

Signatura: EC 2015/90/W.P.4
Tema: 5
Fecha: 29 de octubre de 2015
Distribución: Pública
Original: Inglés

S



Invertir en la población rural

República de Albania

Programa de Desarrollo Sostenible de las
Zonas Montañosas Rurales

Evaluación de los resultados de los proyectos

Nota para los miembros del Comité de Evaluación

Funcionarios de contacto:

Preguntas técnicas:

Óscar A. García
Director,
Oficina de Evaluación Independiente del FIDA
Tel.: (+39) 06 5459 2274
Correo electrónico: o.garcia@ifad.org

Envío de documentación:

Alessandra Zusi Bergés
Oficial encargada,
Oficina de los Órganos Rectores
Tel.: (+39) 06 5459 2092
Correo electrónico: gb_office@ifad.org

Pradeep Itty
Oficial Superior de Evaluación
Tel.: (+39) 06 5459 2433
Correo electrónico: p.itty@ifad.org

Comité de Evaluación — 90º período de sesiones
Roma, 27 de noviembre de 2015

Para examen

Índice

Acrónimos y siglas	i
Mapa de la zona del proyecto	ii
Resumen	iii
Apéndice	
Main Report (Informe principal)	1
Republic of Albania, Programme for Sustainable Development in Rural Mountain Areas – Project Performance Assessment (República de Albania, Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales. Evaluación de los resultados de los proyectos)	

Acrónimos y siglas

FAF-DC	First Albanian Finance Development Company
IFP	informes finales de los proyectos
IOE	Oficina de Evaluación Independiente del FIDA
MADA	Organismo de Desarrollo de las Zonas Montañosas
MAFF	Fondo de Financiación de las Zonas Montañosas
pymes	pequeñas y medianas empresas

Mapa de la zona del programa

Republic of Albania

Sustainable Development in Rural Mountain Areas Programme - SDRMA

Project Performance Assessment



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.
 Map compiled by IFAD | 20-10-2014

Fuente: FIDA

Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del FIDA respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.

Resumen

1. Antecedentes. Albania es un país de ingresos medios que, en los últimos dos decenios, ha realizado enormes progresos para establecer una democracia creíble y multipartidaria y una economía de mercado, después de haber pasado por un largo período de gobierno totalitario y de control estatal generalizado. A partir de la emigración y la urbanización, se produjo un cambio estructural desde la agricultura hacia la industria y los servicios. No obstante, a pesar de ello, la agricultura sigue siendo uno de los sectores de mayor magnitud y mayor importancia de Albania. Es la principal fuente de empleo e ingresos de la mitad de la población y representa aproximadamente el 20 % del producto interno bruto.
2. El FIDA ha estado activo en Albania desde el año 1993, con cinco proyectos en total (el último finalizó a finales de 2014); la inversión total ha sido de USD 51,5 millones, destinada por entero a prestar apoyo a las zonas montañosas de Albania, las más pobres del país. De acuerdo con el informe del Presidente relativo al Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales, los dos primeros proyectos tuvieron dificultades a raíz de los limitados controles y recursos humanos con que contaban las instituciones públicas encargadas de su supervisión. El tercero, el Programa de Desarrollo de las Zonas Montañosas, se diseñó para continuar, fortalecer y expandir las actividades de los dos primeros proyectos en las zonas montañosas más pobres. Con este proyecto se creó, por un lado, el Organismo de Desarrollo de las Zonas Montañosas (MADA), con la función de programar, planificar y gestionar los fondos en las zonas montañosas y, por otro lado, el Fondo de Financiación de las Zonas Montañosas (MAFF), cuya función es otorgar créditos en las zonas montañosas de forma sostenible. En la evaluación de los proyectos del Programa de Desarrollo de las Zonas Montañosas realizada por la Oficina de Evaluación Independiente del FIDA (IOE), se informó que la eficacia, eficiencia y sostenibilidad del programa eran moderadamente insatisfactorias y que cabe afirmar que el único el logro de importancia de este programa es el establecimiento de las dos instituciones fundamentales, el MADA y el MAFF.
3. El programa. Sobre la base de proyectos previos apoyados por el FIDA, especialmente el Programa de Desarrollo de las Zonas Montañosas, el Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales fue aprobado por la Junta Ejecutiva del FIDA en diciembre de 2005, estuvo en vigor desde el 14 de febrero de 2007 hasta marzo de 2013 y fue ejecutado por el MADA y el MAFF. El Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales abarcó 21 distritos de montaña, con una población de aproximadamente 1,7 millones de personas (aproximadamente la mitad de la población del país), gran mayoría de la cual está integrada por pobres de las zonas rurales. La finalidad del programa era incrementar los ingresos de los hogares de las zonas montañosas de Albania; su grupo objetivo estaba formado por hombres y mujeres subempleados y desempleados de las zonas rurales, explotaciones agrícolas de pequeña y mediana escala y empresarios rurales. Los objetivos del proyecto eran lograr: a) una mayor movilización de recursos en y para las zonas montañosas; b) un crecimiento económico y una reducción de la pobreza más acelerados, y c) el fortalecimiento de la capacidad de las instituciones locales y organizaciones locales de influir en las inversiones del sector público y el privado, y de apoyarlas. Estos objetivos se lograrían principalmente mediante el apoyo, con objeto de: a) poner al MADA en disposición de actuar como un organismo de desarrollo regional como los de la Unión Europea, y b) prestar apoyo para que el MAFF pase a ser un banco comercial rural.
4. La cuantía real de los costos de los proyectos ascendió a USD 23,35 millones, el 96,3 % de las estimaciones de costos de la evaluación ex ante original. En el momento de su finalización, con un préstamo del FIDA se financió el 32,6 %, con un préstamo del Fondo OPEP para el Desarrollo Internacional se financió el 16,9 %,

con un préstamo del Banco de Desarrollo del Consejo de Europa, se financió el 28,2 %, y el Gobierno de Albania y sus beneficiarios financiaron el 22,3 % de los costos totales. Se ha desembolsado el 97 % del préstamo del FIDA de USD 7,6 millones.

5. **Objetivos y puntos centrales.** Los principales objetivos de la evaluación de los resultados de los proyectos son: i) proporcionar una evaluación independiente de los efectos directos globales del programa, y ii) generar enseñanzas y recomendaciones para el diseño y la ejecución de las operaciones en curso y futuras dentro del país. Esta evaluación se centra en problemas clave seleccionados que surgieron en la validación de los informes finales de los proyectos (IFP), relativos a la focalización, las cuestiones de género, la efectividad y la sostenibilidad institucional.
6. **Metodología.** La evaluación de los resultados de los proyectos se realiza de acuerdo con la Política de evaluación del FIDA, el Manual de Evaluación y las directrices para la validación de los IFP y la evaluación de los resultados de los proyectos. En el proceso de preparación de la validación de los IFP, se llevó a cabo un examen teórico de los documentos disponibles, que comprendían los documentos principales relacionados con los proyectos, así como las estrategias gubernamentales pertinentes, las políticas del FIDA y otros informes. Durante la labor sobre el terreno de la misión de la evaluación de los resultados de los proyectos, se recopilaron datos primarios para validar la información documentada y para permitir la realización de una evaluación independiente de los resultados. Como sucede en general con este tipo de evaluación, dada las limitaciones de tiempo y recursos, no se realizó un estudio cuantitativo. Los métodos principales de recopilación de datos comprendieron visitas sobre el terreno de los proyectos, entrevistas individuales y debates grupales con las principales partes interesadas en los lugares de los proyectos, Tirana y Roma.
7. **Proceso.** En junio de 2014, la IOE llevó a cabo un examen teórico para preparar el mandato (anexo III), en el que se proponen el enfoque y los puntos centrales de la evaluación de los resultados de los proyectos. Se realizaron reuniones en Tirana los días 10, 11 y 18 de septiembre de 2014 con los organismos de ejecución (el MADA y el MAFF), el Ministerio de Agricultura, Desarrollo Rural y Administración del Agua, el Ministerio de Economía y los principales asociados en el desarrollo. Desde el 12 hasta el 17 de septiembre de 2014, se hicieron visitas sobre el terreno a siete distritos de los proyectos (Puke, Mirdite, Librazhd, Pogradec, Permet y Girokaster), acompañados por miembros del personal del MADA. Allí, el equipo mantuvo conversaciones con campesinos y campesinas, beneficiarios y no beneficiarios de las donaciones y préstamos del Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales, recolectores y procesadores (hombres y mujeres) de productos, autoridades de las aldeas, las comunas y el distrito, y personal de los organismos de ejecución y asociados.
8. **Evaluación de los resultados.** El Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales se proponía mejorar los ingresos de los hogares mediante dos medios principales: i) un programa de donaciones administrado por el MADA, y ii) más créditos del MAFF, cuyo nombre cambió por el de First Albanian Finance Development Company (FAF-DC). El MADA pudo determinar cadenas de valor pertinentes para mejorar los ingresos, el empleo y el espíritu empresarial en las zonas montañosas y también algunas limitaciones fundamentales para el desarrollo de dichas cadenas de valor. Como consecuencia, se otorgaron 165 donaciones de contrapartida, de las cuales, 124 eran pequeñas (su valor era de entre USD 2 500 y USD 10 000) y 41 estaban destinadas a pequeñas y medianas empresas (pymes) (de hasta USD 15 000 cada una).

9. La finalidad y los objetivos eran pertinentes, pero el diseño era problemático, lo que hizo que se calificara como moderadamente insatisfactorio en cuanto a su pertinencia. La selección de los individuos que se beneficiarían con las donaciones y préstamos realizada en el diseño no se focalizó en los pobres, ni tampoco durante el proceso de priorización de la selección de las intervenciones en infraestructura. La mayoría de las mujeres y los hombres pobres quedaron efectivamente excluidos debido a una contribución financiera obligatoria de entre el 30 % y el 40 %. Las expectativas de que las inversiones realizadas mediante estos préstamos o donaciones se imitaran ampliamente y tuvieran un efecto de filtración hacia los más desfavorecidos, lo que llevaría a que los no beneficiarios las adopten y las reproduzcan de manera generalizada y a que se realizaran mayores inversiones en las zonas de montaña, no se han materializado.
10. Durante la ejecución, la FAF-DC otorgó 8 770 préstamos, de los cuales, el 76 % fue de menos de USD 5 000. Se ha estimado que se produjo un aumento importante del empleo, debido a la creación de unos 28 000 trabajos a tiempo completo y parcial, pero no se evaluó el nivel de pobreza de estos nuevos empleados. En general, las donaciones de contrapartida y los subcomponentes crediticios no se focalizaron en la pobreza, y hay muy pocos indicios de su reproducción. La evaluación de los resultados de los proyectos concluye que el Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales no ha sido eficaz en la focalización en los pobres o en lograr las expectativas relativas a la reducción de la pobreza.
11. El Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales se proponía promover el empoderamiento de las mujeres mediante un exhaustivo programa de capacitación y creación de capacidad en el que participaría un 40 % de mujeres; no obstante, solo el 22 % de los beneficiarios de las donaciones de este programa y el 19 % de los prestatarios de la FAF-DC fueron mujeres. Un indicador clave del empoderamiento de género era lograr una representación más igualitaria de las mujeres en la gobernanza. Sin embargo, esto no se ha logrado. Solo 2 de los 11 directores de la junta ejecutiva del MADA fueron mujeres y la representación en los consejos comunales y los foros de partes interesadas principales del sector público y privado de las zonas montañosas siguió siendo muy limitada; raramente se consideraron las cuestiones de género y las preocupaciones de las mujeres. En realidad, las mujeres siguieron estando insuficientemente representadas en el contexto típico de las zonas de montaña, en donde el que domina es el hombre. El programa no fue capaz de realizar progresos considerables que permitan superar las costumbres locales y los prejuicios de género.
12. Tanto las reformas institucionales como el fortalecimiento a nivel nacional y comunitario eran objetivos fundamentales del Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales, ambos elementos cruciales para el logro de los objetivos del proyecto. A nivel nacional, se preveía que el MADA llegara a ser el organismo que liderara el desarrollo de las zonas montañosas, con un buen posicionamiento dentro de las estructuras gubernamentales que le permitiera influir en las políticas y en las asignaciones presupuestarias. Pero luego de 14 años de intervención del FIDA y el MADA, constituye una preocupación el hecho de que no haya surgido un organismo de desarrollo de las zonas montañosas eficaz y que el MADA siga siendo, esencialmente, una unidad de ejecución del programa. Con la finalización de la financiación del FIDA para finales de 2014, en el marco de un proyecto hermano del Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales, y sin una fuente alternativa de financiación externa, la futura función del MADA sigue en discusión y su existencia es incierta.
13. Además, la FAF-DC no se ha transformado en un banco comercial sostenible que otorgue crédito a las zonas rurales, como se había previsto. El MAFF sobrevive como una institución financiera no bancaria, pero su sostenibilidad a largo plazo no es segura y las fuentes de crecimiento están en peligro, dada su incapacidad para

movilizar ahorros o depósitos. Lo más grave es que no ha evolucionado hasta convertirse en una institución crediticia rural y agrícola eficaz, en beneficio de los pequeños hogares rurales, tal como se esperaba, puesto que hoy en día se interesa sobre todo por las pequeñas y medianas empresas rurales.

