



Project Formulation in Countries/Sectors with Challenges from Financial Sustainability

Studying points

Through discussions on specific projects, students will learn what should be considered in project formulation. For students who will be involved in project formulation as a member of the recipient country side, they will learn from what perspective the Development Partner (DP) side is considering this. For students who will be part of the donor side in the future, they will deepen their understanding of the reality of developing countries. In addition, all participants will discuss the sustainability of the project.

Basic information (Fictional situation for discussion purposes)

- Region: Sub-Saharan Africa
- Issue: Development Cooperation
- Keywords: Project Formulation, Agricultural Development, Project Evaluation
- Country, District and Village: Republic of Zamunda (A fictional country)
- Year: 201X

Characters

Characters	Description
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Yoko	JICA HQs in charge of project evaluation. Assistant Director, Project Evaluation Team 2, Evaluation Department, JICA HQs
Monica	Republic of Zamunda MoA in charge of the Project. Assistant Director, Planning Department (In charge of M&E), Ministry of Agriculture, Republic of Zamunda
Charles	Republic of Zamunda MoF in charge of External Finance. Chief Economist, International Cooperation Department, Ministry of Finance, Republic of Zamunda

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Abbreviations

ADP	Agriculture Development Program
ADS	Agriculture Data System
AEOs	Agricultural Extension Officers
DPs	Development Partners
GoRZ	Government of Republic of Zamunda
JICA	Japan International Cooperation Agency
MOA	Ministry of Agriculture of GoRZ
MOF	Ministry of Finance of GoRZ
M&E	Monitoring and evaluation

Summary

JICA has been supporting the operationalization of the Agricultural Data System (ADS), a monitoring and evaluation tool to track the progress of the Agricultural Development Program (ADP) of the Government of the Republic of Zamunda (GoRZ) for many years. Three technical cooperation projects have been implemented since 2008, and by 2017, monthly data could be submitted from more than 90% of the approximately 4,000 counties in the country, and an annual agricultural statistics book using the data from ADS was produced in 201X. The ADS still needs to improve the quality of its data (standardize data collection methods, prevent input errors, and so on), but it has made significant progress toward its original goal of becoming a monitoring and evaluation system for measuring the performance of the ADP. Under these circumstances, in May 201X, the time has come to consider whether to formulate a request for successor support after the current project ends in 2020. While it seems particularly difficult to ensure financial sustainability, discussions on successor support have begun, led by the JICA Head Office in charge of projects and evaluation, and the Ministries of Agriculture and Finance of the GoRZ.

The assigned questions

1. What is the financial situation of the agricultural sector in developing countries? What is the position of the agricultural sector in each country?
2. What are the mechanisms for evaluating DP projects? What do DPs consider important when considering the formulation of a project? In particular, how do they judge the sustainability of a project?
3. How will the DPs decide whether to formulate projects for countries/sectors that have financial challenges?

1. Background

The agricultural sector in the Republic of Zamunda is an important sector, accounting for about one quarter of its GDP, about 20% of total exports, and employing two-thirds of the working population. Since the early 2000s, in view of the importance of the sector, development agencies have supported GoRZ in preparing its Agricultural Development Program (ADP) and have actively assisted in its implementation through financial assistance and technical cooperation.

Monitoring and evaluation (M&E) tools are needed to track the progress of the ADP, and the government of the Republic of Zamunda had established (actually at the conceptual level) an Agricultural Data System (ADS) in 2006 that regularly collects data on the production of major crops and other data from counties, districts, and regions, across the country. In response to the request for supporting functionalization of the ADS, JICA implemented a three-year technical cooperation project (Phase I) from 2008, and through trials in four districts, improved the ADS by standardizing the data collection format and developing a system to transmit data to the central level. In Phase II (4 years), based on the results of Phase I, the system was improved (made into a web-based system), the improved system was deployed to all 200 districts and 4,000 counties, and operation was begun throughout the whole country (see Attachment 1). In the following phase III (5 years) that began in 2015, the project strengthened the capacity of the officers of district agricultural departments, the users of the ADS, through training and follow-up, and improved the system to make it more user-friendly. As a result of said activities, by mid-2017, data was being submitted monthly from over 90% of the approximately 4,000 counties across the country. Finally, in 201X, an agricultural statistics yearbook was also produced using data from ADS.

The ADS still needs to improve the quality of its data (standardize data collection methods by AEOs, prevent input errors by District officers, and so on), but it has made significant progress toward its original goal of becoming a monitoring and evaluation system for measuring the performance of the ADP at the national level. Under these circumstances, in May 201X, the time has come to consider whether to formulate and support a successor after the current project ends in 2020.

