

COUNTRY STRATEGY AND
PROGRAMME EVALUATION

Kingdom of Eswatini

Executive Summary



IOE



IFAD

Investing in rural people

Independent Office of Evaluation

Executive summary

A. Background

1. As approved by the 131st session of the IFAD Executive Board in December 2020, the Independent Office of Evaluation (IOE) carried out the first Country Strategy and Programme Evaluation (CSPE) in the Kingdom of Eswatini in 2021.
2. **Objectives.** The CSPE aimed at: (i) assessing the results and performance of the IFAD strategy and programme in Eswatini; and (ii) generating findings and recommendations for the future partnership between IFAD and the Government of Eswatini for enhanced development effectiveness and rural poverty alleviation. Furthermore, the CSPE also intended to inform the formulation of the third Eswatini results based COSOP, under elaboration in 2021.
3. **Scope.** The CSPE covered the period 2000-2021 and assessed the four IFAD strategic documents developed for the country and the performance of the four lending operations and of the non-lending activities implemented over two decades. The CSPE also analysed the role and contribution of IFAD and the Government to the design and management of the overall country programme.

B. Country context and IFAD's strategy and operations for the CSPE period

4. **Country context.** In Eswatini, despite significant improvements in poverty reduction over the evaluation period, rural poverty was still estimated at 70.2 per cent in 2016, largely associated with agriculture. Income inequality, one of the highest in the world, remained relatively stable over this period, with the GINI coefficient at 54.6 in 2016. People under the age of 20 represent 46.5 per cent of the total population, though by 2019 the population growth rate was slowing down following lower fertility rates and the effects of HIV and AIDS.
5. Food insecurity, rural undernutrition and urban obesity co-exist in Eswatini. The prevalence of moderate and severe food insecurity touches 63 and 30 per cent of the population respectively and in 2016, Eswatini ranked 83 out of 118 countries in the Global Hunger Index. The country is also highly vulnerable to climate change and recent drought episodes have had important macroeconomic and food security consequences. The recorded and projected climate trends point to a steady increase in temperature, more erratic rainfall patterns, and greater frequency and intensity of droughts as well as floods.
6. As for many other countries world-wide, the COVID-19 pandemic has further increased Eswatini's vulnerability, although vaccination was progressing at a reasonable pace in the last quarter of 2021. At the same time, the civil unrest of mid-2021 suggested that youth unemployment requires urgent structural interventions to enable adequate access to resources and opportunities for this demographic group.
7. **IFAD has been a partner of Eswatini since 1983.** During the evaluation period, IFAD supported 4 lending operations, through both ordinary and intermediary terms, with US\$41.35 million within a total portfolio value of US\$351.7 million. IFAD has been responsible for the direct supervision of all interventions, exception made for LUSIP I where it took on this role after the Mid-Term Review (MTR). Since 2000 there have been four Country Programme Managers based in Rome until August 2018; and a Country Director based in IFAD's regional hub in Johannesburg (South Africa) since then. Over the two decades, IFAD implementing partners in the country have been, and still are, the Ministry of Agriculture with the parastatal Eswatini Water and Agricultural Development Enterprise (ESWADE), and the Ministry of Finance, currently through the Centre for Financial Inclusion (CFI).