14. No obstante, a nivel comunitario, el MADA ha establecido estrategias bien arraigadas para mejorar la planificación y la gobernanza participativas en el gobierno y en las comunas locales. Las experiencias en el empoderamiento y el desarrollo institucional comunitarios son prometedoras. Se lograron mediante el establecimiento de los foros de partes interesadas principales del sector público y privado de las zonas montañosas y de los planes de acción local de las comunas, especialmente participativos que, si siguen en pie, podrían seguir fortaleciéndose y transformarse en grupos de acción local en el marco del proceso de adhesión de la Unión Europea.
15. Resulta difícil evaluar la sostenibilidad de los desarrollos institucionales a nivel local, dado que las competencias institucionales y la eficacia han sido muy variables tanto en los foros como a nivel comunitario. La sostenibilidad a largo plazo de los foros es incierta, porque sin apoyo externo están cada vez más moribundos y son menos influyentes. Más aún, no queda tampoco claro cómo se ajustarán a las propuestas de reformas territoriales que se prevé introducir. Análogamente, la sostenibilidad de la metodología y el proceso de los planes de acción local, facilitados por el Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales es incierta. Sin embargo, se espera que, dada su utilidad obvia y avances similares de otros organismos, las comunas más progresistas y las futuras municipalidades más importantes sigan manteniendo los planes de acción local como parte de su planificación de incorporación y sus actividades de gestión.
16. Los logros generales del proyecto apenas cumplen con las expectativas y la evaluación de los resultados del proyecto considera que el logro general ha sido moderadamente satisfactorio (4). En cuanto al diseño, además de ser demasiado complejo, no logró dar cuenta de cuestiones cruciales y de las recomendaciones formuladas en los exámenes de preparación y en una anterior evaluación del proyecto del FIDA. En consecuencia, este fue deficiente en la medida en que los instrumentos de ejecución no demostraron ser herramientas adecuadas con las que se puede llegar realmente a los destinatarios previstos, es decir, las mujeres los hombres pobres. Esto se vio exacerbado por una falta de seguimiento y evaluación adecuados y la falta de la revisión de mitad de período, que impidió determinar medidas preventivas durante la ejecución. En consecuencia, ni el MADA ni el comité directivo del programa ni la supervisión del FIDA remediaron los problemas cruciales a lo largo de la ejecución.
17. Recomendaciones.
 - En vista de los fracasos anteriores para establecer instituciones nacionales eficaces con miras a formular y gestionar programas de zonas montañosas y proporcionar servicios bancarios rurales eficaces, el Gobierno deberá investigar y considerar nuevas opciones, en el contexto de las experiencias institucionales de los últimos años, con miras a la preparación de la adhesión a la Unión Europea. Habría que aprovechar aquellas experiencias positivas del Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales. Es preciso contar urgentemente con opciones de financiación en las zonas montañosas, para llegar a los campesinos pobres o a los operadores con potencial empresarial.
 - La orientación hacia el mercado, los análisis de cadenas de valor y la financiación para dar respuesta a las restricciones cruciales de los productores de las pymes son enfoques cuya escala debe ampliarse de manera simplificada, ya que podrían proporcionar beneficios potenciales adicionales a las poblaciones de las zonas montañosas. Sin embargo, esto

implica un enfoque diferenciado en materia de focalización en igualdad de género y financiación según el nivel de pobreza de los beneficiarios directos, dado que la población más pobre requiere donaciones con requisitos de contribución mínimos, en tanto que la mayoría de los beneficiarios más acomodados estarían en condiciones de tomar préstamos. La ejecución de un enfoque diferenciado de este tipo tiene que considerarse cuidadosamente, sobre la base de experiencias realizadas en otros lugares, ya que no se trata de algo sencillo.

- El proceso de planificación participativa a nivel local, que el Programa de Desarrollo Sostenible de las Zonas Montañosas Rurales ha ejecutado satisfactoriamente, tendría que seguir usándose en el contexto de la nueva división territorial de Albania, en vigor desde 2015. La planificación participativa tendría que mejorarse, concretamente para dar voz a las mujeres en condiciones de igualdad en la determinación de las necesidades prioritarias y la toma de decisiones. La infraestructura económica local, a la que se dio prioridad mediante los planes de acción local, debería seguir rehabilitándose y mejorándose mediante financiación pública, pero con el requisito de tener en cuenta el impacto en la pobreza y la igualdad de género en la selección de la infraestructura objeto de financiación y de que se aborde la cuestión del mantenimiento antes de que se conceda la financiación.

Republic of Albania

Programme for Sustainable Development in Rural Mountain Areas

Project Performance Assessment

Main report

Contents

Acrónimos y siglas	i
Mapa de la zona del programa	ii
Resumen	iii
I. Objectives, methodology and process	2
II. The project	3
A. The project context	3
B. Project implementation	5
III. Review of findings	8
A. Project performance	8
B. Rural poverty impact	12
C. Other performance criteria	15
D. Performance of partners	18
E. Overall project achievement	21
IV. Conclusions and recommendations	22
F. Conclusions	22
G. Recommendations	23
Annexes	
I. Rating comparison	25
II. Basic programme data	26
III. Terms of reference	27
IV. Methodological note on project performance assessments	32
V. Definition of the evaluation criteria used by IOE	36
VI. List of key persons met	37
VII. Bibliography	38
VIII. SDRMA updated logical framework	39

I. Objectives, methodology and process

1. **Background.** The Independent Office of Evaluation of IFAD (IOE) undertakes two forms of project evaluations: project completion report validations (PCRVs) and project performance assessments (PPAs). PCRVs consist of a desk review of project completion reports (PCRs) and other supporting documents. PPAs, involving country visits, are undertaken on a number of selected projects for which PCRVs have been conducted. In the above context, the Programme for Sustainable Development in Rural Mountain Areas (SDRMA) in Albania was selected for a PPA because it was scaling up IFAD's experience in Albania to cover all the mountain areas of the country, and the lack of data reported in the PCR called for complementary information.
2. **Objectives and focus.** The main objectives of the PPA are to: (1) provide an independent assessment of the overall results of the programme; and (2) generate lessons and recommendations for the design and implementation of ongoing and future operations within the country. This PPA focused on selected key issues that emerged in the PCRV: targeting, gender, effectiveness and institutional sustainability.
3. **Methodology.** The PPA follows IFAD's Evaluation Policy, Evaluation Manual and Guidelines for PCR/PPA. It adopts a set of evaluation criteria (annex IV) and a six-point rating system (annex I, footnote a). In the process of preparing the PCRV, a desk review of available documents was undertaken. These included key project-related documents, as well as relevant government strategies, IFAD policies and other reports. During the PPA mission's fieldwork, primary data were collected to validate documented information and to allow for an independent assessment of project performance. As is normally the case with PPAs, given time and resource constraints, no quantitative survey was undertaken. Key data collection methods included project field visits, individual interviews and group discussions with key stakeholders in project sites, Tirana and Rome.
4. **Process.** In June 2014, a desk review was undertaken by IOE to prepare terms of reference (annex III) which provide the approach and focus for the PPA. Prior to the PPA mission, which was undertaken in September 2014, the draft terms of reference was shared with the responsible country programme manager in IFAD's Near East, North Africa and Europe Division (NEN), and the Ministry of Agriculture, Rural Development and Water Administration in Albania. Meetings were held in Tirana on 10-11 and 18 September 2014 with the implementing agencies – Mountain Areas Development Agency (MADA) and First Albanian Finance Development Company (FAF-DC), – the Ministry for Agriculture, Rural Development and Water Administration, the Ministry of Finance and major development partners. From 12 to 17 September 2014, field visits were undertaken to seven project districts (Puke, Mirdite, Librazhd, Pogradec, Permet and Girokaster), accompanied by the Director and five staff members of MADA in the north and three MADA staff members in the east and the south. In the districts, the team had discussions with women and men farmers, beneficiaries and non-beneficiaries of SDRMA grants and loans, men and women produce collectors and processors, village, commune and district authorities and staff of implementing and associated agencies.
5. At the end of the mission, a meeting was organized for the PPA team to share its preliminary findings with the two implementing agencies (MADA and FAF-DC) and the IFAD country programme manager (by videoconference). The Ministry for Agriculture, Rural Development and Water Administration and the Ministry of Finance were invited but were not able to attend. All development partners met were also invited, and one of them participated. A draft presentation on preliminary findings was shared with MADA and the IFAD country programme manager prior to the wrap-up meeting. The draft PPA report was vetted by the IOE internal peer

review process for quality assurance, and subsequently shared with respective IFAD operations staff and the Government for comments before being finalized and published.

6. Monitoring and evaluation. The two implementing institutions, FAF-DC and MADA, were each responsible for the monitoring and evaluation (M&E) of their respective programme components. Under the FAF-DC component, an M&E system was established, efforts were made to validate internal performance and informative impact assessment reports were produced. The sample group was, however, rather small (104 clients in the treatment group and 52 in the control group), and the control group was somewhat older and less educated.
7. Although an M&E specialist was recruited by MADA as planned in the Appraisal Report,¹ many points were not appropriately followed up or implemented through a quarterly reporting system. Though project inputs and some outputs have been monitored, there has been no quantified monitoring of project impact or outcomes indicators as set in the logframe or under the IFAD Results and Impact Management System (e.g. reduction of people living on less than US\$2/day, reduction in child malnutrition and increase in household asset ownership) and as required under the Loan Agreement.² A baseline survey tracking the Results and Impact Management System indicators was originally planned, but the survey undertaken in 2008 contains little data on the logframe indicators. The report entitled 'Baseline' is, in fact, erroneous as it is rather a description of the situation in the mountain areas and it was undertaken years after the project started. Furthermore, as reported in the PCR, subsequent impact assessments are not comparable with baseline study findings.
8. No midterm review (MTR) was conducted in the third year as planned in the Loan Agreement. This should have assessed programme progress against established objectives, identified constraints and made remedial recommendations. The President's Report³ also states that the MTR mission would specifically assess progress made in achieving critical institutional objectives of the programme, namely: (1) Mountain Areas Finance Fund (MAFF) transformation; and (2) the anticipated shift in functional emphasis of MADA. The MTR should also have examined the impact on beneficiaries as measured by indicators used in the baseline survey. Given the implementation issues facing SDRMA, an MTR would have been indispensable; however the reasons for not conducting an MTR have not been documented.
9. Limitations of the PPA. As with other PPAs, the information collected during the short country visit cannot palliate for the lack of quantitative data which should have been collected during the project's lifetime. The PPA complements reports and assessment by using information collected during the mission and triangulated to either support or not support the results reported by the project.

II. The project

A. The project context

10. Country background.⁴ Albania is a middle-income country that has made enormous strides in establishing a credible, multiparty democracy and market economy over the last two decades. Before the global financial crisis, Albania was one of the fastest-growing economies in Europe, accompanied by rapid reductions in poverty. However, after 2008, average growth halved and macroeconomic

¹ IFAD, Republic of Albania, Programme for Sustainable Development in Rural Areas, Appraisal Report, March 2007.

² Loan Agreement (SDRMA) between the Republic of Albania and IFAD, 20 June 2006.

³ IFAD, Report and Recommendation of the President, Republic of Albania for the Programme for Sustainable Development in Rural Mountain Areas, 13 December 2005.

⁴ World Bank. <http://www.worldbank.org/en/country/albania/overview>

imbalances emerged in the public and external sectors. Between 2002 and 2008, poverty in the country fell by half (to about 12.4 per cent), but in 2012 it increased again to 14.3 per cent. Unemployment increased from 12.5 per cent in 2008 to 16.9 per cent in 2013, with youth unemployment reaching 26.9 per cent.

11. Albania's labour market has undergone dramatic shifts over the last decade, contributing to productivity growth. Formal non-agricultural employment in the private sector more than doubled between 1999 and 2013, fuelled largely by foreign investment. Albania has a substantial informal and unreported sector. Emigration and urbanization brought a structural shift away from agriculture and towards industry and service, allowing the economy to begin producing a variety of services ranging from banking to telecommunications and tourism. Despite this shift, agriculture remains one of the largest and most important sectors in Albania. Agriculture is a main source of employment and income, especially in the country's rural areas. It represents around 20 per cent of gross domestic product and about half of total employment. Albania's agricultural sector continues to face a number of challenges, however, including small farm size and land fragmentation (average land ownership per family is 1.26 ha, typically fragmented in smaller units), poor infrastructure, market limitations, limited access to credit and grants, inadequate rural institutions and migration of the young workforce from mountainous regions.
12. IFAD's long-standing support to mountainous areas. IFAD has been active in Albania since 1993, with a total of five projects (four closed, one ongoing until the end of 2014) with a total IFAD investment of US\$51.5 million. Prior to SDRMA, IFAD's country programme had supported three successive investments in poorer, mountainous areas of Albania: (a) the Northeastern Districts Rural Development Project; (b) the Small-scale Irrigation Rehabilitation Project, and (c) the Mountain Areas Development Programme (MADP). According to the President's Report for SDRMA,⁵ the two first projects experienced difficulties in terms of limited fiscal controls and human resources available to the public institutions charged with project oversight. Lessons from both projects indicated that a longer-term perspective was necessary to build capacity in public institutions and civil society than had been anticipated in project designs.
13. The third project, MADP, was designed to continue, strengthen and expand the activities of the two first projects in poorer mountain areas. Its organization and management aimed to transform IFAD's support from an area-based project approach to a longer-term programmatic approach based on a synergistic portfolio of investments. MADP established MADA as a facility for programming, planning and fund management in mountain areas and MAFF to provide credit in the mountainous areas on a sustainable basis. Both were set up as specialized, autonomous institutions. IOE project evaluation reported that the effectiveness, efficiency and sustainability of the project were moderately unsatisfactory and that the single largest achievement of MADP is arguably the establishment of the two core institutions of MADA and MAFF.
14. Building upon previous IFAD-supported projects, notably MADP, SDRMA was approved by IFAD's Executive Board in December 2005, effective from 14 February 2007 to March 2013 and implemented by MADA and MAFF.
15. The ongoing portfolio comprises the Mountain to Markets Programme (MMP), which is cofinanced with the Government of Albania and project beneficiaries⁶ and implemented by MADA. It was started in 2009 and will complete in December 2014, and is concentrated in the four poorest northern districts with a design very similar to that of SDRMA.

⁵ EB 2005/86/R.26/Rev.1.

⁶ SDRMA Project Completion Report. Main report and appendices, 2013.

16. Project objectives. The goal of SDRMA is to increase household incomes in Albania's mountain areas, particularly among the poorer rural population. The overall objective is to achieve: (1) additional resource mobilization in and for the mountain areas; (2) accelerated economic growth and poverty reduction; and (3) strengthened abilities of local institutions and organizations to influence and support private- and public-sector investment. This overall objective is to be attained primarily through support to: (a) position MADA – in terms of staffing, levels of competence, functions, institutional linkages and financial arrangements – to act as an EU-style regional development agency; and (b) support the conversion of MAFF into a rural commercial bank. The logframe (annex VIII) provides the indicators for this goal and objective.
17. Project area and target group. The project area was composed of 21 districts; in 11 of them, more than 80 per cent of the area is classed as mountainous, and in 10 of them, 50-80 per cent of the area is mountainous. The project area population is about 1.7 million – about half the national population – and includes a majority of the rural poor. The ultimate target group for SDRMA is underemployed and unemployed rural men and women, small- and medium-sized farm holders and rural entrepreneurs.
18. Project components. The project comprised four components, three which were realized through MADA: (1) regional programme development; (2) private-sector development; and (3) field implementation and testing of investment approaches. The fourth sub-component was to transform and expand MAFF into a fully licensed rural commercial bank.
19. Programme management. The implementation arrangements for SDRMA entrusted: overall day-to-day management responsibility (technical and financial coordination and supervision) to MADA, with a core headquarters staff and area network offices; rural finance services to MAFF, which subsequently evolved into FAF-DC; and coordination responsibilities (overall management of MADA) to a Board of Directors under the chairmanship of the Minister of Agriculture, Food and Consumer Protection.
20. Project costs. Actual programme costs amounted to US\$23.35 million, which was 96.3 per cent of the original cost estimate of US\$24.25 million. At project completion, 32.6 per cent of total costs (US\$7.62 million) had been financed by IFAD loan proceeds; 16.9 per cent (US\$3.952 million) by the OPEC Fund for International Development; 28.2 per cent (US\$6.58 million) by the Council of Europe Development Bank; 8.7 per cent (US\$2.03 million) by the Government and 13.6 per cent (US\$3.17 million) by beneficiaries. The IFAD loan was 97.2 per cent disbursed. The proportional distribution of total costs by component was as follows: regional project and private-sector development together – 2 per cent; field implementation – 42 per cent; MADA management – 11 per cent; and MAFF operations and transformation – 46 per cent.

