

# Republic of Malawi

## Rural Livelihoods Support Programme

### Project Performance Evaluation

#### IFAD Management's response<sup>1</sup>

Management welcomes the Project Performance Evaluation (PPE) of the Rural Livelihoods Support Programme (RLSP) in Malawi, and appreciates the high quality of the report.

Overall, Management agrees with the Independent Office of Evaluation (IOE) assessment of the programme's performance and notes that the PPE recognizes the positive contributions to the country programme as regards to results and lessons learnt for future investments. The PPE confirms the relevance of the programme (rated 4) and recognises the rationale of choosing the flexible mechanism and an implementation period of almost 10 years. However, it notes the limited effectiveness of the project (rated 3), due to a number of factors such as a too broad design and a changing institutional and political context. The PPE notes also the low project efficiency mainly due to the long implementation costs and related high staff costs and these are not commensurate with the limited results and impact (rated 2). Management notes that IFAD's performance is rated moderately satisfactory (4).

It is pleasing to note that IOE found that the new Country Strategic Opportunities Programme (COSOP) 2016-2022 reflects many of the PPE's recommendations notably in terms of market access and value chain development (para 100 and 114). However, it would have been worth mentioning also how most of the lessons learned from RLSP have already been incorporated in the ongoing portfolio, for instance the promotion of the value chain methodology, internalized in the Rural Livelihood and Economic Enhancement Programme (RLEEP) and in the design of the oncoming Programme for Rural Irrigation Development (PRIDE).

The rating of 3 for the role of government and the underlying justifications are noted as an important element to further our policy dialogue and pay adequate attention to current and future project designs. Management recognizes the importance of adjusting projects, both at design and during implementation, to the evolving decentralization process in the country, by placing sufficient support to institutional capacity-building and policy work.

Management appreciates the PPE recommendations, which have been internalized and acted upon by the last two COSOPs and recent project designs (see above). Management responses on the proposed recommendations are presented below:

**Recommendation 1.** Projects to be implemented in the ongoing context of local governance reforms should be based on thorough diagnostics of the capacity of national and local government institutions such as Village Development Committees, Area Development Councils and District Councils. This will help introduce more realistic project design expectations and interventions that support the development of capacity of local government organizations and efficiently deliver benefits to target groups.

**Response from Management:** Agreed. The implementation modalities adopted in the three ongoing projects in Malawi (RLEEP, PRIDE and

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<sup>1</sup> The final Management response was sent from the Programme Management Department to the Independent Office of Evaluation of IFAD on 27 January 2017.

Sustainable Agriculture Productivity Programme [SAPP]) are all based on thorough institutional analysis, including at the local level. This is the case, for example, of the SAPP, that supports the strengthening of agricultural extension services at the District level.

**Recommendation 2.** IFAD should support and build on collective institutions of target beneficiaries such as cooperatives and farmers' organizations and support delivery of services such as extension, microfinance, bulking, quality control, packing, transportation through these institutions, in order to promote better prospects for the sustainability of results. Such institutions would help create a more market-driven economic system and reduce dependence on the public sector.

**Management response.** Agreed. RLEEP has successfully promoted the strengthening of cooperatives and farmers' organizations to enhance market linkages. The recently initiated PRIDE will also strengthen producer groups to facilitate market access. Management would most welcome an independent evaluation of RLEEP to gain further learning on this important dimension.

**Recommendation 3.** IFAD's projects in Malawi should aim at enhancing, resilience and climate change adaptability of smallholders and marginal farming systems by pursuing a higher level of integration of activities in a single farming unit (e.g. crops, trees, forages, small livestock, soil and water management). Better integration at the farm level would not only refer to the presence of multiple elements but also to their coherent and cohesive functioning to enhance the economic value of a farm's output. A focus on improving the diversity in smallholder farming systems will also help enhance the nutritional well-being of IFAD's target groups.

**Management response.** Agreed. It is pleasing to note that the above recommendation mirrors the COSOP 2016-2022 in terms of its strategic objectives i.e. climate resilience, improved nutrition and smallholder access to remunerative markets and services. Moreover, SAPP and RLEEP have already taken on board the nutrition focus to their current development objectives, in addition to boosting sustainable food production and income through good agricultural practices and value chain development for smallholders. In fact, SAPP successfully promotes the establishment of integrated homestead farms with multi-cropping and diversified production, including fruit trees, vegetables and chickens.

**Recommendation 4.** To ensure sustainable development and secure livelihoods for the smallholder farmers, there is need for increased attention to access to markets (both for inputs and for agricultural or livestock production). This entails a two-pronged strategy: (i) developing partnerships with relevant private sector actors; and (ii) supporting the capacity of grassroots organizations of farmers to engage with such private sector actors.

**Management response.** Agreed. As noted above, RLEEP has developed an interesting value chain development approach by engaging private sector from the start in the identification of suitable commodities with market potential and the steps needed to lift smallholders into a value chain. RLEEP helps smallholders to form associations to carry out value chain activities and especially access to remunerative markets. PRIDE will be learning from RLEEP in terms of how to: (i) engage with private sector, (ii) establish nutrition sensitive, market demand driven production for smallholders, (iii) form farmer organizations for irrigation development, and (iv) address environmental sustainability, including through soil and water conservation measures. In short, the current and new projects are geared towards rendering farming climate resilient and responsive to remunerative markets.

These measures are supported by an emphasis on nutrition sensitive value chains and promotion of good nutrition at household levels.