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LESSONS FOR PROJECT DESIGN AND IMPLEMENTATION FROM SELECTED RURAL DEVELOPMENT PROJECTS IN ASIA (1990-1999)

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EXECUTIVE SUMMARY

This report describes the results of lessons drawn from a review of Implementation Completion Reports (ICRs) from twenty-eight rural development projects that were financed by the World Bank in East and South Asia between 1990 and 1999. The Investment Centre Division (TCI) was involved in preparing these ICRs between 1997 and 1999.

The analysis identified commonalities and differences between groups of projects, based on good or poor assessment ratings for different types of interventions. As a result, a range of possible lessons for project design and implementation was identified.

Most of the projects (75%) were rated as having a satisfactory outcome and nearly two thirds were rated as sustainable. Actual disbursements averaged 70% of the total loan value.

Lessons were identified in terms of good practices for four types of project intervention:

(i) area-based agricultural development and natural resource management;

(ii) water resources and irrigation development;

(iii) rural credit and finance; and

(iv) institution reform and innovation.

Results were assessed and categorised under three thematic groupings:

(i) project approach and strategy;

(ii) analytical requirements; and

(iii) purpose and scope of monitoring and evaluation.

Systemic weaknesses (information gaps and neglected actions) were identified concerning the conceptual bases and scope of ICRs. These related to three main areas:

(i) limited treatment of stakeholder/equity issues and unplanned impacts;

(ii) inadequate adherence to logical structure of projects; and

(iii) lack of borrower participation in preparation of ICRs.

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A. INTRODUCTION

Background

1. This report presents an analysis of lessons drawn from an independent review of 28 Implementation Completion Reports (ICRs) of World Bank-assisted projects, in South and East Asia with which the Investment Centre Division (TCI) was involved between 1997and 1999. The Division had major responsibility for 20 of the ICRs, while the remaining 8 were prepared by the World Bank with TCI participation. All projects were from the South and East Asia/Pacific Region, commencing in 1990, and with the majority being implemented between 1993 and 1999.[1] Drawing and disseminating lessons from experience, by way of review and evaluation processes, is an essential phase in the project cycle. Internalisation of such lessons in the Division's operations, including future ICRs and other review activities, is important to maintaining the comparative advantage of TCI/FAO as a centre of excellence in the areas of agricultural and rural development planning and management.

Scope and Focus

2. This report is concerned primarily with analysis of the **content** of the ICRs included in the review. The overall approach is essentially free-ranging, and one of exploring and bringing out what lessons are to be found within the set of ICRs reviewed. There is no predetermined thematic thrust at the outset, and issues emerge, in brainstorm fashion, as the available information allows. Since ICR content is inextricably linked to the ICR **process** itself, an examination of the latter is also undertaken to provide practical indications as to how any lessons that emerged could be more effectively **learned**.

Specific focus is given to the following:

(a) Discerning factors that could have had a positive or negative bearing on project performance;

(b) Assessing the implications of these factors for project design (concept, preparation, and appraisal stages) and management (physical implementation, monitoring, communication, review and evaluation);

(c) Identifying best practices as well as weaknesses (including neglected steps and information overlooked) associated with project planning, implementation, and review/evaluation activities;

(d) Examining the dynamics of ICRs within the overall feedback mechanism of FAO/TCI (including self-learning and communication issues); and

[1] A further 6 ICRs prepared by the Bank were to have been included in this review, but as these were unavailable at the time of this writing, have now been omitted from the list. Reference is however made on a selective basis to other ICRs of projects in Asia and elsewhere, where appropriate, to reinforce lessons drawn (e.g. Gujarat Rural Roads Project and Maharastra Composite Irrigation Project) .

(e) Exploring ways and means of internalising lessons from project implementation in TCI operations, including administrative and sub-sector aspects.

Conceptual and Practical Issues

3. The ICR review exercise is guided by the belief that:

- Learning from experience should be an integral part of the evaluation process, and an important input into the design of future development projects and programmes, that could also assist in formulation of sectoral, country and regional policies and strategies.

- Lessons vary from the summary findings, conclusions and recommendations of specific project evaluations and reviews. They are an attempt to generalise from particular experiences and instances, cause-effects relationships, that could provide guidance with regards to best practices that might be applied in broadly similar situations.

- Lessons should form part of, and add continually to, the information and knowledge system about a particular topic. They can reinforce, but also challenge or help modify conventional wisdom and accepted norms of behaviour and practice over time.

4. Using ICRs as the main source of information on project implementation experiences, however, presents a number of practical difficulties:

- Firstly, due to the timing of ICRs, that are generally conducted immediately following the implementation phase in the project cycle when development impacts are often incomplete, and some degree of conjecture as to future trends is inevitable.

- Secondly, despite its overlap with terminal evaluation processes, each ICR is, in procedural terms, a separate exercise, for which responsibility rests ultimately with operational staff of the World Bank. It appears that accountability considerations and the natural affinities and loyalties of the staff members directly involved in project operations poses a potential conflict of interest and possible impediment to objective evaluations.

- Thirdly, whilst ICRs are meant to be an objective assessment based on all available information, they nonetheless are subject to the professional judgement and perspectives of the authors involved.

5. ICRs are therefore but one instrument that needs to be corroborated from other information sources, including ex-post evaluations instituted some years after project closure, and other diagnostic and impact studies (such as those being conducted by the Bank's Operations Evaluation Department (OED) see below).

The Institutional Context of ICRs

6. ICRs form an important part of the portfolio management and evaluative processes of the World Bank, which has recently undertaken a number of steps to improve development effectiveness of its lending activities, whilst emphasising the need for learning and disseminating lessons from past experience (see Box 1). All ICRs completed are subject to an **independent review** by OED, in the form of an "Evaluation Summary" containing OED's own performance ratings, as well as comments on lessons to be drawn and the quality of the ICR itself; findings are then entered into a departmental database[1].

7. OED's other evaluation and review processes include performance audits and ex-post impact evaluations of projects on a selective basis, and the conduct of sector impact and country assistance reviews, and thematic and other ad hoc evaluative studies. These are published as a "Lessons and Practices" series and papers on specific development themes[2]. A "development effectiveness" index incorporating project outcome, sustainability, and institutional development impact ratings has been developed for use as a composite indicator of project performance. Annual Reviews of Development Effectiveness (ARDEs), providing a synthesis of individual evaluations of previous calendar years[3] have been published since 1997.

1 This database ('Textbase' and Project Information Form) is accessible to Bank staff within its Intranet, but is not generally available to FAO staff and consultants.

2 These include evaluation study reports and OED précis covering specific projects (e.g. the Second Livestock Project, Mauritania), groups of projects (e.g. dairy projects, India) and development themes such as sustainability of agricultural research systems and grassroots organisations for resource management. Most are accessible to the public through the World Bank OED website.

3 These emphasise results-orientation for improved institutional learning and accountability. They also examine strategic dimensions of evaluation results and analyse determinants of project performance at levels of the Bank's country portfolios and individual projects.

Box 1: World Bank: Improving Development Effectiveness and Lesson Learning

The World Bank's Portfolio Management Task Force Report i.e. the Wapenhans Report of 1992/93 identified important weaknesses in project feedback mechanisms, due in part to over-emphasis on the mechanics (physical and financial aspects) of implementation and insufficient attention on factors influencing project outcomes. The report led to a range of actions (the "Next Steps") to enhance project performance through focusing on development results and impacts of Bank operations.

The need to instil an organisational culture based not on approvals but results, and not the quantity of lending but on the developmental impact of loans and other services, was further endorsed by the Bank's Development Committee Task Force on Multi-lateral Development Banks in 1996.

A Committee on Development Effectiveness (CODE) was set up to act as interface between the Bank's Executive Board and its management hierarchy and to help facilitate implementation of management responses to OED recommendations[1]. Its review of progress in late 1998 urged Bank management to intensify development of an integrated work programme combining independent and **self-evaluation**. It stressed the central importance of stakeholder participation in setting own development goals and designing appropriate M&E systems at various levels, noting that capacity building in evaluation at borrower/country level remains a priority for Bank operations.

Meanwhile, a Bankwide ICR Process Working Group with broad representation from within the Bank lamented "the weak incentives within the Bank for effective ICR work, in part because of limited emphasis by management on learning from completed operations." It also noted "the process does nor adequately assure the participation of borrowers, partners and beneficiaries, and lessons are not widely disseminated and learned."

Subsequently, the system of ICRs was revised to emphasise their role within the Bank's knowledge management and accountability system, while enhancing borrowers' ability to design, implement and operate projects. New ICR guidelines in mid-1999 (replacing those in use since 1994) are meant to ensure greater development impact and sustainability, reinforcing self-evaluation by the Bank and borrowers, and providing for more intensive learning, including stakeholder feedback on lessons learned.

8. The present exercise must, as an independent review, look beyond the institutional bounds of the World Bank, and not preclude examining issues that can have lessons for project design and management for the wider development community. FAO/World Bank Cooperative Programme (CP) staff resources, along with those of other specialised departments, form part of the knowledge and information system, formal and informal, and provide an important forum for sharing of experiences, on development planning and management. Given the limitations of ICRs *per se* as an evaluation device, consideration should be given to the wider issue of how to make information feedback more effective for CP and FAO as a whole.

[1] The success or otherwise of CODE in this regard is not known, but effective communication and interaction between OED and the Operations staff obviously are essential in ensuring lessons learned are put into practice.

B. METHODOLOGICAL APPROACH

Project Logic and Dimensions

9. The review methodology recognises the need for a clear distinction between different levels of project objectives and their achievement. These range from the provision of incremental project inputs (such as financial and human resources) for undertaking project activities, via generation of project outputs (e.g. forestry seedlings or rural roads), to the attainment of higher level development objectives (improved farm incomes or environmental improvements). Various assumptions, conditions and risks govern the logical links between successive levels of these objectives.

10. Of particular interest as criteria of a project's success are the higher development objectives and its eventual impacts, planned and unplanned. It is also worth remembering that projects can impact on people directly targeted as well other non-targeted groups, both positively and negatively, which may be on-site and off-site of the designated project area, i.e. existence of externalities. Hence no evaluation is complete without bearing in mind unanticipated impacts and possible externalities on people and the environment.

11. Project impacts can have physical, financial, economic, social, and environmental dimensions. Developments which stem from society's perceived needs, goals and aspirations may additionally be influenced by value judgements (e.g. the desire to eradicate poverty, even if this means a slower rate of economic growth in the immediate term). Attention is therefore drawn to three cohorts of development objectives: **efficiency**, **equity**, and **sustainability**. In the project context, there may be complementary (win-win) or conflicting (win-lose) situations, hence potential trade-offs between such objectives.

Information Inputs

12. In addition to the section on "key lessons learned" within each ICR, statistical tables and text dealing with project operations, events and experiences (from borrower and financier/donor viewpoints) were examined. This was essential as relevant lessons were not always sufficiently highlighted in the ICRs, while some “lessons” listed consisted largely of conclusions or recommendations specific to the project in question, and were set in too narrow a context to be of general relevance and applicability.

13. To help qualify the findings, and to explore perceptions concerning the ICR process itself, contacts were made with individuals (CP staff and consultants) who had been involved in preparation of ICRs (face-to-face meetings as well as remotely). This included present and ex-CP staff not directly involved in the ICRs under review, but had nonetheless undertaken ICR work in the recent past[1]. A CP staff workshop in May 2000 provided another forum for interchange of experiences and views on the ICRs reviewed and on related project themes and issues.

ICR Projects Profile

14. The 28 projects included in this review have initially been grouped into three broad sub-sectoral categories as follows:

[1] Including Simon Hocombe, William Sorrenson, Guy Evers and José Maria Caballero.

- Agricultural or rural area development and services (ARD, 11 projects).
- Water resource management and irrigation (WRI, 11 projects).
- Natural resource management and forestry (NRF, 6 projects).

Their main characteristics in terms of investment size, scale, type of components, and ICR performance ratings are summarised below:

Investment Size and Scale

15. All but two of the projects had appraisal cost estimates of over US$40m, and six over US$200m each. Actual disbursements of the 28 projects were 30% lower than the appraisal estimate (see table 1). Projects were generally national, provincial/state, multi-state (in the case of India) or regional (e.g. covering a number of watersheds) in scale.

Project Components

16. Most projects were multi-component, with activities covering physical delivery of infrastructure, rural credit and financial services, human resource development, institutional development/capacity building, operational system development or reform (e.g. of agricultural research and extension system) and technical assistance. For instance, various ARD and NRF projects included on-farm investments in crop, livestock, trees, or fisheries/aquaculture enterprises, technology transfer, seed multiplication, agro-industrial development, and at times also water resource management/conservancy and irrigation.

17. Given these overlaps, project titles and sub-sectoral groupings may not necessarily reflect the type and range of interventions involved in a given project/ICR. Sub-sectoral labels have only limited value as project typologies, and the use of development themes or type of project intervention is considered more appropriate for lesson-learning purposes.

Performance Ratings

18. Each ICR has provided assessment ratings for a range of performance variables. The pattern of good and poor ratings for achievement of project objectives, sustainability, and overall outcome[1], along with how close actual project costs were to appraisal amounts is summarised in table 2. Seven projects (25%) had unsatisfactory outcome ratings, and for ten (36%) their sustainability had been rated as unlikely, uncertain or unclear. Five projects (18%) had actual disbursement of funds of less than 50% of appraisal estimates, while disbursements for thirteen (45%) were within 80% of the appraised amount.

