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Georgia – Impact Evaluation of the Agricultural Support Project

Management's response

Note to Evaluation Committee members

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Evaluation Committee — Ninety-eighth Session
Rome, 5 September 2017

For: Review

Georgia – Impact Evaluation of the Agricultural Support Project

Management's response

1. Management welcomes the impact evaluation of the Agricultural Support Project (ASP) in Georgia conducted by the Independent Office of Evaluation of IFAD (IOE). The evaluation has generated interesting lessons that will contribute to the development of the next results-based country strategic opportunities programme (RB-COSOP) and support the ongoing dialogue with the Government on efforts to spur rural economic growth.
2. Overall, Management is pleased to note the evaluation's recognition of the remarkable catalytic role that ASP played in reviving the interest of government and development partners in agriculture. Management also appreciates the commendation of the innovative financial product – rural leasing – introduced by the project. The evaluation confirms that rural leasing contributed to increased incomes and assets of indirect beneficiaries. It also found that the ASP irrigation activities had a significant scaling up effect on the design of subsequent World Bank and IFAD projects.
3. Despite the relevant project design, Management recognizes that some of the project's innovative features, along with implementation lags, shortcomings in the monitoring and evaluation systems, lightly integrated components and, most importantly, the prevailing policy context weakened the overall relevance and effectiveness, which generated mixed performance results. It is worth mentioning that ASP was designed and implemented within a context that at the time was not favourable to agricultural development. Management would like to acknowledge that Georgia has come a long way in its transition in a relatively short span of time. However, Management would like to draw the attention of IOE to a number of factual inconsistencies that were pointed out by the Government and IFAD but are still in the evaluation report. These could be adjusted to better reflect the reality on the ground.
4. Management concurs with the impact evaluation recommendations, which are already being internalized and acted upon under the ongoing Agriculture Modernization, Market Access and Resilience Project (AMMAR) and will inform the new generation of projects. Management's responses to the proposed recommendations are presented below.
 - (a) Apply a holistic approach to infrastructure rehabilitation when attempting to achieve a measurable change in the lives of farmers. Assess the institutional voids of the particular context when aiming for long-term sustainability of infrastructure.
 Agreed. Management agrees on the validity of this approach, which is the one generally applied in current IFAD investments. However, Management would like to reiterate that the insular approach taken with respect to infrastructure rehabilitation was intentional given the prevailing context at the time of ASP design and implementation. The related project objective aimed to remove infrastructure bottlenecks and a deliberate decision was made to invest in infrastructure as a first measure to reengage in a sector that had at the time been neglected and the need to regain farmers' confidence in appreciating agricultural investments. There is a need to acknowledge that in such situations there is a trade-off between institutional strengthening and establishing credibility among the target groups by delivering the needed resources in a simple and concrete manner. Notwithstanding this, Management acknowledges the forward-looking nature of this recommendation.

- (b) A longer-term programmatic approach is necessary for infrastructure-related interventions.

Agreed. Management agrees with the recommendation and will apply this to next generation investments, particularly in light of the upcoming RB-COSOP.

- (c) Minimize the gap between the irrigation potential created and that utilized, by promoting environment and natural resource management.

Agreed. Management is pleased to inform IOE that it is already pursuing this approach under the ongoing Agriculture Modernization, Market Access and Resilience Project. This project has significant grant financing from the Global Environment Facility aimed at integrating climate-smart agricultural practices and enhancing the adaptive capacity of rural people to deal with climate change and its potential impact on the agricultural sector.

- (d) When introducing innovative products in the rural financial space, undertake analysis of both the demand and the supply sides to ensure that new products meet the needs of all concerned.

Agreed. Management agrees with the need to undertake careful analysis, which is normally the case in the context of a full-fledged investment.

However, Management cautions against the misplaced assurances such an analysis can generate in the context of introducing innovation. It would be a fundamental misperception to consider that innovation success is assured through ex ante analysis. Innovation needs to be managed through close monitoring and fine-tuning of activities on the ground until they take root.

- 5. In conclusion, Management thanks IOE for the productive evaluation process and asserts its commitment to internalizing the lessons learned and outcomes of this exercise to further improve the performance of IFAD-funded operations in Georgia and elsewhere.