (vi) ineffectiveness of M&E systems as instruments of management.
76. The joint evaluation country visits yielded further insights into government performance. Government capacity was generally seen to be limited, especially at decentralized levels of government. Sector strategies and policies were frequently not clear or not useful in terms of identifying priorities or sequences. The political will to support ARD was found to be weak in some cases. The perception survey undertaken during the joint evaluation identified institutional capacity as the leading constraint on government performance (see figure 3). Moreover, as mentioned previously, in many countries insufficient attention was devoted to promoting gender equality and women's development, with inadequate policies and implementation.
77. Overall, it is clear that much more focused attention needs to be given to building institutional capacity. Without this, there will be only minimal improvement in the performance of development interventions, even if lender performance improves.

Figure 3
Factors limiting government performance



Source: Joint evaluation perception survey. Out of the 200 individuals surveyed, 162 and 164 expressed their perceptions about AfDB and IFAD operations, respectively.

V. A review of partnerships

A. The partnership between IFAD and AfDB

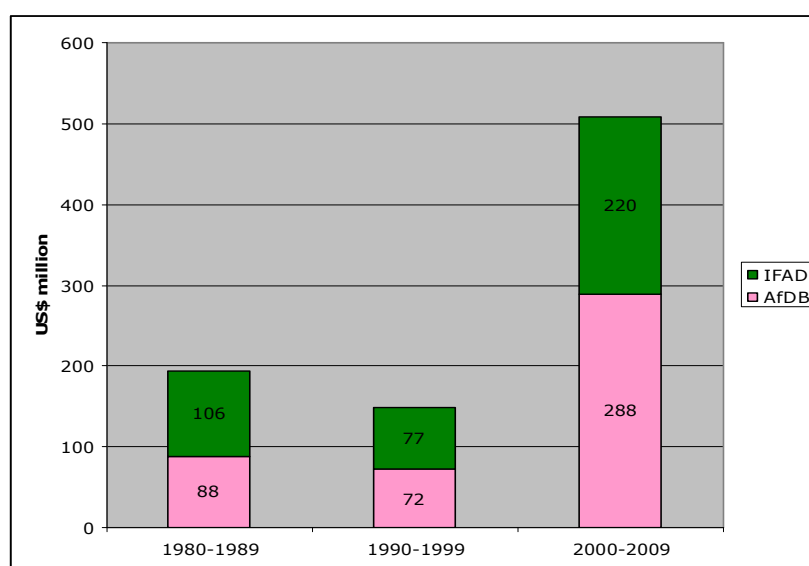
78. **Overall partnership performance.** The evaluation reviewed the partnership between AfDB and IFAD, which was formally established with the signing of a partnership agreement in 1978. Overall, the 30-year long partnership between AfDB and IFAD has been narrow in scope, limited in intensity, and has not performed well. The partnership experience of AfDB-IFAD has been largely confined to cofinancing operations, as described in the next section. In the past, there has been relatively little cooperation in terms of policy dialogue, knowledge management and joint country programming, but more recently both organizations have sought opportunities to work together in these areas: IFAD and AfDB are, for example, participating in the first SWAp intervention in the United Republic of Tanzania and have contributed to the development of joint assistance strategies in countries such as Ethiopia and Ghana.
79. A new MoU was signed between the two organizations in 2008, with a stronger focus on results and joint action, replacing the earlier input- and activity-oriented partnership agreement. The 2008 MoU between IFAD and AfDB opens the door to a more strategic approach to partnering, including cooperation in a range of areas beyond project cofinancing. The operations staff of the two organizations have had a number of bilateral consultations in the past few years. But, despite expressed intentions, progress on the ground has so far been limited, as guidance to staff on how to select, develop and manage this partnership, and others, remains weak.
80. **Cofinancing.** Thirty-eight projects were cofinanced over 30 years (annex VII). In particular, AfDB and IFAD contributed US\$472 million and US\$432 million respectively to cofinanced projects with a total value of US\$1.77 billion (including contributions from other donors, governments and beneficiaries). Since 1990, 13 out of 22 AfDB/IFAD cofinanced projects have also received funds from other donors, somewhat down from the 12 out of 16 before 1990. AfDB had been responsible for providing project supervision services for IFAD, including loan administration and procurement, in 13 of the 38 cofinanced projects. But these arrangements were discontinued in 2007 when IFAD introduced direct supervision and implementation support in its projects.
81. After a slump in the 1990s, cofinancing by AfDB/IFAD picked up substantially in the 2000s, rising from seven cofinanced projects in the 1990s to 15 in the 2000s so far. The volume of cofinanced assistance by IFAD and AfDB has quadrupled since 2000 (figure 4). The withdrawal of other donors from ARD and the new partnership

environment encouraged more cooperation. A number of different models for cofinancing and joint arrangements existed, often involving other donors.

82. Overall, with a few notable exceptions (for instance in The Gambia), the evaluation found little evidence of joint design work, joint implementation arrangements, or jointly conducted ex post reviews of projects cofinanced by AfDB and IFAD in the past. The large majority of these projects were initiated by IFAD, with AfDB joining as a cofinancier usually augmenting the total project costs. In some cases, AfDB took on the financing of certain project components, particularly in infrastructure. In several cases, the two organizations cofinanced two to three different consecutive phases of the same or a similar project in a country. Sometimes joint appraisal missions took place, but often not. In several cases, joint mid-term reviews were carried out. Few joint project completion reports were found. Joint procurement was not possible in the past, due to different procurement requirements, which have only recently been revised on the part of the Bank.¹⁵
83. The common form of cofinancing was parallel financing. While maintaining joint objectives, projects were usually divided into specific identifiable components and separately financed from IFAD and Bank resources, with different procurement policies and procedures. For the moment, this seems to be the preferred way of cofinancing, not only because of different procurement systems, but also because of difficulties in reconciling the two organizations' project and funding cycles.
84. The joint evaluation was not in a position to undertake a dedicated performance and impact assessment of the cofinanced projects as there were very few independent evaluation reports or project completion reports available for the 24 cofinanced projects closed to date. Only two cofinanced projects could be reviewed in the meta-evaluation: one of them in The Gambia eventually turning out to be a success story for long-term cofinancing commitments. But it is highly likely that the performance of the closed projects cofinanced by IFAD and AfDB is very similar to the moderately satisfactory results of the projects analysed in the meta-evaluation, as most of them were designed in the 1980s and 1990s, the period covered by the meta-evaluation. One indicator of performance is the time lag between loan approval by the Executive Board and project effectiveness, which was the same for the cofinanced projects as for other projects in Africa financed by IFAD and AfDB. Similarly, the average duration of cofinanced projects – 8.5 years between loan approval and completion – was not notably different from that of other projects.

¹⁵ The Bank was obliged to limit procurement only to member countries, which hindered joint procurement. The regulation has now been relaxed with respect to financing through ADF.

Figure 4
IFAD-AfDB Cofinanced projects: loan amounts by decade



B. Partnership with governments

85. AfDB and IFAD enjoy strong relations with borrowing governments in the region, with the two organizations being respected and considered trustworthy partners. Both organizations share the advantage that they are seen as neutral in their policy thinking and not involved in leveraging change though policy conditions imposed from outside. The main instrument of collaboration with governments in ARD is still the investment project, even though there has been some movement towards programmatic approaches in both organizations. Results-based country strategies now provide the framework for doing business. Greater attention is being devoted to non-lending activities to support the development of better policies and achieve more extensive results in combating poverty.
86. Both organizations collaborate with governments through SWAs, which raises new operational and policy challenges. The Bank also contributes through budget support for governments. AfDB and IFAD have participated in some cases in the formulation of joint country assistance strategies led by national governments (e.g. in Rwanda, the United Republic of Tanzania and Uganda). There is, however, scope for greater coordination between the two organizations, and between them and other partners and governments across the continent. A major challenge to effective partnering with governments is that stakeholders such as community-based organizations, farmers' organizations and the private sector are not always sufficiently represented in country strategy formulation, programme design, policy formulation and implementation. This has allowed gaps in ownership, which undermines the effectiveness of investments.
87. Fragile states present a different set of challenges for cooperation with governments, requiring significant human and financial resources for capacity-building, technical assistance, and establishing coordinated strategies and common goals with recipient governments and lead partners. The implications are that operations in fragile states need a differentiated approach, including wider agency presence, closer attention to supervision and implementation support, aid coordination, human resources with specific skills, experience and competencies, a long-term perspective and achievable objectives in straightforward areas of investment or policy.

C. Other partnerships by IFAD and AfDB in ARD in Africa

88. **Public and civil society partnerships.** AfDB and IFAD have a range of partnerships with other public development and civil society agencies working in

ARD in Africa at the corporate and country levels. These are critical in addressing the multidimensional nature of growth and poverty reduction. IFAD is a partner of agencies such as the Belgian Survival Fund, the United Nations High-level Task Force on the Global Food Security Crisis and the International Food Policy Research Institute (IFPRI). It has also established partnerships with organizations that advocate the cause of poor rural people, such as the Farmers' Forum and national farmers' associations. IFAD has partnerships with several bilateral aid agencies at the country level, such as the Danish International Development Agency; the United Kingdom's Department for International Development and Irish Aid, but these are mainly for project cofinancing. AfDB has regional partnerships such as those with NEPAD and CAADP, the African Union and regional economic communities. In 2009, both IFAD and AfDB signed a letter of intent with the Agence Française de Développement and the Alliance for a Green Revolution in Africa to establish an equity fund to promote private operators involved in the development of African food production. On the other hand, partnerships with the Food and Agriculture Organization of the United Nations (FAO), the World Food Programme (WFP) and the World Bank, all important actors in promoting agriculture and food security in Africa, have not been prominent in the past.