19. Besides physical and financial project objectives, many of the projects also had poverty reduction, institutional, environmental, gender, and other wider development objectives as part of the project plan, each of which had an ICR rating (there was however no provision for rating on achievement of "economic" objectives). Table 2 indicates that while the majority of projects (17 out of 28 projects or over 60%) were accorded substantial achievements in physical objectives by the ICRs, this was patchy for other objectives; their incidence being: financial

[1] Overall outcome ratings available only from within the text in the six ICRs (late 1999 to early 2000) prepared under the new (1999) Guidelines..

(40%), poverty reduction (36%), environmental (32%), and generally less than 25% for other objectives. Six projects (21%) had no substantial achievement ratings for any category of development objective. However, twelve (43%) were judged to have had substantial achievements for institutional development.

Analytical Scheme

20. Lessons on project design and management can be gleaned from both successes and failures. To facilitate comparisons, a system of project typology was adopted, based on: a) ICR performance ratings to differentiate between the best and worst in terms of outcomes and sustainability; and b) type of interventions included in the project.

21. Because of the cross-cutting and multi-component nature of development interventions, broad sub-sectoral classifications (i.e. agricultural and rural development, natural resource/forestry, and water resources development/irrigation) are an insufficient project typology. More useful is to identify the type of interventions present in a given project as a basis for comparing "lessons" on good practices or design faults across projects. Cross-linking the findings with those using overall performance rating permits triangulation of the results.

22. The analytical scheme used to assist in review of the ICR documents is given below.

Good and Poor ICR Performance Ratings[1] Basis:

- Projects with **best** ratings: satisfactory outcome, likely sustainability, and substantial achievement in at least five key development objectives;
- Projects with **poorest** ratings: unsatisfactory outcome plus unlikely sustainability or no substantial achievements in any development objective;
- Projects **not** accorded likely **sustainability** rating, i.e. rated unlikely, uncertain, unclear, or mixed;

Development Theme/Nature of Intervention present in Project Basis:

- **Area-based** development or natural resource management/conservation (including watersheds, joint forestry management);
- **Water** resources (ground and surface water) and **irrigation** development/ rehabilitation;
- Rural **finance** and **credit** services, including operation of revolving credit fund by government agencies, financial institutions, or community organisations;
- Operational **system reform** and/or innovation: agricultural research and extension system, safety assurance system for large dams.

[1] The purpose here is to group the ICRs into manageable sets with common characteristics; criteria used are somewhat arbitrary, as there are any number of possible ways of doing so.

ICR Project Clusters

23. Based on the above, ICRs were categorised into project clusters, with each project within a cluster given an identification number. Projects with best and poorest ratings were mutually exclusive and form clusters A and B, respectively. Those with unlikely or uncertain sustainability rating were grouped as cluster C. Given their poor achievements, some projects in this cluster overlapped with cluster B. Projects clustered by development theme (D, E, F and G) also overlap with one another, in view of the multi-component nature of the projects. The respective identification numbers of each project and the relationship between clusters are set out in table 3.

Table 1: ICRs Review: List of Projects and Costs

No.	COUNTRY	PROJECT NAME	Type	PROJECT COSTS ($m) At Appraisal	Actual	(% of Appraisal)
1	China	Hebei Agricultural Development	ARD	309	343	111.0
2	China	Henan Agricultural Development	ARD	196	246	125.5
3	Indonesia	Groundwater Development (CAI)	WRI	85	34	40.0
4	Indonesia	National Watershed Mgmt.(CAI)	NRF	488	26	5.3
5	Indonesia	Provincial Irrigated Agricultural development *	WRI	215	139	64.7
6	Indonesia	Yogjakarta Upland Area Development *	NRF	25	20	80.0
7	Viet Nam	Agricultural Rehabilitation	ARD	106	108	101.9
8	Bangladesh	BWDB Systems Rehabilitation	WRI	111	78	70.3
9	Bangladesh	Agricultural Support Services	ARD	59	55	93.2
10	Bangladesh	National Minor Irrigation	WRI	171	25	14.6
11	India	Punjab Irrigation & Drainage Supervision	WRI	246	245	99.6
12	India	Shrimp and Fish (ILI)	ARD	95	23	24.2
13	India	Dam Safety (CAI)	WRI	197	115	58.4
14	India	National Sericulture *	ARD	347	249	71.8
15	India	Integrated Watershed Dev. (Hills)	NRF	126	93	73.8
16	India	Integrated Watershed Dev. (Plains)	NRF	92	72	78.3
17	India	Tamil Nadu Agricultural Development	ARD	133	120	90.2
18	India	West Bengal Forestry *	NRF	39	44	112.8
19	Nepal	Sunsari Morang Headworks *	WRI	36	30	83.3
20	Nepal	Hill Community Forestry	NRF	45	17	37.8
21	Nepal	Mahakali Irrigation II *	WDI	46	46	100.0
22	Pakistan	Agricultural Research II	ARD	82	55	67.1
23	Pakistan	On-Farm Water Mgmt. III	WRI	156	159	101.9
24	Sri Lanka	Second Agriculture Extension *	ARD	18	10	55.6
25	Sri Lanka	National Irrigation Rehabilitation	WRI	50	45	90.0
26	Philippines	Second Rural Finance (CAI)	ARD	263	263	100.0
27	Philippines	Second Communal Irrigation Development (CAI)	WRI	64	56	87.0
28	PNG	Land Mobilisation *	ARD	43	29	67.1
		ALL PROJECTS		3843	2745	71.4

* ICR prepared by World Bank with TCI/CP involvement
CAI = Core Accountability ICR; ILI = Intensive Learning ICR (using new World Bank guidelines and format, from late 1999).

Table 2: ICRs Review: Achievement Ratings Accorded for Key Variables in ICR *

COUNTRY	PROJECT NAME	Actual Project US$ Cost as % of Appraisal		RATING BY ICR											
				Outcome		'Substantial Achievement' of Objectives									Project sustainability unlikely or uncertain
		> 80%	< 50%	UnSats	Sats	PHY	FIN	POV	INS	GNR	ENV	MAC	PBL	PVT	
China	Hebei Agricultural Development	X			X	X	X	X	X			X	X	X	
China	Henan Agricultural Development	X			X	X	X	X	X		X		X		
Indonesia	Groundwater Development		X	X											
Indonesia	National Watershed Mgmt.		X	X											
Indonesia	Provincial Irrigated Agric. Development				X		X	X	X						
Indonesia	Yogjakarta Upland Area Development	X			X	X	X	X	X		X		X	X	
Viet Nam	Agricultural Rehabilitation	X			X	X	X	X			X				X
Bangladesh	BWDB Systems Rehabilitation				X					X					X
Bangladesh	Agricultural Support Services	X			X	X			X			X	X		
Bangladesh	National Minor Irrigation		X	X								X	X	X	X
India	Punjab Irrigation & Drainage				X	X	X	X							X
India	Shrimp and Fish		X	X											
India	Dam Safety				X										
India	National Sericulture				X			X	X	X					
India	Intgr. Watershed Dev. (Hills)				X	X	X		X		X		X		
India	Intgr. Watershed Dev. (Plains)				X	X	X		X		X				
India	Tamil Nadu Agricultural Development	X			X	X	X		X			X			
India	West Bengal Forestry	X			X	X		X		X	X	X			X
Nepal	Sunsari Morang Headworks	X			X	X									X
Nepal	Hill Community Forestry		X		X				X		X	X			
Nepal	Mahakali Irrigation II	X			X	X	X	X	X		X			X	
Pakistan	Agricultural Research II			X		X									X
Pakistan	On-Farm Water Mgmt. III	X			X	X									
Sri Lanka	Second Agriculture Extension			X		X									X
Sri Lanka	National Irrigation Rehabilitation	X		X		X									X
Philippines	Second Rural Finance	X			X	HS	HS	S	S		S	S		S	
Philippines	Second Communal Irrigation Development	X			X										
PNG	Land Mobilisation				X										X

Key: X = affirmative, where PHY = physical objectives; FIN = financial objectives; POV = poverty reduction; INS = institutional development; GNR = gender and other social objectives ; ENV = environmental objectives; MAC = macro and sectoral objectives ; PBL = public sector management; PVT = private sector development).

(Note that ICR for the Second Rural Finance Project (Philippines) used a four-step rating system consistent with the new 'core ICR' Guidelines. However, it departed from the latter by using the attributes 'highly substantial' and 'substantial' in the scoring (indicated above as HS and S) instead of 'highly satisfactory' and 'satisfactory' used by other core ICRs. This gave the project two highly substantial and five substantial achievements ratings).

Table 3: Identification Numbers for Projects in Different Clusters

No.	Project Name	Project Identification Number *						
		Best and Poorest Rated Project Clusters			Clusters with Intervention Type Present in Project			
		A	B	C	D	E	F	G
		Best Ratings	**Poorest Ratings**	**Sustainability Unlikely/ Uncertain**	Area based development or natural resource management 1/	Water resources and irrigation system development 2/	Rural finance and credit services 3/	Operational system development/reform 4/
1	Hebei Agricultural Development (Chn)	A1			D1	E1	F1	
2	Henan Agricultural Development (Chn)	A2			D2	E2	F2	
3	Groundwater Development (Indo)		B1			E3		
4	National Watershed Mgmt. (Indo)		B2		D3			
5	Provincial Irrigated Agric. Dev. (Indo)					E4		
6	Yogjakarta Upland Area Dev. (Indo)	A3			D4		F3	
7	Agricultural Rehabilitation (Viet)			C1			F4	
8	BWDB Systems Rehabilitation (Bang)			C2		E5		
9	Agricultural Support Services (Bang)							G1
10	National Minor Irrigation(Bang)		B3	C3		E6		
11	Punjab Irrigation & Drainage (Ind)			C4		E7		
12	Shrimp and Fish (Ind)		B4				F5	
13	Dam Safety (Ind)							G2
14	National Sericulture (Ind)						F6	
15	Intgr. Watershed Dev. - Hills (Ind)	A4			D5			
16	Intgr Watershed Dev. - Plains (Ind)				D6			
17	Tamil Nadu Agricultural Dev. (Ind)				D7			
18	West Bengal Forestry (Ind)			C5	D8			
19	Sunsari Morang Headworks (Nep)			C6		E8		
20	Hill Community Forestry (Nep)				D9			
21	Mahakali Irrigation II (Nep)	A5				E9	F7	
22	Agricultural Research II (Pak)		B5	C7				G3
23	On-Farm Water Mgmt. III (Pak)					E10		
24	Second Agriculture Extension (Srl)		B6	C8				G4
25	National Irrigation Rehabilitation (Srl)			C9		E11		
26	Second Rural Finance (Phi)	A6					F8	
27	Second Communal Irrigation Dev. (Phi)					E12		
28	Land Mobilisation (PNG)			C10				

* Subsumed in any intervention may be physical delivery of infrastructure, provision of agricultural inputs and services, training and capacity building activities, and so on.

1/ Includes watershed management & community forestry/joint forestry management activities.
2/ Includes both system development and rehabilitation.
3/ Includes operation of revolving fund by government agencies, financial institutions or community organisations.
4/ Includes agricultural research & extension, and safety assurance systems for large dams.

C. ANALYTICAL FINDINGS

24. The analyses focused on discerning commonalties and differences amongst various project clusters and possible lessons that may be derived on project design and management. Good practices in the design of specific development interventions, as documented under “key lessons" and elsewhere within the ICRs, were also identified. Significant also is what was not explicitly documented or, where the case, done so largely as an afterthought. Attention is thus drawn to possible gaps in information content and neglected steps in the ICRs where these were apparent. The main findings and observations are summarised below.

Performance Ratings and Possible Lessons

Pattern of Success and Failure

25. Best and poorest rated projects (clusters A and B, respectively) did not appear to follow any geographical pattern, and each cluster of six projects was distributed over five broadly similar countries. Unlikely or uncertain sustainability project ratings (project cluster C) were found in seven out of ten countries represented; the exceptions were China, Indonesia and the Philippines, where all projects had been accorded likely sustainability ratings.

26. The six **best rated** projects were accorded substantial achievement ratings for no less than five development objectives (in addition to satisfactory outcome and likely sustainability ratings). All projects in the cluster were rated so for physical, financial and institutional development objectives, five projects for poverty reduction and environmental objectives, and from two to four projects also for macro/sectoral, public sector management, or private sector development.

27. Except for one project where disbursement was in the region of 75% of appraisal estimates, the others all matched or exceeded the appraised amounts. All but one of the six were either sub-national in scope or had area-based agricultural development or conservation amongst the interventions; five had rural credit and finance, and three had some form of irrigation development.

28. The six **poorest rated** projects, besides all being rated unsatisfactory in overall outcome, either had no substantial achievement rating for any single category of objective or else were not rated as sustainable. Disbursement by project completion was less than 50% of appraised amount in four of the projects, and less than 15% in two (National Minor Irrigation, Bangladesh and National Watershed Management, Indonesia). All six projects had either "national" in the project title or were essentially national or multi-provincial (for India, multi-state) in scope. Two had interventions in water resource/irrigation, and two in operational system reform (national agricultural research and extension systems), with one each in commodity development (multi-state shrimp and fisheries) and in agricultural development/conservation (country-wide programme).