The FAO and other DPs are currently supporting the agricultural statistics project through technical assistance. The World Bank is also planning to provide assistance in the form of loans. Initially, a complementary relationship was envisioned in the form of verifying the results of the statistical agricultural surveys

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that collect data statistically and the data of the ADS that is collected regularly for M&E purposes. However, in light of the government's inadequate budget allocation to the agricultural sector, FAO and other DPs decided against continuing support to the agricultural statistics project, judging that it would be difficult to continue statistical surveys by GoRZ after their support was withdrawn. The World Bank's loan is also facing difficulties in talks with GoRZ, which is concerned about its accumulated debt level. Therefore, the ADS is currently the only tool to measure the status of the agricultural sector, and there is no duplication of support. In addition, the DPs, who support proactive development planning and management in the GoRZ, understand the importance of ADS and are providing capacity building training to AEOs on how to collect and use ADS data.

2. Each Group situation

(1) Financial situation of the GoRZ

● Overall GoRZ budget

The Republic of Zamunda has achieved economic growth of more than 6% per annum over the past 15 years. The government's budget deficit is also improving, from 7.6% of GDP in 2012/13 to 4.0% in 2015/16, but this improvement is partly due to increased tax revenue and control of the government's development budget.

Currently, the GoRZ is prioritizing the steady implementation of major infrastructure projects under the president's strong leadership, and the IMF expects the budget deficit to increase as the development budget increases. As mentioned above, the country's economy as a whole continues to grow steadily, but the poverty rate remains high at about 30%, and many citizens are not enjoying the benefits of economic growth. Poverty rates are particularly high in rural areas, and there are many calls for increased budget allocations to the agricultural sector, which is the main source of income in rural areas. Although the country has achieved food self-sufficiency thanks to its abundant natural resources, agricultural productivity remains low, and the high cost of agricultural production and transportation hinders farmers from improving their livelihoods.

● Agriculture Sector Budget

The agricultural sector budget in sub-Saharan African countries is said to average about 4% of their total budgets, although it varies from country to country (see Reference 1). Although a 10% allocation target was set in the Maputo Declaration of 2003 and the Malabo Declaration of 2014, the percentage has been decreasing

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rather than increasing due to tight government finances, competition with other sectors, and declining donor aid. In addition to the issue of sectoral budget amounts, developing country governments are also experiencing the problem of discrepancies between planned and distributed budgets, forcing ministries to operate in an uncertain budget environment.

The Republic of Zamunda is a country where the above trends are evident, with the agricultural sector budget dropping to about 2.5%, reflecting the infrastructure-heavy government budget. In addition, there was a large gap between the planned budget and the disbursed budget. In fact, only 16% of the planned amount was allocated in FY2015.

Under these circumstances, it is commendable that the AEOs and district officers are collecting and reporting the data without being able to afford the transportation and communication costs for data acquisition. However, securing the budget for the MoA headquarters has still not been realized. Although the MoA is trying to secure as much budget as possible, it is still unclear whether it will be able to raise the necessary funds for the operation and maintenance cost of the ADS, including the cost of contracting out the maintenance of the system, and the cost of regular capacity building training for districts officers and AEOs.

(2) JICA evaluation of Phase I, II and ongoing Phase III projects

The ex-post evaluation result of the Phase I and II projects was “partially satisfactory”, which is the third evaluation level out of four (see Slide 11 in Reference 2). Although the relevance of the project is high, the effectiveness/impact, efficiency, and sustainability are rated as moderate. With regard to effectiveness/impact, Phase 1 achieved the project target at the completion of the project, while Phase 2 only partially achieved it. Specifically, the submission rate of ADS data has increased, and the use of data for planning at district level has progressed, but the use of data at the central level has not progressed. The reasons for this include the repeated changes in monitoring indicators by the GoRZ, as well as problems with the functionality of the ADS. As for the sustainability of the project, the policy and institutional aspects were good, but there were issues in the system, technology, and financial aspects, which resulted in a medium rating. In terms of efficiency, operating expenses were slightly higher than planned.

While Phase III is still underway, mid-term monitoring of the project has confirmed improvements in the system, increased understanding of ADS by government officials including districts and AEOs, and improved prospects for data utilization at the central level as well as districts. On the other hand, concerns

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about financial sustainability, especially at the central level, were rated even higher than in Phase II.

[END]

References

1. Public expenditure on food and agriculture in sub-Saharan Africa, MAFAP (FAO, 2021)

<https://www.fao.org/3/cb4492en/cb4492en.pdf>

2. JICA's project evaluations (2021, JICA)

https://www.jica.go.jp/english/our_work/evaluation/c8h0vm000001rdg1-att/evaluations_01.pdf

3. JICA Annual Evaluation Report (2020, JICA)

https://www.jica.go.jp/english/our_work/evaluation/reports/2020/c8h0vm0000ffjo4o-att/full_2020_a4.pdf

Attachment 1 About ADS

Attachment 1:

About the Agriculture Data System (ADS)

1. ADS Highlights

The Agricultural Data System (ADS) is designed for routine/administrative data collection. The data collected in villages and counties in rural Zamunda are going to be uploaded to a central server so that officers in central, regional and districts can plan and formulate policies based on accurate and updated data about the sector (Figure 1).