89. **Private-sector partnerships.** Partnership with the private sector has not been sufficiently developed in either IFAD or AfDB to a degree commensurate with its central role in agriculture in Africa. This reflects a lack of clear corporate approaches and the difficulty of supporting country-led approaches if governments offer insufficient support for private-sector participation in small-scale ARD. In response, IFAD introduced its Private-Sector Development and Partnership Strategy in April 2005, and supports farmers' associations and the commercialization of smallholder production. AfDB's Medium-Term Strategy 2008-2012 makes private-sector operations a major focus for the future: it has a large department and a range of financial instruments to this end. AfDB's private-sector operations have increased sharply in number and volume over the last two years. But the conditions attached to loans do not favour small-scale business, and the department's activities are not well coordinated with other AfDB departments concerned with rural development. Partnering with the private sector opens up new roles and fresh opportunities for both organizations that need to be developed further.

D. Implications of the new partnership environment and aid modalities

90. **Paris Declaration.** The partnership context changed significantly in the light of the 2005 Paris Declaration on Aid Effectiveness, which set out key principles on country ownership, alignment with recipient country policies and systems, common arrangements for delivering aid, simplification of procedures, managing for results and mutual accountability. Closer collaboration and division of labour across the sector are no longer a choice: they are now a commitment for a wide range of agents from the global to the local level, bringing together governments, civil society and the private sector.
91. **Partnership proliferation.** Both organizations expanded their partnerships in ARD in recent years. But with many players now active in the sector, there is a tendency towards "partnership proliferation". Partnerships are often opportunistic and focused on leveraging additional resources, rather than on pursuit of strategic or programmatic objectives. Nor are partnerships sufficiently based on comparative advantage and specialization. Neither IFAD nor AfDB has a partnership policy or guidelines on selecting, developing and implementing partnerships and measuring the results achieved.¹⁶ Thus they have developed a diverse, unstructured and loosely defined mix of partnerships, which is increasingly a burden on the resources at their disposal, especially of staff time.

¹⁶ IFAD produced a position paper on partnerships in 2008, in the context of the Eighth Replenishment, which is an indication of its growing recognition of the topic.

92. **Purposeful partnerships.** There are still many fundamental constraints working against effective partnering in both organizations, in particular: (i) different corporate priorities and lending instruments; (ii) inconsistent programme and budget cycles; (iii) the need to achieve annual lending targets; (iv) differences in procurement systems; (v) limitations in staff competencies; and (vi) differences in institutional cultures, including different experiences and incentives with regard to developing partnerships. Purposeful partnerships for the future must build on good practices that address these constraints. Review of good practice indicates that effective partnerships feature a clear results focus, with specific and bounded objectives defining a limited set of outcomes that are tracked regularly. Strong partnerships are founded on complementarities and comparative advantage. They are dynamic in nature and may evolve over time in response to changing conditions. This requires flexibility among partners, who need to manage assumptions and expectations and align organizational incentives. Finally, adequate resources need to be deployed, including appropriate staff resources.
93. **Organizational and business process implications.** All of this has implications for AfDB and IFAD business models and practices in Africa. Further reforms in policies and business processes will be essential to stronger partnerships in ARD. This includes enhanced country presence (particularly of sector experts), better knowledge management and sharing, and joint programme management. Innovative financing instruments could facilitate more private-sector involvement in ARD. These reforms will in turn affect the management of human and financial resources, as well as organizational structures and incentives.

E. Partnership options for AfDB and IFAD

94. In taking up appropriate positions within the changing aid architecture, IFAD and AfDB will need to develop partnerships selectively and towards clear objectives. For the further development of the IFAD/AfDB partnership, the evaluation identified five principles: (i) focusing on the comparative advantage and specialization of each agency; (ii) facilitating private-sector engagement; (iii) seeking greater efficiency through harmonization of key business processes; (iv) leveraging increased funding for ARD in Africa; and (v) documenting good practice with a view to replication and scaling up by AfDB of innovations promoted by IFAD. Partnerships by both agencies with other development partners could most effectively be built around similar principles of complementarity and comparative advantage.
95. On issues of substance, IFAD could devote attention to the productivity of smallholder farmers, value chains and community development, including gender equality and women's empowerment. AfDB could provide support for infrastructure development, in particular water and marketing infrastructure, improved macroeconomic and sector governance, and engagement with the private sector.

VI. Conclusions and recommendations

A. Conclusions

96. **Context for ARD in Africa.** Africa is a continent on the move, as demonstrated by accelerated economic growth in a number of countries. Major progress has been achieved over the past 15 years by African countries that have taken charge of their economic destinies and reformed their approach to economic management. Agricultural production has also increased in a number of countries, demonstrating what can be achieved in favourable circumstances. Given this evidence, the joint evaluation concludes that the pessimism that has characterized prior assessments of Africa's ARD prospects is no longer justified.
97. To be sure, the global economic crisis that is still unfolding constitutes a serious setback. Equally, the agricultural trade practices of many OECD countries constitute a major disincentive. Agro-industries in Africa considering exports run into tariff escalation on processed goods: there may be free access for unprocessed produce, but tariffs rise rapidly with any additional processing. This situation is exacerbated

because some African countries still discriminate against agriculture through domestic policies that create a negative rate of protection for agricultural production, particularly for exportable commodities.

98. Moreover, Africa, and in particular sub-Saharan Africa, faces serious challenges – some old, some new. These include: low levels of human development; poor rural infrastructure and weak market linkages; deep and chronic poverty; an unfavourable and unequal trade regime; natural resource degradation; and more recently, climate change and volatility of commodity markets. Disease, malnutrition and illiteracy persist in the continent. State fragility is a major constraint. Violent conflict has not been banished. Most economies in Africa are still highly vulnerable to exogenous shocks. Consequently, ODA still has a major role to play in nurturing ARD across the region.
99. Nevertheless, the medium- and long-term prospects for Africa's agricultural sector are good, owing to a better investment climate, greater economic stability, growing private-sector activity, fewer armed conflicts, more democracy and the advent of a vocal civil society, the emergence of stronger regional organizations, the vitality of the private sector and a renewed interest in ARD by governments and donors alike.
100. In sum, the joint evaluation concludes that Africa's agricultural sector, including the traditional crops that are its mainstay, has great untapped potential. Agriculture, long neglected, should be recognized as a critical driver of economic growth, increased employment, poverty reduction and enhanced food security in Africa. The foundation of the continent's agricultural potential rests on its rich natural resources and on the dynamism and resilience of its smallholders and rural entrepreneurs, including women, who constitute the majority of the rural population.
101. A major constraint on sustainable economic and agricultural growth remains the low productivity and limited access to markets of small farmers and small rural businesses. In this regard, underinvestment in research and development – oriented towards increased productivity of poor farmers at both the country and regional levels – has also held back improvements in food security and higher incomes. Coupled with a range of institutional constraints, insufficient research and development tailored to local conditions has similarly constrained the expansion of large-scale commercial agriculture.
102. Exploitation of the untapped potential of African agriculture requires establishment of an appropriate policy environment. However, the conclusion of the evaluation is that there is a large "policy gap": there are significant shortcomings in policies, institutions and ultimately leadership that are constraining successful development of the ARD sector. Related to this, the evaluation found that there is an undersupply of public goods – for example in terms of infrastructure and investment in research – which further hinders agricultural growth and improvement in incomes. Given the complexity and heterogeneity of agricultural conditions in Africa, and the risks involved in the adoption of new practices, harnessing new agricultural technologies and disseminating them will also call for major investments to fill the extensive "knowledge gap".
103. However, despite important exceptions, the evaluation did not find evidence of strong political will supporting ARD within the region. For instance, few governments have allocated 10 per cent or more of their own budgets for ARD, or put effective ARD policies in place, with strong institutions to implement them, as called for in the African Union resolution adopted at the Maputo Conference in 2003 by African ministers for agriculture. Strong political will is also considered essential to ensure that donors align their support and interventions within the overall priority areas defined for the ARD sector by national policies.
104. Faced by these challenges, partnerships among the public, private and voluntary sectors have not been sufficiently developed to achieve broad-based success in ARD. Moreover, international donors have not sufficiently realigned their priorities