29. Whilst premature to make generalisations on the pattern of success or failure encountered, given the relatively small number of projects reviewed, the above observations nonetheless suggests that over-ambition in scope, lack of specific area focus, and types of intervention predisposed some projects to poor performance. Both the agricultural research (Pakistan) and extension (Sri Lanka) projects, for instance, battled (unsuccessfully) against well

established national administrative systems, *status quo* and mind-sets in attempting to inject new and untested ideas and approaches into existing systems.

Design and Management Features

30. Intervention type asides, the way a project is designed and how it is managed can, singly or jointly, influence the course of its implementation and affect its eventual outcome[1]. Those factors considered to have had a positive or negative bearing on project performance (projects within clusters A and B) have been singled out, and possible lessons for project design and management enumerated. The main findings are summarised in table 4 (detailed descriptions are set out in Annex 1).

[1] Determining causality of project success or failure is often not straightforward, given its multi-variate nature, where factors external and internal to the project could both come into play. Nonetheless, one-way comparison of those project features that are deemed to have relevancy to particular design or implementation issues is a useful starting point.

Table 4: Summary List of Possible Lessons Discerned: Best and Poorest Rated Projects

Possible Lessons
A) Project Design
* **Scope and coverage**: to be not over-ambitious; a clear geographic area focus; and careful consideration of inter-area variations in skills and capacities;
* **Components and products**: comprehensive enough to cover key functions and complementary linkages; should facilitate inclusivity in participation by different socio-economic/gender groups; strategic focus is essential during project identification i.e. well before project design is firmed up;
* **Technology choice**: not pre-emptive, with careful analysis of alternatives, including assessment of cost-effectiveness and location specific bio-physical and socio-economic suitabilities;
* **Implementation approach**: flexible, decentralised implementation, with scope for fine-tuning and periodic adjustments, with transparency in decisions on funding;
* **Participation**: partnerships between community, government and private sector organisations should be considered where synergies exist; community participation should begin from initial planning stage; formation of farmer organisations should derive from natural socio-economic interests and affinities, rather than be contrived on basis of administrative/technical criteria;
* **Organisation** and management structure: careful choice of implementing agencies and integration of project organisation within existing structures at various levels of administration
* **Project phasing**: inclusion of a pilot phase for interventions of novel/innovative nature; critical sequencing of activities; and coherent expansion plan essential part of project logic;
* **Database** establishment and analysis: there must be adequate assessment of micro level bio-physical, socio-economic and institutional factors, location-specific potentials, constraints, needs and opportunities and 'without project' trends; supplementation of ex-ante project database on continuing basis is essential during implementation.
B) Project Management
* **Project staffing**: stable and motivated management team over implementation period, preferably with multi-disciplinary technical mix, greatly enhances prospects of success;
* **Management control and administration**: clear implementation responsibilities, accountabilities, and command chain; unambiguous administrative procedures; pro-active management role in problem solving; decentralised implementation with adequate capacity building at local level;
* **Procurement and tendering**: administrative responsibility and accountability for timeliness (and delays) in procurement should be established well in advance of physical implementation; quality assurance for equipment and services must form part of management control procedures;
* **Project budgets and annual work plans**: to facilitate timely release of project funds and physical implementation, preparation of realistic work plans and budgets, along with their routine monitoring, are mandatory management functions;
* **Monitoring and evaluation**: system must serve as management tool at all levels of implementation, from start of project; good communication of M&E information within and between the different levels on regular basis is essential;
* **Role of target beneficiaries**: self-help, participation in planning of and contribution to financial and other resource requirements of project investments impart ownership and enhance prospects for sustainability;
* **Role of government**: proper appreciation of project objectives at all levels of government is essential; strong policy and administrative support must be assured for project to succeed; corollary is project should not start without such assurance;
* **Role of donors/co-financiers**: project should not be permitted to be bogged down by administrative difficulties of co-financiers; donors have an essential pro-active management support role, including ongoing dialogue and participation in ongoing evaluation; project supervision should not be based on strict adherence to rigid blue-prints;
* **Management sensitivity**: pursuance of physical and financial targets needs to be tempered with management sensitivity to stakeholder and equity/social inclusivity issues and possible project externalities, for which supplementation of routine management data within the M&E system is necessary; management perspectives include its role in conflict management and reconciling of tradeoffs.

31. It is apparent that some of the lessons indicated in table 4 are not entirely new and have been disseminated or brought out in some form or other in the recent and not so recent past, including previous TCI/CP publications[1]. The fact that they continue to emerge from the projects reviewed here suggests that earlier lessons have not filtered through, and similar mistakes in project design and also project management, including supervision, continue to be made through the 1990s.

Sustainability Concerns

32. The ten projects (cluster C) not rated as sustainable in the ICRs, represent over a third of those reviewed. Main concerns cited on the sustainability of "benefits" post-project revolved around the institutional issues of inadequate government commitment to future funding, staffing difficulties, inherent weak capacity of implementing agencies, necessary organisational and management arrangements not yet in place and/or existing administrative and financial systems and procedures not deemed appropriate for future operational support.

33. Other sustainability concerns of a financial, environmental/bio-physical, fiscal policy, and attitudinal/perceptional nature were also reported. In all, ten categories of such concerns were discerned. These are detailed in Annex 1 and summarised in table 5. The frequency of concerns of an institutional nature raises the question as to what extent **institutional analysis** had been an input into project design. A related question is to what degree, during implementation, had project management recognised impending sustainability problems and/ or made the necessary effort to address them.

34. From a project planning standpoint, non-sustainability represents a situation where the **project logic** was unable to proceed to full realisation of its objectives; thus:

- Any outputs generated from project investments (regardless of quantity or quality) and processes initiated with project resources (no matter how efficiently executed) would stop short of bringing to fruition the intended outcomes or impacts;

- Project assumptions, explicit or implicit, not only about the institutional context, but also other policy, production, marketing, environmental, and perceptional bases of the project would have turned out to be invalid.

35. Rigorous examination of key assumptions linking every level of project objectives is thus a critical step in project planning (preparation and appraisal) as well as in project review and evaluation (and especially at project mid-term, where course corrections or more drastic project redesign might still be possible).

[1] See for instance FAO Investment Centre Technical Papers No.7 "Guidelines for the Design of Agricultural Investment Projects" (1991); No.6 "Design of Agricultural Investment Projects: Lessons from Experience" (1989); and various World Bank OED publications under "Lessons and Practices" series.

Table 5: Projects with Unlikely or Unclear Sustainability Rating: Main Concerns Documented

Nature	Area of Concern (no. of projects out of ten in parentheses) 1/
Institutional (including political)	Poor government commitment to funding future incremental costs (8)
	Weak inherent capacity of implementing agency (3)
	Insufficient staff, poor training and lack of incentives (4)
	Organisational and management arrangements for post project operations not established (2)
	Existing system of administration and financial management (including system of governance) militate against participation and partnerships (2)
Policy	Fiscal policies and incentive structure inappropriate (3)
Production and Marketing	Financial viability of new practices/enterprise not assured, due to socio-cultural production factors or market constraints (3)
Environmental/ Bio-physical	Hazards from fragile geology on-site, erosion/flooding from off-site, and extraneous climatic factors (3)
Perceptional/ Attitudinal	Lack of conviction on new approach/technology (1)
	Alternative donor finance in medium term; tendency towards dependency syndrome (2)

1/ Project reference in Annex 1

Good Practices Documented

36. Amongst the ?key lessons' documented in the ICRs were a plethora of findings, conclusions, and opinions. These varied in focus and conceptual content, and range from observations on highly specific sub-sector operations e.g. "there is a need to assign responsibility for resolving dam safety issues" to more general prescriptions e.g. "for participatory projects to work, there has to be degree of flexibility in choice of activities." Discernible from these, nonetheless, were a number of messages on what might be considered as good practices, in terms of conceptual approaches and design imperatives for different types of project interventions i.e. according to project clusters D, E, F and G. These have been grouped under three main themes:

(i) Project approach and strategy;

(ii) Project analytical requirements; and

(iii) Purpose and scope of monitoring and evaluation.

37. These have particular relevance for project concept/ identification, preparation and appraisal, and project implementation and post-implementation/ operations stages of the project cycle, respectively. Good practices applicable to each theme for the different intervention types[1] are set out in tables 1 to 3 of Annex 2 (original list of good practices documented by project cluster are appended as tables 4 - 8 of that Annex). Important messages and possible lessons of general applicability for each theme are summarised below.

[1] Detailed discussion of each intervention type is not attempted in the present report for reasons of space. The tables in Annex 2 however set the scene for further interactions on project design and management issues relating to specific project intervention typologies that may be of interest to TCI/CP personnel.

Theme 1: Project Approach and Strategy

* Adopting a *holistic* approach in project design, with particular attention as to comprehensiveness in the project intervention model, whilst guarding against over-ambition and complexity; use of the logical framework approach (lacking in most projects reviewed) would be of assistance here;

* Ensuring there is an *enabling environment* to permit project interventions work through to full fruition, through adequate preparations prior to detailed project formulation in securing government concurrence, commitment, and support on policy and institutional issues at all levels of administration;

* Identifying potential *synergies* and forging of mutually beneficial *partnerships* are increasingly the order of the day, and calls for a shift from command and control approaches to those requiring collaboration and negotiation; this would require a strong multi-functional *stakeholder focus*, a clear *communication plan*, and provisions for negotiated conflict management;

* Up-front attention to be given to *equity* and *sustainability* objectives besides economic *efficiency* at project concept stage, instead of leaving these as an afterthought; social inclusively in participation[1] and development sustainability not only in financial but also in institutional, natural resource/ environmental, fiscal incentives, and stakeholder partnership terms need to be factored into project design;

* A *flexible* project approach, whilst generally preferable to a rigid blue-print, places demands and responsibilities on the different participants, including government and community based organisations, *capacity* for which needs to be built;

* A clear geographic *area focus* in project scope e.g. single state (province) in India (China) is advantageous for project implementation, to the extent important decisions pertinent to project are located within the area; but where the latter is not the case, e.g. *natural systems* such as lakes or river basins cutting across *administrative* or *social* boundaries, a project concept which permits effective communication and joint decision making amongst the multiplicity of stakeholders becomes a pre-condition for viability;

Theme 2: Project Analytical Requirements

* The completeness and realism of the *project logic* to permit attainment of desired development impacts must be subject to systematic analysis, focusing on the causal linkages between different levels of objectives (activities undertaken, outputs generated, resultant outcomes and impacts realised), and the *reasonableness* of *assumptions* and conditions that link successive levels;

* Project plans must accommodate *site specificity* in bio-physical and socio-economic factors, whereas database at project start-up may be lacking in scope and detail; continuous process of database enhancement to help refine project plans is often necessary;

* Direct involvement of both primary and secondary *stakeholders* not only in implementation but also in initial *planning* and subsequent monitoring and evaluation is essential for imparting

[1] Reference may be made, for instance, to the faulty design of the Brazilian Northeast Irrigation Engineering and Technical Project (Loan No. 2680-Br) implemented in the early 1990s (not covered in the present review), which had been based on a shaky conceptual approach which was social exclusive and also economically inefficient.

ownership of the plans; this cannot be achieved overnight, however, and an *extended period* of institutional strengthening, human resource development, participatory planning, and consensus forming may have to be provided for, with timeframe and project phasing tailored accordingly;

* The implementation *capacity,* and funding and other resource requirements necessary not only for the lead agency, but also supporting/ *complementary agencies* to participate fully in planned activities require careful analysis, given a chain is as strong as its weakest link;

* A *checklist* of the *toolkit* for project analysis at identification, preparation or appraisal stages should, if not already catered for, be expanded to include: stakeholder, institutional, power and influence, organisational strengths-weaknesses-opportunities-threats (SWOT), natural resource suitability, hazards and depletability, socio-economic stratification, trade-offs and conflicts, and potentials-problems-constraints-opportunities analyses; this may call for new skills and orientations among some project planners;

* Financial and economic analyses nonetheless remain important, and need to be applied with *adequate rigour* to guide decisions relating to the commitment of project resources in funding of sub-projects and in operating local level revolving credit funds;

Theme 3: Purpose and Scope of Monitoring and Evaluation

* There is a continuing need to emphasise the role of M&E as a routine *management tool* and not an ad hoc activity instituted for purposes of external performance audit**;**

* M&E should play a facilitative role in engendering effective *communication* and *interaction* between project partners and stakeholders, which is essential for iterative problem solving and adaptive project management;

* Monitoring of *beneficiary responses* and perceptions is often essential to facilitate mutual understanding and agreement on respective roles and responsibilities;

* Prominence should be given to *equity* and *sustainability* objectives, and impacts of development and M&E system must permit *desegregation* of information by socio-economic strata and gender, (especially in credit interventions but also where natural resource use and management is involved, see Box 2), and include institutional, natural resource/ environmental, incentive structure, and stakeholder partnership perspectives in the evaluation framework;

* Existing methodologies for *economic evaluation*, including "project benefit monitoring and evaluation" used on some projects, which are based largely on quasi-experimental approach, are not always workable in practice due to sampling problems, and *simpler* more *flexible tools* for impact assessment may need to be developed;

* Economic rates of return (ERRs) constitute only a *partial indicator* of project performance, requiring careful interpretation; in particular analysis of contributory factors to low or high ERRs is essential,[1] while non-tangible benefits should not be neglected;

* *Data requirements* for ex-post or terminal evaluation i.e. at time of ICR, covering efficiency (economic), equity (social/ gender), and sustainability (environmental/ institutional) aspects need

[1] In a rural roads project in Gujarat State, India, a high ERR was estimated at project completion. This was largely due to benefits not foreseen at project preparation (unanticipated gains from horticulture rather than dairy products in the original project justification); a narrow focus on ERR performance would have missed the point on faulty project identification and preparation (personal communication with ICR author).

to be catered for through systematic periodic data collection instituted early in project implementation; ICR processes have in many instances been hampered by poor data availability, often relying on little more than anecdotal accounts and personal observations during the very limited mission time in the country, which is far from satisfactory.

