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Investing in rural people

Management update on the project performance assessment of the Programme for Sustainable Development in Rural Mountain Areas (SDRMA) in Albania

Note to Evaluation Committee members

Focal points:

Technical questions:

Annabelle Lhommeau
Country Programme Manager
Near East, North Africa and Europe Division
Tel.: +39 06 5459 2783
e-mail: a.lhommeau@ifad.org

Lisandro Martin
Lead Programme Manager
Programme Management Department
Tel.: +39 06 5459 2388
e-mail: Lisandro.martin@ifad.org

Dispatch of documentation:

Alessandra Zusi Bergés
Officer-in-Charge
Governing Bodies Office
Tel.: +39 06 5459 2092
e-mail: gb_office@ifad.org

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For: Information

Management update on the project performance assessment of the Programme for Sustainable Development in Rural Mountain Areas (SDRMA) in Albania

1. Following the last meeting of the Evaluation Committee, the Programme Management Department (PMD) established an interdepartmental working group to derive lessons learned from the experience of the Programme for Sustainable Development in Rural Mountain Areas (SDRMA) in Albania, financed by an IFAD loan (684-AL) and approved by the Executive Board in December 2005.
2. The SDRMA successfully developed relevant value chains that enhanced incomes, employment and entrepreneurship in mountain areas. However, the project performance assessment identified a number of shortcomings that prevented SDRMA from meeting all initial expectations (overall achievement was thus assessed as moderately satisfactory). These included: weaknesses in targeting and appropriateness of design; pertinence of the baseline survey (2008), containing little data on the logical framework (logframe) indicators (limiting the validity and viability of the underlying theory of change); an M&E system that did not advance beyond simple output monitoring (constraining substantive quantitative and qualitative outcome and impact analysis); and questionable sustainability of both institutions originally established with IFAD financing: the Mountain Areas Development Agency (MADA) and the Mountain Areas Finance Fund (MAFF) (later transformed into the First Albanian Finance Development Company [FAF-DC]).
3. In terms of targeting, several interventions directed at the economically active strata of rural society were thus based on the development theory of "trickle down effects" benefiting poor and unemployed people, without establishing the validity of the theory in the Albanian context or identifying measures to assess progress, level of target achievement and overall improved livelihoods for the primary target group.
4. A profile of the target group, with income levels, thresholds and social characteristics, was not sufficiently developed. Nor was the situation of women in rural mountainous areas sufficiently understood so as to identify ways to overcome stumbling blocks to engaging women effectively in economic activities and decision-making.
5. To ensure greater impact of the rural finance component, a solid needs assessment could have led to the design of more effective interventions, rather than providing grants only to those that could meet the (equity) matching requirements. In addition, and also as part of the design, the strength of existing financial service providers should have been evaluated with a view to ascertaining how well they met demand in rural mountain areas (or would have met if certain requirements were addressed by the programme). While the infrastructure component, including rural roads and small-scale irrigation systems, achieved the set objectives (especially in terms of the number of households reached), the lack of data and analysis prevented a more thorough evaluation of impact on targeted populations.
6. The working group found that a solid and elaborate technical review had been provided on the SDRMA prior to finalization of programme design. The review identified most, if not all, of the issues that in hindsight are seen to have had a negative influence on the programme's overall achievement rates. What has been difficult to assess, however, is the extent to which the recommendations were taken into account and implemented.