- to promote ARD in Africa. African governments need trusted, knowledgeable and competent development partners, who will work with them to address the ARD challenges and seize its opportunities.
105. Many observers have noted the proliferation of donors in Africa, causing severe strain on national systems and resources. This is resulting in high transaction costs to governments for coordination and dialogue with the various donors, including receiving donor missions and following up on their reports and recommendations. In spite of the adoption of the Paris Declaration and Accra Agenda for Action, donor coordination remains a challenge, partly due to weak government capacity to coordinate donor actions. The proliferation points towards a need for careful consideration of strategic partnerships among donors, based on their respective areas of comparative advantage and specialization.
 106. **The relevance of AfDB and IFAD.** AfDB and IFAD are important actors in ARD in Africa. In the early part of the present decade, they were cumulatively contributing about 50 percent of the total multilateral ODA to the sector. Both are trusted and respected partners in most countries of the region. They are well placed to work with regional organizations and governments in frontally addressing the policy leadership and institutional gaps that must be filled. Based on their extensive experience on the ground, they have recently done much to improve their own capacities. Working together, they can make distinctive and significant contributions in addressing the sector challenges. The next step should be to bring this experience to bear on key policy issues and to contribute more substantially to debate at the policy table. However, their attention to non-lending activities, including knowledge management, partnership development and policy dialogue, has been weak in the past. This is partly due to the inadequate attention paid to analytical work in the two organizations, including development of the analytical capacity essential to country strategy formulation, project design, and supervision and implementation support, as well as to ensuring success in non-lending activities.
 107. The joint evaluation also concludes that both agencies have undertaken important reforms in the past three to four years, even though further improvements in policies, processes and systems can be achieved. Through their ongoing business process reforms, both agencies have made significant strides towards putting themselves in a position to work closely with governments on the challenges facing ARD. Both IFAD and AfDB are committed to becoming knowledge organizations, enhancing their country presence and strengthening supervision and implementation support, and to putting their operating processes on a sound business basis. Both agencies also recognize that they have different contributions to make and that their stronger partnership would yield major benefits to their member countries. They recognize their own comparative advantages and their chosen specializations, which can provide the basis for an effectiveness partnership in support of ARD in Africa in the future.
 108. **Project and country programme performance.** The evaluation found that project performance was on the whole moderately satisfactory, but serious concerns remain regarding the sustainability and efficiency of interventions. These two areas merit close attention in the future. Furthermore, the relevance and performance of country strategies was weaker than performance at the project level, creating a "micro/macro paradox". That is, despite the moderately satisfactory achievements at the project level (usually restricted to the geographical areas and communities targeted by AfDB and IFAD operations), less satisfactory results are discernable at the aggregate country programme level. This raises the issue of the relevance of both agencies at that level, which has become the unit of account in both organizations. The micro/macro paradox thus needs priority attention, as better performance at the country programme level is essential if the two organizations are to contribute more comprehensively towards filling the policy, leadership and knowledge gap in the African ARD sector, and consequently make a

real difference in poverty at the national level. Under these circumstances, the need to enhance analytical capabilities and work becomes even more of a priority.

109. While the relevance of past country strategies was poor, efforts have been made in recent years to implement country strategies with a greater focus on results. Further efforts will be required to ensure that country strategies truly integrate investment operations and non-lending activities, which, when combined, should more effectively support the relevant national priorities and objectives of ARD.
110. In the past, both agencies have frequently opted to use a comprehensive, multicomponent approach to projects. This standard response has generally proven neither efficient nor effective, given the coordination, implementation and supervision challenges it brings. A more selective approach based on comparative advantage and specialization holds greater promise – an approach that identifies key disadvantages, requirements and market failures at the local level and that concentrates efforts on the removal of the most serious policy and institutional bottlenecks.
111. At AfDB, project performance is generally stronger in the middle-income countries of the region. This is attributable to the stronger institutional and human resource capacity of these countries. Similarly, at IFAD, performance in sub-Saharan Africa (western and central, and eastern and southern Africa) is relatively weaker than in the other three regions of the world covered by IFAD operations. This appears to be the case for other multilateral donors, as well. The performance in this subregion may be partly explained by the challenging context and the diverse character of the countries, as compared with other regions. Within sub-Saharan Africa, most countries with IFAD operations are classified as fragile states and low-income countries with weak policy and institutional environments. In particular, a large number of countries in the subregion have relatively weak governmental capacity, knowledge institutions and national statistical systems, which limits their ability to formulate and implement pro-poor policies in agriculture and the rural sector. This also constrains country strategy formulation and project design, as well as supervision and implementation support.
112. However, the complexity of the context at the design stage or its evolution during implementation cannot be the rationale for less positive results at project completion. Rather, design teams should factor in context issues up front, and avoid setting unrealistic objectives while preparing country strategies and projects.
113. This again points to the need for more comprehensive analytical work and skills, as well as for resources to generate the knowledge required. In-depth analytical work will also strengthen the engagement of the two institutions in policy dialogue. Partnerships with other institutions can help generate sharper and more comprehensive analysis, but capacity is needed to make the best use of such analysis and adapt it to the specific needs of the two institutions. Accordingly, while knowledge partnerships are part of the answer, capacities for analytical work will also have to be strengthened within AfDB and IFAD themselves. Unless they have the capacity to undertake adequate analytical work to inform their policy dialogue, partnerships, innovation and knowledge management, the two organizations will achieve only limited success in improving the relevance of their strategies or in stepping up the performance of the operations they finance.
114. Neither at IFAD nor AfDB is the complexity and difficulty of the country context normally used as a criterion for determining the allocation of administrative resources for project, programme and country strategy formulation or for supervision and implementation support. A more differentiated approach may prove useful in the allocation of resources to countries with a more complex and difficult context and weak institutions, rather than following the current “one-size-fits-all” approach. This could help the institutions formulate better country strategies and projects, and improve supervision and implementation support in difficult settings.

Specific staff skills, experience and competencies are also required when working in more challenging environments.

115. **Partnerships.** Finally, the evaluation noted the poor performance of the partnership between AfDB and IFAD over the 30-year period following its establishment in 1978. Cofinancing only rarely worked well and the partnership lacked a strategic focus. However, with the signing of a new MoU in 2008, and given the imperatives of the Paris Declaration, there is scope for developing a more strategic and more strongly results-oriented partnership, based on the respective areas of comparative advantage and specialization of the two institutions.
116. The evaluation identified five principles for further development of the IFAD/AfDB partnership: (i) focusing on the comparative advantage and specialization of each agency; (ii) facilitating private-sector engagement; (iii) seeking greater efficiency through harmonization of key business processes; (iv) leveraging increased funding for ARD in Africa; and (v) documenting good practice with a view to replication and scaling up by AfDB of innovations promoted by IFAD. Partnerships by both agencies with other development partners could most effectively be built around similar principles of complementarity and comparative advantage.
117. In terms of complementarity of focus, IFAD could devote attention to the productivity of smallholder farmers, value chains and community development, including gender equality and women's empowerment. AfDB could provide support for infrastructure development, in particular water and marketing infrastructure, improved macroeconomic and sector governance, and engagement with the private sector.

B. Recommendations

Recommendations for both agencies

118. The joint evaluation makes the following recommendations for both agencies, focusing on the "three Ps" of policy, performance and partnership, for consideration by IFAD and AfDB Management.

Filling the sector policy gap

119. The evaluation has concluded that leadership, strong institutions and good sector policies all matter, but that a "policy gap" has been holding back progress. AfDB and IFAD should work together to address the ARD policy gap in the following ways:
- (i) At regional and subregional levels, continue alignment with CAADP in implementing its mandate. Provide a joint statement of support for CAADP, with special reference to its regional mandate, and ensure that policies and operations are aligned with CAADP's policy pillars.
 - (ii) At the country level, support governments and other stakeholders in developing sound national ARD policies focused on results, aligned with the CAADP policy framework and with the commitments of the Maputo Declaration. In keeping with a country-led approach, the two agencies, where possible, should align their ARD strategies and business plans with national sector policies and strategies. Both institutions should use their influence to bring civil society and private-sector players to the policy table.
 - (iii) At the level of global policy, develop the knowledge and capacity to engage in international advocacy on trade issues affecting African producers. The evaluation noted that the prevailing international trade regime undercuts agriculture in Africa. Although the two institutions have limited experience in this area, it is of critical importance to the sector. Accordingly, the two agencies need to develop their respective policy positions on the issue, and to support borrowing countries in strengthening their capacity to negotiate on trade issues in regional and international trading forums. Moreover, there is room for the two agencies – in particular AfDB – to engage in policy dialogue

with individual African countries regarding export taxation and incentives for agriculture.

Lender performance

120. Building on recent internal reforms, AfDB and IFAD should make further efforts to improve their performance in the following ways:
- (i) Develop enhanced skills, knowledge and capacity in the areas of policy, analytical work, and knowledge and partnership management, with a view to sharpening the relevance and effectiveness of strategies and operations. To deliver on the policy recommendations listed above, skills and knowledge will be needed beyond the existing project management skill set. AfDB and IFAD should develop knowledge and expertise in selected subsectors and themes, and should establish 'knowledge partnerships' with other institutions, including FAO and the World Bank, to acquire knowledge in broader fields. All of this has implications for staff development, deployment and recruitment.
 - (ii) Provide increased support to ARD in fragile states, giving careful attention to choice and sequencing of aid modalities. Coordinating their actions with others, IFAD and AfDB need to ensure that assistance to fragile states is provided through approaches that are flexible and responsive to changing local needs, and that make effective use of a range of aid instruments. Rapid, well-targeted provision of technical assistance and capacity-building should be followed by substantial investment lending as local circumstances allow. AfDB should continue with general and/or sector budget support where fiduciary safeguards are adequate.
 - (iii) Strengthen country presence. Assisting a country-led approach to ARD will require an effective country presence, with delegated authority, resources and outposting of staff with the required seniority to engage in policy dialogue at various levels of governance. Among other advantages, improved country presence will support better diagnostic and analytical work, including better understanding of the context, which in turn will contribute to better risk management and thus to results on the ground, both in investment and non-lending activities. To strengthen collaboration at the field level, pooling of resources and sharing of office accommodation should be piloted at the country level.
 - (iv) Finance simpler, more tightly focused projects and programmes, undertaken within the framework of coordinated, results-oriented sector plans. In cooperation with partner governments, AfDB and IFAD have recently begun to prepare and undertake projects of simpler, more sharply focused design, each intended to be complemented by other interventions within a coordinated framework, reflecting a division of labour based on comparative advantage. AfDB and IFAD should continue to develop this approach, taking care to integrate careful risk analysis. Priority attention needs to be devoted to ensuring the efficiency of operations funded by the two agencies and the sustainability of benefits.