Box 2: Importance of Disaggregating Information by Socio-economic Strata and Gender

a) Excerpts from two ICRs reviewed

Shrimp and Fish Culture Project (India):

" ... there have been instances, especially with the inland fisheries development, that the selection was not transparent and was decided by local power groups, often in favour of progressive farmers. Also denial of access to some 30 lakes for some of the traditional fishermen produced a negative social impact. This resulted from the restriction imposed during project implementation on the maximum number of fishermen per hectare. The targets of increasing number of females that were employed and active heads of households under the project had been neglected ..."

Hill Community Forestry Project (Nepal):

"... a reason for the emphasis on conservation rather than active management stems from the fact that the people in power within the FUGs (forest user groups) are the richer households who depend very little or not at all on forest resources for their livelihoods. An important group of users who have been excluded from community forests is the transhumants. Conflicts between FUGs and transhumants concerning the latter's traditional use of forests are only now beginning to be addressed. Finally, women, traditionally the heaviest users of forest resources (fuelwood and NTFPs), and have been affected most by restricted access to forests.... "

b) Observations on two projects reviewed (from Annex 2 table 8 of this Report)

National Sericulture Project (India):

* Institutional credit of $104m were made available by national financial institutions to poor and women farmers; direct mail campaign to promote banking services to poverty target groups apparently proved successful. Information on recovery rates was not available, as records of farm loans had been classified by the banks as "general agricultural loan", and disaggregated data were apparently not available. Lack of a management information system within these well established financial institutions in India that would provide basic breakdown on recovery rates by loan type seems most surprising. Whilst not highlighted in the ICR, it was clear from the data on performance indicators that the loans for sericulture activities were predominantly made to male family members: less than 10% of loans for silkworm rearers (15,000 out of 160,000 loans) and less than 1% for reelers (300 out of 5000 loans) were to females.

Second Rural Finance project (Philippines):

* There was no information as to type or beneficiary profile of loans on-lent by participating financial institutions of the Land Bank of Philippines (totalling P 3.79bn for 672 sub-projects, which works out at around $150,000 per loan). Internal rates of return for the sub-projects were generally high, and suggest efficient use of loan resources. But the estimated 10,000 rural jobs said to have been created by the incremental economic activity (from the $260m overall project cost) on their own may or may not translate directly into poverty reduction, just because these are outside of metro Manila.

* The project in fact had no set poverty/social or gender objectives, hence had no provision for collecting the relevant data on these issues. Limited capacity for monitoring of environmental compliance of sub-projects funded also meant very little could be said about achievement of environmental objectives. If poverty reduction had been a project goal, such a consideration must be built into the project design, including setting up the appropriate management information systems within the participating institutions, and provision for M&E within project framework to permit assessing impacts on the poor.

38. The thematic messages above reinforce the lessons outlined in section 3.2 earlier. They also support and are corroborated by various findings based on ex-post evaluations carried out by OED (see Box 3). Together these present an array of possible do's and don'ts on project design and management which governments, financing institutions, and technicians involved in planning, funding and managing public investment programmes may find relevant.

39. Actual applicability of a given lesson would of course need to be assessed for specific country and area circumstances, but reference to a list of this kind (especially when broken down by intervention type, as in tables 1 - 3 of Annex 2) provides a 'grid' against which strengths and weaknesses of future project proposals under a given set of circumstance may be analysed. Over time, lessons specific to countries, areas and intervention types might be circumscribed, refined and further documented.

Box 3: Excerpts of Recent Findings of OED Ex-Post Evaluation Studies

From: OED (1996) "Pakistan: On-farm and Command Water Management and Irrigation Systems Rehabilitation Projects", *Impact Evaluation Report No. 15863*.

"Too many important differences between provinces, and also between areas within provinces, are pushed aside in the search for a common formula that will work reasonably well everywhere, without adequately addressing the precise needs of any one situation. Watercourse lining by a percentage formula is an example. Similarly recent projects have had some worthwhile and widespread poverty alleviation impact, but have also provided at the same time, without any justification, large transfers of public funds to many of the rural elite. Differentiation would permit, among other things, a more efficient allocation of scarce resources, taking relative needs into account."

From: OED (1993) "Area Development Projects", *Lessons and Practices No. 3*

" Where policies and procedures - for example on prices, marketing, or land issues - need to change to provide the right environment for a successful project, the various inter-personal and inter-agency relationships within the government need to be analysed and understood before reliance is placed on loans/ credit covenant, or other less formal assurances. The motives and incentives for pro-active, merely cooperative, or even disruptive behaviour by constituent parts of government need to be understood."

"Rural peoples' commitment to a project's goal, while rarely analysed, is a crucial determinant of outcome. Beneficiaries' participation in planning and implementing area development is so important that governments' genuine commitment to this approach can be viewed as a leading indicator of government commitment."

"Pilot projects, or phases, need to be large enough to be a true test, but small enough to keep costs, including the cost of failure, manageable. They should avoid drifting into widespread implementation before results justify such expansion. Pilot activities need to be continuously evaluated and adjusted as knowledge improves ... "

Information Gaps and Neglected Steps

40. Despite the wealth of usable information evident in the ICRs, it is apparent there are systematic weaknesses in the scope and conceptual basis of such information. Chief amongst these are:

a) Stakeholder and equity issues

41. These had received only marginal attention, particularly in the earlier ICRs, i.e. those based on 1994 World Bank Guidelines,[1] and, judging from the two Intensive Learning ICRs (ILIs) reviewed, have yet to be adequately addressed by the 1999 Guidelines.

42. A clear example is seen from the upper half of Box 2. Here, certain groups of natural resource users (artisanal fishermen, forest transhumants, women) appear to have been ignored by the project design, while adverse social impacts on these groups were mentioned only in passing in the text of the two ICRs. Whether similar impacts have occurred in the other projects, but are not even mentioned in the ICRs is impossible to tell, given the lack of clear provision for recording such phenomena in the ICRs. In whichever case, project impacts on non-targeted (i.e. missed out stakeholders) could be ignored by the system of project ratings.

43. Provisions for stakeholder workshops in the new ILIs might at first sight seem to be a step in the right direction. But the format and location of such formal workshops (2 days meeting in the national capital involving some 80 participants for the Dam Safety Project, and around 60 persons in each state capital of West Bengal and Bihar for the Fish and Shrimp Culture Project), suggest there could still be methodological problems on stakeholder issues, not least as it is unclear how and what extent of stakeholder analysis/ identification had been carried in the first place.

b) Unplanned impacts

44. The rating system for achievement of project objectives under the 1994 Guidelines focus primarily on achievement of planned objectives, whereas, projects with any degree of flexibility could well lead to modifications in project activities, and potentially impacts not planned for previously. There appears to be no provision to account for this in the earlier ICRs. The 1999 Guidelines do provide for modified objectives (only those relevant to sector goals) to be considered. But even here, how unplanned impacts[2] would be separated out and captured in the ICR rating system is unknown.

45. In the Integrated Watershed Development (Hills) Project in India, the water harvesting component was revised, in response to community needs and changed operating circumstances, to cater for domestic, livestock and village irrigation use. This resulted in beneficial social impacts not anticipated at project design stage, such as providing 'life-saving" irrigation to field and horticultural crops in times of drought, but in particular the enormous saving in time collecting water for the house and animals by women. How such phenomena were to have been reflected in the project ratings is unclear.

c) Logical structure of objectives

46. The rating system in both the earlier and current ICR Guidelines treat the various types of project objectives (physical, financial, institutional, social, and so on) as if they all

[1] OP 13.55 of April 1994, superseded since by those of July 1999. The latter provides for two types of ICRs: Core Accountability (CAI) and Intensive Learning (ILI) ICRs, with around 30% coming under the latter. Six of the ICRs reviewed came under the 1999 Guidelines, of which two were ILIs.

[2] In the Gujarat Rural Roads Project referred to previously, anticipated economic impact on dairy production, upon which much of the project rationale was based, largely failed to materialise, while improved horticultural production and marketing not anticipated at appraisal (made possible by the new infrastructure) have led to significant farm income increases. Strictly speaking, horticultural income enhancements would not have been captured through either original or modified objectives.

pertained to the same level (and timeframe) in the project logic structure. There appears to be no distinction between immediate and long term attributes, and between actual achievements (e.g. physical output generated) and likely achievements (e.g. very initial indications of long term environmental recovery).

47. Pre-mature judgements may penalise projects with long gestation periods unfairly. Poverty reduction impacts from rubber replanting, say, may not even begin to manifest themselves in less than 5 to 6 years, hence cannot be rated in the same way as more immediate achievements in the area replanted. Good performance in physical outputs (satisfactory effort) should not be blurred with poor performance in higher objectives (unsatisfactory social impacts) that may be due to inappropriate design (i.e. poor assumptions at planning stage). It would seem inappropriate to require ICR missions to summarise achievements of inter-linked objectives with different dimensions on the same scale.

48. The 1999 ICR Guidelines do provide for recording information on output and outcome/impact performance indicators. But guidance on this is inadequate and some confusion on how this is to be done is apparent from the six ICRs reviewed (e.g. number of computers, boats supplied by the project and meetings held have been erroneously entered as project 'outputs'). This reflects the lack of adherence to use of the logical framework approach at the planning stage.

d) Participation in ICR

49. Noteworthy among weaknesses in the ICRs is the lack of substantive government/ borrower input into the terminal evaluation process. Borrowers are required, within the terms of loan/credit agreements to prepare their own final evaluation report, and a section in the ICR is allocated to borrower comments. But generally, these had been carried out in largely perfunctory manners, as stand-alone exercises that bore little or no relationship to ICR findings.[1]

50. More significantly, the ICR exercise appears to pay little attention to the borrower's own evaluation process (despite a significant proportion of project costs coming from country resources)[2]. This runs counter to the declared priorities of Bank Operations in building evaluation capacity at the country level (refer to Box 1). Better integration of borrower/country evaluation activities into the ICR framework, neglected hitherto, could go towards capacity-building processes.

51. The above reveal not only important information gaps but also neglected steps in project evaluation. A strategic review of the overall role and utility of ICRs as a whole would seem appropriate. This also calls for a closer look at the dynamics of the ICR process itself, including relationships and information flows between and within the entities concerned.

ICR Process and Dynamics

Audience and Client Relationship

52. ICR user audience, hence stakeholders in each exercise, consist of the following:

[1] Borrower inputs are often not even completed at the end of ICR missions; only one of the six ICRs under the new Guidelines had this as an attachment to the report.

[2] The ICR Guidelines indicates that the borrower should be encouraged to "assign the task of organising and overseeing completion reporting to a senior official familiar with the operation and to act as formal contact with the Bank and co-financiers during the preparation of the ICR"; this appears to relegate the government's role to that of bystander, not substantively participating in the thought processes of the ICR.

- Operations Divisions/tasks managers of the World Bank (who in turn are accountable, and report, to the Bank's top management);

- The Bank's Operations Evaluation Department (using ICRs as an input for independent evaluations and project audits);

- Country borrowers (comprising national implementing agencies, parent sectoral ministries, cross-sectoral planning and coordination ministries/units, development organizations at sub-national/regional levels, and potentially other in-country stakeholders of agricultural and rural development projects and programmes, including NGOs and apex CBOs);

- TCI/CP personnel directly involved in preparation of ICRs and those with substantive project identification, preparation and appraisal duties; and consultants/other FAO staff with regular and irregular inputs into TCI/CP activities.

53. TCI/CP involvement is essentially as *consultant* in undertaking the necessary field investigations and providing draft report inputs to World Bank Operations task managers who, as *client*, have ultimate responsibility for report finalisation. Comparisons between a sample of ten draft ICRs prepared by TCI and the final versions published by the World Bank indicate some variations in gradings. However, by and large, the instances where gradings relating to Bank performance were raised was countered by instances where they were lowered. The commonest changes in gradings related to assessments of environmental and poverty impacts. This could be due to a higher degree of subjectivity in these analyses. At the same time, it could be interpreted as signalling lack of uniform approach in evaluating environmental and sociological impacts; a topic which might be a subject for special training.

54. Because of TCI's position as impartial interpreter of project achievements, it might be considered whether these skills could be more broadly applied; for example in working with the World Bank Operations Evaluation Department.

Perceived Utility of the ICRs

55. Opinions on the utility of the ICR process and outcomes to TCI/CP itself varied among divisional staff. They were largely positive, insofar as they permit: (i) the Division to be involved in all stages of the project cycle; (ii) planners to be realistic with regards to what could reasonably be achieved during implementation; and (iii) providing a useful training opportunity for new staff. However, there was some scepticism as to the lesson-learning value of ICRs.

56. With reference to the section on “key lessons learned” in the ICRs, some staff felt that too much was left to subjective opinions of individuals and that contents lacked focus. This may be due to insufficient precision in the Guidelines, with regards to structure or practical and conceptual issues to be assessed.