B. Project implementation

21. Approach.⁷ SDRMA's planned approach was characterized by: (1) a focus on reducing poverty while fostering sustainable, commercial and viable rural activities in a market economy context; (2) comprehensive beneficiary participation in investment planning and implementation to assure relevance, intelligibility, practicability and affordability; (3) a holistic (i.e. regional) orientation to enable identification of strategic investment opportunities and thus assure effective and efficient use of limited resources; (4) bundling a comprehensive range of technical and financial measures to realize identified strategic investments on the ground; (5) promotion of capacity and competitiveness among providers of mountain area

⁷ IFAD, SDRMA Project Completion Report. Main report and appendices, 2013.

- development goods and services to improve outreach and reduce costs; and (6) strengthening key institutions to mediate the approach.
22. Investment opportunities identified through regional planning techniques and strategic investment programmes (SIPs) were formulated with the private sector and ranked according to their potential to transfer knowledge, skills, technology and assets to poorer people and to enhance the capacity for employment generation among poor and rural women, while assuring that these opportunities were economically viable and sustainable. These investment opportunities were further refined to optimize the potential for being taken up by private-sector agents.
 23. Implementation results. The table below provides a summary of the main activities and outputs reported in the PCR. The logframe and the verifiable indicators are provided in annex VII, although not all of them relate to the indicators as defined in the President’s Report logframe. No impact measurements have been established that correspond to verifiable indicators of the project goal.

Table 1
Outputs reported against the logical framework^a

<i>Narrative summary</i>	<i>Reported achievements</i>
Goal	
Income of households in mountain area communes increased	
Purpose/objective	
Sustainable regional development programme implemented for the mountain areas accelerated poverty-reducing economic growth	<ul style="list-style-type: none"> • In at least 10 of the 21 mountain areas (48 per cent), FORA developed partnerships with local and regional institutions and are involved in the direct implementation of projects for sustainable economic development • Non-performing loan portfolio amounted to 17.8 per cent, with 17.1 per cent from the small and medium enterprise loan portfolio and 32.9 per cent from the individuals’ loan portfolio.^b • Forty-four small-scale economic investments (12 rural roads, 1 bridge, 10 small irrigation, 1 water supply and 20 water points) have been implemented and functioning for more than two years • Each FAF-DC loan created 1.72 new full-time jobs • Brucellosis control resulted in: a) increased livestock production and reduced reproduction losses; and b) a reduced number of persons hospitalized, from 395 in 2010 (before vaccination) to about 100 in 2011 (after vaccination)

^a This logframe narrative differs from that found in the President’s Report of 2005. This updated version was first provided in the Supervision Mission Report dated January 2009 and has remained as such until the end of the project. The PPA found no document explaining why the logframe was revised.

^b Defined as repayment plus 90 days overdue.

Table 1 (continued)
Outputs reported against the logical framework

<i>Narrative summary</i>	<i>Reported achievements</i>
Outputs	
1. MADA operated as a regional development agency, capacitating local governments and civil society (including the private sector) to plan development and to prioritize and implement investments	<ul style="list-style-type: none"> • MADA became a member of the European Association of Development Agencies and EUROMONTANA • 21 mountain areas FORA established with an 653 aggregate membership of 653 • One mountain areas national FORA established (and functioning) • 37 commune Local Action Plans (LAPs)/Strategic Development Plans developed • 17 strategic investment programmes (SIPs) developed in eight value chains • 167 commune and local government staff trained in planning and drafting development strategies and plans • 79 MADA promotional activities reached 1,618 individuals/businesses
2. Communes and municipalities strengthened in local and national planning process	<ul style="list-style-type: none"> • 37 commune LAPs/Strategic Development Plans established by MADA • 40 micro-development projects implemented • 167 commune and local government staff trained in planning and drafting development strategies and plans • 17 SIPs developed and implemented in eight value chains
3. Civil society (including the private sector) engaged in local and national planning processes	<ul style="list-style-type: none"> • 37 commune (LAPs/Strategic Development Plans) established • 40 micro-development projects implemented • 17 SIPs developed and implemented in eight value chains
4. Management and technical skills of mountain area private sector enhanced	<ul style="list-style-type: none"> • 3 119 stakeholders improved capacities and acquired technical skills through 102 workshops conducted by MADA • 1 618 individuals/businesses participated in 79 MADA promotional activities • 681 owners and business employees (40.8 per cent women) trained in 39 capacity-building courses • 124 mini-grants and 41 technology innovation grants disbursed in the context of 17 SIPs (26 per cent and 12 per cent to women, respectively); • 5 625 households had their 306 622 small ruminants vaccinated in four districts
5. Small-scale economic infrastructure investment for business and local economic development implemented	<ul style="list-style-type: none"> • 10 irrigation schemes, covering 820 ha of land and benefiting 6 242 farmers • One water supply scheme, providing drinking water to 680 persons • 20 water points, benefiting 10 022 farmers • 12 rural roads, benefiting 11 343 persons • One bridge, benefiting 770 inhabitants
6. MAFF converted into fully licensed rural bank focused in mountain areas	<ul style="list-style-type: none"> • 27 branches covering more than 1 300 villages • 8 775 loans totalling US\$53.05 million (average loan size US\$6 046) of which 18.6 per cent were to women. Some 90 per cent of all loans were signed by both husband and wife • Type of investment: 47.1 per cent in value were in agriculture/livestock, 34 per cent in agricultural marketing, 6.9 per cent in processing and 12.1 per cent in non-agricultural activities. Financed enterprises have been instrumental in increasing on-farm and off-farm production and in absorbing primary produce from agriculture for processing and marketing

Key points

- SDRMA is the fourth in a series of five IFAD loans with a total investment of US\$51.5 million (the fifth is closing in December 2014). All of these loans were located in mountain districts and shared an overall goal of reducing rural poverty.
- SDRMA's objective was to achieve: (1) additional resource mobilization in and for the mountain areas; (2) accelerated economic growth and poverty reduction; and (3) strengthened abilities of local institutions and organizations.
- The project was implemented through MADA and FAF-DC, which have been supported and financed by IFAD and cofinancers for several years.
- Total project costs reached US\$23.35 million, while 97 per cent of the US\$7.6 million IFAD loan was disbursed.
- Several activities and outputs were reported, but no baseline is really available, because almost no targets were set for outputs and no outcome indicators were quantified in relation to the objective and goal. The level of achievement is therefore hard to assess.

III. Review of findings

A. Project performance

Relevance

24. Determining a project's relevance includes assessing its objectives, design and underlying assumptions.
25. Relevance of goal and objectives. SDRMA's goal and objectives – to increase household incomes in the mountainous areas, particularly among the poorer rural population – were fully in line with the Government's National Strategy for Socioeconomic Development which was in force at the time of project preparation. This emphasized the promotion of employment opportunities and empowerment of the poor through their greater involvement in the political process. SDRMA's goal is synonymous with that of IFAD's COSOP (country strategic opportunities programme) (2005) and is highly relevant to the needs of the poor in Albania. By maintaining IFAD's focus on the mountainous areas, SDRMA continued to target areas where poverty was most prevalent.
26. Relevance of design. The key indicator for achievement of SDRMA's goal is a reduction in the percentage of rural poor, which is highly relevant. The target group as defined under SDRMA, which includes underemployed rural men and women, small- and medium-sized farm holders and entrepreneurs, is broad and not specifically focused on the poor, as called for by the second part of SDRMA's goal and objectives. The target group definition assumes trickle-down effects, which would have impact on the poor. This is not coherent with the Appraisal Report (March 2007), prepared well after the President's Report (December 2005). The former states: "Under 'trickle down', as the name makes clear, the spread of investment benefits to poorer people was regarded as ancillary, incidental and of subordinate consideration. By contrast, what SDRMA proposes is the proactive identification and selection of investments with the greatest potential to generate economic growth and benefit those most affected by poverty, the process being based upon and measured by objectively verifiable indicators."
27. SDRMA has suffered from this inconsistency and lack of clarity. As a result, criteria to target the poor or women were neither applied in the selection of individuals to benefit from grants nor in the process to prioritize the selection of infrastructural interventions. Similarly, neither specific poverty nor gender criteria were applied in the selection of borrowers under the FAF-DC lending programme. In fact, targeting would have been feasible since Albania has a system of social support to the

poorest which is used by other organizations (e.g. Oxfam Italy) as a first screening to target poor people. Geographical focus on the mountain areas is good but not sufficient for effective targeting. The PPA clearly witnessed non-poor people, and even some very well-off, being direct beneficiaries of SDRMA, while the effects on the poor have not been captured by the project.

Overall relevance is rated as moderately unsatisfactory (i.e. a 3) because of the inconsistent project design and lack of pro-poor (re)orientation.

Effectiveness

28. Effectiveness covers the extent to which a project's overall objectives have been achieved.
29. Regional development programme. Twenty-one FORAs have been established in the project area, each comprising local public and private individuals, organizations and institutions aiming to identify local needs, constraints and potential. Furthermore, FORA aimed to support the establishment of public/private partnerships at the local level and beyond, and to become influential in local and national policies.⁸ They covered 187 communes and had 653 total members. However, their quality and effectiveness was highly variable, and impact analyses determined that just 10 of the 21 were functioning reasonably effectively. In some cases, they have become inactive. A national FORA was established in 2009 with the seven most active FORAs, with a view to create a strong institution at the national level to further strengthen local FORAs, influence policy and promote the transformation of FORA into Local Action Groups.⁹ This is still in process, but the Government has not yet promulgated a legal framework for the establishment of Local Action Groups. To foster regional linkages, MADA became a member of the European Association of Development Agencies and EUROMONTANA, a multisectoral association of agencies working on mountain area development in Europe, and facilitated professional growth through training courses, studies and exchange of experiences.
30. Through MADA, SDRMA facilitated the development of 37 LAPs prepared with active local participation. MADA constructively supported the process by providing training and capacity-building for local people and methodological guidelines for LAP preparation. These guidelines were also provided to 100 interested communes, but it is not known how many of these were subsequently successful in developing their own LAPs. To sustain relevance, there is clearly a need to constantly update LAPs, but with few exceptions, there is little evidence that this is occurring.
31. Private-sector development. Seventeen SIPs in eight different value chains (e.g. medicinal and aromatic plants, chestnuts, wine) provided a more detailed description of priorities identified under LAPs and highlighted investment opportunities. However, in the absence of M&E information, it is difficult to assess the achievements of SIPs in promoting private/public partnership and new investment. The SIP process appeared to be cumbersome, and the value chain approach could have been more systematic. MADA also conducted visits/exchange of experiences and business promotional activities for local business people and employees, reaching a total of 2,300 individuals, of whom 1,340 were women.
32. Field implementation and testing of investments approach. SDRMA provided 165 matching grants, of which 124 were small grants valued from US\$2,500 – 10,000 with a farmer contribution of 40 per cent (e.g. beehives, drip irrigation for vineyards); and 41 grants focused more on small and medium-sized enterprises (SMEs) valued up to US\$15,000 each, with a beneficiary contribution of 30 per cent

⁸ IFAD Executive Board – Eighty-Fourth Session Rome, 18-20 April 2005: Republic of Albania, Country Strategic Opportunities Paper. Logical Framework.

⁹ TomiTreska, Tom Preku: Supporting the Development of LEADER-LIKE (FORA) in Mountain Areas of Albania, October 2012.

- (e.g. jam and preserves production, drying of medicinal plants). Of the 165 grant recipients, 37 (or 22 per cent) were women. Grants are issued on the basis of MADA assessment criteria and through open competition; however, most poor people and women were effectively excluded because of the requirement for a mandatory 30-40 per cent financial contribution.
33. Small-scale economic infrastructure. Aiming to create a suitable environment for business development in the mountain areas, SDRMA supported 44 infrastructure projects covering rural roads, domestic water supply, livestock water points and small-scale irrigation. These projects have had a positive impact on business enterprises, family farms and entire village communities, and 7,000 households have benefited. From the site visits, it is noted that the quality of construction works is good, and maintenance is not yet an issue. Overall, this component has contributed to: improved agricultural production and access to markets; improved movement of people, livestock and goods; increased livestock numbers and stocking densities around new watering points; improved potable water supplies; and better overall social conditions for communities.
 34. Brucellosis control. The project has contributed to the national brucellosis programme by ear tagging and vaccinating about 320,000 small ruminants owned by some 5,600 households. Without concurrent large ruminant vaccination, follow-up vaccination of replacement stock and national vaccination coverage to mitigate cross-infection, eradication did not take place. It is reported that cases of human brucellosis infection reduced from 395 to 100 per year from 2010 to 2011 in the vaccination area. Though M&E did not provide data on incremental small ruminant production, government statistical year books for the Korca region indicate that between 2008 and 2011, sheep populations increased substantially by 34 per cent, but average lactation milk yields reduced by some 3 per cent. Brucellosis control may well have increased lambing percentage.¹⁰
 35. MAFF/FAF-DC transformation and expansion. The originally envisaged transformation of MAFF proved to be unfeasible as early as 2007.¹¹ This followed a government decision based on the fact that commercial banks were increasingly available throughout the country. FAF-DC has remained a non-banking financial institution, unable to mobilize savings or deposits. It is fully owned by the state and has a commercial orientation with a mandate to service the poor. Currently with 27 branches (out of 40 planned), it covers more than 1,300 villages. It has provided 8,770 loans, 76 per cent of which have been for less than US\$5,000. However, in recent years individual lending has markedly decreased, and currently 95 per cent of loans service SMEs. FAF-DC has, however, not reached poor people directly as its terms of credit and interest rates are prohibitive for them. Interest rates in 2013/14 amounted to 17.5 per cent for loans up to five years and up to 21 per cent for loans of more than seven years duration, even though the inflation rate in the region was 2 per cent. It is thought that FAF-DC may have reached poor people through employment creation, as each loan is reported to have generated 1.7 full-time and 1.3 part-time jobs equivalent, leading to some 28,000 additional jobs overall. However, the poverty status of incremental employees was not established. As there has been no reporting on the indirect effects through possible backward linkages to benefit the poor, the impact of FAF-DC lending in terms of poverty alleviation remains hypothetical. The foreseen changes for FAF-DC did not take place.
 36. To assess the project's effectiveness, the above-reported achievements should be viewed in relation to numerical targets set in the project logframe. However, the logframe¹² provides no target values to be met, and the various supervision reports

¹⁰ Ministry of Agriculture Yearbooks for the Korca Region 2008 and 2011.

¹¹ IFAD, SDRMA Supervision and Implementation Support Mission, January 2008.

¹² Also see annex VIII.

and the PCR do not use the logframe indicators to measure progress or achievements. There is a lack of evidence for key indicators such as: the reduction in percentage of rural poor living on less than US\$2/day; an increased employment percentage (vulnerable groups in particular); and the lack of multiplier effects due to SDRMA. Further, the numbers of direct-grant beneficiaries is rather limited.

