

COUNTRY STRATEGY AND
PROGRAMME EVALUATION

Republic of Malawi

Executive Summary



IOE



IFAD

Investing in rural people

Independent Office of Evaluation

Executive Summary

A. Introduction

1. **Background.** In line with the International Fund for Agricultural Development (IFAD) Evaluation Policy, and as approved by the 131st Session of the IFAD Executive Board in December 2020, the Independent Office of Evaluation (IOE) has undertaken a Country Strategy and Programme Evaluation (CSPE) in Malawi. This CSPE is the first country-level evaluation conducted in Malawi.
2. Malawi is a low-income country where poverty remains stubbornly high, driven by poor performance of the agricultural sector, high population growth, and limited opportunities in non-farm activities. More than half of the country's population were moderately or severely food insecure people in 2020. There are several factors contributing to malnutrition in the country, including poor diets, over-dependence on maize as a staple food and infectious diseases. Weather-related shocks, limited purchase power, and high population density and growth, curb the availability and access to food. The COVID-19 crisis is having a negative impact on poverty. Difficulties in accessing the markets during COVID-19 lockdowns has affected farmers' incomes.
3. IFAD began operations in Malawi in 1981. Since then, it has provided USD 350.5 million lending, contributing to a cumulative USD 652.4 million in financing for 14 programmes, four of which are ongoing. The portfolio supports rural poverty reduction and agricultural development, by investing in a range of activities and sectors.
4. **CSPE objectives and scope.** The main objectives of the CSPE are: (i) to assess the results and performance of the ongoing Country strategic opportunities paper/programme (COSOP) 2016-2022; and (ii) to generate findings, conclusions and recommendations for the next COSOP in 2022. The evaluation assessed the overall strategy pursued, implicit and explicit, and explored the synergies and interlinkages between different elements of the country strategy and programme, the extent to which the lending and non-lending portfolio (including grants) contributed to the achievement of the strategy, and the role played by the Government and IFAD.
5. **The CSPE mission** in September 2021 comprised remote interviews with partner international organisations and other stakeholders, virtual meetings with farmer groups, Focus Group Discussions (FGDs) and field visits. Two local consultants conducted a field visits to obtain feedback from beneficiaries, verify the assets built and assess the complementarity of benefits from various interventions. The CSPE mission interviewed beneficiary groups, key project staff, local government officials, as well as service providers in seven districts

B. Findings

6. **Relevance.** There was fair continuity in the thematic focus and the strategic objectives of the 2010 and 2016 COSOPs. Both COSOPs were well aligned with Government's development with their focus on poverty reduction. Governments increased emphasis on agricultural commercialisation is reflected in the shift of focus in the COSOP since 2016. While the 2010 COSOP stipulated a more direct focus on poverty reduction, the current COSOP targets rural poverty through improved service delivery and access to markets. In recent years, IFAD has re-calibrated focus on vulnerable and food-insecure populations through ultra-poor graduation pilots and additional (RPSF) grant funding to support food production.
7. The country programme has been comprehensive and consistent in addressing key issues faced by smallholder farmers in Malawi. Issues such as high vulnerability, low productivity and food insecurity as a result of unsustainable land use and mono-cropping cultures (maize) were addressed in various ways, including technology (e.g. double-roll planting in legumes; GAPs; improved cultivars and improved livestock

breeds) and irrigation development and promotion of legumes under the Sustainable Agricultural Production Programme (SAPP) to contribute to both crop and dietary diversity and capacity building. Projects were designed in complementary manners, to support transition to commercial agriculture, for example by strengthening access to markets and commercialization through value chain approach supported by infrastructure development and governance.