Opportunities and Prospects

57. TCI staff perceptions on the utility and value of their outputs are important dynamics of the ICR process. There appears to be scope for the Division to take a more pro-active role as a repository and disseminator of information and knowledge across a broad spectrum of project

cycle management activities, thereby better capitalising on the human resource base of both TCI and FAO as a whole. Along with other development review activities, ICRs present an opportunity for TCI to:

- Add incrementally and continually to the Division's in-house information and knowledge base as a means of internalising lessons from experience;

- Assist FAO member governments and other clients within the development community in improving their capabilities in project concept, detailed preparation, and evaluation.

58. Documentation on TCI's ICR assignments are mostly kept as individual hard copies, chronologically, in the library. However, it would be an advantage if preparation and completion reports could be combined for the same project.

D. CONCLUSIONS AND RECOMMENDATIONS

Lessons from ICR Content

59. This review has shown that ICRs constitute one useful source of lessons on what has and has not worked in project implementation, and the implications these can have for project design and management. ICRs also contain important messages relevant to development project concept, analysis, and monitoring and evaluation aspects, covering various stages of the project cycle. Notable among the broad lessons which emerged are that development planners should pay special attention to:

(a) The adequacy of the project logic, in particular striking a proper balance between comprehensiveness versus scope and complexity in project design, and the key assumptions and conditions necessary to foster sustainability;

(b) Ensuring the presence of an enabling policy environment upon which project sustainability is underpinned;

(c) Adopting a more measured approach in determining project feasibility, with adequate emphasis given to examining stakeholder, power and influence, communication, trade-offs and conflicts, and other analytical issues besides technical, financial and economic viabilities;

(d) Providing within the project design for, and be sensitive during implementation to, dealing with not only issues of absolute poverty but also relative inequality in terms of inclusivity of disadvantaged groups within a given community.

60. In addition, the importance of commitment through ownership of project objectives by the final project participants; of project design flexibility that permitted the fusion of longer term capacity-building with short-term targets for physical delivery; and the wisdom of adequate piloting and evaluating of innovative components, and/ or "preparation for implementation" prior to full-scale implementation are also indicated. This lends support to findings elsewhere, including those documented in OED ex-post evaluations of past projects.

61. Because of the free-ranging and exploratory nature of this review, it was decided not to focus on specific thematic issues (such as lessons on poverty reduction strategies or how best to improve agricultural extension services). The range of such themes is limitless; investigation on any particular one would be impractical, requiring a different analytical approach and a more diverse dataset than that available from the present collection of 28 ICRs.

62. Possible lessons on good practices specific to four types of project interventions (area based agricultural development and natural resource management; water resources and irrigation development, rural credit and finance; and operating systems reforms and innovation) have nonetheless been discerned. These have been included in Annex 2 to serve as entry points for future discussions on related thematic areas.

Lessons for ICR Process

63. In order to enhance the role of ICRs as a lesson-learning device, improvements to some aspects of the process, including the available ICR Guidelines would be necessary. Getting the dynamics right is key to improving both the utility and quality of the ICRs. This will be assisted by:

- Resolving the issue of ownership of the "lessons learned" at project terminal stage, i.e. lessons by *whom* for *who*? taking into account all stakeholders of the ICR exercise, including especially borrower country institutions;

- Clarifying client-consultant relationships, especially in terms of where the reporting responsibility of each ends, and the status of TCI/CP draft reports vis-à-vis the public domain;

- Addressing possible weaknesses in the ICRs with regard to stakeholder/equity issues, better recourse to the logical structure of projects, taking account of unanticipated impacts, and engendering better participation of borrowers/governments in evaluation of public investment projects and programmes;

- Providing guidance on how the lessons could be better organised and documented within the ICR, such as: applicability to concept or practice; broad strategy or specific tactics; design or management issue; and possibly whether of major or minor importance.

64. The current ICR Guidelines have in fact been in place for just a year, and some aspects are still being piloted e.g. the 'early' ICRs undertaken after a project is substantially completed rather than six months after loan/credit closing. It would be opportune, before long, to undertake a critical re-examination of the extent to which concerns expressed by the Bank's ICR Process Working Group of 1998 on issues such as the inadequate participation of borrowers, partners and beneficiaries and on "weak incentives in the Bank for effective ICR work" are now being properly addressed.

ANNEX 1:

POSSIBLE LESSONS: PROJECTS WITH DIFFERENT ACHIEVEMENT AND SUSTAINABILITY RATINGS

Table 1: Possible Lessons for Project Design: Comparing Best and Poorest Rated Projects 1/

Project Design	Possible Lessons
a) Project Scope & Geographic Coverage	* Projects work best when there is a **clear geographic area focus**, are **not over-ambitious**, and adequate consideration is given to possible variations in skills and capacities over different parts of the same country;
b) Project Components and Products	* Project components should be as **comprehensive** as possible, in coverage of those economic, social and environmental functions which are **complementary** and mutually reinforcing; in logframe terms, this translates as project design which minimises the need for assumptions on factors outside project framework; * Product and technology choice can permit or restrict **inclusivity** of various socio-economic groups in participation and require careful micro-level analysis by farm household typologies; * A strong **strategic focus** at project identification stage is thus essential;
c) Technology Choice	* Technological choice should not be pre-emptive, but be subject to careful analysis of technical **alternatives and cost effectiveness**; * **Production systems** and techniques to be included must accord with local bio-physical circumstances, peoples' technical capacities, and peoples' economic and social needs;
d) Implementation Approach	* **Flexible** and **decentralised** implementation should be provided for, along with scope for periodic adjustment and fine-tuning, and transparency in decisions on funding;
e) Participants and Participation	* **Partnerships** between individuals, community, government and private sector organisations, where circumstances permit, could be a viable strategy for integrating production, processing and marketing; * State-managed collective production approaches should however be viewed with caution; * **Participation** of community groups should commence from initial planning stage; * Formation of farmer organisations/groups should be based on natural socio-economic interests and affinities, rather than be contrived on the basis of technical/administrative criteria;
f) Project Organisation and Management	* Building project organisation **within existing structures** at various levels of sub-national administration renders sustainability of project activities beyond its completion date more likely; in general careful choice of participating agencies is crucial to project success;
g) Project Phasing and Sequencing	* The merit of including **pilot** project phase prior to full-scale implementation, especially for interventions of novel nature, cannot be over-stressed; * Special attention needs to be given to critical **sequencing** of component activities, * A coherent **expansion plan** over entire project area and potential replication outside immediate project area should be part of project logic;
h) Database Establishment and Analysis	* Adequate account be taken of farm household i.e. **micro-level** factors of a biophysical, socio-economic and institutional nature in project design; * Analysis should include location-specific potentials, constraints, needs and opportunities and ongoing trends in the 'without project' situation; * Data collection for project planning should not neglect bio-physical and socio-economic **trends** occurring in the 'without project' situation; * Because **database** ex-ante project is seldom adequate or complete, provision needs to be made for its **supplementation** on a **continuing** basis during the implementation phase;

1/ Derived from detailed project features recorded in table 4 of this annex.

Table 2: Possible Lessons for Project Management: Best and Poorest Rated Projects 1/

Project Management Feature	Possible Lessons
a) Project Staffing	* Stable and motivated **management team** over entire project period is critical to project success; * **Multi-disciplinary** project team, with mix of different technical backgrounds and disciplines, is desirable especially for promoting participatory planning and implementation approaches;
b) Management Control and Administration	* Implementation responsibilities, accountability, and chain of command must be **clear** and administrative procedures **unambiguous**; * Project management has important **pro-active role** in identifying implementation problems and constraints, and in seeking solutions; * Implementation arrangements should as far as possible be **decentralised**, but has to be accompanied by adequate training and **capacity building** in programming, monitoring, and reporting at local level;
c) Procurement, Tendering and Technical Assistance	* Administrative responsibility and accountability for timeliness (or avoidable delays) in procurement should be established well in advance of physical implementation; * **Quality assurance** must be built into local procurement and tendering procedures and be part of management control system;
d) Project Budgets and Annual Work Plans	* Timely release of funds and physical implementation of project activities requires early preparation of realistic **work plans** and **budgets** each year/season; * Routine monitoring of work plans and budgets is a vital part of project management;
e) Monitoring & Evaluation (M&E)	* M&E at all levels of implementation are important **management tool** that should be initiated from the **start** of physical implementation to permit tracking and fine-tuning of activities and outputs; * Good **communication** between and within different levels of management is necessary for M&E system to be effective;
f) Role of Target Beneficiaries	* Self-help, participation in planning of and contribution to financial, labour and physical resource requirements of project investments by beneficiaries are important in imparting sense of ownership and in enhancing prospects of their long-term sustainability;
g) Role of National and Local Governments/ agencies	* A proper appreciation of project objectives at all levels of government, and strong **policy** and **administrative support** must be assured for the project to succeed;
h) Role of Donors/Co-financiers	* Project co-financiers must ensure **harmonisation** of respective roles and responsibilities, in order not to bog down project with their own **bureaucratic** idiosyncrasies and inadequacies; * Donors should play a **pro-active role** in maintaining regular dialogue with project management personnel, focusing on **ongoing evaluative** processes, so that implementation bottlenecks and needed adjustments may be identified in a timely fashion; * Donors should not stick to a **rigid blue-print** as basis for project supervision;
i) Sensitivity to possible environmental, equity and other social impacts during project implementation	* In pursuance of physical implementation progress, project management must be **sensitive** to **stakeholder** and equity/social inclusivity issues, and possible project externalities, including unplanned social and/or environmental impacts; information on these is often missed out by project M&E systems, but anecdotal accounts and 'eye-balling' techniques can provide useful pointers. * Project management should also be aware of potential rent-seeking behaviour and/or myriad objectives of different interest groups and stakeholders; management perspectives should include **conflict** management and reconciling of **tradeoffs**;

1/ Derived from detailed project features recorded in table 5 of this annex.

Table 3: Main Categories of Concern Listed in ICRs with Unlikely or Uncertain Sustainability Rating (Project Cluster C)

Category	Area of Concern (Project Identification No. in Parentheses)
1	Lack of government commitment to continue funding incremental costs of staff, O&M and other recurrent and development expenditures from annual budgets after project closure (all projects except C7 and C8);
2	Inherent weak capacity of implementing agency (in terms of human resources, departmental mission, and financial resources) to continue activities initiated by project, which had been propped up by project funds and technical assistance inputs during project (C2, C3, C4);
3	Staffing difficulties, in terms of quantity and quality of human resource/skills, and absence of the necessary conditions (adequacy of financial compensation carrier prospects/job security and **motivation**, and staff attitudes) for their continued participation (C2, C6, C7, C8);
4	Organisational and **management arrangements**, necessary for implementing agency (or other supporting/complementary agencies) in undertaking post-project operations not yet apparent (C8, C9);
5	Current public administration and financial management **procedures** militating against transferring ownership of productive assets and management responsibilities to farmers or forging of partnerships with private and other government agencies; these are linked to the system of governance and extent of decentralisation in place (C3, C4);
6	Government **fiscal policies** giving rise to inappropriate **incentive structure** for future participation of farmers (e.g. in joint forest management of non-mangrove areas of West Bengal) or production subsidies and grants (e.g. free water for farmers in Punjab State) that would be difficult to finance over time, and lack of 'political will' to change the status quo (C4, C5, C6);
7	Farmers and/ or government officials/technicians not yet **convinced** of the **suitability** of the systems and approaches introduced by project, hence would revert to traditional systems upon project closure (C10);
8	Financial **profitability** of new practices, enterprises and systems to farmers and other investors not assured due to **market**/commercial constraints or socio-cultural **factors** within production system such as land inheritance practices, small fragmented landholdings, and absence of a land market (C1, C6, C9);
9	Future productivity threatened by **environmental or bio-physical** factors outside control of farmers and local officials; e.g. fragile geological conditions or soil erosion and flooding from upstream sources offsite, unusual climatic factors (C5, C7, C9);
10	Existence of **alternative** sources of **donor** financial **assistance** (e.g. through food aid proceeds) in support of routine government recurrent and O&M expenditures, giving rise possibly to a **dependency** syndrome situation (C3, C10).