7. When comparing the situation in 2005, more than a decade ago, with the IFAD of today, we see that significant changes have been implemented to strengthen quality assurance. Indeed, a full quality assurance (QA) process has since been established to ensure that recommendations made by technical specialists are implemented before the design document is taken to the next stage in the process. In addition, recommendations that affect project/programme implementation are now monitored systematically, through a QA progress report prepared by the country programme manager (CPM) after 18 months of implementation.
8. This strong emphasis on technical, financial, implementation and reporting quality is reflected in a QA procedure that today involves a minimum of three levels: the country programme management team, led by the CPM within the originating division and technical specialists from the Policy and Technical Advisory and other divisions; a formal quality enhancement process (QE) at the department level, involving in-house and external technical expertise; and a QA panel organized outside PMD, involving external reviewers.
9. The design of SDRMA occurred in a period when IFAD was mandated to outsource project supervision to third parties (IFAD started supervising IFAD-financed projects directly in 2007). During the early years, this translated into CPMs gaining experience only gradually with the concepts, responsibilities and steps involved in direct supervision. The benefits of such supervision are now materializing – through the incorporation of lessons learned during implementation – into subsequent project designs. In some cases it was observed that repeated recommendations of supervision missions were not promptly acted on by the borrower. This has led IOE to raise the question of whether IFAD carried out adequate remedial interventions to follow up on, or enforce, the implementation of recommendations.
10. With the benefit of direct implementation/supervision experience, today operational divisions are better able to respond to non-responsive borrowers by: (i) including measures in the financing agreement that IFAD would take in the event of non-responsiveness; or (ii) having governments take joint responsibility for the supervision process and agree on proposed actions, rather than merely accept IFAD's recommendations.
11. Moreover, this programme experience must be placed in the context of Albania, which experienced a rapid transition from a closed country – in political as well as socio-economic terms – to one with plans to join the European Union. Nonetheless, issues of high income inequality and pockets of high poverty rates in rural areas are seen in Albania. Often institutions are weak in addressing challenges in rural areas. It is understandable that this earlier IFAD programme had created new institutions with the aim of strengthening them over time to become effective actors in the development of rural mountainous areas and to serve the interests of poor rural people in the targeted area. From experience with similar projects in the Eastern European and Caucasus subregion, IFAD has abandoned the approach of creating new institutions, and today focuses on strengthening existing institutions, creating partnerships (twinning arrangements) and striving to achieve synergies.
12. The lessons learned demonstrate that PMD has duly reflected on the SDRMA experience so as to strengthen new project designs through the integration of lessons learned. Management is currently making great efforts within the organization to internalize these lessons. The Near East, North Africa and Europe Division (NEN), as in other regional operational divisions, has instituted a rigorous process of peer reviewing supervision and midterm review reports, allowing for sharing of cross-country experience and lessons learned. A number of supporting systems are currently being revamped. In particular, mention should be made of the ongoing work to overhaul and renew the Results and Impact Management System (RIMS). Roles, responsibilities, indicators and tools are revised and added, commensurate with the requirements of new designs and innovative approaches in

IFAD interventions to support governments in achieving the Sustainable Development Goals. Moreover, PMD is updating and streamlining operational procedures and guidelines to ensure that the right measure of support is provided to supervision of IFAD-funded projects, and at the same time allow for rigorous performance reviews and adequate interventions when required. Operational divisions are holding lesson-sharing events on a range of policy, technical and operational themes. This reflects an appetite for cross-divisional learning and sharing of experiences – good and bad – for the benefit of all.

13. Based on the working group findings, NEN held a lesson-learning event on 1 February 2016. In addition, lessons learned from the SDRMA experience in Albania will be shared in a "Close Up" event at IFAD (a series of regular peer-to-peer learning events held by NEN) during the second quarter of 2016. Key lessons learned are summarized as follows:
- (a) Targeting. A "profile of poor people" must be developed in the project design phase so that interventions are tailored to benefit the targeted groups and strata. Needs assessments should be undertaken systematically before designing solutions to foster inclusive finance, women's empowerment, youth employment, etc. Key indicators for progress and results achievements should be identified during the design phase and reflected in the logframe.
 - (b) Institutional strengthening. Institution-building in rural areas should involve the creation of effective linkages with government and non-governmental entities (including community organizations) to ensure national ownership and relevance beyond project duration.
 - (c) Results measurement. Baseline data should be available (or made available) and used during project design so that realistic and achievable targets are set. Effective systems to ensure monitoring and results measurement must be established in the start-up phase, including appropriate staffing of project implementation units (borrower and IFAD), budgetary allocations for tools and resources (borrower) and capacity-building support (borrower and IFAD).
 - (d) Quality assurance. The institution of more detailed quality assurance procedures during the design and implementation phases of IFAD-funded projects (involving internal and external resources) has led to more rigorous reviews and the incorporation of recommended improvements. Semi-annual wrap-up meetings ensure regular knowledge-sharing.
 - (e) Effective supervision. Frequent changes in CPMs, especially during the early years of direct supervision, did not allow IFAD to provide the continuity and consistency in policy and implementation support required to support the SDRMA. Continuous incorporation of lessons learned, development of support systems and tools, and streamlining of procedures and guidelines for project supervision have enhanced IFAD's ability to provide effective management support and oversight to governments implementing IFAD-financed projects.