8. Loan resources allocated for Environment and Natural Resources Management (ENRM) and climate change were largely inadequate. Projects promoted the adoption of GAPs which, among other things, aim to improve soil health through integrated packages of improved soil and water management. The programme also supported irrigation management, water catchment and soil management, with additional (GEF and ASAP) grant funding.
9. Under the COSOP 2016-2022, larger budgets have been allocated to progressively more ambitious projects, which included a number of innovative features and built on assumed synergies across projects to achieve the intended results. In addition, the increased technical complexity of value-chain and rural finance projects (TRADE and SAPP) require the coordination of a larger numbers of service providers and implementing partners with multiple activities at local and national levels, which were demanding to coordinate and monitor.
10. **Coherence.** Coordination amongst IFAD projects improved under the COSOP 2016-2020. Projects designs considered complementarity, but they did not foresee the institutional mechanisms for coordination or integration at implementation levels. A broad range of interventions was funded by each programme, with many pilots and activities implemented by different entities and service providers, but they were not integrated or linked. Similar activities in different projects were not well-connected and successful interventions were not rolled-out across districts.
11. The country programme also included a large number of grants. Overall, they were well linked to the loan portfolio, providing complementary funding for similar themes. Grant funding supported knowledge management, institutions, digital tools and farming technologies. Many of the grants, including some of the largest, focussed on resilience and food security.
12. Partnership building with local stakeholders has been key to the success of IFAD-funded activities and especially important in knowledge management processes that involve the use of platforms, field research and testing activities, and piloting of innovations. However, government's role in and ownership of knowledge management, including Monitoring and Evaluation (M&E), was insufficient. Knowledge management relied on partnerships with local actors such as national agricultural research institutes, colleges and universities, but they remained dependent on external support.
13. In spite of many similarities and complementarity between IFAD-supported projects and those by other development partners, there was little evidence of harmonization and coordination, even among UN agencies such as the World Food Programme (WFP), the Food and Agriculture Organization of the United Nations (FAO) and the International Fund for Agricultural Development (IFAD). The multitude of initiatives supporting similar practices did not lead to a coherent picture of adoption or change in Malawi. There are many cases of practices piloted by development partners in Malawi, which were not continued, replicated or scaled up.
14. **Effectiveness.** Achievements under 2010 COSOP were moderate. There were limited achievements in relation to the first SO "access to technology and services for Natural Resources Management (NRM). In relation to the second SO, "access to input markets", market linkages were insufficient and short-lived. The 2016 COSOP objectives are reportedly on-track. Climate change is prominently placed within the first strategic objectives while nutrition is also mainstreamed in all projects. Good progress has been made in the promotion of GAPs. Progress was also noted on "access to rural financial services", with good outreach to poor farmers, although the

demand for credit and asset acquisition has not yet been met.

15. **Efficiency.** There have been serious delays during the start up of all projects, mainly due to difficulties in setting up the required institutional arrangements. The average effectiveness gap for start-up of projects in the Malawi portfolio was longer than the East and Southern Africa (ESA) subregional and the IFAD averages during the CSPE period. There were serious delays from approval to effectiveness, with an average of 11 months being double than that of ESA subregion, indicating a need for the government of Malawi to speed up the approval process. The effectiveness gap has gradually reduced over time, but the long delays during start up have affected both closed and ongoing projects.
16. Cost effectiveness was eroded on account of the long delays highlighted above. High inflation rates also increased the cost per beneficiary. Infrastructure sub-projects were noted for their low cost effectiveness. This includes the slow progress in the planning, design and approval of infrastructure, which was the main reason why most investments were only realised in the second half of implementation. Implementation of infrastructure sub-projects was usually delegated to districts, which often did not have the capacity to follow the procurement cycle.
17. IFAD has invested heavily in project management and institutions in Malawi. The budgets for project management accounted for 14 per cent of total project costs on average, which is 2 per cent higher than the average budget for project management in the ESA region. The country programme's investments into capacity building did not overcome the persistent capacity gaps. Turnover of staff was high, particularly at district level. Independent PMUs with externally recruited staff was an effective way to overcome these capacity gaps in the short term. Engagement of service providers (SPs) was another strategy to overcome capacity gaps.
18. **Impact.** Poverty and food insecurity are deep-rooted and widespread in the districts targeted by IFAD's country programme. Projects have achieved significant increases in productivity, through provision of technology, inputs and irrigation. In most cases, these gains were eroded soon after project completion. The project had limited achievements in diversifying production systems and securing reliable market access for smallholder farmers. Food remains the most important expenditure item. In the past focus on maize and lack of dietary diversity did not help to improve the nutrition situation. Integration of livestock into production systems had a positive effect on food security and nutrition. Recent projects have enhanced attention to diversification and nutrition.
19. The country programme has invested into capacities and institutions. Community-level organisations supported by the project were often not able to continue their activities after project closure. Farmers groups were not formalised and empowered to engage with other value chain actors, in particular vendors, traders and processors. Only very few Water User Association (WUAs) were formally registered as independent legal entities. These groups will require strengthening before they will be able to manage the infrastructure provided.
20. **Gender.** IFAD Portfolio in Malawi has actively promoted gender equality and women empowerment, encouraging participation of women in all activities and promoting household methodologies (HHM) to address root causes of inequalities and power imbalances. Positive contributions were particularly noted in women's participation in country programme activities, increased focus on addressing economic challenges of women headed households and implementation of household methodologies that have potential for supporting women's equality and empowerment in decision making. Changes in gender division of labour and women's workloads were not visible yet. Reportedly HHM has contributed to some level of empowerment of women, especially in their capacity to influence decisions regarding farming and the household, and attempted to close some gender gaps at household level. However, the approach still needs to be rolled out throughout the ongoing projects.
21. **Sustainability.** The country programme invested heavily into institution building.