Borrower performance

121. AfDB and IFAD should strengthen borrower performance through the following measures:
- (i) Support governments in undertaking capacity needs assessments in the ARD sector, including diagnostic assessments of institutional arrangements, and provide substantial support for capacity-building and institutional development. The focus needs to be not only on programme management, including M&E, but also on policy formulation and implementation.
 - (ii) Specifically, support governments in addressing capacity issues related to political decentralization. Where decentralization to local government levels is

introduced, available capacity is often fragmented in terms of the allocation of staff and resources to local levels. This has a critical bearing on the success of rural development efforts. AfDB and especially IFAD need to support governments in managing the process effectively and in building capacity where needed.

- (iii) Given that gender equality was found to be a significant area of weakness in borrower performance, initiate efforts in selected countries to work closely with governments and other stakeholders to undertake joint diagnostic analyses of the causes, characteristics and consequences of gender inequalities in ARD, and assist in developing practical policies and measures to address the issues identified.
- (iv) Support greater investment in research and development to improve agricultural productivity and innovation geared towards promoting inclusive growth and poverty reduction.

Building purposeful partnerships

122. AfDB and IFAD should:

- (i) Maintain and deepen their current bilateral partnership, based on the 2008 MoU, setting a limited number of clear, strategic regional priorities, backed by an action plan and adequate resources. The MoU sets out a broad agenda for action. Success requires prioritizing clear strategic objectives and translating these into a practical programme for implementation. Sufficient resources are required not only to deliver specific activities, but to ensure effective liaison, monitoring and oversight as well. Success will depend on compliance with a realistic, well-defined, adequately resourced action plan setting out clear objectives and deliverables, with clear accountabilities, monitorable time lines and transparent budget commitments.
- (ii) Focus their partnership on their respective areas of comparative advantage, specialization and complementarity, strengthening the focus on results. These include:
 - (a) AfDB's competence in macroeconomic and infrastructure issues and IFAD's focus on the social, microeconomic and community-based aspects of ARD;
 - (b) AfDB's support for (large scale) private-sector operations, including agribusiness, and IFAD's support for small producers and their organizations, including rural credit schemes and small enterprise; and
 - (c) IFAD's role in pioneering pro-poor innovations and AfDB's capacity to scale these up in areas where it has the needed competence.
- (iii) At the regional level, take forward their partnership within the wider emerging partnership architecture for African agriculture. IFAD and AfDB should play a role among donors and development organizations in rallying and coordinating global support for ARD in Africa. In line with the Paris Declaration and the Accra Agenda, the two institutions must work with major players including regional bodies such as CAADP, with multilateral institutions including FAO, the World Bank, and the European Union, and with bilateral donors (notably the United States Agency for International Development [USAID]¹⁷), as well as with policy and research institutes such as IFPRI.

Recommendations for AfDB

123. It is recommended that AfDB:

- (i) Remain directly engaged in ARD, but develop a more selective strategy, closely linked to its medium-term priorities and aligned with CAADP. Following

¹⁷ Which has traditionally been one of the largest donors to ARD in Africa.

approval of a revised strategy, AfDB should mount a major communication campaign to inform African leaders and other sector stakeholders of AfDB's strategic objectives in the sector. Preparation of the revised strategy and its eventual implementation should include those departments within AfDB that are directly or indirectly supporting ARD, beyond OSAN.

- (ii) Expand support to regional and subregional development. Regional and subregional infrastructure, markets and institutions are crucial to agricultural development. AfDB should pay particular attention to assisting countries in expanding regional investments and coordination through better use of existing lending instruments and to developing regional allocation mechanisms.
- (iii) Set a target level of resource allocations for ARD, while seeking to leverage further funding from the private sector, private donors, Arab States, and emerging donors including Brazil, China, India and the Republic of Korea. In the context of current replenishment discussions, AfDB should also seek (re)establishment of a Technical Assistance Fund under the African Development Fund (ADF), to provide resources to regional member countries and operational departments for important analytical work and sector studies.

Recommendations for IFAD

124. It is recommended that IFAD:

- (i) Engage more strategically in analytical work. This is critical to the formulation of country strategies and project design. In addition to developing in-house capacities for this purpose, strategic partnerships with other institutions that have existing capabilities need to be explored. This calls for allocation of additional resources both in financial terms and in building staff capabilities.
- (ii) Differentiate allocation levels of administrative resources. Given the prevailing weak policy and institutional environments in fragile states and countries with low CPIA scores, they should receive greater administrative resources for the analytical work required for country strategy formulation and project design, as well as supervision and implementation support. This would enable close involvement and support by IFAD in programme activities in countries that have weaker overall capacities and more challenging contexts.
- (iii) Plan selected joint activities by the Western and Central Africa, Eastern and Southern Africa, and Near East and North Africa Divisions. One option is development of a knowledge programme to share lessons learned, good practices and experiences across the three regional divisions. A proactive policy for exchanging staff and consultants across the three divisions should be developed as well. Joint activities could also entail the development of regional grants programmes, for example in agricultural research addressing cross-regional challenges.

Evaluation consultants

Hans Binswanger-Mkhize and Alex McCalla: working paper – *The Changing Context and Prospects for Agricultural and Rural Development in Africa*

Roger Slade: working paper – *A Meta-Evaluation of Past Performance*

Arthur Zimmermann and Baptist Sieber: working paper – *A Review of Partnerships Benchmark Study and Evaluation Template*

Julian Gayfer and Dorte Kabell: working paper – *A Review of Partnership between AfDB and IFAD*

Manuel Penalver-Quesada and Chris Brewster: working paper – *An Evaluation of Business Processes and their Impact on Results*

Andrew Shepherd, Nick Highton and Steve Wiggins: country studies, quality-at-entry review and draft final report

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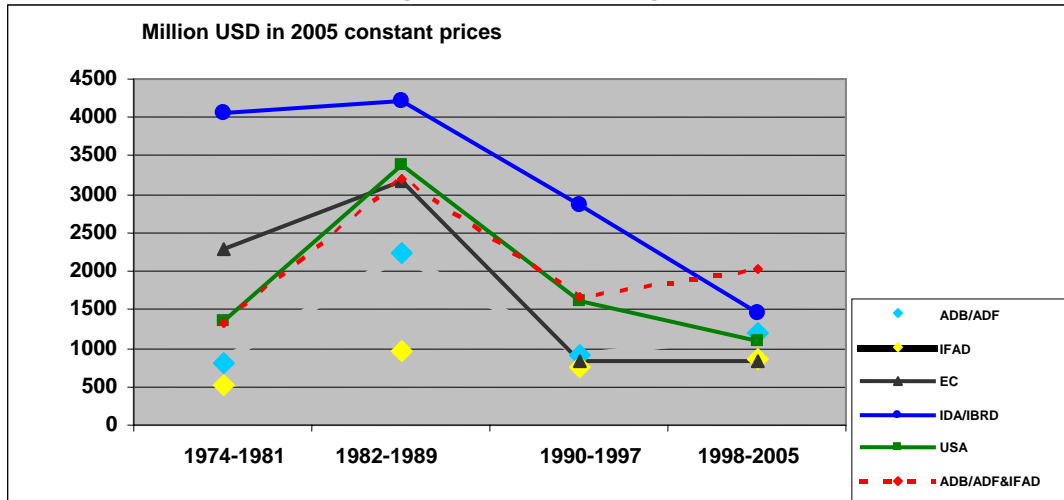
Definition of the evaluation criteria used in the joint evaluation

Criterion	Definition ¹
Project performance	
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 coherence 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.
Poverty impact	
	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 grass-roots 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	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.
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.
Promotion of pro-poor innovation, replication 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 other agencies.
Overall project achievement	This provides an overarching assessment of the project, drawing on the analysis made under the various evaluation criteria cited above.
Performance of partners	
IFAD	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.
Government	
Cooperating institution	
NGO/community-based organization	

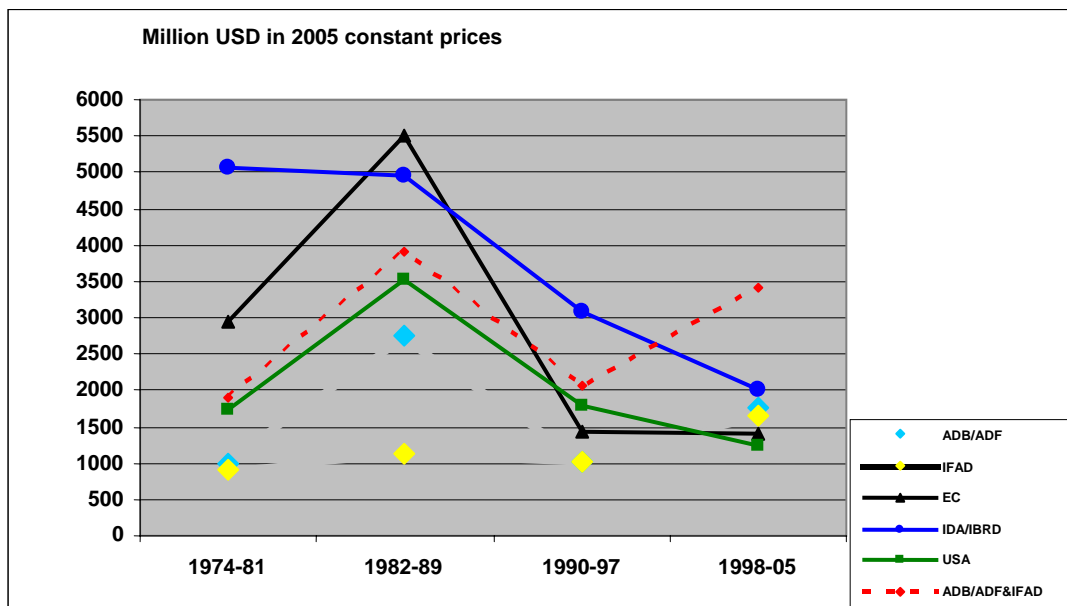
¹ OECD/DAC. 2002. *Glossary of Key Terms in Evaluation and Results-based Management*. Available at: www.oecd.org/dataoecd/29/21/2754804.pdf. Also OE's *A Methodological Framework for Project Evaluation*, agreed with the Evaluation Committee of the Executive Board in September 2003.