37. In view of the project objectives, there is: (1) no evidence of additional resource mobilization in and for the mountain areas (e.g. FORAs have no source of financing); (2) unclear evidence of accelerated economic growth and poverty reduction due to SDRMA; and (3) some indication of strengthened abilities of local institutions to influence and support private and public-sector investment. Furthermore, institutional changes for MADA and FAF-DC have not been achieved. Based on all these elements, the project effectiveness is rated as moderately unsatisfactory (i.e. a 3).

Efficiency

38. Efficiency measures how economically resources are converted into results.
39. Programme implementation. The SDRMA loan became effective 14 months after IFAD Board approval, marginally more than the global average of 12.3 months. There were four changes to the loan agreement, and a one-year extension of the closing date was required to disburse all the funds and carry out all the activities. Implementation was, therefore, not very efficient in these areas. Fiduciary management – including accounts and audit, procurement and disbursement – have been fully satisfactory and efficiently managed. MADA operations and management costs of US\$2.483 million represented 19.5 per cent of total MADA expenditures, with salaries alone accounting for 10 per cent of the total. Such levels are exceptionally high and raise issues of operational efficiency. Comparison of ex post investment finances show great variations: US\$1.18 million were provided as grants to 165 direct beneficiaries, US\$5.16 million financed small-scale economic infrastructure for 29,000 direct beneficiaries and SDRMA invested US\$10.641 million in FAF-DC which provided US\$53.05 million in loans to 8,775 beneficiaries, leading to an estimated 15,000 new full-time jobs. To put these into perspective, SDRMA's predecessor project (MADP evaluated by IOE) used US\$23.14 million to benefit 56,488 households or 231,600 people (ex post) and, according to its Appraisal Report, the ongoing IFAD Mountains to Market Programme is foreseen to invest US\$17.94 million to reach 55,000 people. Although comparisons are very difficult, SDRMA does not seem to be particularly efficient in terms of overall costs in relation to the total number of direct beneficiaries.
40. Small-scale economic infrastructure. The construction programme was efficiently completed on schedule with good quality output. Previous missions' detailed analyses indicated civil works were completed in compliance with the government's Technical Manual for Construction Works and Unit Prices, and construction costs were in line with market rates. The selection of works was less efficient in terms of reaching the poor because selection criteria did not include a poverty indicator.¹³
41. Matching grant process. The process for arriving at area-specific matching grant priorities through SIPs and value chain analysis appeared overly complex, and it seemed to offer little value-added to priorities established under commune LAPs and to existing knowledge on dominant regional/district agricultural enterprises. Efficiency could have been higher with a more straightforward process.

¹³ Selection criteria were weighted as follows: internal rate of return = 70 per cent; number of beneficiaries = 15 per cent; and community cash contribution = 15 per cent.

42. Brucellosis vaccination and ear-tagging programme. The SDRMA programme was restricted to the Korca region comprising four districts. It covered 320,000 small ruminants at a cost of US\$1.06 per head. The programme as designed appears to have been conducted at a reasonable cost, but since the campaign was not sustainable because of the partial coverage, the overall efficiency is questionable.
43. FAF-DC. FAF-DC is managed efficiently within its commercial remit. Due to poor design it was unrealistic to expect that a commercially managed credit institution could offer terms of credit directly accessible to households and the rural poor in particular.
44. Internal rate of return (IRR). Based on analysis over 15 years, an IRR of 19 per cent was estimated at appraisal, and sensitivity analyses estimated that a two-year delay in the benefit stream would reduce the IRR to 11 per cent. Assumed benefits included significant increases in livestock numbers and milk production and in agricultural and fruit production coupled with improved irrigation and access to markets. It was assumed that a main driver to growth would be through a transformed MAFF that would reach 20,000 savers, receive deposits of US\$22 million and have 5-10,000 private shareholders and a portfolio of 10,000 business borrowers. None of these assumptions were realized. In the absence of data on incremental production benefits, neither MADA nor the PCR have been able to calculate a revised IRR. However, given restricted replication of the 165 matching grant technologies and significantly reduced lending operations, it would seem unlikely that the assumed benefit stream and IRR were reached.
45. Overall SDRMA efficiency has been mixed and is rated a 4, moderately satisfactory.

B. Rural poverty impact

46. Household income and assets. Information on household benefits and social and capital empowerment have been derived from impact assessments commissioned by MADA in 2011 and 2012¹⁴ and FAF-DC in 2012 and 2013. The MADA assessment provides little concrete impact data because there was no comparison with a pre-project baseline and the small sample size of 52¹⁵ was restricted to direct matching grant beneficiaries – not the wider population. There was no counterfactual case. Among this restricted beneficiary group, over 90 per cent reported increased business volume and improved incomes, and 52 per cent subsequently improved housing conditions; 21 per cent increased child education; and 24 per cent increased business-related assets. Unfortunately, incremental household income was not assessed. Twenty-five per cent of matching grant beneficiaries reported increased employment of male family members, 14 per cent reported increased employment of female family members and 47 per cent increased employment of seasonal labour, especially in viticulture and horticulture. However, overall employment creation has not been quantified.
47. FAF-DC impact assessments were of better quality. They compared perceptions of a treatment group of two-year clients and ex-clients with a control group of pipeline or new project clients with a random sample size of 156 (i.e. 104 treatment, 52 control). Eighty-two per cent of both treatment and control groups were male, and 44 per cent of loans were for agricultural and livestock enterprises. Poverty assessment of respondents indicated that only 5 per cent of the treatment group were poor or very poor, whereas 63 per cent of the control group were poor. Methodologically, the assessment has certain issues which lack rigour (e.g. the control and treatment group are not similar), and caution must be exercised in quoting these findings. Analysis of household incomes indicated that between 31-47 per cent of the treatment group believed that they had increased incomes

¹⁴ Impact assessment SDRMA and MMP by Albanian Centre for Economic Research.

¹⁵ Fifty two of a total of 165 matching grant beneficiaries.

compared with 9 per cent of the control group. FAF-DC lending had no impact on the percentage of children attending school, but 24 per cent of the treatment group had acquired additional household assets compared with 3 per cent of the control group. Overall assessment data indicate that FAF-DC loan recipients were neither poor nor short of food and relatively well-off. The FAF-DC impact assessment calculated that 1.72 full-time jobs and 1.34 part-time jobs were generated through each loan, but the poverty status of the additional employees was not established.

48. Given the lack of clear evidence of increased income and assets by poor households, this criterion was rated moderately satisfactory (4).
49. Human and social capital empowerment. A comprehensive human and social empowerment programme was undertaken through: training 3,100 local stakeholders in technical skills at 102 workshops; training 167 local government staff in strategic planning; and training 2,300 entrepreneurs and employees in promotional and capacity-building activities. Knowledge transfers through these activities have enhanced human capacities, confidence and skills within the programme area. The establishment of 21 FORAS which brought together the public and private sectors to catalyse demand-driven district-level planning and the preparation of 37 commune LAPs, backed with appropriate training, served to foster and empower community leaders to prepare well-grounded and prioritized local development strategies.
50. Given the broad coverage and scope of capacity development activities, it is inevitable that there has been positive impact on human empowerment and confidence, but assessment studies have not captured the change. The FAF-DC impact assessment commendably attempted to capture changes under seven empowerment indicators (e.g. self-esteem, amount spent on education, confidence in the future), but in all cases there were no significant differences between FAF-DC clients and the control group, indicating that the lending programme had little or no influence on social empowerment. Communes appear to have played a positive and encouraging role in sensitizing and mobilizing local populations. Given the mixed outcomes and anecdotal evidence, human and social capital empowerment is rated as moderately satisfactory (4).
51. Food security and agriculture productivity. Despite an impact survey sample restricted to MADA grant recipients and an absence of data on incremental agriculture/livestock production, revenue and income, the impact assessment still concluded that there has been an increase in agricultural and livestock production and productivity (e.g. vineyards and wine, fruit trees, vegetables, fodder, livestock) attributable to SDRMA because of investments in new technologies, processing, equipment and machinery, irrigation, processing and cold stores. The rigour of this analysis is uncertain, and while a degree of increased productivity and improved household food security is to be expected, incremental productivity and the extent of adoption and replication from grant recipients to others has not been quantified. Furthermore, there is no indication of the extent to which assumed increases in production are attributable to SDRMA support rather than to non-SDRMA activities in the area.¹⁶ From the PPA's field visits, it appears that irrigation financed by SDRMA has increased agricultural production and productivity and that the rural roads have contributed to improved marketing with effects on productivity.

As some improvement in agricultural productivity and food security has resulted, this is rated as moderately satisfactory (4).

¹⁶ For instance, there is no clear indication about the extent to which the increase of production capacity in fruit agroprocessing in Puka is due to support provided through the Swiss Development Cooperation project, and to what extent it is due to support provided by SDRMA.

52. Natural resources, environment and climate change. While SDRMA has had no immediate negative environmental impacts, future overgrazing/erosion arising from increased stocking densities around water points may occur unless communes establish and enforce carrying capacity limits. Wild aromatic plant gathering in mountainous regions is providing improved household incomes for the poor, but this is currently unregulated and poses risks of overexploitation. Five participatory environment management plans in five communes raised people's awareness of the importance of natural resource and environmental protection and contributed to building the capacity of smallholders in responsible natural resource management. Furthermore, the promotion of diversified livelihood options should make beneficiaries more resilient to future challenges of climate change. The small-scale infrastructural developments will facilitate improved resource use and conservation and, by improving efficiency of market access, will reduce produce deterioration and wastage.

The rating for this criterion is moderately satisfactory (4).

53. Institutions and policies. Institutional reform and strengthening at both national and community levels were fundamental objectives of SDRMA, critical to achieving the project goal to increase rural household incomes in mountainous areas. A broad-based programme – including numerous studies, trainings, promotional activities and the development of regional linkages – were undertaken with a view to establish national and local institutions structured to address pro-poor and demand-driven developmental priorities in mountain environments. At the national level, MADA was expected to become the lead agency for mountain area development, positioned within government to influence mountain area policies and budgetary allocations. Through its years of experience, MADA would establish well-grounded strategies to improve participatory local planning and governance at the commune level. Despite significant investment in studies, policy research and establishment of linkages with European bodies EUROMONTANA and the European Association of Development Agencies, MADA has remained essentially a project implementation unit and has not reported on results or progress to influence or even inform national policy on mountain area economic development or on increased and proportional allocations from the national budget. MADA is, however, the only institution that has such long-standing experience in the mountain areas. It has knowledge of the development challenges faced by the people of these areas, and they know of MADA.
54. At the community level, MADA has fostered institutional development through the establishment of 21 district-level FORA, one national-level forum and 37 commune-level LAPs. Overall, these have had a positive impact in strengthening local institutions through forging alliances between local government and private-sector interests at the regional level and in identifying multisectoral development priorities. However, since the completion of SDRMA and without an alternative source of external funding, their activity levels and utility has diminished. While there is anecdotal evidence of beneficial impact in terms of communal and individual empowerment, this has not been captured in impact assessments.
55. The second major planned institutional reform involved transforming MAFF into a fully licensed commercial bank providing full financial services to stimulate sustainable economic growth in rural mountain communities. It was intended that by project completion, the bank would operate 40 branches in rural areas and have 20,000 savers with deposits of US\$22 million, 10,000 rural business borrowers with a portfolio of US\$40 million and 5-10,000 private client shareholders. The anticipated transformation of MAFF did not materialize, and since the current FAF-DC is only registered as a non-banking financial institution, it is unable to mobilize savings and deposits. Therefore, the original objectives have not been achieved.

56. Under its constrained situation, FAF-DC operates 27 branches covering 1,300 villages with a current portfolio of US\$18 million, primarily for SMEs. FAF-DC has significantly reduced small-scale individual lending because of high administrative costs and a high percentage of non-performing loans. (At December 2012, 18 per cent of SME loans and 33 per cent of individual loans were more than 90 days overdue). FAF-DC business operations appear to be commercially well-managed; however its impusions to be profitable result in credit being inaccessible to the poor, risk-averse farm householder. High interest rates, strict collateral requirements, self-financing of at least 30 per cent of the proposed business cost and complex application requirements have proved to be beyond the reach of most small-scale farmers. Overall, institutional objectives at national and regional levels have not been met, while those at the community level have met with partial, if transitory, success. This criterion is rated as moderately unsatisfactory (3).
57. Overall rating for rural poverty impact. Although direct beneficiaries of SDRMA (MADA and FAF-DC) have benefited as described above, the number of direct beneficiaries reached by MADA is limited, and overall there is little evidence of poverty reduction attributable to SDRMA. This is especially regrettable as overall poverty in Albania actually decreased between 2002 and 2012. Furthermore, the project appraisal proposed that SDRMA proactively identify those investments with the greatest potential to generate economic growth that benefit those most affected by poverty. There are, however, indications of positive effects, and the overall results are therefore mixed. The rating for poverty impact is thus moderately satisfactory (4).

C. Other performance criteria

Sustainability

58. Institutional sustainability. After the completion of IFAD funding under MMP and without an alternative external funding source, the future existence and role of MADA is uncertain. Because MADA has not become a recognized national and regional agency influentially positioned within the Government, its future is uncertain and under discussion. This situation is exacerbated by current debt ceiling limits which constrain future government borrowing and put in question the future borrowing relationship with IFAD. MADA sustainability is thus not assured, and an exit strategy was not in place at the time of the PPA mission. After the completion of SDRMA, in conjunction with the MMP project, IFAD has been actively trying to help MADA position itself. Although this comes very late, at the very end of MMP, these efforts are laudable.
59. Although FAF-DC failed to meet its project objectives, it is surviving as a non-banking financial institution; however, its long-term future and sources of growth are compromised by its inability to mobilize savings or deposits. It has been thrown a lifeline through a recent agreement with the Islamic Development Fund for a US\$5 million loan. Attempts to sell FAF-DC to private investors have so far failed; nevertheless, FAF-DC might continue in its current format for the medium term. The 2011 supervision report tried to push for FAF-DC to be able to receive deposits, as it reports that "it was also agreed that FAF-DC Executive Management continues to lobby the Government and the Bank of Albania to allow FAF-DC to accept deposits from its clients to be used to finance its lending programme. This would offset the reduction of available funds as repayment of IFAD loans progresses and build long-term financial sustainability". Critically, FAF-DC has not evolved into the effective rural/agricultural lending institution serving small rural households as was expected. Mountain area farmers thus remain deprived of access to capital, a very serious constraint to further mountain area development.
60. The PPA agrees with the 2012 supervision report, which stated that "until MADA has been merged with the Paying Agency, its institutionalization is rated

moderately unsatisfactory, and FAF-DC is also rated moderately unsatisfactory until privatized”.