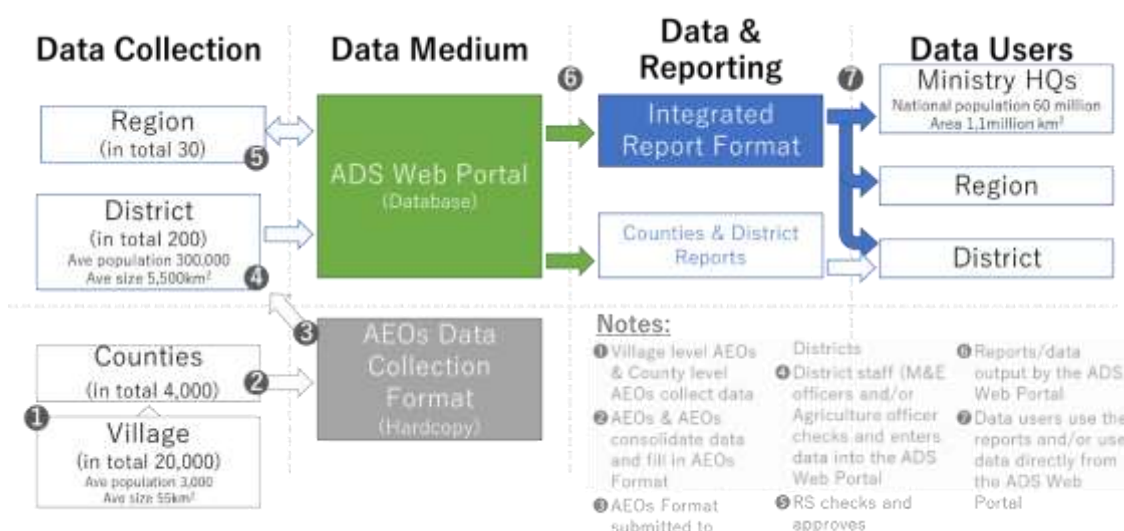


Figure 1. ADS Data Flow Process

Zamunda has a system of routine data collection based on monthly reports by AEOs. Through the establishment and introduction of a centrally managed database, ADS Web- Portal, this traditional way of collecting routine data has been standardized and systematically modernized. This web-based database makes it possible to integrate information produced at village and ward levels to build regional and national data under one single database. The ADS Web-Portal also has user-friendly analysis feature so that the policy/decision maker can grasp what is happening in their area of interest.

Routine data (or administrative data) are data collected for the purpose of carrying out various administrative tasks or public services such as extension services, providing immunization to livestock, and so on. Use of administrative data for monitoring and decision making has a number of benefits.

2. Main Characteristics

- **Wide**
 - The coverage of data available through ADS is wide, including not only production data but also plant and livestock health, irrigation, extension services and other qualitative data. Table 1 presents the main indicators and information that ADS is collecting;
 - Data are collected from villages and counties, based on AEOs' regular (monthly, quarterly, and annual) reporting cycle;
 - Data can be aggregated to district level (smaller data units than other statistical systems).
- **Frequent and Fast**
 - Through the system, data is collected monthly, quarterly and annually, so that updated data are always available;
 - Data collected in villages and counties are to be uploaded at the beginning of the next month.
- **Sustainable**
 - Based on the existing AEO network, a large additional cost to operate and maintain the system is not required. A web-based database also does not need sophisticated technology.
- **User friendly**
 - Use of the web-portal is intuitive and self-explanatory. Analysis and visualizing functions are user-friendly for officers who are not very familiar with modern computer technology.

3. Data Coverage

Table 1 presents a list of information available through ADS. The coverage of information is wide; not only production data but data on input, output and other qualitative information which is useful for planning policies and monitoring progress.

Table 1: Information available through ADS

Monthly	Quarterly	Annual
Crop Cultivated Area, Yield, Production, and Price	Food Situation	Population
Plant Health Situation	Farmers Group	Irrigation
Number of Livestock	Extension Services	Contract farming
Slaughtered	Biological Control	Agri/Livestock/ Fishery
Situation of Meat	Measures	Machines
	Irrigation (Area, production)	Situation of Farmers
		Field School

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Inspection Livestock Products Livestock Health	Situation of Soil Erosion Cultivated area and means of cultivation	Production Input Livestock Population
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