Official development assistance (ODA) to Africa

Annex IV - Figure 1. ODA to agriculture, 1974-2005



Annex IV - Figure 2. ODA to agriculture and rural development, 1974-2005



Comparison between the 1978 IFAD/AfDB cooperation agreement and the 2008 memorandum of understanding

	Cooperation agreement 1978	Memorandum of understanding 2008
Goal	Promote the common goal of IFAD and AfDB in countries of common membership	Promote the common goal to reduce rural poverty and hunger, enhance capacities of poor rural people, promote rural business linkages and support good governance
Objective	IFAD is desirous of using the services of AfDB for carrying out part of its identification, preparation and appraisal work and for the purposes of loan administration	To join efforts and resources of both institutions towards enhancing aid effectiveness as highlighted in the Paris Declaration: twin aims of enhancing effectiveness and efficiency of their combined development assistance to foster greater ownership by client countries
Modalities	Identification and preparation of projects Bank services for projects to be financed by IFAD (appraisal, loan negotiations, loan administration, cofinancing, review and monitoring by IFAD, post-evaluation)	(a) Exclusive financing by IFAD, with AfDB providing services as project administrator (b) Joint financing (c) Arrangements for joint project appraisal, loan negotiations, approval and administration
Themes		Cofinancing of development activities Private-sector promotion and microfinance Capacity-building Poverty reduction strategies Good governance Joint intervention in post-conflict and fragile states Staff exchange programmes Joint project cycle activities Cross-cutting issues such as HIV/AIDS, energy and environment, and gender Information exchange Other sectors of partnership as may be agreed
Sectors		Agriculture and rural development Private-sector development and microfinance Rural infrastructure Small-scale community energy facilities
Implementation	Assistance through field work or office work	Conduct joint missions Engage in dialogue Organize knowledge events Collaborate in training Provide biannual reports Create technical networks
Reporting	From time to time	Meet at least twice a year
Costs	IFAD shall reimburse AfDB for the additional costs of the services performed by AfDB on behalf of IFAD	Shall be borne by one or both parties in accordance with agreements to be reached by the parties in advance of the implementation of the activities concerned

AfDB and IFAD strategic objectives for ARD in Africa

	AfDB (since 2007/2008 ²)	IFAD (since 1998 ³)
Corporate goals	<p>"The Bank will increase selectivity, with particular operational focus on infrastructure, governance, developing a more robust private sector and higher education. Through investments in these areas the Bank will contribute directly to regional integration, middle income countries, and fragile states assistance, human development and agriculture."</p> <p>"The Bank will have a focus on poverty reduction, primarily by supporting the drivers of stronger and more equitable growth, opportunity and economic integration."</p>	<p>"Enable the poor to overcome their poverty by fostering social development, gender equity, income generation, improved nutrition, environmental sustainability and good governance through empowering poor people, giving them more and better knowledge, expanding their influence on policy and enhancing their bargaining power in the marketplace."</p>
Main priorities for ARD	<p>For agriculture, the corporate focus of AfDB on infrastructure, governance, private-sector involvement and higher education translates into the following strategic priorities:</p> <ul style="list-style-type: none"> • Expanded rural infrastructure and crop productivity, particularly in terms of water for agriculture, rural roads and fertilizer • Special focus on rice, livestock and fisheries • Post-harvest technologies, markets and agribusiness investments • Natural resource management and climate change adaptation and mitigation <p>Through:</p> <ul style="list-style-type: none"> • Capacity-building and policy advice for agricultural governance and trade • Stimulated private-sector investment and public/private partnerships in agriculture • Promotion of African science, technology development and agricultural research 	<p>Strengthen the capacity of poor rural people through empowerment and institution-building so they have the skills and organizations required to:</p> <ul style="list-style-type: none"> • Improve rural development policies • Raise agricultural and natural resource productivity (land and water) and improve access to technology • Increase access to financial and other markets • Reduce vulnerability to major shocks • Diversify rural employment
Principles of engagement	<ul style="list-style-type: none"> • Gender mainstreaming • Climate change and environment • Knowledge generation and innovation 	<ul style="list-style-type: none"> • Strategic focus • Targeting • Empowerment of poor rural people • Gender equity • Partnerships • Innovation, learning and scaling up

² From AfDB's Medium-Term Strategy 2008-2012; The African Development Bank Group Response to the Economic Impact of the Financial Crisis, 2009; and the draft 2007 Agriculture and Agro-Industry Department (OSAN) strategy and business plan.

³ From the Strategic Framework for IFAD 2002-2006, Rome, 2002, and the IFAD Strategic Framework 2007-2010: Enabling the Rural Poor to Overcome Poverty, Rome, December 2006. The new Strategic Framework rearranged, but did not fundamentally change, the objectives.

Projects cofinanced by IFAD and AfDB, 1978-2009 (Sorted by approval date, latest first)

No.	Country	Project	Approval	Completion	Status	AfDB	IFAD	Others	Gov./ Benef.	TOTAL	Multi- donor	Other cofinanciers/ IFAD supervision	COMMENTS
			<i>Dates as reported by IFAD, may differ for AfDB</i>										
<i>Projects approved since 1990</i>						<i>Millions of United States dollars</i>							
1	Ghana	Rural and Agricultural Finance Programme	17/12/08	n/a	not yet signed	4.94	5.99	17.661	13.28	41.87	M	IDA cofinanced/ World Bank supervision	IFAD-initiated and approved; IDA and AfDB mentioned as possible cofinanciers; follows up on cofinanced RFSP of 2000
2	United Republic of Tanzania	Agricultural Sector Development Programme	17/12/08	n/a	ongoing	59.87	36.00	167.79	51.90	315.56	M	IDA and others	Agric. SWAp; parallel financing with number of other donors
3	Madagascar	Support to Farmers' Professional Organizations and Agricultural Services Project	11/09/08	n/a	signed (IFAD only)	8.20	19.19	19.689	9.32	56.39	M	IFAD direct supervision	IFAD-initiated and approved; EU, AfDB and AFD mentioned as possible cofinanciers; AfDB PROJER II
4	Djibouti	Programme for the Mobilization of Surface Water and Sustainable Land Management	13/12/07	n/a	ongoing	0.28	3.00	2.172	6.18	11.64	M	UNOPS	African Water Facility; scaling up of IFAD project
5	Ghana	Northern Rural Growth Programme	13/12/07	n/a	ongoing	61.22	22.73	0	19.61	103.55		IFAD direct supervision	Initiated by IFAD after long-term engagement in northern Ghana; AfDB invited by Government as major cofinancier; separate appraisals

No.	Country	Project	Approval	Completion	Status	AfDB	IFAD	Others	Gov./ Benef.	TOTAL	Multi- donor	Other cofinanciers/ IFAD supervision	COMMENTS
			<i>Dates as reported by IFAD, may differ for AfDB</i>										
<i>Projects approved since 1990</i>			<i>Millions of United States dollars</i>										
6	Uganda	Community Agricultural Infrastructure Improvement Programme	12/09/07	n/a	ongoing	43.83	15.01	0	6.12	64.97		IFAD direct supervision	AfDB-originated; 2005 sector study, followed up by appraisal mission; IFAD has indicated support
7	Gambia (The)	Participatory Integrated Watershed Management Project	21/04/04	n/a	ongoing	7.08	7.09	0	3.37	17.53		AfDB supervision	Nigerian Trust Fund
8	Mozambique	Rural Finance Support Programme	17/12/03	n/a	ongoing	5.45	9.46	16.35	3.05	34.31	M	IFAD direct supervision	AfDB SAR mentions parallel financing of IFAD in RUFIP project; IFAD- initiated; AfDB provided complementary funds
9	Burkina Faso	Community Investment Programme for Agricultural Fertility	11/09/03	n/a	ongoing	7.48	12.07	1.006	6.32	26.87		IFAD direct supervision	IFAD-initiated
10	Ghana	Rural Enterprises Project – Phase II	05/09/02	n/a	ongoing	10.01	11.25	0	8.02	29.27		IFAD direct supervision	Follow-up on earlier REP-I to replicate in more areas; joint mission for REP-II with IFAD
11	Swaziland	Lower Usuthu Smallholder Irrigation Project – Phase I	06/12/01	n/a	ongoing	12.68	14.96	51.499	31.45	110.59	M	IDA, IFAD direct supervision	Joint appraisal by all donors; originated from EU project
12	United Republic of Tanzania	Agricultural Marketing Systems Development Programme	06/12/01	n/a	ongoing	14.46	16.35	5.573	5.92	42.30	M	IDA, IFAD direct supervision	