C. Performance and rural poverty impact of the Country Strategy and Programme

8. **The relevance** of IFAD's country strategy and programme was rated as satisfactory. Through its operations, IFAD addressed the national governmental goals of: reducing rural poverty and enabling the access of rural smallholder producers to water and land resources; supporting a wide variety of value chains; and developing the national rural finance sector. However, highly complex project designs did not factor in the inter-connectedness of components. This, compounded with several initial inaccurate assumptions, some of which recurrent across projects, affected implementation and results to some extent.
9. Adjustments during implementation, albeit only at mid-term and not always clearly explicit, succeeded in enhancing the relevance of the country programmes to the needs of the rural population. Notably, IFAD was successful at better addressing environmental aspects by leveraging resources and integrating GEF-funded grants in its lending operations. Targeting improved over time in terms of definitions and criteria deployed to reach out to the intended groups of rural poor.
10. **Coherence.** The CSPE assessed the coherence of IFAD's country strategy and programme as satisfactory. Knowledge management was assessed as moderately satisfactory, partnership building as moderately unsatisfactory and policy engagement as satisfactory. IFAD's strategic positioning was assessed as adequate and grants were found to be well integrated in IFAD's programme in the country, albeit in some cases this was unplanned. The CSPE also found a satisfactory level of lessons learning at the strategic level from and across the portfolio, but a less positive performance of the M&E systems at the project level, which were not developed sufficiently to document progress made and contribution to changes in livelihood. Most partnerships developed pertained more to the realm of contractual relationships than to collaboration among peers, which led to some missed opportunities. Most recently, at project level, constructive collaborations were emerging with the Rome-based agencies. Policy dialogue was highly successful on the rural finance sector, though less so on other sectors.
11. **Effectiveness** of IFAD's country strategy and programme was rated as moderately satisfactory. Results of IFAD's country programmes varied significantly across the four thematic areas identified by the CSPE and at the different levels of intervention. Important tangible results at the policy and institutional level in the rural finance sector have paved the way to potential improvements in access to financial resources for smallholder producers, but these have not fully materialized yet because rural finance is a necessary but not a sufficient element per-se for value chain development.
12. IFAD-supported interventions contributed to integrate smallholder farmers into the industrial and export-oriented sugar value chain and to develop a key participatory process for community development. However, results regarding the development of pro-poor value and local value chains were mixed at the time of the CSPE. Value chains thrive when all actors participate in their management and equitably share the benefits generated; this was not the case as of yet in Eswatini, with the partial exception of the sugar cane industrial value chain. Overall, the prospects for local value chains were unclear. Although the new cluster approach proposed by FINCLUDE may prove successful, challenges related to absence of fair pricing for agricultural products, high cost of imported inputs and limited access to land, in particular for women and the youth, will not disappear with a different modality of farmers' organization, and will require more structural interventions to be tackled.
13. The inclusiveness of the interventions was short of the commitments at the strategy level, although recent improvements in reaching out to youth deserve praise. Importantly, the CSPE found that the Community Development Plans and the Community Development Committees appeared to be deeply participatory

processes that contribute to build ownership, self-regulation and sustainability; and some people with disabilities took part in projects' activities. Direct CSPE's observations at field level however suggest that the more vulnerable households may not be reached through the on-going projects, considering that actual participants are rural smallholder producers who have some assets such as access to land and workforce available in the household. This is a recurrent tension in IFAD's projects, which can only be sorted through careful profiling of participants and tailoring of activities according to their capacity, interest and potential to change their livelihoods. In doing so, the graduation approach may help as long as the 'under-graduates' are not left behind in the strive to meet project targets.

14. **Innovation** was rated as satisfactory. First, IFAD's support led to the development of the rural finance sector in the country, previously inexistent. Furthermore, IFAD introduced the Chiefdom Development Plans and the Farmer Companies concepts and approaches, that enable the participation of rural communities and smallholder producers to decision-making process of high relevance to their livelihoods. At the time of the CSPE, IFAD was also supporting the testing of the cluster approach, another method to engage smallholder producers in local value chain operations. Furthermore, IFAD was quite innovative by bringing to Eswatini varieties of the Orange-Fleshed Sweet Potato and piloting the establishment of mini beef-lots associated with on-farm cultivation of fodder crops to be mixed with other residues to produce low-cost animal feed and fatten animals for the market.
15. **Efficiency** of IFAD's country strategy and programme was rated as moderately satisfactory. Achievement of both entry-into-force and first disbursement were late by IFAD's average in the region, although there were improvements over time. Disbursement rates were variable across projects. Project management costs were above IFAD's standards for one project only, whereas the efficiency of another lending operation was significantly affected through slow procurement actions as well as management and staffing challenges. Implementation arrangements appeared effective with the Ministries concerned and their executing agencies, but difficulties have emerged across interventions regarding contracts and Memorandum of Understanding regulating the collaboration with Service Providers, other governmental entities and Non-Governmental Organizations. In this regard, the CSPE found no evidence of a careful assessment of the strengths and weaknesses of the different modalities of execution of IFAD-supported projects.
16. **Rural poverty impact** of IFAD's country strategy and programme was rated as moderately satisfactory. Evidence about impacts was largely anecdotal due to the late implementation of baseline surveys, weak M&E systems and impact survey methodologies that were not sufficiently robust. Positive impacts on food security, nutrition, income and assets were almost exclusively registered for smallholder farmers engaged in the sugar cane value chain. However, the same group was also facing risks of increasingly diminishing returns from their main productive activity, which might jeopardize all positive achievements so far. IFAD interventions had a positive impact at the central institutional level in terms of both individual and organizational capacity, as well as on the human and social capital of many participants through training. Conversely, negative impacts were reported on the sense of identity of the resettled communities in the LUSIP I irrigation scheme..
17. **Gender equality and women's empowerment** of IFAD's country strategy and programme was rated as moderately satisfactory. Women represented a large share of participants in the IFAD country programmes, but this was mostly due to the features of Eswatini rural society, wherein women play a major role in smallholder agriculture. Some anecdotal evidence of women's empowerment was found, namely women's active participation in the Chiefdom Development Plans and Chiefdom Development Committees, also in official roles. Importantly, on-going projects were giving more attention to gender equality with recruitment of competent staff and by developing gender strategies. The development of local

value-chains was also generating some initial positive results in the incomes and household conditions of participating women. Still, the CSPE considered that there was significant room for improvement to make IFAD's interventions 'gender transformative'.