61. The sustainability of institutional developments at local levels is more difficult to assess given the highly variable efficacy and organizational competencies at both FORA and communes. The long-term sustainability of FORA is uncertain, for without external support they are becoming progressively moribund and less influential. Furthermore, how they would fit into the proposed radical territorial reforms to be introduced in 2015 is unknown. Similarly the sustainability of the LAP methodology and process facilitated by SDRMA is uncertain, but given their obvious utility and similar endeavours by other agencies such as the United Nations Development Programme, the more progressive communes and future larger municipalities will hopefully retain the LAP tool as part of their mainstream planning and management exercises.
62. Knowledge management/empowerment. Over 5,000 individuals benefited from SDRMA training, promotional workshops and study tour activities. It can reasonably be argued that improved knowledge and skills have been absorbed and will be at least partly sustained by individual beneficiaries.
63. Benefit stream sustainability. Project benefits were largely derived through SDRMA matching grants, loans and improved small-scale economic infrastructure, including irrigation, roads and livestock watering points. The beneficiary enterprises visited were successful and progressively expanding their businesses. Furthermore, demand for products (e.g. milk and wild herbs) was expanding, benefiting suppliers and farmer households. Although the overall benefit stream has not been quantified, it is reasonable to assume that the incremental benefit stream, including increased incomes and household assets, will be sustained and are likely to grow for the direct beneficiaries.
64. Infrastructure maintenance. Most completed project roads, irrigation rehabilitation and water point works are relatively new, and maintenance is not an immediate issue. However, arrangements for future management and funding of maintenance are not systematically established. In no cases were beneficiary user groups or associations operational. Infrastructure maintenance is normally a function of commune councils; however their modest maintenance budgets funded by state provisions are not sufficient to cover all public service needs. As only a few communes raise additional funds from users, the sustainability of road and irrigation works is likely to become an issue in three or four years, and the Government needs to take responsibility in this regard.¹⁷ If communes ring fenced grazing, fee revenues for water point maintenance funds would be adequate.¹⁸
65. Water-use efficiency. This has been improved through scheme rehabilitation, but distribution systems from canal to field and within field are very poor and inefficient. There is much scope to improve water-use efficiency, but as long as there is no water charge there is little incentive for irrigators to improve their on-farm systems.
66. Brucellosis vaccination. According to the 2012 supervision report, “the impact assessment report assumed that the drop in people hospitalized for brucellosis could be attributed to the eradication of brucellosis.” This assumption was not correct as brucellosis was not eradicated and the effects are not sustainable.

¹⁷ In the Balloban Commune, total annual maintenance funds amounted to US\$500-US\$1,000 from the state budget and US\$500 from grazing fees. There was also an annual provision of US\$3,500 for emergency repairs for all sectors.

¹⁸ For example, in one case in Gjirokaster, annual collections from graziers using three water points amounted to US\$7,500.

67. Overall assessment of sustainability is moderately unsatisfactory (3), primarily because neither of the core national institutions has reached sustainable planned outcomes.

Innovation and scaling up

68. Innovation. SDRMA introduced to Albania a certain number of approaches which have been practised elsewhere. Albania has been changing rapidly after several decades of a closed centrally managed authoritarian regime, mainly because of its proximity to the EU countries and to a large number of migrants and projects operating in Albania. SDRMA has contributed to this process especially through innovations in: investment prioritization and selection by farmers and citizens (through their application for grants and loans); more participatory processes in local planning (LAPs); a more rigorous analysis of value chains and of their potential and constraints (SIPs); and market and private-sector orientation (SIPs and FORAs).
69. Scaling up. Compared with its predecessor project, SDRMA has widened its scope to cover all the mountainous districts of the country, using much the same approach as earlier. The PPA, however, questions the effectiveness of this approach, for while SDRMA has been spreading its support through grants and loans over a larger area than before, farmer-to-farmer replication has remained very limited. Furthermore, Government funding and services required to scale up SDRMA are not available or effective (e.g. although limited agricultural extension staff are available, they lack transportation and remain in district centres performing administrative tasks).
70. The PCR reports that MADA claimed that every on-farm investment supported by SDRMA resulted in about eight adoptions/replications by neighbouring farmers, and that LAPs have catalysed significant additional donor financing for the rehabilitation of small-scale rural economic infrastructure. The PPA has not witnessed such developments: poorer farmers were not benefiting directly from SDRMA; they were unable to increase production or adopt better technologies due to lack of access to finance; and there were few signs of additional significant donor financing. SDRMA's approach has brought some innovation in Albania, but has not led to the expected scaling up and therefore is rated as moderately satisfactory (4).

Gender equality and women's empowerment

71. According to the President's Report, SDRMA was supposed to take into account gender with respect to: (1) socioeconomic data collection, processing and analysis for the mountain areas; (2) equal gender opportunities for representation on the MADA executive board; (3) equal access as savers, borrowers and clients/shareholders of FAF-DC; (4) equal participation in SIPs and forums at local and national levels; (5) consideration of women's needs and concerns and their recognition in policy and decision-making at the regional level; and (6) inclusion of relevant gender-disaggregated data through project M&E.
72. In the absence of a rigorous baseline and subsequent M&E, reliable impact assessment of disaggregated gender socioeconomic analysis is not available, and quantifiable measures of SDRMA interventions for women and other vulnerable groups have not been possible. The project has, however, stressed women's participation in training and capacity-building events, reaching a participatory level of 35-42 per cent.
73. Investments made in road infrastructure, irrigation and water supply have a direct impact on both men and women and indirectly improve women's quality of life through reduced drudgery, etc. However, there has been no direct analysis on the impact of such investments on women and other vulnerable groups. Furthermore, under the component of "private-sector development", MADA was to enhance

capacity-building through support for national educational institutions and technical training of women and youth, but this has not been achieved.

74. One of the key project gender indicators was¹⁹ equal gender opportunities for: representation on the MADA Executive Board; savers, borrowers and clients/shareholders of MAFF/the new bank; SIPs; and participants in district and national mountain area forums. In reality, women have been underrepresented on MADA's Executive Board of Directors where only two out of 11 members are women. Women's participation in the mountain area commune councils remains very limited, and as a result, gender issues and women's concerns are rarely considered. Though FORAs were designed to provide broad-based representation of local communities with at least 20 per cent women members, they did not reach near to this level and concerns of women were rarely addressed. The threshold for women beneficiaries under mini-grants was set at a modest level of 26 per cent; however, only 22 per cent of the beneficiaries were women and, similarly, 18.6 per cent of FAF-DC borrowers were women.
75. Women's role and position in decision-making bodies and civil society is closely related to their access to finance, rights (especially property and land ownership) and economic empowerment. SDRMA was able to meet the targets in terms of capacity development. Operating in the challenging male-dominated environment typical of mountain areas, SDRMA was unable to overcome local custom and gender prejudice in terms of equal representation and voice. Gender equality and women's empowerment is rated moderately satisfactory (4).

D. Performance of partners

76. Review of past recommendations. Several issues reported in the PCR and in this PPA had already been identified by the Technical Review Committee (TRC) in 2005²⁰ and by the evaluation of SDRMA's predecessor project in 2008.²¹
77. IFAD's internal Technical Review Committee. The following comments were made by the TRC at the time of SDRMA preparation: "The poor are largely indirect beneficiaries and they risk being either left out, or at least do not benefit equally, unless specific measures are pursued to include them." The TRC noted that "the risk exists that IFAD, in spite of its avowed priorities and mandate, is essentially moving MAFF and MADA permanently away from serving the poorer communities in the mountainous areas of Albania". It was recommended that provision should be made for improved targeting and more meaningful institutional change of MADA. The TRC further wrote that "there is no strategy or assurance provided that the responsible institutions (MAFF and MADA) will give women equal opportunity, even if they are potentially interested. Youth have received even less attention, although they are acknowledged to be the poorest people in Albania". It was therefore recommended to define gender strategies for MAFF and MADA. Regarding MADA, the TRC noted that "MADA is expected to adjust its mandate from an implementing agency to one that plays a greater facilitation, multisectoral promotional and resource mobilization, catalytic role, focusing on support to the private, commercial sector". Recommendations were then made to support organizational change at MADA.
78. IOE evaluation of Mountain Areas Development Programme (SDRMA's predecessor project). IOE pointed out a lack of follow up to ensure the full implementation of earlier recommendations which addressed: (1) the need for more efforts to prepare exit strategies from MAFF; (2) the lack of M&E; (3) doubts concerning the quality of data at MADA; (4) the lack of budget to maintain infrastructure; (5) the absence of brucellosis control after vaccinations were

¹⁹ IFAD, Report and Recommendation of the President, December 2005, pg. 14.

²⁰ IFAD, Technical Review Committee No. 28/05/PN: SDRMA, 2005.

²¹ IFAD, IOE, Mountain Areas Development Programme, completion evaluation, 2008.

- completed; (6) the lack of sustained and intense pressure by MADA and the national FORA on central government budget priorities which probably prevented any impact; and (7) the absence of conclusive evidence of MADA's lobbying efforts on more effective allocation of resources to mountain areas.
79. Performance of IFAD. Some issues raised in this PPA and in the PCR were pursued during supervision missions, but subsequent monitoring, learning and reorienting of the project was not well informed. The M&E was not reinforced (although this need was repeatedly stressed under several supervision reports), and no MTR was carried out (and no reason was found for this in the documents consulted). The Albania portfolio has been continuously implemented by the same institutions (MADA and MAFF/FAF-DC) for over a decade, with many similar shortcomings. By working exclusively with these two institutions, IFAD put all of its eggs in the same two baskets. Furthermore, new projects have been initiated before previous ones were completed, and it is unclear how well the learning process was internalized (e.g. SDRMA was prepared [13 December 2005] and started [14 February 2007] before the completion of MADP [30 September 2007], and MMP was started before the completion of SDRMA). As a result, there has been overlap between projects, in terms of outputs and beneficiaries; the PPA witnessed cases that benefited from both SDRMA and MMP support, leading to cumulative assistance and subsidies and likely instances of double counting. Although preparatory documents state that IFAD does not want to entrust the implementation of its projects in Albania to a project implementation unit for reasons of sustainability, the fact is that MADA, originally established as a project implementation unit by IFAD, has not evolved and has remained dependent upon IFAD for its funding and survival. As also noted by the PCR, project design has been unduly complicated with grandiose nomenclature difficult to understand, even while the end products benefiting the rural beneficiaries are fairly straightforward. Finally, the frequent changes in IFAD country programme manager for Albania affected the last years of the project. Understandably, each new country programme manager needs time to become familiar with the country and to understand project complexities, and then will inevitably introduce his or her own emphases.
80. The following key questions listed in the IFAD/IOE Evaluation Manual to assess the performance of IFAD are viewed as inadequately implemented: (1) Were specific efforts made to incorporate the lessons and recommendations from previous independent evaluations in project design and implementation?; (2) Did IFAD adequately integrate comments made by its quality enhancement and quality assurance processes?; (3) Did IFAD (and the Government) take the initiative to suitably modify project design (if required) during implementation in response to any major changes in the context, especially during the MTR?; (4) Was prompt action taken to ensure the timely implementation of recommendations stemming from the supervision and implementation support missions, including the MTR?; and (5) Did IFAD undertake the necessary follow up to resolve any implementation bottlenecks?.
81. Based on the above, the PPA rated IFAD's performance as moderately unsatisfactory (3).
82. Performance of the Government of Albania. The Government aims at having geographically balanced development of the country and has emphasized the development of mountainous areas to this effect. It provided a supportive environment for SDRMA through preparation of policies and strategies (i.e. the Growth and Poverty Reduction Strategy, later renamed the National Strategy for Socioeconomic Development (NSSD), which has created suitable business conditions, employment opportunities for the poor, empowerment of the poor

through their involvement in the political process and increased investments in education and health).²² A Policy Agenda for Socio–Economic Development of 2001 covered issues related to governance and institutional development, including real decentralization that enabled local government units to prepare development programmes and action plans as independent entities. A law on SMEs has been adopted to enable the private sector to become a driving force to promote the establishment and growth of SMEs by supporting business start-ups and encouraging investment in productive enterprises. The Government demonstrated ownership on SDRMA goals and objectives in line with its own policies.

83. However, the Government has not taken measures to enforce and implement an M&E system during the course of several IFAD-supported projects. Supervision missions do not report any proactive decision-making or management by the Government, nor was the SDRMA Steering Committee playing its role in reorienting the project or enforcing required changes.
84. The Government's macro-political changes during and beyond the SDRMA implementation period affected the appointment of senior management positions, creating delays and a lack of continuation/records of institutional memory. Even though it had been agreed in 2007 to transform MADA into the National Agency for Regional Development (NARD), which would have been responsible for the implementation of the Government's Regional Development Cross-cutting Strategy (RDCS), and to have it become the future Managing Authority for the European Union Instrument for Pre-accession (IPA), this transformation has not taken place. In this context, the Government was responsible for the necessary legal transformation, the staffing changes in line with the restructuring and for engaging NARD as the future Managing Authority for IPA and the Structural Funds,²³ measures that have not been implemented.
85. The Government and IFAD agreed on the mission of FAF-DC to contribute to the economic growth of the mountain areas by providing their clients access to suitable and sustainable financial services.²⁴ Although the Government decided against the transformation of MAFF/FAF-DC into a banking institution shortly after the project started, there was no revision of the institutional objective of the transformation of FAF-DC. Despite attempts, privatization of FAF-DC has not yet occurred, and the Government has expressed renewed interest to sell at least 51 per cent of FAF-DC share capital to private investors.²⁵
86. The lack of clarity of the Government's views, guidance and decisions with regard to the roles and functions of MADA, MAFF/FAF-DC and FORA, especially in relation to other similar institutions in the country, has not been an enabling factor. Uncertainty about the role and positioning of FAF-DC and MADA, which were the foundation and core of SDRMA, remained until 2014, making future prospects more fragile.
87. Based on the points above, the PPA concludes that several key questions listed in the IFAD/IOE Evaluation Manual to assess the government have been insufficiently enforced (i.e. policy guidance to the project management; modification of project design; timely implementation of recommendations from supervision and MTR; effective M&E put in place for critical decision-making; exit strategy planning). The PPA rates the Government's performance as moderately unsatisfactory (3).
88. Other cofinancers: No documents have been found relating to activities of the other cofinancers (OPEC Fund for International Development and the Council of

²² SDRMA- PCR Report pg. 5.

²³ SDRMA baseline survey, pg. 20.

²⁴ FAF-DC impact assessment report.

²⁵ SDRMA- PCR, pg. 20.

Europe Development Bank) to monitor or assess project progress, and so it appears that they have delegated all the follow up and reporting to IFAD.