No.	Country	Project	Approval	Completion	Status	AfDB	IFAD	Others	Gov./ Benef.	TOTAL	Multi- donor	Other cofinanciers/ IFAD supervision	COMMENTS
			<i>Dates as reported by IFAD, may differ for AfDB</i>										
<i>Projects approved since 1990</i>					<i>Millions of United States dollars</i>								
13	Benin	Participatory Artisanal Fisheries Development Support Programme	06/12/01	n/a	ongoing	10.01	10.01	0	5.98	25.99		IFAD direct supervision	IFAD-initiated; FAO Investment Centre-designed; Joint appraisal mission (IFAD/AfDB)
14	Ethiopia	Rural Financial Intermediation Programme	06/12/01	n/a	ongoing	37.50	25.69	0	25.54	88.73		World Bank supervision (but not IDA cofinanced)	IFAD/AfDB & commercial banks
15	Ghana	Rural Financial Services Project	03/05/00	30/06/00	closed	5.01	11.00	5.133	1.82	22.96	M	IDA, IFAD direct supervision	Parallel financing; World Bank /IFAD-initiated (pre-appraisal); AfDB takes component (institutions) IFAD-initiated as AAMP; appraised and approved by IFAD; Gov. invited AfDB to participate in feeder road component & IFAD agreed; AfDB appraised
16	Uganda	Area-Based Agricultural Modernization Programme	08/12/99	n/a	closed	13.20	13.20	30.6	4.20	61.2			
17	Cameroon	National Agricultural Research and Extension Programmes Support Project	10/09/98	31/12/02	closed	10.31	10.52	15.138	10.12	46.08	M	IDA cofinanced /World Bank supervision	World Bank/ IFAD-initiated; AfDB covers agric. research component
18	Gambia	Lowlands Agricultural Development Programme	12/04/95	31/12/04	closed	5.68	5.06	0	0.92	11.66		IFAD direct supervision	Based on long-term IFAD/ AfDB cofinancing of rice development in the Gambia

No.	Country	Project	Approval	Completion	Status	AfDB	IFAD	Others	Gov./ Benef.	TOTAL	Multi- donor	Other cofinanciers/ IFAD supervision	COMMENTS
			<i>Dates as reported by IFAD, may differ for AfDB</i>										
<i>Projects approved since 1990</i>			<i>Millions of United States dollars</i>										
19	Malawi	Agricultural Services Project: Smallholder Food Security Sub- Project	15/09/93	31/03/00	closed	12.69	13.00	45.72	7.72	79.14	M	UNOPS	
20	Guinea	Second Siguiri Rural Development Project	04/09/91	31/03/97	closed	9.59	12.48	0	4.89	26.97		AfDB supervision	Irrigation project; second phase
21	Morocco	Livestock and Pasture Development Project in the Eastern Region	19/04/90	31/12/01	closed	14.20	14.00	0.88	17.90	45.22		AfDB supervision	Livestock project; jointly appraised by IFAD and AfDB
22	Rwanda	Byumba Agricultural Development Project – Phase II	01/10/90	30/06/01	closed	6.47	8.73	0	4.30	19.50		AfDB supervision	Follow-up from an earlier IFAD/AfDB- cofinanced project

No.	Country	Project	Approval	Completion	Status	AfDB	IFAD	Others	Gov./ Benef.	TOTAL	Multi- donor	Other cofinanciers /IFAD supervision	COMMENTS
			<i>Dates as reported by IFAD, may differ for AfDB.</i>										
<i>Projects approved before 1990</i>						<i>Millions of United States dollars</i>							
23	Burundi	Bututsi Agro-Pastoral Development Project	29/11/88	31/12/04	closed	8.96	8.96	0	1.85	19.77		AfDB supervision	
24	Cape Verde	Artisanal Fisheries Development Project	02/12/87	30/06/95	closed	5.7	5.7	1.1	1.9	14.4		AfDB supervision	
25	Guinea	Gueckedou Agricultural Development Project	04/09/85	31/12/91	closed	6.3	5	6.6	6.5	24.4	M	IDA cofinanced /World Bank supervision	
26	Liberia	Bong County Agricultural Development Project II	04/04/84	30/06/88	closed	2.672	5.8	4.55	0.608	13.63	M	IDA cofinanced /World Bank supervision	
27	Guinea-Bissau	Tombali Rice Development Project	21/04/82	30/06/93	closed	6	8	1.1	1.2	16.3		AfDB supervision	
28	Botswana	Arable Lands Development Programme – Phase I Project (ALDEP I)	17/12/81	31/12/92	closed	7.56	7.57	8.84	5.42	29.39	M	AfDB supervision	
29	Gambia (The Gambia)	Jahaly and Pacharr Smallholder Project	17/12/81	31/12/91	closed	5.1	5.22	5.65	1	16.97	M	AfDB supervision	

No.	Country	Project	Approval	Completion	Status	AfDB	IFAD	Others	Gov./ Benef.	TOTAL	Multi- donor	Other cofinanciers /IFAD supervision	COMMENTS
			<i>Dates as reported by IFAD, may differ for AfDB.</i>										
<i>Projects approved before 1990</i>					<i>Millions of United States dollars</i>								
30	Sierra Leone	Northern Integrated Agricultural Development Project – Phase II (NIADP II)	22/04/81	30/09/87	closed	8.5	5.985	10.5	2.7	27.685	M	IDA cofinanced /World Bank supervision	
31	Rwanda	Byumba Rural Development Project	17/12/81	31/12/89	closed	11.3	11.22	0	2	24.52		AfDB supervision	
32	Dem. Rep. of the Congo	Smallholder Maize Project	17/09/80	31/12/89	closed	6.4	15	11	6.1	38.5	M	IDA cofinanced /World Bank supervision	
33	Sudan	New Halfa Irrigation Rehabilitation Project	07/05/80	30/06/88	closed	10	15.057	40	63.7	128.757	M	IDA cofinanced /World Bank supervision	
34	Guinea	Siguiri Rural Development Project	12/05/80	06/30/92	closed	9.1	12.5	0	10	31.6		AfDB supervision	
35	Burundi	East Mpanda Rural Development Project	18/12/79	31/12/92	closed	9.5	14.5	8.75	9.7	42.45	M	AfDB supervision	
36	Central African Republic	Livestock Development Project	27/03/79	31/03/86	closed	3.3	2.5	3	4.8	13.6	M	IDA cofinanced /World Bank supervision	
37	Somalia	Bay Region Agricultural Development Project	18/12/79	30/09/88	closed	8.9	8	22.5	5.6	45	M	IDA cofinanced /World Bank supervision	

No.	Country	Project	Approval	Completion	Status	AfDB	IFAD	Others	Gov./ Benef.	TOTAL	Multi- donor	Other cofinanciers /IFAD supervision	COMMENTS
			<i>Dates as reported by IFAD, may differ for AfDB.</i>										
<i>Projects approved before 1990</i>					<i>Millions of United States dollars</i>								
38	Cape Verde	Assomada Integrated Agricultural Development Project	11/12/78	31/12/83	closed	2.084	3.82	0	0.427	6.331		AfDB supervision	

Good practice examples from recent AfDB/IFAD country strategies and project design⁴

Issues	AfDB	IFAD
Rural poverty focus	<p>AfDB's country strategy paper (CSP) in Mozambique has compared AfDB's portfolio distribution per region with the poverty headcount per province and has recommended a greater focus on the northern provinces.</p> <p>In Burkina Faso, PADAP⁵ will conduct a socio-economic survey, on the basis of which it will specify gender-specific performance indicators.</p> <p>In Kenya, AfDB's results-based frameworks have poverty-specific indicators.</p>	<p>IFAD has carried out a detailed poverty analysis in many countries to improve its targeting strategies. For example, in Nigeria, IFAD's interventions are linked to a priority needs assessment and aim to address the causes of poverty.</p> <p>In Kenya, IFAD has reviewed the livelihood strategies of poor rural people, and selection of activities under projects specifically includes those that will be adopted by poor rural people.</p> <p>In Mozambique, the newer projects in IFAD's portfolio have improved their use of poverty outcome indicators.</p>
Adaptation to country context and sectoral characteristics	<p>In Kenya, AfDB has reviewed specific aspects of the sectoral context, such as land use and tenure policies, and has designed project interventions accordingly.</p> <p>In Nigeria, AfDB's interventions are based on a review of previous experience, carried out through a technical review of the National Programme for Food Security.</p> <p>AfDB has also used thematic results matrices and tables to depict the rationale for portfolio interventions in the context of country and sector needs. In Nigeria, the CSP uses a thematic results matrix to illustrate how strategic interventions have been linked to relevant National Empowerment and Economic Development Strategy (NEEDS) pillars, thus highlighting their link to the broader contextual challenges identified.</p>	<p>In Rwanda, IFAD has carried out a SWOT analysis (strengths, weaknesses, opportunities, and threats) of key stakeholders to identify capacities and gaps.</p> <p>In Kenya, IFAD has reviewed previous experience and has introduced changes to enhance the operating environment (rolling audits, decentralized project management units, etc.).</p>
Alignment with policy and governance frameworks	<p>AfDB has aligned with national institutions in Burkina Faso, Kenya and Mozambique.</p> <p>In Burkina Faso, the Decentralized Rural Development Support Project (DRDSP) will be run by a "coordination team" within the Ministry of Agriculture. However, it is not clear how this differs from a project management unit.</p> <p>In Kenya, projects will be implemented by government institutions. For instance, the staff of the project coordination unit (PCU) of the Smallscale Horticulture Development Project (SHDP) will be deployed by the Government. The results-based framework is linked to the Investment Program for the Economic Recovery Strategy for</p>	<p>Alignment is strong in Mozambique, where IFAD is supporting a component of the agricultural SWAp (PROAGRI).</p> <p>IFAD projects in the Sudan aim at strengthening the capacity of the Government to facilitate equitable economic planning (Western Sudan Resources Management Programme – WSRMP). The most recent project, the Southern Sudan Livelihoods Development Project (SSLDP), seeks to establish planning and budgeting capacity where none exists. It supports the local development fund grant mechanism and provides a rationale for the proposed grant-making/disbursement mechanism and its relevance in the post-conflict context.</p> <p>IFAD has aligned with national institutions in the United Republic of Tanzania, where IFAD loan and grant funds are distributed through the national treasury. PCUs are fully mainstreamed within the lead implementing government agency. M&E will also be carried out by private implementation partnerships and will conform to the poverty monitoring system of the National Strategy for Growth and Reduction of Poverty (MKUKUTA).</p>