18. **Sustainability** of IFAD's country strategy and programme was rated as moderately satisfactory. The socio-economic and technical sustainability of the oldest IFAD-supported intervention (on irrigation infrastructure and in supporting smallholder producers) was found to be at risk, with regards to the economic, institutional and technical sustainability of the sugar cane smallholders' production scheme in the LUSIP I Project Development Area. Identified issues relate to: the poor organization of the Operations and Maintenance of the tertiary irrigation infrastructure; the lack of respect of the contractual agreements about Farmer Companies' access to water resources; the decreasing returns to sugar cane due to increasing production costs and decreasing yields; the inability of Farmer Companies to invest in sugar cane regeneration; the mixed results of alternative crops to sugar cane. These deserve serious attention if the Government wants to avoid losing the benefits of the important investments made so far. Conversely, results in the rural finance sector were found to be sustainable, though mostly so at the institutional and policy level, and less so at the level of intermediary organizations and producers.
19. **Scaling up** was rated as satisfactory, with evidence indicating that several of IFAD's results and innovations were scaled up directly by the Government. These include the Chiefdom Development Plans, the Farmer Companies and the practices in rural finance that have proved suitable and appropriate to the Eswatini context.
20. **Environment and natural resources management and Adaptation to climate change** were both rated as satisfactory. The country programme was systematic in addressing environment and natural resources management and climate change adaptation, either directly or through additional leveraged resource from the GEF. Positive results comprised adaptation to climate change threats, efficient use of water resources, addressing land degradation and through it improving carbon sequestration, as well as raising access to improved sanitation and to potable water. Notably, longer term environmental impacts of the LUSIP I irrigation scheme appear limited, although in general, sustained attention to potential negative impacts also at larger scale, for example on downstream water quality, will be continuously required. Importantly, IFAD-supported programmes have carried out extensive capacity development on environmental and natural resources management and had an advocacy and awareness raising role.

D. Performance of partners

21. **IFAD.** IFAD's presence in and support to Eswatini over the evaluation period was in line with the size and complexity of the portfolio and the Fund's policies regarding decentralization and seniority of country programme managers. In general, IFAD's engagement and supports are well appreciated by stakeholders at all levels. The same appreciation was found for the professionalism and timeliness of supervision missions, despite a somewhat high turn-over in their composition which however did not appear to have significantly hampered project performance.
22. Weaknesses were conversely found regarding the ineffective support to the M&E system across the country programme. Mostly due to low attention paid by project implementation units, the project monitoring systems did not provide timely information to programme managers about who was participating in and who was left out of project activities, and why; and about what worked and what did not work at the household and community level in terms of results achieved. Gaps in information also concerned the work carried out implemented by executing partners, as no relevant and measurable indicators and targets had been agreed, let alone monitored in terms of progress. Furthermore, there were limited efforts to

achieve a shared vision and understanding about projects' goals and approaches; and the missed opportunity of addressing structural challenges to rural poverty reduction. Overall, IFAD's performance was rated as moderately satisfactory.

23. **Government of Eswatini.** The CSPE found that overall, the Government of Eswatini has been an adequate partner in all IFAD-supported projects and that over time, the project approval process within the governmental machinery improved. Government's ownership of IFAD's lending operations was high, also through a good level of national participation in project design, which however did not include the views of field-level staff. Project steering committees were overall effective, in spite of the challenge of turnover of participants. The Government adequately complied with loan covenants and did successfully follow-up in terms of policy uptake and implementation in the rural finance sector, though not in other sectors.
24. Main weaknesses were found regarding the development of project baseline databases, and also in the establishment and functioning of the project M&E systems. The late collection – and methodologically questionable – of baseline data about participants, and the weak follow-up during implementation and at completion (by projects' teams), did not allow producing reliable information about results and impacts to which the IFAD-supported projects contributed. Regarding procurement, considering IFAD's timely support through training and expert advice, the main reasons behind delays appeared to be staffing challenges and insufficient action by project management units in addressing them. Overall, the performance of the Government of Eswatini was rated as moderately satisfactory.