E. Overall project achievement

89. Overall project achievements did not meet all expectations. Apart from being overly complex, project design failed to take into account critical issues and recommendations raised during former project evaluations and IFAD preparation reviews. As a result, SDRMA comprised a mix of poorly targeted project interventions that were not accessible to the intended beneficiaries (i.e. poor people and women). The implicit theory of change was that the grants and loans provided would lead to: (1) replication by other farmers and villagers; (2) more investments in mountain areas; and (3) backward linkages through income and job creation among indirect beneficiaries who would expand their production or start to work for the direct beneficiaries. As these results have not been measured, even though supervision missions repeatedly requested proper impact assessments, any discussion on the effects of SDRMA remains open to speculation.
90. With a combination of infrastructure grants (e.g. for irrigation), individual grants (e.g. for drip irrigation) and possible loans, SDRMA has most likely impacted the lives of the direct beneficiaries (some of whom also benefited from additional IFAD financial support through MMP as the PPA mission witnessed). The replication of this combination of support is very doubtful, as is the similarity of the effects produced.
91. Lack of appropriate M&E and the absence of MTR disabled corrective measures. Important issues were not followed up by MADA, the Project Steering Committee or IFAD supervision throughout implementation. Sustainability of the national institutions supported over many years by IFAD are at risk, for neither MADA or FAF-DC have evolved into the strong and influential national/regional leaders in mountain area development as had been planned.
92. Experiences in community empowerment and institutional development showed promise through the establishment of FORA and especially participative commune LAPs which hopefully will be retained and further strengthened. Business entrepreneurs successfully used project grants to expand their operations and incomes, but with limited impact on intended poor beneficiaries. Similarly, in the case of FAF-DC, direct loans to SME beneficiaries were successful and reportedly led to creation of some 28,000 incremental full- and part-time jobs, although the poverty status of those employed was not established. Small-scale economic infrastructure investments were generally successful and responsive to community priorities.
93. The overall project achievement rating is moderately satisfactory (4).

Key points

- Overall project achievements did partially meet expectations and are rated moderately satisfactory. Design failed to take into account critical issues and recommendations raised in earlier evaluations and IFAD preparation reviews. As a result, SDRMA interventions were poorly targeted and not accessible to the intended poor beneficiaries.
- M&E, especially of MADA-implemented components, was poorly planned and executed with the result that rigorous poverty impact data linked to logframe indicators were unavailable. Further, in the absence of an MTR, key targeting issues were not identified and rectified in the course of implementation.
- Sustainability is rated moderately unsatisfactory because after many years of IFAD support, neither MADA nor FAF-DC have evolved into strong and influential national/regional leaders in mountain area development as was planned. MADA has remained essentially a project implementation unit, and FAF-DC has not developed into a sustainable private institution. Their sustainability is very uncertain.
- Poverty impact is rated moderately satisfactory. Although direct beneficiaries of SDRMA (MADA and FAF-DC) have benefited, the number of people reached by MADA is limited. Further, there is little evidence of trickle-down or replication, and so poverty reduction impact attributable to SDRMA is limited. The continued lack of agricultural credit services accessible to small-scale poor farmer households remains a critical constraint to future mountain area development and poverty alleviation.

IV. Conclusions and recommendations

F. Conclusions

94. SDRMA has demonstrated the relevance of Local Action Plans to prioritize investment needs at the commune level in a participatory manner. The establishment of LAPs has been a valuable community development process. The FORA innovation has, at times, offered an encouraging model, in terms of galvanizing joint private- and public-sector involvement in local development and as a means for further development into LAPs.
95. Improved rural roads and rehabilitated irrigation are high priorities in all commune LAPs and give socioeconomic benefits to groups of villagers. Returns to irrigation investment should be high due to increased crop intensity and productivity and significant opportunities to rehabilitate large abandoned irrigation systems at a reasonable cost. Small-scale infrastructural works were successful in meeting community priority needs. The issue of funding the maintenance of infrastructure is to be addressed by involving all the concerned stakeholders.
96. Alleviating key constraints to the development of specific value chains through investment loans and grants could be successful to enhance incomes, employment and entrepreneurship. There appears to be further potential for product development and commercialization, especially considering Albania's EU accession process, the support instruments becoming available and the market represented by the EU.
97. There is insufficient evidence on the extent to which the rural poor benefited. Design was deficient in that project delivery instruments did not prove to be appropriate tools with which to directly or indirectly target the poor. The implicit theory of change²⁶ – whereby examples of grants and loans would successfully enhance employment and income and lead to significant replication by non-beneficiaries or induce increased investments in mountain areas – did not take place. The few cases of entrepreneurial success are not sufficient to address the

²⁶ The President's Report writes, for instance, that the project aims at demonstrating multiplier effects of small-scale economic infrastructure investment financed other than by SDRMA.

issue of the outmigration of the young workforce from mountain areas, an issue raised in every village visited and witnessed by significant areas of uncultivated arable land. Without restitution of a strong labour, future agricultural growth will be impeded.

98. Though women play major roles in agricultural and livestock production and benefit from the SDRMA training programme, they are still largely excluded from equal representation and access to instruments/organizations of governance, such as the MADA Executive Board of Directors, FORAs, commune councils and the consultation processes for LAPs.
99. Partner institutions were deficient in knowledge management and learning processes as several issues which were clearly flagged in the evaluation of the predecessor project and in the TRC of 2005 were not addressed in project design or in implementation. This deficiency strongly impacted on the results achieved under SDRMA and was further exacerbated by poor M&E and the failure to conduct an MTR. The absence of effective monitoring and evaluation and lack of direct and indirect incremental impact data is a serious gap, limiting both the assessment of project performance and management's ability to identify issues and diagnose corrective actions promptly.
100. After 14 years of IFAD and MADA involvement in mountain area development, it is of concern that an effective mountain area development agency has not emerged, that the future roles of both key institutions (FAF-DC and MADA) are uncertain and that there are no apparent exit strategies.
101. The continued lack of agricultural credit services appropriate to service the majority of small-scale poor farmer households remains a critical constraint to future mountain area development, and there is no sign of resolution to this issue.

G. Recommendations

102. Recommendation 1. The potential role of the communes in enhancing local development warrants greater attention. The participatory planning process at local levels (LAPs), which SDRMA successfully implemented, should be further used in the context of the new territorial division of Albania which will be put in place in 2015. The participatory planning should be enhanced to specifically give women an equal voice in prioritizing needs and making decisions. The local economic infrastructure prioritized through LAPs should be further rehabilitated and enhanced through public funding, but with the need to: account for poverty and gender impact in selecting infrastructure to be funded; and address and ensure the issue of maintenance before funding is granted. For these economic infrastructures, new territorial reforms need to also be taken into account in view of market access. These are valuable benefits for local mountain area development which the country should make use of and pursue in the context of the EU accession process.
103. Recommendation 2. The market orientation, value chain analyses and funding to address critical constraints for producers and SMEs are other approaches which should be scaled up in a simplified form, as there are further potential benefits for the mountain areas population. This, however, requires a differentiated approach in terms of targeting for gender equality and funding according to the poverty level of the direct beneficiaries, as the poorer population would require grants with minimal contribution requirements, whereas better-off beneficiaries could assume loans. Implementation of such a differentiated approach needs to be carefully considered based on experiences elsewhere, as this is not straightforward. Also, this approach should be developed in the context of EU accession preparation, as relevant instruments might become available.
104. Recommendation 3. In light of past failures to establish effective national institutions to formulate and manage mountain area programmes and to provide

effective rural banking services, new options have to be researched and considered by the Government, in the context of institutional experiences in recent years and in view of the EU pre-accession preparations.²⁷ SDRMA's positive experiences, noted in the first two recommendations, should be capitalized upon. Mountain areas financing options are urgently needed to target poor farmers or operators with entrepreneurial potential.

105. Recommendation 4. Targeting poor areas is required but not sufficient to reach poor households. IFAD should make a strong effort to first understand the characteristics of the poor people and be clear from the start about how they can and will benefit from a project being designed. If poor people are to benefit only indirectly, then their proportion among the beneficiaries should be specified in the President's Report and progress in reaching them should be closely monitored and targeting should be adjusted if needed.
106. Recommendation 5. Economic empowerment of women at the level of farm enterprises and SMEs should be pursued vigorously. Efforts to increase women's capacity and build their levels of institutional representation and overall inclusion in terms of decision-making and governance are likely to steadily lead to changes in gender relations in the rural mountainous areas.
107. Recommendation 6. IFAD should make M&E a condition for loan approval, which is also a conclusion that NEN has reached in its 2014 portfolio review. This implies building capacity and setting a baseline – with and without intervention – from the very start, in year zero. It is also necessary for the implementers to report to the Steering Committee every six months on progress and outcome indicators, with follow-up decisions from the Committee, documented in the local language and in English, and effectively carry out a midterm review.

²⁷ For instance, integrated into the Ministry for Agriculture, Rural Development and Water Administration payment agency as a compact unit for mountain area policy development and coordination, with more direct implementation decentralized to new municipalities.

Rating comparison

<i>Criteria</i>	<i>IFAD-PMD rating^a</i>	<i>PPA rating^b</i>	<i>Rating disconnect</i>
Project performance			
Relevance	4	3	-1
Effectiveness	4	3	-1
Efficiency	4	4	0
Project performance^c	4.00	3.33	-0.66
Rural poverty impact			
Household income and assets	4	4	0
Human and social capital and empowerment	4	4	0
Food security and agricultural productivity	4	4	0
Natural resources, environment and climate change	4	4	0
Institutions and policies	4	3	-1
Rural poverty impact^d	4	4	0
Other performance criteria			
Sustainability	4	3	-1
Innovation and scaling up	5	4	-1
Gender equality and women's empowerment	5	4	-1
Overall project achievement^e	4	4	0
Performance of partners^f			
IFAD	4	3	-1
Government	4	3	-1
Average net disconnect			-0.61

^a Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory.

^b The PCR included its own ratings which slightly differ from those provided by PMD. This is unusual as PCRs should have only one rating which is that of PMD.

^c Arithmetic average of ratings for relevance, effectiveness and efficiency.

^d This is not an average of ratings of individual impact domains.

^e This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, rural poverty impact, sustainability, innovation and scaling up, and gender.

^f The rating for partners' performance is not a component of the overall project achievement rating.

Ratings of the project completion report quality

	<i>PMD rating</i>	<i>IOE PCRV rating</i>	<i>Net disconnect</i>
Scope	6	6	0
Quality (methods, data, participatory process)	5	4	-1
Lessons	3	3	0
Candour	5	4	-1

Scope: The PCR covers all important elements of the project bringing together all the information on outputs produced and figures available. Rated 6 similarly as PMD.

Quality: The PCR did not use the original objectives to qualify the project. So called 'impact assessment' surveys have been quoted without relativizing the reported figures by discussing the methods used or the sample size. These figures have thereafter been further used in the NEN Portfolio Performance Report, providing an overly positive report on the results and impact. This is why the rating provided is 4 instead of 5.

Lessons: the PPA concurs with the PMD rating that lessons have not been drawn in the PCR.

Candour: The PCR does not critically discuss the lack of causality between the outputs which have been reported and outcomes which have not been measured. This is why the PPA rating is 4.

Basic programme data

			Approval (US\$ m)	Actual (US\$ m)
Region	Near East, North Africa and Europe (NEN)	Total project costs	24.254	23.349
Country	Albania	IFAD loan and percentage of total		7.619 32.6%
Loan number	684-AL	Borrower		2.028 8.7%
Type of project (subsector)	Rural Development	Cofinancier 1 (OPEC Fund for International Development)		3.952 16.9%
Financing type	Loan Grant	Cofinancier 2 (Council of Europe Development Bank)		6.580 28.2%
Lending terms*	Highly concessional			
Date of approval	13-Dec-2006			
Date of loan signature	20-Jun-2006	Beneficiaries		3.170 13.6%
Date of effectiveness	14-Feb-2007	Other sources		
Loan closure extensions	1 year, from 30-Sep-2012 to 30-Sep-2013	Direct: 12,058 (9 440 men + 2 618 women) Indirect: 34 682 (substantial overlapping with direct beneficiaries)		
Country programme managers	Ms Annabelle Lhommeau (current) Mr Patrick Herlant Ms Dinah Saleh Mr Abdelaziz Merzouk Mr Lorenzo Coppola Mr Hening Pedersen	Loan closing date	30-Sep-2012	30-Sep-2013
Regional director(s)	Khalida Bouzar, 01/05/2012-present Various Officers-in-Charge, August 2011-May 2012: Nadim Khouri, 08/07/2008-20/08/2011 Mona Bishay, Sept. 2004-July 2008	Midterm review		Not implemented
Responsible officer for project performance assessment	Mr Pradeep Itty	IFAD loan disbursement at project completion (%)		97.19%
Project performance assessment quality control panel	Mr Ashwani Muthoo Ms Fumiko Nakai	Date of the project completion report		25-Nov-2013

Source: SDRMA project completion report, 25 November 2013.

* There are four types of lending terms: (i) special loans on highly concessional terms, free of interest but bearing a service charge of three fourths of 1 per cent (0.75%) per annum and having a maturity period of 40 years, including a grace period of 10 years; (ii) loans on hardened terms, bearing a service charge of three fourths of 1 per cent (0.75%) per annum and having a maturity period of 20 years, including a grace period of 10 years; (iii) loans on intermediate terms, with a rate of interest per annum equivalent to 50 per cent of the variable reference interest rate and a maturity period of 20 years, including a grace period of five years; (iv) loans on ordinary terms, with a rate of interest per annum equivalent to 100 per cent (100%) of the variable reference interest rate, and a maturity period of 15-18 years, including a grace period of three years.

Terms of reference

I. Background

1. The Independent Office of Evaluation of IFAD (IOE) will undertake a project performance assessment (PPA) of the Programme for Sustainable Development in Rural Mountain Areas (SDRMA.) The PPA is a project-level evaluation aiming to:
(i) provide an independent assessment of the overall results of projects; and
(ii) generate findings and recommendations for the design and implementation of ongoing and future operations within the country.
2. A PPA is conducted as a next step after a Project Completion Report Validation (PCRVR). PCRVR performs the following functions: (i) independent verification of the analytical quality of the project completion report; (ii) independent review of project performance and results through desk review; and (iii) extrapolation of key substantive findings and lessons learned for further synthesis. The PCRVR consists of a desk review of the project completion report and other available reports and documents. A PPA includes a country visit in order to complement the PCRVR findings and fill in information gaps identified by the PCRVR.
3. The PPA applies the evaluation criteria outlined in the IFAD Evaluation Manual. In view of the time and resources available, the PPA is generally not expected to undertake quantitative surveys. The PPA rather adds analysis based on interviews at IFAD headquarters, interactions with stakeholders in the country including project beneficiaries, and direct observations in the field. As such it relies necessarily on the data available from the project monitoring and evaluation system.
4. Country context.¹ Albania is a middle-income country that has made enormous strides in establishing a credible, multi-party democracy and market economy over the last two decades. Before the global financial crisis, Albania was one of the fastest-growing economies in Europe, accompanied by rapid reductions in poverty. However, after 2008 average growth halved and macroeconomic imbalances in the public and external sectors emerged. Between 2002 and 2008, poverty in the country fell by half (to about 12.4 per cent) but in 2012 it increased again to 14.3 per cent. Unemployment increased from 12.5 per cent in 2008 to 16.9 per cent in 2013, with youth unemployment reaching 26.9 per cent. Albania's labour market has undergone dramatic shifts over the last decade, contributing to productivity growth. Formal non-agricultural employment in the private sector more than doubled between 1999 and 2013, fuelled largely by foreign investment. Emigration and urbanization brought a structural shift away from agriculture and towards industry and service, allowing the economy to begin producing a variety of services - ranging from banking to telecommunications and tourism. Despite this shift, agriculture remains one of the largest and most important sectors in Albania. Agriculture is a main source of employment and income – especially in the country's rural areas – and represents around 20 per cent of GDP while accounting for about half of total employment. Albania's agricultural sector continues to face a number of challenges, however, including small farm size and land fragmentation, poor infrastructure, market limitations, limited access to credit and grants, and inadequate rural institutions.
5. Project description. The goal of the programme is to increase household incomes in Albania's mountain areas, particularly among the poorer rural population. The overall objective of the programme is to achieve: (a) additional resource mobilization in and for the mountain areas; (b) accelerated economic growth and

¹ World Bank. <http://www.worldbank.org/en/country/albania/overview>

poverty reduction; and (c) strengthened abilities of local institutions and organizations to influence and support private- and public-sector investment. The programme area covered 11 districts with greater than 80 per cent of their area classed as mountainous and 10 districts with 50-80 per cent of their area classed as mountainous. The gross programme area holds a population of about 1.7 million or about half the total national population, and encompasses a large majority of the rural poor. The ultimate target group for SDRMA is underemployed and unemployed rural men and women, small and medium-sized farm holders and rural entrepreneurs.