Farmers groups and WUAs were usually very active as long as the projects continued. However, once socio-economic benefits started to erode, many of the local organisations also failed to continue their business. Sustainability has met institutional and financial challenges, including insufficient funds and capacities at decentralised levels, low government ownership and insufficient integration of project activities into Government's annual work plans and budgets.

C. Conclusions

22. **Over the evaluation period, the country programme has shown continuity and progression.** Following the unsatisfactory performance under COSOP 2010-2015, overall the country programme has significantly enhanced its relevance and delivery of results. While the programme maintained its thematic focus, it has integrated lessons from the past. Areas of thematic focus were sharpened, more importantly with enhanced focus on ENRM and Climate Change Adaptation (CCA), and mainstreaming themes, such as nutrition and gender, were consistently followed up. The programme has enlarged collaboration with non-government service providers, and there was good outreach to an increasing number of poor women and men.
23. **Larger and more complex projects have supported a multitude of initiatives and practices.** IFAD's financial allocations have almost doubled over the period. Projects became larger and included an increasing number of stakeholders and service providers to deliver the expected results. The country programme supported a large number of initiatives, innovations, pilots and practices, many of them supported by additional grants. Each project has promoted a broad range of interventions and activities. There were similar activities in different projects. Activities delivered by different projects and service providers were often not well coordinated and connected on the ground.
24. **The programme initiated many positive practices that would need to be sustained and scaled up.** This included the graduation approach targeting ultra-poor people and the partnerships with Microfinance Institutions (MFIs) under the Financial Access for Rural Markets, Smallholders and Enterprise Programme (FARMSE); the sustainable farming practices (GAPs) promoted under the Rural Livelihoods Support Programme (RLSP), SAPP and PRIDE; and community seed production and farm radio under the Rural Livelihoods Economic Enhancement Programme (RLEEP). The country programme has shared and continued some of these practices, but for most of them levels of adoption and scale are not well documented. There were many practices that were adopted, but not continued or scaled up.
25. **The programme had good pro-poor and gender focus, but has yet to demonstrate transformative results.** Strategies for targeting poverty have not been consistent throughout the period, but they have sharpened in recent projects, namely through pilots on ultra-poor graduation (FARMSE), precise targeting (SAPP) and choice more pro-poor value chains (TRADE). The programme has yet to assess whether these strategies were sufficient to transform the livelihoods of very poor smallholder farmers. The programme also reached high shares of women. Household Methodologies were mainstreamed as a transformative approach, but projects are yet to overcome women's high workloads, traditional norms and gender division of labour. While women are most active in savings groups, they still experience difficulties accessing formal financial services and using digital financial services. Female farmers are more involved in food production and less remunerative value chains.
26. **Smallholder farmers are facing multiple challenges and trade-offs, which the country programme has yet to address them in a comprehensive manner.** Trade-offs exist between smallholders' concerns about food self-sufficiency and the transition to market production. Past operations had overly focussed on maize mono-cropping, neglecting market access as well as environmental and

climate resilience. Recent operations tried to address the multiple challenges through complementary designs, but in practice overlaps and synergies were too few to make a step change. Additional climate change finance will be required to mainstream sustainable agricultural practices. The programme has yet to address the issue of tenure insecurity which may undermine the durability of the environmental benefits. Community organisations were successfully linked with financial service providers, but the issue of MFI liquidity needs to be resolved.