E. Conclusions

25. The partnership between IFAD and the Government of Eswatini over twenty years has been constructive and fruitful and has produced tangible positive results and impacts. IFAD-supported strategies and programmes have contributed to implement the national policies and strategies in support of rural smallholder producers. IFAD-supported programmes addressed very diverse development challenges and engaged with a variety of intervention models. These included support to industrial and local value chains; investing in large- and small-scale irrigation and water management schemes; setting the building stones for the national rural finance system and enabling smallholders access to financial products suited to their needs. Over time, some tangible positive results were achieved and many participants in these programmes saw an improvement in their livelihoods.
26. At the same time, results and impacts were not always as expected. The most common obstacles throughout the evaluation period comprised design oversights that led to unforeseen implementation challenges and to gaps in addressing identified problems; limited national capacities in Monitoring and Evaluation and procurement; supervision support that was not sufficient in some cases; shortcomings in capacity development efforts that undermined the long-term institutional and technical sustainability of major investments.
27. IFAD's strategies for Eswatini did adequately address some of the key challenges that rural poor smallholder producers face. Accordingly, the programme contributed to major achievements such as the development of an inclusive rural finance sector in the country, the participation of smallholder farmers into a variety of value chains and the promotion of participatory community development. Still, fundamental constraints that prevent achieving sustainable livelihoods and significantly reducing rural poverty were not explicitly or sufficiently addressed. For example, IFAD made only limited attempts at making smallholder producers more autonomous and self-reliant and did not succeed in giving a stronger voice to producers in value chain Innovation Platforms, establishing effective Water Users Associations, promoting more empowering approaches to capacity development and reducing smallholders' dependence on imported inputs. Also, facilitating access

to land for youth and women had only recently been slightly touched upon. These are issues fully within IFAD's mandate and reach for it to have an influence upon, in particular by building on its own comparative advantage and developing alliances with peer partners and national stakeholders.

28. The sustainability of major investments in irrigation infrastructure and in support of smallholder producers engagement in the industrial, export-oriented sugar value chain is at risk. Important threats are emerging with regards to the economic, institutional and technical sustainability of the sugar cane smallholders' production scheme in the LUSIP I Project Development Area. Unless these threats are addressed in a timely manner, the livelihoods of thousands of households risk being seriously affected, with their food security and relative economic wellbeing in jeopardy.
29. Complex implementation arrangements have affected the efficiency and effectiveness of the country programme and raise questions about the most effective approach to pursue in future. Moreover, the CSPE identified M&E and procurement as major weaknesses that affected the performance of the country programme. Implementation arrangements deployed throughout the country programme were very complex and complicated, and possibly lacked clarity, with regards to the roles and responsibilities of Implementing and Executing agencies, Service Providers and executing partners. Issues of access to resources, as well as of coordination of activities at grassroots level, also emerged that had a bearing on actual results. In addition, no evidence was available of adequate lessons learning or discussions happening around the most effective role for the Government in providing services to rural producers, either directly or through parastatals, the private sector or the non-profit sector.

F. Recommendations

30. The CSPE makes the recommendations below, that build on the good achievements so far and which would enable IFAD to make an even stronger contribution to improving the livelihoods of poor rural smallholder women and men producers in Eswatini. Most issues, including the negative incidence of the COVID-19 pandemic on on-going operations, require continuous attention and efforts.
31. **Recommendation 1. IFAD should address through its strategy and programme in Eswatini the fundamental constraints that prevent rural smallholder producers, women and youth, from achieving more sustainable livelihoods.** Most prominent issues that require attention include access to land, dependency on imported inputs for agriculture and livestock, and strengthening and empowerment of producers organizations in both irrigated and rain-fed agriculture.
32. **Recommendation 2. IFAD should further engage, at a minimum in an advocacy and advisory role, in addressing the emerging threats to the livelihoods of smallholder producers who have their holdings in the LUSIP I PDA.** IFAD and the Government should collaborate to develop a programme aimed at tackling the challenges faced by the producers of irrigated sugar cane and other crops in the LUSIP I PDA, so as to avoid the collapse of the scheme and of the livelihoods of those who depend on it. The programme development should be followed by an effort to leverage resources for its implementation.
33. **Recommendation 3. IFAD and the Government of Eswatini, drawing on the rich lessons learned over time, should define which are the most efficient and effective implementation arrangements for their joint initiatives, that will also allow smallholder producers to benefit the most.** The thrust of this recommendation entails an explicit discussion with the Government about the advantages and disadvantages of the various implementation arrangements deployed so far, to identify what will be the best approach that maximises positive results for the intended target population. The currently on-going projects

represent an opportunity for contributing to the development of an efficient and effective model of collaboration across Government-level organizations, parastatals and other stakeholders.

34. **Recommendation 4. Project monitoring and evaluation systems and procurement units should be considered fundamental pillars of project management and be adequately staffed and capacitated to perform in an effective and efficient manner.** IFAD should continue to provide enhanced support on these topics during implementation, while project management units should ensure the necessary follow-up. The project M&E systems should also consider including indicators that contribute to the Government's own databases.