Table 4: Positive and Negative Project Features Observed and Possible Design Issues: (Project Clusters A and B)

Project Features Discerned (Project identification no. in parentheses)	Possible Design Issues
Positive: - Clear geographic area focus with coverage limited to single province or local region (A1, A2, A3, A5); -Identification and inclusion of 'poorest' counties in project (A2); Negative: - Over-ambitious geographic coverage (national or multi-state/ province) or unwieldy project size, with inadequate account taken of the wide variation in skills and capacities over different parts of country (B1, B2);	Project Scope and Geographic Coverage
Positive: - Comprehensive range of project interventions, integrating production, processing and marketing elements for crops, livestock, aquaculture, agro-industrial enterprises (A1, A2); - Combining crop and livestock development with soil conservation and run-off control (A3, A4); - Inclusion of off-farm income generation activities as part of conservation strategy to ease economic pressure on environment (A3); - Inclusion of interventions in social investment; e.g. roads, small-scale irrigation, village water resources development, in addition to production and conservation activities, on basis of perceived needs and priorities of local communities (A3, A4); - Innovative Irrigation Line of Credit component for farmer-managed schemes provides avenue for local decision-making, hence greater commitment to their maintenance (A5); Negative: - Pilot component in watershed development approaches not accompanied by adequate provision for effective monitoring, review and ongoing evaluation of its performance (B2); - Experience from similar past projects indicating very low ERRs not taken into account in project design (B3);	Definition of Project Components and Activities
Positive: - Built-in flexibility in choice of local level development activities during project implementation (A3, A5); - Implementation responsibilities decentralised to every tier of administration, with central agency retaining planning, coordination and oversight roles (A3); - Transparency in funding soil conservation and nursery activities at village level through transfer of funds directly to farmer group accounts, which also imparted greater sense of ownership of such activities to local communities (B2); Negative: - Majority of projects were designed in blue-print fashion, with pre-set physical targets and little provision for incremental planning or scope for modifications before MTR. One project objective was for "support for fish production in ox-bow lakes and reservoirs in 188 sites", even when the data on any of these sites was weak - at MTR this figure was reduced to 30 sites (B4). In another project, project design had inadequate provision for SID (survey, investigation and design) activities; SAR targets for 1865 tubewells was revised downwards to 680 or around a third by MTR (B1);	Implementation Approach

Project Features Discerned (Project identification no. in parentheses)	Possible Design Issues
Positive: - High value crops with good local markets identified for inclusion in project (A1, A2); - Agro-industrial enterprises selected were suitable for off-farm employment of women (A1); - Livestock enterprise analysis had clear poverty focus through use of farm models for landless households and those with minimal holding size (A1); - Identifying production systems; e.g. tunnel greenhouses which find spontaneous uptake and further adaptation by farmers (A1); - Use of simple technology; e.g. irrigation works amenable to repairs and maintenance by local communities/technicians, or inexpensive innovations from local research facilities e.g. triangular tree spacing for protection against wind erosion (A1); - Inclusion of perennial fruit and multi-purpose species and vegetative barriers to soil erosion with economic value (e.g. *Eulaliopsis* for rope making and *Pennisetum/Setaria* for forage) could meet both conservation and household needs (A3); Negative: - Inadequate comparative analysis of different technical options, resulting in pre-selection of DTWs when STWs and variants (e.g. VDSSTWs) more cost-effective and in popular use (B3); - Dependence on single crop variety in cotton production and lack of rotational practices pose enormous disease risks and problems of sustaining fertility in the long term (A1); - Targeting 'specialised households' for certain types of enterprise development may preclude the bulk of households from participation i.e. introducing exclusivity for sake of efficiency (A2);	Product and Technology Choice
Positive: - Private sector involvement as partners in marketing and processing (A1, A2); - Village/ hamlet groups involved in planning and operation of income-generating micro projects at local level, along with their own financial contributions (A3); - Participatory construction of tertiary canals by project beneficiaries, including joint farmer-private sector local competitive bidding arrangements (A5); Negative: - Using collective and State-managed 'production base' approach to agricultural production, instead of farmers under 'household responsibility system' detracted from full economic potential of some enterprises (A2); - Tubewells (DTWs and ITTWs) were drilled in inappropriate sites as implementation was supply-driven, with inadequate provision for beneficiary participation in needs identifying and planning, and lack of quality assurance and accountability (B1); - Difficulty in constituting water users organisations/associations, due in part to reliance on administrative or technical criteria, and not natural socio-economic interests/affinities, as basis of group formation (B3);	Project Participants/ Nature of Participation
Positive: Project organisation built into existing national, provincial and sub-provincial structures provided for sustainability of activities beyond project completion date (A3); Negative: Unclear justification to involve the National Economic Planning Agency (which has no technical capability or interest) in role as implementing agency/ project coordinator, with only day-to-day coordination delegated to another agency that in fact had major implementation responsibilities; this apparently flawed organisational design (one-on-one principle) a likely factor behind poor project performance (B1)	Project Organisation and Management
Positive: - Inclusion of pilot phase in watershed development to learn and help formulate guidance for other areas a desirable feature in principle (B2); Negative: - No pilot phase for development and testing of novel enterprise (shrimps) with innovative and demanding production system and untrained local technicians (B4); - Poor sequencing of mutually dependent project components (methodology development and preparation of national guidelines) limited the utility of individual components (B2); - Lack of coherent expansion plan for novel and untested extension system being piloted in 3 sub-districts, involving formation of farmer reference groups and a complex of extension teams at various levels. The implementation of new system countrywide after only one year of piloting, and without evaluation, was pre-mature and proved unsuccessful (B6);	Project phasing and sequencing

Project Features Discerned (Project identification no. in parentheses)	Possible Design Issues
Negative: - Lack of data on technical suitability of project sites (DTWs, shrimp farms) at project design stage, which would require systematic supplementation during implementation (B1, B4, respectively); - Inadequate effort in gaining a thorough appreciation of farm level factors (e.g. small farm size, household food security needs, land tenure constraints) and incorporating these in the project design (B2); - Ongoing institutional changes e.g. decentralisation of extension services to provincial and sub-provincial levels (B2, B6), and other 'without project' trends e.g. increasing private sector activities in STWs market (B3) not taken into account in project design; - Proposed component for improvements to natural drainage canals for irrigation failed to take account of the prevalent share-cropping situation, where farmers lack the resources and security of tenure, hence interest, to contribute to the capital works (B3);	Database Establishment and Analysis (Understanding of bio-physical and socio-economic factors of project area; analysis of potentials, constraints, needs and opportunities)

Table 5: Positive and Negative Project Features Observed and Possible Management Issues: (Project Clusters A and B)

Project Features Discerned (Project identification no. in parentheses)	Possible Management and Implementation Issues
Positive: - Stable and motivated project management team available over project period (A1); - Constituting watershed planning and implementation teams of a multi-disciplinary nature proved successful in helping develop participatory planning and implementation with local communities (A4); Negative: - Frequent changes in project management personnel, or senior staff rotated with no clear rationale, introduced discontinuities in operations and accountability, hampering implementation (B5, A5);	Project Staffing
Positive: - Clear implementation responsibilities and chain of command, and unambiguous administrative procedures (A1); - Decentralised implementation arrangements, accompanied by training and capacity building activities at local level to enhance programming, reporting and monitoring of project activities (A3); - Appointing a single NGO for specific project activities has proved a successful initiative (B2); - Pro-active role of project management in assisting agro-industrial enterprises facing capital constraints by tapping into commercial sources of equity and working capital (A1); Negative: - Local elites permitted to influence fisheries development activities, including selection of participants, generally the better-off farmers (B4); - Slow response time to acting upon recommendations of MTR (B2); - Local political pressures allowed to influence selection of sub-projects of dubious technical merit or economic viability (A5); - Lack of clear selection criteria for use of village and sub-district block financial allocations, resulting in many disparate activities and conflicts in choice betw een social and income generating investments (A2); - Management support of national level project coordinating unit found lacking, due to inadequate sense of ownership and empathy with project activities implemented and coordinated within different States (B4); - Project TA team contracted directly with one co-financier (EC) instead of government/ implementing agency undermined its mission and effectiveness (B3); - Weak database at project appraisal on suitable sites for tubewells not adequately supplemented during implementation by SID (survey, investigation and design) nor agronomic and socio-economic information gathering, prior to site selection (B3);	Management control and administration
Positive: - Pre-preparation of procurement documents by project management unit well in advance accelerated implementation and avoided delays (A1); Negative: - Lack of accountability for performance and quality assurance led to delivery of sub-standard pump-sets and equipment by suppliers, which reduced the total area which could be irrigated and incurred additional costs of replacing poorly performing sets with more robust models (B1);	Procurement, tendering and technical assistance
Positive: - Budgetary allocations from various tiers of government were timely and adequate (A3, A5); Negative: - Provincial agencies not able to come up with the agreed counterpart funds for capital and recurrent costs (A1, A2); - Annual budgets and work planning poorly done, and funds release from government always late (B1);	Project budgets and Annual Work Plans

Project Features Discerned (Project identification no. in parentheses)	Possible Management and Implementation Issues
Positive: - Regular review of technical and financial viabilities and impacts of each project component and maintaining constant dialogue with donor (A1); - Continuous evaluation of project activities on relevancy/impact, leading to fine adjustments of activities e.g. switching from cattle to goats in livestock distribution programme (A3); Negative: - Initiating M&E activities at closing stages of project detracted from its use as a management tool and rendered difficult data collection for lesson learning (B2); - M&E system not set up from start of project despite the novel nature of the new extension system being piloted (B6); - Spontaneous private sector activity (hatcheries for shrimp, ice plants, feed production) made project support services redundant but this and the lack of farmer response were not picked up by project M&E system, with project activities and outputs remaining unchanged over project life (B4); - Even where M&E system was in operation, feedback by senior management on problems reported by M&E units was poor; communication of M&E results to field managers also posed constraints to implementation (B2, B5);	Monitoring & evaluation
Positive: - Financial contribution by local communities to village and sub-district level project activities provides a good indicator of extent of participation and risk bearing by these communities (A3); - Simplification of project's tunnel greenhouse design by many farmers unable to obtain project loans was one form of community participation in technology development taking into account actual socio-economic circumstances (A1); Negative: Water user groups over-dependent on government funds for maintenance and repairs to projects that were meant to be farmer-managed and funded as such under Irrigation Line of Credit (A5);	Role of Target Beneficiaries
Positive: - Strong local government support at all levels, especially provincial and district/county, was instrumental in smooth implementation (A1, A3, A5); - Policy support through various revisions to the 1988 New Irrigation Policy, as project evolved (A5); Negative: - Poor government commitment to fulfilling covenants of Credit Agreement and to providing the agreed incremental resources had a major deleterious effect on project (B5); - Government inability or reluctance to levy water charges that would cover full cost of O&M of irrigation system (A1, A2, A5); - Government failure to transfer ownership of irrigation assets to farmers that would pave the way for greater community responsibility in O&M; - Poor understanding of purpose and operation of project-assisted revolving credit fund by local (provincial and county) governments or its misuse for other purposes has limited re-lending and curtailed its role (A1, A2);	Role of national and local governments/ agencies
Positive: - Use of MTRs to make adjustments to project design and scope (B1,B3,B4); - Proactive dialogue with project management teams focusing on ongoing evaluation of project components (A1, A3); Negative: - Non-synchronised TA input under co-financing arrangements with the EC was a major factor for implementation bottlenecks; different priorities and timeframes of multiple co-financiers were also a source of confusion for project management (B3); - Undue emphasis on following SAR blueprint, despite continuous lack of progress and emergence of unforeseen constraints represents lost opportunities for turning 'problem' projects around (B6); - Lack of appropriate technical specialists (and preponderance of financial specialists) in Bank supervision missions have limited their contribution to project guidance (B2); - Bureaucratic procedures at the World Bank; e.g. "No Objection" notes had been a source of delay to project implementation (B2);	Role of donors/ co-financiers

Project Features Discerned (Project identification no. in parentheses)	Possible Management and Implementation Issues
Positive: - Revising water harvesting component, in response to community needs and to changed operating circumstances, to cater for domestic, livestock and village irrigation use, resulting in beneficial social impacts not anticipated at project design stage, in particular enormous saving in time collecting water for the house and animals by women (A4) ; Negative: - Lack of environmental considerations and poor understanding of legal requirements of coastal zone development, led to litigation problems in some areas during project implementation and cutbacks to shrimp production activities (B4); - Denial of access to traditional (non-project) fishermen in 30 lakes earmarked for project intensive fishery activities, based on technical grounds, discriminated against the poorer households, and can widen economic inequities (B4);	Sensitivity to possible environmental, equity and other social impacts during project implementation

ANNEX 2

GOOD PRACTICES DOCUMENTED IN ICRs: VARIOUS TYPES OF PROJECT INTERVENTIONS

Table 1: Possible Lessons on Good Practices: Project Approach and Strategy, by Type of Project Intervention

Intervention Type	Good Practices
	Thematic focus: Overall project concept and development strategy
a) Area Based Development and Conservation	* Encompassing c**omprehensive range of project** components, thereby linking production, processing, and marketing functions; * Integrating natural resource management with production objectives and households' social needs, i.e. **holistic** development and conservation approach; * Ensuring clear geographic **area focus**; * Permitting f**lexibility** in project activities and budget operation; * Looking beyond and challenging conventional technical approaches (e.g. examining alternatives such as restoring forest eco-systems through natural regeneration with management, rather than standard forestry plantation establishment); * Development partnerships based on judicious mix of individual initiative and community based, private sector, government and non-governmental organisations, depending on circumstances;
b) Water Resources and Irrigation Development	* Prior government commitments on **sectoral** policy and **institutional** issues to precede project formulation; * Political will on O&M **cost recovery,** including instituting appropriate mechanisms for doing so, to be assured as project pre-condition; * Recognising **multi-functional** nature of water resources and incorporate non-agricultural **stakeholder** interests in project plan (e.g. river transports, fishing, commerce); * Project rationale should in future emphasise potential improvements to water use **efficiencies** (conveyancing and application) and recognise risks of over-exploitation of water resources; * Water **user groups** are important for sustainable O&M, but group formation *per se* is pointless without clear purpose and popular agreement to cost-sharing; * **Communication** and **collaboration** between user groups, local governments, agricultural service organisations, and research/academic institutions are desirable an d may need to be specifically provided for within irrigation project design; * Cost sharing principle has been shown to be feasible for certain investments e.g. in watercourse improvements, with farmers providing up-front payments; **danger** of **excluding** smaller and resource-poor farmers however needs to be borne in mind in overall project design;
c) Rural Finance and Credit	* Removal of financial constraints at farm and firm level, where properly diagnosed, can be powerful complement to other interventions; * Revolving fund for clearly identified investment opportunities is a viable concept for local credit operations targeting resource-poor farmers; * Block grants to **top-up communities own contributions** are effective way of channelling investments for rural infrastructure and economic development; * Development loans and grants are most effective when **demand driven** and administered f**lexibly**; * Institutional restructuring and enhancements to existing financial management systems of formal financial institutions is often necessary in ensuring continuing