II. Methodology

6. Objectives. The main objectives of the PPA are to: (i) assess the results of the programme; and (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in Albania.
7. Scope. The PPA will take account of the preliminary findings of the PCRV and further desk review issues emerging from interviews at IFAD headquarters, and a focused mission to the country for the purpose of generating a comprehensive, evidence-based evaluation. However, the PPA will not need to examine or re-examine the full spectrum of programme activities, achievements and drawbacks, but will focus on selected key issues. Furthermore, subject to the availability of time and budgetary resources, due attention will be paid to filling in the evaluative information gaps of the PCR and other programme documents.
8. Evaluation criteria. In line with the evaluation criteria outlined in IOE's Evaluation Manual (2009), added evaluation criteria (2010)² and IOE Guidelines for PCRV and PPA (January 2012), the key evaluation criteria applied in this PPA will include:
 - (i) Relevance, which is assessed both in terms of alignment of project objectives with country and IFAD policies for agriculture and rural development and the needs of the rural poor, as well as project design features geared to the achievement of project objectives;
 - (ii) Effectiveness, which measures the extent to which the project's immediate objectives were achieved, or are expected to be achieved, taking into account their relative importance;
 - (iii) Efficiency, which indicates how economically resources/inputs are converted into results;
 - (iv) Rural poverty impact, which 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 results of development interventions. Five impact domains are employed to generate a composite indication of rural poverty impact: household income and assets; human and social capital and empowerment; food security and agricultural productivity; natural resources, environment and climate change; and institutions and policies;
 - (v) Sustainability, indicating 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;
 - (vi) Pro-poor innovation and scaling up, assessing the extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction and the extent to which these interventions have been (or

² Gender, climate change, and scaling up.

- are likely to be) replicated and scaled up by government, private sector and other agencies;
- (vii) Gender equality and women's empowerment. This criterion is related to the relevance of design in terms of gender equality and women's empowerment, the level of resources committed, and changes promoted by the project; and
 - (viii) Besides, the performance of partners, including the performance of IFAD and the Government, will be assessed on an individual basis, with a view to the partners' expected role and responsibility in the project life cycle.
9. Data collection. The PPA will build on the initial findings of the PCR. In addition, interviews with relevant stakeholders will be conducted both at IFAD headquarters and in Albania. During the mission to Albania, additional primary and secondary data will be collected in order to reach an independent assessment of performance and results. Data collection methods will mostly include qualitative participatory techniques. The methods deployed will consist of individual and group interviews with beneficiaries, and direct observations. The PPA will also make use – where applicable – of additional data available through the programme's monitoring and evaluation (M&E) system. Triangulation will be applied to verify findings emerging from different information sources.
 10. Stakeholders' participation. In compliance with the Evaluation Policy of 2011, the main programme stakeholders will be involved throughout the PPA. This will ensure that the key concerns of the stakeholders are taken into account, that the evaluators fully understand the context in which the programme was implemented, and that opportunities and constraints faced by the implementing institutions are identified. Regular interaction and communication will be established with IFAD's Near East, North Africa and Europe Division (NEN) and with the Government of Albania. Formal and informal opportunities will be explored during the process for the purpose of discussing findings, lessons and recommendations.

III. Evaluation process

11. In all, the PPA will involve five phases: desk work; country work; report drafting and peer review; receipt of comments on the draft PPA report from NEN and the Government; and the final phase of communication and dissemination.
12. Desk work phase. The PCR and further desk review provide initial findings and identify key issues to be investigated by the PPA.
13. Country work phase. The PPA mission is scheduled for Sept. 2014. Mission members will interact with key Government officials, local authorities, MADA, FAF-DC and FORA staff and beneficiaries. At the end of the mission, a brief will be provided to the IFAD partner ministry(ies), followed by a wrap-up meeting in Tirana, the capital city of Albania, to summarize the preliminary findings and discuss key strategic and operational issues.
14. Report drafting and peer review. At the conclusion of the field visit, a draft PPA report will be prepared and submitted to IOE internal peer review for quality assurance.
15. Comments by NEN and the Government. The PPA report will be shared with NEN and thereafter with the Government for comments. IOE will finalize the report following receipt of the Government's comments.
16. The final report will be presented to the Evaluation Committee (EC) of the Board in early 2015. The IFAD Management will prepare a written response to the PPA, which will include their agreement or otherwise to adopt and implement the recommendations specifically addressed to the Fund in a timely manner. The IFAD Management response will also be shared with the EC at the same time when members discuss the final impact evaluation report. The implementation of the

agreed recommendations will be traced through the President's Report on the Implementation Status and Management Actions (PRISMA) on evaluations recommendations, presented to the EC and the Board annually.

17. Communication and dissemination. The final report, which includes the IFAD Management response, will be disseminated among key stakeholders and the evaluation report published by IOE, both online and in print.

IV. Key issues for further analysis

18. The IOE Selectivity Criteria were used to decide to conduct a PPA following the PCR. The following points were considered in particular as determining:
 - a) Information gaps: although the Programme appears quite successful to the PCR, there is little evidence on impact as indicators were not measured and the M&E was not carried out.
 - b) The approach of consistently building upon past IFAD experience which focused on the poorer mountainous regions while building up local institutions to implement the Programme should hold lessons for other countries or situations.
 - c) Although a logframe with indicators was available from the start, there was a lack of M&E and impact measurement. This questions the usefulness of M&E to steer the Programme and what needs to be done to effectively implement M&E, and measure and document results for learning and accountability.
19. Based on the desk review the proposed areas for further analysis will enable IOE to make a more conclusive assessment of the Programme. The following key issues will be further investigated:
20. Targeting. The PPA will identify those features of the SDRMA approach that made it relevant to poverty reduction cum targeting and the development of the mountain areas in view of the structural changes taking place in Albania. Also, it will be assessed what lessons the SDRMA's approach holds for other IFAD-funded initiatives and for other donors in the country and in the region at large.
21. Gender. According to the PCR, women are the backbone of subsistence farming which is often carried out in conjunction with agro-processing, crafts and other income generating activities. Based on this, the PPA will examine the pertinence of SDRMA focalizing the gender approach on the participation level of women (20 to 40 per cent) as beneficiaries. The PPA will look into changes in gender outcomes and effects on the environment that surrounds and conditions women's choices (structure), and will examine changes in gender power relations.
22. Effectiveness. Although the PCR points out to the lack of quantitative data on actual adoption of technologies, actual changes in agricultural production or actual changes in enterprise revenues and household income, it states that the achievements show that SDRMA has attained, to a very large extent, its development objectives and was therefore largely effective. The PPA mission will be examining selectively certain reported achievements such as Local Action Plans/Strategic Development Plans, value added chains, Small-Scale Economic Infrastructure and the functioning of FORA.
23. Institutional sustainability. The mission team will assess the institutional impact in terms of sustainability of the structures introduced by SDRMA, beyond the completion of the project. This should, in particular, deepen a conclusion of the PCR which stated that the programme design did not pay due attention to the possibilities of MADA developing into a specialized regional organization and MAFF developing into fully fledged commercial bank. Because a change in the Government of Albania took place in Sept. 2013 just before the PCR was performed, the intentions of the newly formed Government were not yet known with regards to the future of the key institution responsible for the implementation

(MADA). The PPA will finally discuss the reasons why M&E appears to have been difficult to set up and what improvements or simplifications would be required to ensure a system which is actually used to steer the project and to convincingly prove results and impact.

V. Evaluation team

24. The PPA mission will be composed of Mr Michael Macklin (agriculturalist/agriculture services specialist), IOE Consultant and Ms Valbona Ylli (agriculture and gender specialist), IOE Consultant. Dr Pradeep Itty, IOE senior evaluation officer, is overall responsible for the PPA and the two consultants will directly report to him. Ms Laure Vidaud, Evaluation Assistant, will provide research and administrative support.

VI. Background documents

General

- IFAD (2009). Evaluation Manual. Methodology and processes.
- IOE (2012). Guidelines for the Project Completion Report Validation (PCR) and Project Performance Assessment (PPA).
- IFAD (2011). IFAD Evaluation Policy.
- Various IFAD Policies and Strategies, in particular, Strategic Framework (2007-10) and (2011-2015), Targeting Policy (2008), Gender Equity and Women Empowerment.
- IFAD (2013). Project Completion Report of the Programme for Sustainable development in Rural Mountain Areas (SDRMA)

IFAD documents - country and project specific:

- Albania: IFAD Country Strategic Opportunities Papers (2005)
- IFAD, Report and Recommendation of the President, Albania, Programme for Sustainable Development in Rural Mountain Areas (2005)
- Project Loan Agreement (2006) and Amendments (18.6.2008; 26.11.2008; 22.12.2011)
- Supervision Mission Aide Memoire and Reports
- Programme for Sustainable Development in Rural Mountain Areas Project Completion Report Validation (2013)
- SDRMA 'Baseline Survey' Final Report, Tirana RDA (2008?)
- SDRMA and MMP Outcomes and Impact Assessment Report (April 2011)
- SDRMA, Supporting the development of LEADER-LIKE organizations (FORA), October 2011
- Impact Assessment SDRMA and MMP, Final Report, ACER (April 2013)
- Impact Assessment Report 2012, First Albanian Financial Development Company (April 2013)

Methodological note on project performance assessments

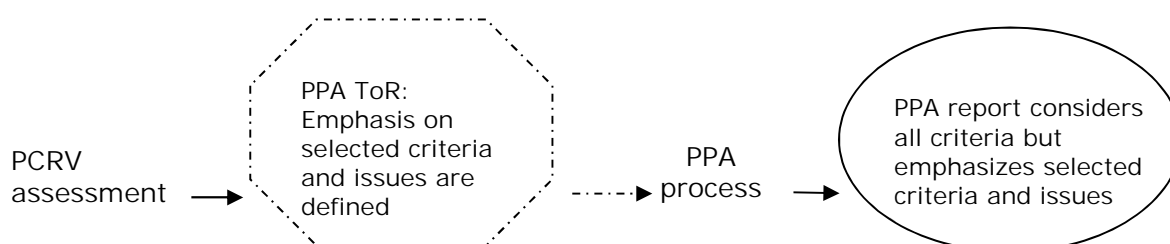
A. What is a project performance assessment?¹

1. The project performance assessment (PPA) conducted by the Independent Office of Evaluation of IFAD (IOE) entails one mission of 7-10 days² and two mission members.³ PPAs are conducted on a sample of projects for which project completion reports have been validated by IOE, and take account of the following criteria (not mutually exclusive): (i) synergies with forthcoming or ongoing IOE evaluations (e.g. country programme or corporate-level evaluations); (ii) major information gaps in project completion reports (PCRs); (iii) novel approaches; and (iv) geographic balance.
2. The objectives of the PPA are to: assess the results and impact of the project under consideration; and (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in the country involved. When the PPA is to be used as an input for a country programme evaluation, this should be reflected at the beginning of the report. The PPA is based on the project completion report validation (PCR/V) results, further desk review, interviews at IFAD headquarters, and a dedicated mission to the country, to include meetings in the capital city and field visits. The scope of the PPA is set out in the respective terms of reference.

B. Preparing a PPA

3. Based on the results of the PCR/V, IOE prepares brief terms of reference (ToR) for the PPA in order to sharpen the focus of the exercise.⁴ As in the case of PCR/Vs, PPAs do not attempt to respond to each and every question contained in the Evaluation Manual. Instead, they concentrate on the most salient facets of the criteria calling for PPA analysis, especially those not adequately explained in the PCR/V.
4. When preparing a PPA, the emphasis placed on each evaluation criterion will depend both on the PCR/V assessment and on findings that emerge during the PPA process. When a criterion or issue is not identified as problematic or in need of further investigation, and no additional information or evidence emerges during the PPA process, the PPA report will re-elaborate the PCR/V findings.

Scope of the PPA



¹ Extract from the PCR/V and PPA Guidelines.

² PPAs are to be conducted within a budget ceiling of US\$25,000.

³ Typically, a PPA mission would be conducted by an IOE staff member with the support of a consultant (international or national). An additional (national) consultant may be recruited if required and feasible within the evaluation budget.

⁴ Rather than an approach paper, IOE prepares terms of reference for PPAs. These terms of reference ensure coverage of information gaps, areas of focus identified through PCR/Vs and comments by the country programme manager, and will concentrate the PPA on those areas. The terms of reference will be included as an annex to the PPA.