⁴ This analysis was undertaken in the context of the Quality at Entry review (see Appendix 4 in document: "Portfolio Analysis of AfDB and IFAD in Agriculture and Rural Development in Africa – Changes in Quality at Entry of Projects and Country Strategies in a selection of ten African countries").

⁵ Lake Tanganyika Integrated Regional Development Programme (LTIRDP) Support Project.

Issues	AfDB	IFAD
Alignment with country public financial management (PFM) systems	<p>Wealth and Employment Creation (IP-ERS).</p> <p>In Mozambique, CSP M&E mechanisms are based on the Absolute Poverty Reduction Support Program's Performance Assessment Framework matrix.</p> <p>Also in Burkina Faso, the Directorate of Cooperation within the Ministry of Finance coordinates international assistance. AfDB is working with the Government to develop a coordination strategy and to establish an operational M&E system.</p> <p>In Morocco, AfDB has aligned its operations to the national procurement laws and regulations.</p> <p>In Mozambique, AfDB is committed to providing direct budget support. AfDB's strategy is to increase the percentage of support relying on government PFM and procurement systems from 9 per cent in 2005 to 40 per cent by 2009. However, the links to PFM are not clear in project documents.</p> <p>In the United Republic of Tanzania, AfDB provides budget support for the poverty reduction strategy paper (PRSP). Based on a review of its experience in providing budget support, AfDB is now contributing to the Agriculture Sector Development Programme – Phase I (ASDP-I) basket fund. It will also use the medium-term expenditure framework (MTEF), district agricultural development plans, and grant transfers to strengthen existing government systems.</p>	<p>IFAD has aligned with PFM systems in Kenya, Mozambique and the United Republic of Tanzania.</p> <p>In Kenya, under the Smallholder Horticulture and Marketing Programme (SHoMaP), the annual budget will be sent to the Ministry of Agriculture for entry into the Ministry's MTEF and then into the Government's printed estimates.</p> <p>In Mozambique, the Agricultural Support Programme (ASP) harmonizes financial management procedures (procurement, disbursement, accounts and audit) under the National Programme for Agricultural Development (PROAGRI).</p> <p>In the United Republic of Tanzania, IFAD loan and grant funds are distributed through the national treasury and are aligned to the PFM cycle and MTEF. Under the projects, the flow of funds is channelled through the implementing ministry and aligned with the ministry's annual workplan and budget.</p>
Harmonization	<p>AfDB is committed to joint reviews in Mozambique.</p> <p>In Burkina Faso, the establishment of a regional coordination committee is planned in order to create synergies.</p> <p>In Mozambique and Burkina Faso, the IFAD COSOP lists other ARD-sector donor activities and potential for synergy with IFAD.</p> <p>In the United Republic of Tanzania, it conforms to the Joint Assistance Strategy. AfDB's selection of regional interventions also conforms to the Government of the United Republic of Tanzania's strategy to allocate specific regions and districts to specific donors, as a means of streamlining donor intervention and avoiding overlap.</p>	<p>In Kenya, IFAD participates in donor coordination and sector working groups and it also aims to balance an increased field presence with its commitment to harmonization and alignment.</p> <p>In Mali, IFAD participates in coordination frameworks for the rural sector through the IFAD grant-funded Policy Dialogue Unit.</p> <p>IFAD is committed to the harmonization agenda in Rwanda. It has reinforced its field presence and will play a more active role in the Development Partners Coordination Group.</p>

Issues	AfDB	IFAD
Targeting of beneficiaries	<p>In Mozambique, AfDB has an explicit focus on gender, and project documents have a gender profile.</p> <p>In Nigeria, the profile of ultimate beneficiaries has been disaggregated by poverty, gender and HIV/AIDS, and specific measures to overcome gender inequality have been implemented under Support to the National Programme for Food Security (SNPFS). AfDB's projects will also be carried out in the southern states, where no other donor is implementing agricultural activities.</p>	<p>In Ghana, targeting takes into account geographical, sectoral and social dimensions. An analysis of the feasibility of targeting has also been carried out, focusing on aspects of access to resources and social protection.</p> <p>In Kenya, IFAD aims to enhance targeting by establishing a focal development area approach to improve geographical targeting. Target groups are disaggregated and activity selection is pro-poor.</p> <p>In Mali, the Northern Regions Investment (NRI) and Rural Development Programme distinguishes social groups and identifies aspects of vulnerability specific to each group.</p> <p>In Rwanda, the COSOP includes a matrix describing the poverty level and causes and the priority needs of each target group, and indicates IFAD programme responses. Target groups have been selected on the basis of the 2006 household survey. The Kirehe Community-based Watershed Management Project (KWAMP) discusses constraints on targeting women and proposes a gender mainstreaming approach.</p> <p>In the Sudan, SSLDP has clear targeting criteria based on an assessment of livelihoods and gender, and includes some safeguards to ensure more effective targeting.</p> <p>Also in the Sudan, WSRMP has effectively mainstreamed the participation of women in state and local extension offices and community development councils. Mainstreaming has been enabled through a strategy developed and elaborated at the PCU by the Women's Development Officer.</p> <p>In the United Republic of Tanzania, IFAD has disaggregated data on poor people and has identified causes of poverty. It has analysed the role of identified projects in contributing to poverty alleviation in rural areas in order to ensure that targeting is effective.</p>
Stakeholder participation	<p>In Burkina Faso, both projects in the portfolio aim to ensure stakeholder participation in all stages of the project cycle through a demand-led approach to project implementation by village development committees (VDCs). The Community Investment Project for Agricultural Fertility (PICOFA) has also ensured the active participation of local populations in diagnosis of the baseline situation.</p> <p>In Kenya, under SHDP, AfDB will focus on organizational aspects and the training of communities in participatory approaches and technical design preparation.</p>	<p>In Kenya, the demand-driven nature of the IFAD-funded SHoMaP ensures stakeholder participation. For instance, stakeholders in each district will determine the three horticultural crops that they consider most important in terms of their potential for poverty alleviation. The requirement that groups become legal entities in order to obtain project support is an important means of ensuring sustainability and effectiveness. A grass-roots approach based on the market-oriented dairy enterprise (MODE) process (farmer participation and empowerment, demand-driven service delivery, and partnerships), adopted under the Smallholder Dairy Commercialization Programme (SDCP), will facilitate sustainable participation by enabling smallholders to demand access to services at competitive prices.</p> <p>In Mali, IFAD's NRI programme envisages beneficiary participation at all stages, including M&E. Participation will build on local administrative capacity for pro-poor planning and policymaking.</p> <p>In Rwanda, the COSOP uses a community-based participatory diagnosis approach to actively involve communities in decision-making and monitoring.</p>