	Good Practices
	poverty focus of lending operations;
d) Operational System Reform and/or Innovation	* Adopting a collaborative approach involving different stakeholders which would accommodate plurality of objectives is strategic to gaining acceptability of system reforms or innovations; * Ensuring an enabling environment is present along with necessary government commitment at various administrative levels for any needed institutional change; * Both intra-area and inter-area (natural system based, cutting across administrative boundaries) management requirements to be reflected in project concept; * Disengagement of government from future operations; i.e. devolving of certain functions to private, community, and non-government organisations is one possible type of reform/innovation not to be ignored;

Table 2: Possible Lessons on Good Practices: Project Planning and Analysis, by Type of Project Intervention

	Thematic focus: Project planning process and analytical needs
a) Area-Based Development and Conservation	* Direct involvement of primary stakeholders not only in implementing and management of key activities but also in their planning; * Ample time provisions for awareness creation, training, participatory planning and consensus forming, in line with capacities of both facilitators and communities facilitated; necessity for pre-construction phase to be considered; * Site specificity to be catered for through analysis of bio-physical, human resource, market factors and local peoples' views; * Legal framework required to operationalise agreed actions and land tenure system in terms of producer incentives are important planning concerns; * Analysis of power structures and personality relationships and their impacts on implementation is necessary whenever organisational change is to be involved; * Assessment of funding and other support requirements not only of lead agency but also other complementary agencies (a chain being only as strong as its weakest link); * Adequate review of previous similar projects needs stressing time and again;
b) Water Resources and Irrigation Development	* Site specificity and stakeholder (water user) involvement in planning, land tenure and titling issues, and time provisions for local capacity building, as in a) above; * Implementation capacity of designated participating agencies should be assessed as part of stakeholder and institutional analyses of project; * Roles and obligations of different stakeholders, funding sources, and institutional arrangements needed for O&M must be analysed and agreed amongst various stakeholders at early in planning stage; * For investments based on cost-sharing and requiring up-front payments, assessment of financial needs and constraints of small/ marginal farmers, and providing for better access to financial markets is necessary towards greater inclusivity of participation; * Analysis of off-site effects of a given scheme (e.g. tank cascade schemes) on the hydrology of other schemes is essential in scheme selection and design; * Financial viability of all sub-schemes must be subject to rigorous analysis, including breakeven and cost effectiveness analysis of technical options;
c) Rural Finance and Credit	* Need for rigour in analysis of financial viability of sub-projects covered by lines of credit as in b) above; * Funds flow analysis to be carried out and *modus operandi* of revolving funds to be agreed and clarified with all concerned institutions, government officials, and target communities; * Criteria and parameters for selection and approval of funding proposals for development grants to be agreed and clarified, requiring ongoing negotiational and conflict management process;
d) Operational System Reform and/or Innovation	* Proposals for system reforms or innovations to be backed by detailed analysis of existing system and operations, such as stakeholder analysis, institutional analysis,, conflicts and tradeoffs analysis, and SWOT (strengths, weaknesses, opportunities, threats) analysis; *Carrying out critical path analysis on key steps and activities necessary to bring about planned reforms or innovations would help ensure practicality and time adequacy of project proposals; * Planning focus to give adequate weight to non-structural or 'software' issues of operating systems and not over-emphasise structural or 'hardware' aspects;

Table 3: Possible Lessons on Good Practices: Monitoring and Evaluation System, by Type of Project Intervention

	Thematic focus: Purpose and scope of monitoring and evaluation processes
a) Area-Based Development and Conservation	* Effective communication and interaction within implementing agency and with other project partners is essential for iterative problem-solving and adaptive management, for which M&E has vital facilitative role; * M&E is a management information tool which should not be portrayed as a form of performance auditing; * Motivation for undertaking monitoring is promoted only when it is linked to centres of decision-making in project organisation; * Provision for periodic and systematic collection of production and market data early into implementation is necessary to permit economic evaluation ex-post; * Economic rates of return calculations constitute only partial evaluative indicator of project performance and need to be interpreted with care; low rates of return may mask project achievements in harsh agro-climatic environments or of non-tangible benefits e.g. innovative approaches and institutional arrangements established;
Water Resources and Irrigation Development	* Existing methodologies for 'project benefit monitoring and evaluation' used in some projects, based on quasi-experimental approach of comparing farm samples are not always workable in practice, and simpler more flexible tools for impact assessment may need to be devised; * In addition to physical quality aspects, monitoring of beneficiary responses and their perceptions on systems operations and responsibilities is necessary to ensure mutual understanding and agreement on O&M issues; * Planning parameters on multi-functional nature of water uses, potential effects on hydrology of other schemes off-site, and any provision for greater inclusivity of access to participation ought to be reflected in M&E system, in particular its data collection requirements;
Rural Finance and Credit	* M&E system should indicate performance of project credit operations on the extent and timeliness of loan repayments, proportion recycled if operated as revolving fund, and equity of access to different socio-economic groups/ strata; * System should permit disaggregated information to be recorded and readily retrieved on: number and proportion of loans, by type/purpose, loan size, profile of loan beneficiaries according to profession, income, and gender categories, and repayment/ default rates; * Strengthening data capture capability within the management information system of each participating financial institution is often necessary;
Operational System Reform and/or Innovation	* M&E should permit regular feedback from pilot phase as basis for determining adjustments needed for eventual full-scale implementation. * Stakeholder responses, including attitudinal and behavioural changes, need to be monitored as a basis for system design and re-design over project period; * M&E should periodically highlight important milestones accomplished and implementation bottlenecks encountered in project plan of operations, with special attention on non-structural or 'software' aspects; * Enhancements to the M&E system of implementation agencies may themselves form part of system reform and innovation;

Table 4: Area Based Development and Conservation Interventions: Good Practices Documented in ICRs

Approaches and Imperatives Documented (project identification in parentheses)
Conceptual Approaches:
1) Adopting a comprehensive approach in project design, covering production, processing and marketing is one possible future direction for development of the agricultural sector; contractual relationships with forward and backward linkages between farmers and various private and public sector entities can mutually benefit all parties and reduce market risks (D1, D2);
2) The ADP/IRDP and single-state approach are good concepts for promoting development through prudent policy reforms and supportive investments, provided government is committed and assures decentralisation of execution; however, preparation of a perspective plan prior to project formulation, which takes into account public expenditure patterns, and mandate and manpower policies of concerned agencies, is critical for designing meaningful interventions (D7);
3) Private sector participation can help resolve problems of inadequate counterpart funds at the local level, and provide one source of working capital for project enterprises (D1);
4) Individual initiatives and incentives are key to project success and has worked better than state-managed cooperative efforts in achieving sustainable agricultural production (D1);
5) Watershed management strategy involving soil conservation, run-off control, farm planning, and crop and livestock diversification, can form the elements of agricultural development in the uplands (D4);
6) Natural resource protection and conservation are best combined with activities that meet social needs and priorities of local communities e.g. domestic water and household cash requirements; these should provide short and long terms benefits to individual farmers and communities, and include social investment capital and measures to increase off-farm incomes, which can also act as catalyst for other development endeavours in community (D3, D4, D5, D6);
7) Flexibility in activities choice and project budget management, and a process approach, focusing on standards and procedures, supported by a monitoring system that facilitates a learning process, are more suited to projects emphasising participatory and technical innovation than a prescriptive, inflexible blueprint (D5, D8, D9);
8) Direct funding of farmer groups with transparency in all transactions can prove a cost-effective option for project implementation, compared say to hiring of contractors (D3);
9) Both NGOs and village level constituted user groups can have a place in watershed development activities (D5);
Project Design Imperatives:
1) Direct involvement and commitment of primary stakeholders in planning, implementation and management of key activities such as conservation and village infrastructure works are essential to help realise sustainable development (D3, D5);
2) Community empowerment can proceed only at a pace permitted by capacity of facilitators to manage, and for learning and attitudinal/behavioural changes to occur; for projects of a participatory nature, sufficient time needs to be provided at start of project for awareness creation, training, participatory planning, and consensus forming, including involvement of local communities in defining their own needs and involvement; incorporating a pre-construction phase is one possible option (D5, D6, D8);
3) Organisational reform is risky and requires careful analysis of power structures and personality relationships, and their potential impacts on implementation (D8);
4) Project strategies and activities should take careful account of lessons from previous projects and include a review of alternative development approaches and challenging past practices; for instance, protection and management of natural regeneration can be more successful than plantation establishment to restore forest eco-systems (D8, D9);
5) Forestry development and implementation needs to be site-specific, to take into account human resource, bio-physical and market factors, and views of local people (D8);
6) Monitoring and evaluation should be used to inform planning at all levels rather than be seen as a form of auditing of financial and other performance; motivation to undertake monitoring is promoted only when monitoring and decision making are linked, underlining the importance of locating M&E units within the relevant parts of the organisation (D8, D9);
7) Effective communication and interaction within the implementation agency and with other project partners, reflecting understanding and accountability for actions undertaken is essential for iterative identification and solving of problems, and other forms of adaptive management (D8);
8) Besides progress reporting and result assessment, M&E system should facilitate impact evaluation by providing for periodic and systematic collecting of information on area-wide yields and incremental benefits. But use of economic evaluation findings, especially ERRs to make judgements on relative performance, should be treated with care: ERR

Approaches and Imperatives Documented (project identification in parentheses)
analysis incorporates only quantifiable benefits and costs, with no room for innovative approaches and new institutional arrangements to be included as benefits; areas where agro-climatic conditions are difficult are penalised as they generate relatively lower incremental benefits (D6);
9) Economic analysis requires careful consideration of the without-project scenario and trends (improving or deteriorating), and be integrated with assessment of technical, marketing, and institutional risks, rather than be carried out as a stand-alone analysis (D8);
10) Besides providing for inter-agency coordination, funds should be specifically earmarked for other relevant line agencies, in support of concurrent complementary activities and follow-up work to reinforce benefits generated from project interventions (D6);
11) Project sustainability must include a consideration of both technical and environmental sustainabilities, particularly in ecologically fragile areas (D1);
12) Besides financial and institutional sustainability of long-term development programmes, project design and implementation should focus more explicitly on sustainability of stakeholder incentives, and that of key stakeholder partnerships (D8);
13) Land tenure security, through formal long term tenancy agreements is essential to encourage tenants to invest time and capital for sustainable land management (D3);
14) There is need for sound assessment of legal framework in order to operationalise institutional arrangements for sharing of costs and benefits, which is critical for success of joint resource management approaches (D7, D9).

Table 5: Water Resources and Irrigation Development Interventions: Good Practices Documented in ICRs

Approaches and Imperatives Documented (project identification no. in parentheses)
Conceptual Approaches:
1) Up-front commitment by the government on agricultural policy and institutional reforms are prerequisites for successful irrigation investment projects; irrigation sector analysis should precede project formulation and government agreement to needed institutional reforms should be made a condition of appraisal (E5, E11);
2) Sustainability of irrigation investments hinges on collection of water charges at levels adequate to cover O&M costs, which in turn depends on political will at both national and local government levels and the imposition of appropriate sanctions, through legal or other (e.g. peer pressure) means, on free-riders (E1, E5, E7, E8);
3) Communal responsibility is an effective way of ensuring sustainability: small communal schemes can be cost-effective and, if properly managed, could contribute to poverty alleviation objectives (E9, E12);
4) Water user organisations (WUOs) are fundamental to O&M of irrigation infrastructures (E5, E8); group formation *per se is* however pointless without clear objectives to operate and maintain the irrigation works and contribute to the costs of doing so (E5);
5) The sustainability of WUOs may be enhanced by not restricting their purpose solely to irrigation O&M, but by widening their role to that of promoting agricultural development and the equitable distribution of benefits; WUOs constituted as a natural grouping of farmers with similar interests, needs and problems, can be a useful vehicle through which technical and other support services could be channelled (E7, E10);
6) Successful O&M depends not only on physical quality of the structures but also beneficiaries' understanding of systems operations, contributions to investment and commitment to O&M (E9);
7) Farmers generally do not shirk from paying for irrigation services where these are reliable and of the desired quality; for instance, farmers' pre-payments for their share of costs of watercourse improvements is often feasible, and is a practical way of avoiding problems of cost recovery; care is needed however to ensure poorer/ smaller farmers are not precluded from participation by instituting measures to improve access to financial markets i.e. sensitivity to equity issues (E7, E10);
8) In groundwater schemes, ownership of tubewells and equipment by user groups is necessary for sustainable O&M (E3);
9) Demand-driven implementation of groundwater schemes would help avoid wells being drilled in inappropriate sites (E3);
10) Irrigation, drainage and flood control interventions/ measures can impact not only on farmers but also other and groups and interests, such as fishermen, boat transporters, and commerce and industry; system design, monitoring and management should bear in mind the multi-functional nature of water resources (E1, E5);
11) The potential vulnerability of groundwater to over-exploitation, water delivery efficiency of groundwater schemes, and water use efficiency objectives (system and on-farm) in general, ought to be given adequate attention in future investments in irrigation (E1, E4);
12) Benefits from irrigation interventions would be enhanced by forging of partnerships and good communication/ coordination between water user organisations, local governments, agricultural service organisations and even academic institutions and other stakeholders; this may require inclusion of component activities to ensure integration of agricultural services with on-farm water management services in the project design (E7, E10, E12);
Project Design Imperatives:
1) Project design must be in line with implementation capacity of designated institutions, with intended stakeholders (technicians and farmers) involved at the outset in conception, design, and planning to ensure realistic programmes and phasing; roles and obligations of different stakeholders, along with funding sources, and institutional arrangements for O&M need to be identified and agreed at early stage (E3, E7, E9, E12);
2) Irrigation system design must be area specific, to reflect local agronomic, socio-cultural and economic conditions, and systems should be adaptable/flexible, acceptable to small farm communities and simple to operate (E4, E9);
3) Investments in schemes/sub-projects must be preceded by adequate analysis of technological options, utilisation breakeven points, and rigorous appraisal of each scheme's financial viability (E6, E9);
4) Irrigation development should be concerned not only with water issues but also the removal of constraints to credit supply, input distribution, and improvements to land tenure arrangements, such as better land titling and certification (E4);