C. Evaluation criteria

5. The PPA is well suited to provide an informed summary assessment of project relevance. This includes assessing the relevance of project objectives and of design. While, at the design stage, project logical frameworks are sometimes succinct and sketchy, they do contain a number of (tacit) assumptions on mechanisms and processes expected to generate the final results. At the post-completion phase, and with the benefit of hindsight, it will be clearer to the evaluators which of these assumptions have proved to be realistic, and which did not hold up during implementation and why.
6. For example, the PPA of a project with a major agricultural marketing component may consider whether the project framework incorporated key information on the value chain. Did it investigate issues relating to input and output markets (distance, information, monopolistic power)? Did it make realistic assumptions on post-harvest conservation and losses? In such cases, staff responsible for the PPA will not be expected to conduct extensive market analyses, but might consider the different steps (e.g. production, processing, transportation, distribution, retail) involved and conduct interviews with selected actors along the value chain.
7. An assessment of effectiveness, the extent to which a project's overall objectives have been achieved, should be preferably made at project completion, when the components are expected to have been executed and all resources fully utilized. The PPA considers the overall objectives⁵ set out in the final project design document and as modified during implementation. At the same time, it should be flexible enough to capture good performance or under-performance in areas that were not defined as an objective in the initial design but emerged during the course of implementation.
8. The PPA mission may interview farmers regarding an extension component, the objective of which was to diffuse a certain agricultural practice (say, adoption of a soil nutrient conservation technique). The purpose here would be to understand whether the farmers found it useful, to what extent they applied it and their perception of the results obtained. The PPA may look into reasons for the farmers' interest in new techniques, and into adoption rates. For example, was the extension message delivered through lectures? Did extension agents use audio-visual tools? Did extension agents engage farmers in interactive and participatory modules? These type of questions help illustrate why certain initiatives have been conducive (or not conducive) to obtaining the desired results.
9. The Evaluation Manual suggests methods for assessing efficiency, such as calculating the economic internal rate of return,⁶ estimating unit costs and comparing them with standards (cost-effectiveness approach), or addressing managerial aspects of efficiency (timely delivery of activities, respect of budget provisions). The documentation used in preparing the PCRV should normally provide sufficient evidence of delays and cost overruns and make it possible to explain why they happened.
10. As far as rural poverty impact is concerned, the following domains are contemplated in the Evaluation Manual: (a) household income and assets;

⁵ Overall objectives will be considered as a reference for assessing effectiveness. However, these are not always stated clearly or consistent throughout the documentation. The assessment may be made by component if objectives are defined by components; however the evaluation will try to establish a correspondence between the overall objectives and outputs.

⁶ Calculating an economic internal rate of return (EIRR) may be challenging for a PPA as it is time consuming and the required high quality data are often not available. The PPA may help verify whether some of the crucial assumptions for EIRR calculation are consistent with field observations. The mission may also help shed light on the cost-effectiveness aspects of efficiency, for example whether, in an irrigation project, a simple upgrade of traditional seasonal flood water canalization systems might have been an option, rather than investing on a complex irrigation system, when access to markets is seriously constrained.

- (b) human and social capital and empowerment; (c) food security and agricultural productivity; (d) natural resources, the environment and climate change;⁷ and (e) institutions and policies. As shown in past evaluations, IFAD-funded projects generally collect very little data on household or community-level impact indicators. Even when impact data are available, both their quality and the methodological rigour of impact assessments are still questionable. For example, although data report significant increases in household assets, these may be due to exogenous factors (e.g. falling prices of certain commodities; a general economic upturn; households receiving remittances), and not to the project.
11. PPAs may help address the “attribution issue” (i.e. establishing to what extent certain results are due to a development intervention rather than to exogenous factors) by:
 - (i) Following the logical chain of the project, identifying key hypotheses and reassessing the plausibility chain; and
 - (ii) Conducting interviews with non-beneficiaries sharing key characteristics (e.g. socioeconomic status, livelihood, farming system), which would give the mission an idea of what would have happened without the project (counterfactual).⁸
 12. When sufficient resources are available, simple data collection exercises (mini-surveys) may be conducted by a local consultant prior to the PPA mission.⁹ Another non-mutually exclusive option is to spot-check typical data ranges or patterns described in the PCR by means of case studies (e.g. do PCR claims regarding increases in average food-secure months fall within the typical ranges recorded in the field?). It is to be noted that, while data collected by a PPA mission may not be representative in a statistical sense, such data often provide useful reference points and insights. It is important to exercise care in selecting sites for interviews in order to avoid blatant cases of non-beneficiaries profiting from the project.). Sites for field visits are selected by IOE in consultation with the government concerned. Government staff may also accompany the PPA mission on these visits.
 13. The typical timing of the PPA (1-2 years after project closure) may be useful for identifying factors that enhance or threaten the sustainability of benefits. By that stage, the project management unit may have been disbanded and some of the support activities (technical, financial, organizational) terminated, unless a second phase is going forward or other funding has become available. Typical factors of sustainability (political support, availability of budgetary resources for maintenance, technical capacity, commitment, ownership by the beneficiaries, environmental resilience) can be better understood at the ex post stage.
 14. The PPA also concentrates on IFAD’s role with regard to the promotion of innovations and scaling up. For example, it might be observed that some innovations are easily scaled up at low cost (e.g. simple but improved cattle-rearing practices that can be disseminated with limited funding). In other cases, scaling up may involve risks: consider the case of a high-yield crop variety for which market demand is static. Broad adoption of the variety may be beneficial in terms of ensuring food security, but may also depress market prices and thereby reduce sale revenues for many households unless there are other, complementary activities for the processing of raw products.
 15. The PPA addresses gender equality and women’s empowerment, a criterion recently introduced into IFAD’s evaluation methodology. This relates to the

⁷ Climate change criterion will be addressed if and when pertinent in the context of the project, as most completed projects evaluated did not integrate this issue into the project design.

⁸ See also the discussion of attribution issues in the section on PCRVs.

⁹ If the PPA is conducted in the context of a country programme evaluation, then the PPA can piggy-back on the CPE and dedicate more resources to primary data collection.

emphasis placed on gender issues: whether it has been followed up during implementation, including the monitoring of gender-related indicators; and the results achieved.

16. Information from the PCRV may be often sufficient to assess the performance of partners, namely, IFAD and the government. The PPA mission may provide further insights, such as on IFAD's responsiveness, if relevant, to implementation issues or problems of coordination among the project implementation unit and local and central governments. The PPA does not assess the performance of cooperating institutions, which now has little or no learning value for IFAD.
17. Having completed the analysis, the PPA provides its own ratings in accordance with the evaluation criteria and compares them with PMD's ratings. PPA ratings are final for evaluation reporting purposes. The PPA also rates the quality of the PCR document.
18. The PPA formulates short conclusions: a storyline of the main findings. Thereafter, a few key recommendations are presented with a view to following up projects, or other interventions with a similar focus or components in different areas of the country.¹⁰

¹⁰ Practices differ among multilateral development banks, including recommendations in PPAs. At the World Bank, there are no recommendations but "lessons learned" are presented in a typical PPA. On the other hand, PPAs prepared by Asian Development Bank include "issues and lessons" as well as "follow-up actions" although the latter tend to take the form of either generic technical guidelines for a future (hypothetical) intervention in the same sector or for an ongoing follow-up project (at Asian Development Bank, PPAs are undertaken at least three years after project closure).

Definition of the evaluation criteria used by IOE

<i>Criteria</i>	<i>Definition^a</i>
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 design in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
Rural poverty impact ^b	
Household income and assets	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
Household income and assets	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
Human and social capital and empowerment	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.
Food security and agricultural productivity	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
Natural resources, the environment and climate change	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment as well as in mitigating the negative impact of climate change or promoting adaptation measures.
Institutions and policies	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
Other performance criteria	
Sustainability	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
Innovation and scaling up	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies.
Gender equality and women's empowerment	The criterion assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects.
Overall project achievement	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
Performance of partners	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. It also assesses the performance of individual partners against their expected role and responsibilities in the project life cycle.
IFAD Government	

^a These definitions have been taken from the OECD/DAC *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IFAD Evaluation Manual (2009).

^b The IFAD Evaluation Manual also deals with the "lack of intervention", that is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention "not applicable") is assigned.

List of key persons met

Government

Adela Xhemali, Ministry of Finance, General Director

Arben Kipi, Ministry of Agriculture, Rural Development and Water Administration, Chief of Cabinet

Uarda Hoti, First Albanian Financial Development Company (FAF-DC), Administrator

Elvin Nosi, First Albanian Financial Development Company (FAF-DC), Head of Credit and Risk Management Department

Forcim Kola, First Albanian Financial Development Company (FAF-DC), Heat of Sales, Marketing-Development Department

International and donor institutions

Llazar Korra, Delegation of the European Union in Albania, Agriculture and Environment Programme Manager

Ismail Beka, German Federal Enterprise for International Cooperation(GIZ), Deputy Country Director

Eduard Rumeni, Swiss Development Cooperation (Switzerland), National Programme Officer

Sali Salihi, UNDSS, Security assistant

Drita Dade, World Bank, Senior Project Officer

Non-governmental organizations and associations

Akuila Findiklian, Mountain Areas Development Agency (MADA), Grant and Investment Officer

Alban Qinami, Mountain Areas Development Agency (MADA), Infrastructure Officer

Blerina Doracaj, Mountain Areas Development Agency (MADA), Procurement and Legal Specialist

Flutura Ndreu, Mountain Areas Development Agency (MADA), Grants and Strategic Investment Programme Officer

Natasha Hoda, Mountain Areas Development Agency (MADA), Finance Officer

Roland Bardhil, Mountain Areas Development Agency (MADA), Manager- Policies and Regional Development Sector

Rrustem Strugaj, Mountain Areas Development Agency (MADA), Executive Director

Dhiogjen Kristo, Mountain Association for National FORA (MANF), Executive Director

Jacopo Turini, Oxfam Italia, Project Manager

Bibliography

Programme documents

International Fund for Agricultural Development (IFAD). Technical Review Committee (TRC) No. 28/05/PN: Programme for Sustainable Development in Rural Areas (SDRMA). 2005.

_____. Republic of Albania: Country strategic opportunities paper. 84th session of the Executive Board. April 2005.

_____. Report and recommendation of the President to the Executive Board on a proposed loan to the Republic of Albania for the Programme for Sustainable Development in Rural Mountain Areas. December 13, 2005.

_____. SDRMA. Programme Loan Agreement between the Republic of Albania and IFAD. June 20, 2006.

_____. SDRMA. Appraisal report. March 2007.

_____. SDRMA. Supervision and Implementation Support Mission. January 2008.

_____. SDRMA. Project completion report, main report and appendices 2013.

IFAD-IOE. Mountain Areas Development Programme. Completion evaluation. 2008.

Tomi Treska, Tom Preku. Supporting the Development of LEADER-LIKE (FORA) in Mountain Areas of Albania. October 2012.

General references

Albanian Centre for Economic Research. Impact assessment SDRMA and Mountain to Markets Programme (MMP). 2011-2012.

Ministry of Agriculture of the Republic of Albania. Yearbooks for the Korca Region. 2008 and 2011.

World Bank. Albania Country Overview. 2014.

<http://www.worldbank.org/en/country/albania/overview>

SDRMA updated logical framework

Narrative summary	Verifiable indicators (gender differentiated)	Means of verification	Assumptions/risks
Goal			
Income of households in mountain area communes increased	<ul style="list-style-type: none"> • Reduction in percentage of rural poor people living on US\$2/day. • Increase in ownership of household assets. • Reduction in the prevalence of chronic malnutrition for children under five (stunting, i.e., height for age) 	LSMS and/or DHS data, disaggregated by district Baseline and impact assessment surveys INSTAT/Albanian Institute of Statistics) studies. National Human Development Report	
Purpose/objective			
Sustainable regional development programme implemented for the mountain areas that accelerates poverty-reducing economic growth	<ul style="list-style-type: none"> • Percentage of costs of development/local plans financed by national government, other investors. • Increase of number of communes and municipalities which are receiving funds for local development projects by third party • Increase of number of communal and municipal productive and commercial investments in mountain areas • Percentage of SEIP participants with increased revenue • Volume of commercialized products in SIP increased • Number of businesses operational after establishment and support by MADA (by type of business) • Number of full-time equivalent jobs created in new businesses • Number of new businesses established in 21 districts (by type of business) • Increased percentage of working age population employed, particularly vulnerable groups in 21 districts • Infrastructure operational and maintained after investment • Increase number and type of infrastructure financed other than by SDRMA • Increase in utilization of business development services in mountain areas • Increase in percentage of loan approvals by financial institutions for mountain area enterprises 	Information by local government (survey, focus group discussions, local government budgets Comparison of local investment strategy with actual investments Periodic assessment by MADA regional manager Rapid surveys of SIP (producer and processors and other) Focus group discussions with SIP participants Periodic assessment by MADA business promoter Rapid surveys of business supported by MADA Baseline, midterm and completion impact survey on SME Periodic assessment by MADA Infrastructure Department Reports by communes on status of infrastructure Local government budget Baseline, midterm and completion impact survey Data from financial institutions Local Government budget INSTAT employment data studies INSTAT structural business surveys	Macroeconomic and political stability

Narrative summary	Verifiable indicators (gender differentiated)	Means of verification	Assumptions/risks
Outputs			
<p>1. MADA operates as a regional development agency capacitating local governments, civil society (including private sector) to plan development and to prioritize and implement investments</p>	<p>1.1. MADA restructured to be a European Union-type regional development agency that explicitly takes into account the needs of the rural poor 1.2. Number of development plans defined and published with participation of FORA for districts in line with overall mountain area programme framework 1.3. All professional staff trained on regional and rural development topics according to Agency needs.</p>	<p>Reports on consultancy services annual assessment by MADA Local government development plans Local government budgets Training reports Assessment of Human Resource Development Plan</p>	<p>Adequate professional capacity present in respective organizations to implement activities and for analysis and decision-making.</p> <p>Confidence in business environment sustained or increased among investors in mountain areas.</p> <p>No political interference in selection/location of supported infrastructure.</p>
<p>2. Communes and municipalities strengthened in local and national planning process</p>	<p>2.1. Number of communes and municipalities with defined development strategies supported by LAP 2.2. Number of staff trained in local management and governance to attract community-based investment 2.3. Number of requests presented by FORA for local investments approved by local government 2.4. Number of community priority investments granted</p>	<p>Survey of communes and municipalities Staff survey Focus group discussions with local authorities FORA discussions and assessments Documentations of approvals</p>	
<p>3. Management and technical skills of mountain area private sector enhanced</p>	<p>3.1. Number of SEIP with x number of producers with y number of processor implemented according to design criteria 3.2. Number of producer and number of processor receiving a loan with the amount of y 3.3. Number of producer, number of processor, trained in (type) activities 3.4. Number of farmers tracing and vaccinating cattle against broseleosis in Korca region 3.5. Number of participants in SEIPs taking up new approaches, by commodity/value chain 3.6. Number of full-time equivalent jobs in SEIP process created 3.7. Number of beneficiaries benefiting from Technology Innovation Grant and amount/benef.</p>	<p>Business development services' records (SBCA records and analysis) SIP surveys SIP record sheets of producer and processor Focus group discussions with SIP participants MADA networks' case studies (Business specialists/business promoters) Records of vet services by Min. Agr. MADA baseline, midterm and completion survey INSTAT structural business surveys</p>	
<p>4. Small-scale economic infrastructure investment for business and local economic development implemented</p>	<p>4.1. Area (ha) of irrigated land specified by crop rehabilitated or established 4.2. Total water delivered in season correspond to water request 4.3. Number of livestock water points constructed/rehabilitated 4.4. Number of (drinking) water systems rehabilitated 4.5. Number of beneficiaries benefiting by type of infrastructure</p>	<p>Report of contractors Report of regional officers Assessments of WUAs Case studies of infrastructure investors Field visits of regional officers Observation and reports by local government</p>	