Issues	AfDB	IFAD
Policy dialogue	<p>In Nigeria, promoting and participating in dialogue is a key objective of the country office. AfDB will initiate dialogue with the Government through the NEEDS process and the Agriculture Policy Support Facility.</p>	<p>In Ghana, each project is supported by a Programme Development Implementation Partnership, which includes major stakeholders for the specific operation. Most projects have a policy dimension. For example, a component of the Rural Finance Programme aims to support Ghana's microfinance policy.</p> <p>In Kenya, IFAD has pinpointed specific aspects for which it will engage in policy dialogue (mainstreaming, participatory targeting, etc.), and it has identified the specific policies it will feed into/help develop (it is not clear if there is budget for this).</p> <p>In Mozambique, the COSOP focuses on empowering poor rural people to play an active role in decision-making at local and national levels by supporting small-scale producer organizations and promoting local partnerships for development.</p> <p>In Nigeria, the field presence office established in 2006 will facilitate policy dialogue. The COSOP has identified issues for such dialogue and identified the main policy interlocutors. At the project level, the Rural Microenterprise Development Programme (RUMEDP) annual implementation review workshops will generate policy recommendations feeding directly into policymaking.</p> <p>In Rwanda, IFAD has identified specific areas for policy dialogue across its three strategic objectives. The COSOP also aims to support the involvement of farmers' organizations in country programme management and in agri-trade negotiations and national/regional development initiatives.</p> <p>In the United Republic of Tanzania, the COSOP aims to facilitate stakeholder dialogue in the SWAp process, which will constitute the medium for dialogue.</p>
Accountability	<p>In Burkina Faso, each project will form a steering committee chaired by the relevant ministry and composed of the main implementing partners (including civil society representatives).</p> <p>In Rwanda, the Bugesera Agricultural Development Support Project's information management system is used to disseminate information about project performance. Quarterly reports are distributed to stakeholders.</p>	<p>In Mozambique, the ASP extension approach is based on demand-driven service provision and accountability to end users. Under the Rural Markets Promotion Programme (PROMER), processes will be put in place to systematically document, capture, analyse and disseminate learning from national market linkage projects and programmes, including PROMER.</p> <p>In Rwanda, two steering committees established under the Support Project for the Strategic Plan for the Transformation of Agriculture (PAPSTA) aim to ensure accountability at national and district levels. The national-level steering committee will be led by the Ministry of Agriculture, Livestock and Forests (MINAGRI), which will provide major policy guidance to the project and examine and approve annual workplans and budgets. At the district level, it will be led by local authorities.</p>
Comparative advantage	<p>In Morocco, AfDB has identified its comparative advantage as infrastructure development. It is leading in this area, while other donors are pulling out. It is not clear, however, what donor/government input there has been in defining comparative advantage.</p>	<p>In Ghana, IFAD identifies its comparative advantage as building partnerships between the local and macro levels of decision-making.</p> <p>In Kenya, IFAD has carried out a SWOT analysis of its operations and has had discussions with donors and the Government to identify its comparative advantage.</p> <p>In the United Republic of Tanzania, IFAD has carried out a donor group mapping exercise to identify its comparative advantage, fill existing gaps and build on interventions.</p>

Issues	AfDB	IFAD
Innovation	<p>In the AfDB portfolio in Burkina Faso, both projects aim to scale up their initiatives. PICOFA will pilot-test activities and then fine-tune them before scaling them up using the community-driven development/local development fund (CDD/LDF) model piloted successfully by other agencies and projects.</p>	<p>IFAD COSOPs discuss innovation in most countries. This primarily relates to changes in operational style. For instance, in Kenya it refers to the use of private service-sector providers to enhance capacity-building. SHoMaP will pilot the innovative diagnostic use of market chains and refine these during the course of the programme.</p> <p>In Mozambique, ASP and PROMER have innovative features, including the institutionalization of knowledge management capacity within the Government and adoption of a country programme approach that will build partnerships and synergies within ongoing IFAD programmes.</p> <p>In Rwanda, pilot activities under the COSOP at community innovation centres will develop novel agricultural and environmental practices for nationwide dissemination. PAPSTA is expected to introduce innovative institutional and technological approaches, and grants will support the development of partnerships with NGOs and the private sector in developing innovative approaches.</p> <p>In the Sudan, WSRMP supports the resolution of conflicts over resources by establishing institutions for improved local government.</p>
Field presence	<p>AfDB's country office in Nigeria plays an important role in coordinating activities with other donors and in providing technical advice and guidance to executing agencies and project implementation units. Project documents specify supervision arrangements. The staff is being increased to enhance the capacity of the office.</p>	<p>In Rwanda, IFAD is directly supervising the new operation, KWAMP. Supervision will focus on the achievement of project objectives, innovation and methodological developments.</p> <p>IFAD has also established a country office in the United Republic of Tanzania and will do so in Kenya.</p>
Knowledge management		<p>In Ghana, knowledge-sharing and learning mechanisms include: FIDAFRIQUE (Internet-based regional network of IFAD operations); the Rural Development Hub, the Rural Poverty Portal and 'Learning Notes' that feed into IFAD learning; the Programme Development Implementation Partnership also plays an advisory, planning and partnership role.</p> <p>In Mali, the Policy Dialogue Unit will support knowledge management. The unit is responsible for information and knowledge development as well as for the sharing and dissemination of information and knowledge. The unit will draw on M&E data.</p> <p>In Mozambique, PROMER aims to collect information and feed it into regional knowledge networks such as those promoted by IFAD through its regional thematic programme on Strengthening Support Capacity for Enhanced Market Access and Knowledge Management and through FIDAFRIQUE.</p> <p>In Nigeria, the Rural Microenterprise Development Programme has a clear knowledge management strategy in place. Key features include: collection and dissemination of information through community-based business information centres; annual implementation review workshops to assess progress and share experiences; exchange visits; and policy review workshops.</p> <p>In Rwanda, IFAD will promote knowledge management through information systems connecting projects, local/national authorities and professional organizations, so that information on project achievements and lessons learned is disseminated and influences policy dialogue. For this purpose, community innovation centres have been established under PAPSTA to collect and disseminate basic information on innovative approaches. Management information systems within MINAGRI have also been established.</p>

Issues	AfDB	IFAD
Results-based management	<p>In Mozambique, the thematic results framework shows how long-term strategic goals link to outputs and outcomes issues in priority sectors.</p> <p>In Nigeria, the thematic results matrix links the pillars of the CSP with those of the NEEDS. The matrix establishes a results chain between AfDB interventions, intermediate indicators, outputs and outcomes to be achieved under the CSP in order to contribute to Nigeria's long-term development objectives.</p> <p>In Rwanda, AfDB has aligned its results-based framework to that of the Government. Thus AfDB assessment is based on annual PRSP progress reports produced by the Government and is also linked to the performance assessment framework associated with budget support arrangements. The project site maintains information on project performance.</p>	<p>In the United Republic of Tanzania, the Rural Micro, Small and Medium Enterprise Support Programme (MUVI) has developed a knowledge management strategy funded through grants. The strategy has two dimensions: "collecting" and "connecting". It will achieve these through new evaluation approaches such as: most significant change (MSC), outcome mapping (OM), and the knowledge harvesting approach. Knowledge management is established on a solid base from the start. For instance, it includes an audience research phase and knowledge audit and uses M&E tools (MSC, OM) that will provide information on changes and gains. Links established between M&E and knowledge management will ensure that M&E is "repackaged" and disseminated.</p> <p>In Mozambique, PROMER will set up a Planning, Monitoring and Evaluation (PM&E) Framework, which will track and verify achievements of programme outputs and outcomes. PM&E will be guided by the logical framework.</p> <p>In Rwanda, a country-programme-wide M&E system will be established and harmonized with information systems at the national level (including the Economic Development and Poverty Reduction Strategy's monitoring system and MINAGRI's information management system) and at the district level. This system will coordinate M&E activities across IFAD's portfolio.</p> <p>In the Sudan, the annual workplan and budget outlines links between outputs and project planning and budgeting. There is a dedicated budget for results-based M&E of US\$265,000.</p>
Sustainability	<p>In Kenya, stakeholder ownership, income generation and demand-driven aspects of projects will facilitate sustainability.</p> <p>Similarly, in Mozambique, no new project management structure will be created under the Women Entrepreneurship Project. It will be managed through existing structures of the National Directorate for Women. Salaries of project staff are already included in national budgets.</p> <p>In Nigeria, SNPFS builds on local participation and the capacity of local institutions to respond to beneficiary needs to ensure sustainability. A comprehensive human resource development strategy will be developed, together with a handbook of institutional performance indicators, which will strengthen capacity for financial management to promote rational and efficient use of ministerial resources. Attention is also given to exit strategies – projects will be administered by permanent staff of the Federal Ministry of Agriculture</p>	<p>In a number of IFAD portfolios, sustainability and exit strategies are based on stakeholder participation and ownership.</p> <p>For instance, in Nigeria, RUMEDP aims to promote full participation and commitment of stakeholders from the start of the programme; build the capacity of public and private sectors to continue providing services; and encourage beneficiaries to share costs.</p> <p>In Rwanda, sustainability and an exit strategy are based on ensuring that, from the start, interventions will be implemented by the appropriate local agencies, with support, training and capacity-building to ensure the continuation of income-generating and asset protection activities.</p> <p>In the Sudan, community subprojects are selected only where the proposals are accompanied by a clear explanation of how they will be operated and maintained by communal action and/or local tax revenues.</p>

Issues	AfDB	IFAD
Risk management	<p>and Rural Development, and recurrent costs will be met by the government budget.</p> <p>In the United Republic of Tanzania, increased harmonization, use of government employees and ownership and participation are expected to ensure sustainability.</p> <p>In Kenya, AfDB has identified external and project-related risks and has defined management strategies. For external risks related to political economy, AfDB will increase dialogue with the Government and will oversee recruitment of project staff to avoid corruption. For project risks related to adverse impacts on water resources, project design has incorporated the use of water extraction permits.</p> <p>In Mozambique, the Massinger Dam project includes a comprehensive set of environmental mitigation measures.</p> <p>In the United Republic of Tanzania, M&E is expected to play a role in managing risks.</p>	<p>In Rwanda, the COSOP includes a matrix that identifies complementary donor initiatives and partnership/synergy potential. A technical partnership has been established in KWAMP in which AfDB, WFP and the German Development Service are expected to lead on specific project subcomponents.</p>
Partnerships	<p>In Burkina Faso, PICOFA includes detailed analysis of rural-sector institutions and partnership potential. Partnership arrangements with communes and VDCs, including modalities for accessing LDF funds, are clearly set out in procedural manuals developed in collaboration with other projects such as the National Land Management Programme.</p>	