Approaches and Imperatives Documented (project identification no. in parentheses)
5) The devolving of implementation responsibilities and/or O&M requires strong government support in developing local capabilities for various aspects (technical, managerial, financial, institutional) of water management; this can be a long and slow process, that should be provided for in project phasing (E2, E5, E11);
6) Decisions on procurement arrangements for equipment must be agreed by all parties concerned prior to the start of the project, while organisational arrangements for O&M must be in place prior to commissioning and turnover (E8);
7) Financing of communal irrigation schemes should be channelled through a central agency rather than directly with local governments to avoid possible diversion for other purposes (E12);
8) For some systems e.g. tank cascade system, effects of a scheme on the hydrology of other schemes downstream need to be adequately analysed during scheme selection, planning and design (E11);
9) Methodology for economic impact assessment can take up considerable effort (e.g. Project Benefit Monitoring and Evaluation Unit of the NIA, Philippines), whilst field circumstances could render difficult the finding of suitable comparable 'without project' samples; i.e. using quasi-experimental approach; thought needs to be given to designing simpler tools for purposes of impact assessment on communal irrigation schemes (E12).

Table 6: Rural Finance and Credit Interventions: Good Practices Documented in ICRs

Approaches and Imperatives Documented (project identification no. in parentheses)
Conceptual Approaches:
1) Five of the six best rated projects included assistance with loan funds or development grants of one kind or another (F1, F2, F3, F7, F8). Only one of the six poorest rated projects had such intervention (F5), but here few loans were made as project was overtaken by private sector activities which made anticipated project investments redundant. The **removal** of investment as well as working **capital constraints** at farm or firm level, where properly diagnosed continues to be an important complement to other forms of project interventions;
2) Establishing community level (county/village) **revolving funds** to finance farmer participation in clearly identified investment opportunities, such as livestock enterprises, small-scale irrigation and water conservancy equipment, or in off-farm income generation is a viable concept that could lay the foundation for non-collaterised local credit operations that target resource-poor/small farmers (F1, F2, F3);
3) Development **block grants** at local (sub-district/village) levels used to top-up community contributions on **cost-sharing** basis is an effective means of channelling investments to development of rural infrastructure (such as village roads, bridges, small/ farmer managed irrigation schemes, domestic water supplies and improved distribution of agricultural inputs); the proviso is that the community contributes a significant proportion, say up to 30%, of costs (F3, F7);
4) Development funds for local level loans or grants are most effective when administered **flexibly** and are **demand-driven**, as needs and opportunities vary between communities and over time F1, F3).
Project Design Imperatives:
1) To ensure optimum use of revolving credit funds for re-lending, the procedures for **fund administration** need to be agreed and **clarified** with all concerned institutions, government officials, and target communities prior to project commencement; adequate **funds flow analysis** and the provision for training of personnel to be involved in fund administration are mandatory;
2) To ensure efficient and sustainable use of credit funds, **viability** of individual sub-projects in any line of credit operation; e.g. for farm-managed irrigation schemes must be established; this calls for rigour in technical and financial appraisal of each sub-project (F7);
3) To avoid project involvement in undue number of possibly disparate activities, **specific criteria** and parameters for selecting and approval of funding proposals need to be worked out and agreed; in addition to technical and financial considerations, **negotiation** and conflict management processes would be called for;
4) Poverty-focused project credit operations could be implemented successfully (i.e. timely loan repayment and loan fund recycling) through formal financial institutions by setting up an independent organisation, along with thorough staff training and close supervision. However, provision for **institutional restructuring** and **financial management** systems improvements are essential, without which system sustainability, along with poverty group targeting, cannot always be assured (F4, F8);
5) Monitoring and evaluation of project-assisted credit operations require special provisions in designing a system that capture inclusivity and equity of access. This should provide routine **disaggregated information** on the number and proportion of loans, broken down by type/ purpose, loan size, profile of loan beneficiaries according to socio-economic grouping (e.g. profession, income and gender categories), and repayment/default rates and ageing of loans). Strengthening data capture within the management information system of each participating financial institution is often necessary (F7, F8);

Table 7: Operational System Reform and Innovation: Good Practices Documented in ICRs

Approaches and Imperatives Documented (project identification no. in parentheses)
Conceptual Approaches:
1) A **collaborative** approach involving different stakeholders, that would accommodate **plurality** of objectives and strategies, is essential in designing system reforms or innovations that would have wide acceptability (G3);
2) An enabling **policy environment** and government commitment to institutional change is vital for system reforms to succeed (G1, G4);
3) Where implementation of new operating systems cut across administrative **boundaries** (e.g. Ghandisagar to Kota cascades of dams on River Chambal running through Rajasthan and MP states), clear institutional arrangements for **intra-area** (demarcated) and **inter-area** (joint, natural system based) operations, planning and decision making, must be devised (G2);
4) Project concept must be based on **logical linkages** between the various components and respective roles of line agencies involved, including clarity on which agency has responsibility for overall coordination (G1);
5) Government involvement in operations of a **commercial services** nature should not be attempted without sufficient autonomy to function flexibly along commercial principles (G1); **disengagement** of government in service provision to private, community, or non-governmental organisations are alternative approaches which should also be considered (G4);
Project Design Imperatives:
1) Detailed **analysis** of **existing systems** and operations is essential as a basis for proposals concerning new institutional structures and operating procedures and regulations (G3); this implies need for undertaking analyses such as stakeholder analysis, institutional analysis, conflicts and tradeoffs analysis, and SWOT (strengths, weaknesses, opportunities, threats) analysis;
2) Relative merit of creating new structures or revamping existing ones must be reviewed prior to deciding on any institutional changes (G3);
3) Implementation **agencies** affected by proposals for reform or innovation must themselves be **directly involved** at project concept stage (G1);
4) Institutional changes which involve transforming **attitudes** and **behaviour** of the stakeholders can take considerable time (years) to achieve, hence timeframe and phasing of project must be such as to permit sustained commitment and nurturing of the change process, and for adequate **piloting** on a small-scale prior to full implementation (G4);
5) A **time-bound** practical **programme** is necessary to bring new operating procedures (e.g. dam safety assurance), management strategies and tactics into effective existence (G3);
6) Proper **sequencing** of project activities (critical path analysis) is essential in project design, along with adequate provision for **monitoring** of key activities and important **milestones** in implementation; **pre-project** activities may need to be included where administrative realities and long lead times for resource mobilisation (especially of key management personnel, technical staff, and in procurement) is likely to be faced (G2, G3);
7) Where systems involve physical structures such as dams and equipment, **non-structural** issues relating to operations; e.g. flood mitigation procedures, along with training and re-orientation of all relevant personnel, merits equal if not greater emphasis than structural ones e.g. spillway technical specifications in project design (G2);
8) As in other types of project interventions, consideration of agro-ecological differences and **regional variations** in farming systems must be catered for in systems reforms or innovations aimed at improving farmer services (G4);

Table 8: Rural Finance and Credit Interventions: Additional Comments Documented in ICRs

Project name and Identification No. (Cluster F)	Selected Comments/ Information Documented in ICR (*this author's additional observations in italics*)
Hebei Agricultural Development (China, F1)	- Part of the revolving fund allocated for lending on water saving pipes under water conservancy component was in fact utilised for drilling of new wells or delayed maintenance of existing tubewells, suggesting lax project control of this activity;
Henan Agricultural Development (China, F2)	- Whilst revolving funds are a viable concept in China, there was limited re-lending (for livestock development, wells construction/ rehabilitation) on this project due to poor understanding of its purpose and operation by Bureau of Finance personnel at provincial and county levels;
Yogyarkarta Upland Development (Indonesia, F3)	- As part of community mobilisation component, some 1700 hamlets and 175,000 farmers have utilised project's "hamlet revolving fund" or PRODUS, mainly for off-farm income generation activities; this had laid the foundation for a non-collaterised local credit operation, but eventual integration with sources of institutional finance would be required for future sustainability; - *Most of the beneficiaries were thought to be women, but there appear to have been no details available on profile of beneficiaries, purposes of loans, or rate of repayment;* - Village and sub-district development block grants were demand-driven and helped finance, on cost-sharing basis, rural infrastructure such as village roads, bridges, small irrigation schemes, domestic water supplies, and distribution of planting materials and livestock; community participation was generally good, contributing in the region of a third or more to sub-project costs; - The tendency however had been for too many disparate activities, and for conflicts between financing social and economic investments, and there is need for establishing more specific criteria and parameters at local level in selection of future sub-projects;
Agricultural rehabilitation (Vietnam, F4)	- Smallholder credit component of $53m for short and medium term loans administered by VBARD was fully utilised, with 750,000 mainly small-scale farmer beneficiaries, but including possibly some favoured progressive farmers; timely repayment rate was 95%, and funds are being recycled; there was however no monitoring of lending impact; - Whilst VBARD management was strengthened for purposes of the project, little was achieved in institutional restructuring or financial management, and it was questionable whether post project lending strategy of VBARD would give the same attention to providing credit for less progressive farmers. - Lesson indicated here was that successful smallholder credit operations require an independent organisation, thorough staff training, and close supervision, with strong focus on timely repayment at all levels;
	- Towards improving support services for fishermen, credit funds were earmarked for investments in hatcheries, ice plants, landing shed, etc. by private entrepreneurs. - In fact few loans were ever made due to lack of demand; the project was overtaken by private sector activities in these areas, thus making component redundant; but the assigned credit funds were not cancelled as supervision missions apparently failed to take note of the changed circumstances in local economy.

Project name and Identification No. (Cluster F)	**Selected Comments/ Information Documented in ICR** **(*this author's additional observations in italics*)**
National Sericulture (India, F6)	- Institutional credit of $104m were made available by national financial institutions (NBARD/IDBI) to poor and women farmers; direct mail campaign to promote banking services to poverty target groups apparently proved successful. - Information on recovery rates was not available, as records of farm loans had been classified by the banks as "general agricultural loan", and disaggregated data were apparently not available; *- Lack of a management information system within these well established financial institutions in India that would provide basic breakdown on recovery rates by loan type seems most surprising;* *- Whilst not highlighted in the ICR, it was clear from the data on performance indicators that the loans for sericulture activities were predominantly made to male family members: less than 10% of loans for silkworm rearers (15,000 out of 160,000 loans) and less than 1% for reelers (300 out of 5000 loans) were to females).*
Mahakali Irrigation II (Nepal, F7)	- Irrigation Line of Credit assisted 124 farmer managed irrigation sub-projects, with farmers' own contribution to costs generally no more than 10%; - ERRs of sample projects were generally lower than appraisal estimates due to under-estimation of costs and incomplete design at time of fixing farmer contributions; - Lesson indicated need for greater rigour in appraisal of sub-project schemes.
Second Rural Finance (Philippines, F8)	- Project objective was to help expand the volume of medium and long term commercial credit to agriculture and rural development and to enhance the policy framework of the rural financial sector. *- This project was, on the basis of the ICR ratings, included amongst the six best rated projects in the present review. Although a substantial achievement rating (under the revised four-step rating system for 'core ICRs') was accorded to poverty and environmental objectives, closer inspection of the available information in the ICR did not appear to support such a rating.* *- There was no information as to type or beneficiary profile of loans on-lent by participating financial institutions of the Land Bank of Philippines (totalling P 3.79bn for 672 sub-projects, which works out at around US$150,000 per loan).* *- Internal rates of return for the sub-projects were generally high, and suggest efficient use of loan resources. But the estimated 10,000 rural jobs said to have been created by the incremental economic activity (from the US$260m overall project cost) on their own may or may not translate directly into poverty reduction, just because these are outside of metro Manila.* *- The project in fact had no set poverty/social or gender objectives, hence had no provision for collecting the relevant data on these issues. Limited capacity for monitoring of environmental compliances of sub-projects funded also meant very little could be said about achievement of environmental objectives. If poverty reduction had been a project goal, such a consideration must be built into the project design, including setting up the appropriate management information systems up within the participating institutions, and provision for M&E within project framework to permit assessing impacts on the poor.*