27. **Government's insufficient engagement and capacities in knowledge management, including M&E, were also reasons for the limited scaling up successful practices.** Until now, innovation, continuation and roll-out was entirely dependant on IFAD-financed loans and grants. The programme has invested heavily in M&E. Common weaknesses in M&E included insufficient focus on programme outcomes and impact indicators; insufficient feedback on implementation quality and performance of service providers; and insufficient use of innovative M&E tools financed through grants. In order to support learning from success and failure, the systems should have tracked the extent to which practices were adopted or discontinued.
28. **Institutional capacities were the main bottleneck that has undermined the efficiency and effectiveness of the programme.** The programme used different institutional arrangements, in line with what was required for effective implementation. Overall, these arrangements worked for the purpose for which they were set up; but all of them had their capacity challenges, and all of them had their costs attached. Common issues included low efficiency, due to long delays during start up, insufficient capacities for management and coordination, and low cost effectiveness, in particular of infrastructure investments. Decentralised implementation approaches have met clear limitations with regard to impact, sustainability and scaling up, due to the limited capacities and funds at district levels largely on account of stalled government-led decentralization during both COSOPs.
29. **Food security and climate change resilience are the paramount challenges that the country programme has to address more effectively.** IFAD would have to further enhance its support to sustainable and diversified production systems. On-farm irrigation would be important for farmers to adapt to irregular rainfalls, but IFAD would need to collaborate with international development partners to ensure effective and efficient provision of irrigation infrastructure. IFAD will need to take decisive steps to resolve the ongoing implementation challenges, through realistic implementation planning and effective oversight.

D. Recommendations

30. **As part of its ongoing decentralisation, IFAD will establish a stronger country presence.** For the new COSOP, this will open opportunities for enhanced engagement with government, development partners and other stakeholders and address performance issues through continuous follow up with implementing partners. During the preparation of the new COSOP IFAD needs to engage with its partners in the development of concrete strategies that would address the persistent performance bottlenecks and enhance the results, sustainability and impact of its operations in the country.
31. **Recommendation 1. Adopt an explicit approach to addressing chronic food insecurity and malnutrition through diversified and sustainable production system as COSOP objective.** The programme would need to pursue this objective through a multi-pronged approach: policy engagement, partnerships and practices on the ground. Malawi's Food Systems Dialogue outlines priorities and pathways for partners to align their support. IFAD should work with the RBAs identifying bottlenecks that prevent wider adoption of diversified production systems. The programme would need to develop methodologies to understand the reasons behind the partial adoption or discontinuation of sustainable agricultural practices and address them effectively to ensure the long-term positive impacts. At

implementation level, the programme should apply a two-track approach, supporting cash crops and market access for small-scale commercial farmers and diversified nutritious food production for subsistence-oriented farmers. This would require a differentiated targeting approach, similar to the one developed for SAPP. The role of community-level organisations and farmers networks should be further strengthened, to support them in their key role as multipliers and social safety mechanisms. Digital technologies (mobile networks and apps) may enable farmers to connect with information and institutions that can decrease uncertainty and mitigate risk for food insecure farmers.

32. **Recommendation 2: Develop a strategic approach for enhancing the impact and scale of successful practices and initiatives.** The new COSOP should include a clear strategy on how it will enhance the impact of successful practices, support coherent roll out across districts and use the lessons learned to enhance the effectiveness and impact of upcoming initiatives and operations. The individual projects should provide fewer mechanisms of support, but implement them well, supported by strong monitoring. The CSPE provides the following sub-recommendations that should guide the strategy:

- (a) Continue rolling out good practices and successful initiatives, but enhance support of institutional mechanisms for sustainability and scaling up.
- (b) Deepen promising approaches and practices that are not yet consistently implemented and link them into coherent approaches.
- (c) Review performance of new initiatives on an ongoing base and identify solutions to address bottlenecks swiftly.
- (d) Step up efforts to monitor adoption and scale of practices from loans and grants, and track results as part of a comprehensive approach to knowledge management at country programme level.

33. **Recommendation 3: Address implementation bottlenecks through targeting specific capacity constraints at various levels.** The COSOP should include concrete solutions to address capacity gaps within specific institutional set ups. Project coordination units (PCUs) will require a preparatory phase for the recruitment of external project staff. Project offices in government will need to develop incentives to attract and retain project management staff. District-level coordination will require a donor-harmonised approach. Infrastructure investments will require a preparatory phase, to allow time for government approval and technical design.