



## Approach Paper

# Review of Bank Support to Agriculture in Latin America and the Caribbean, 2002-2013



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## ABBREVIATIONS AND ACRONYMS

CAN	Country Department Andean Group
CCB	Country Department Caribbean Group
CEPAL	Economic Commission for Latin America
CIAT	International Center for Tropical Agriculture
CID	Country Department Central America, Mexico, Panama, and Dominican Republic
CIMMYT	International Maize and Wheat Improvement Center
CPE	Country Program Evaluation
CSC	Country Department Southern Cone
EMBRAPA	Brazilian Enterprise for Agricultural Research
FAO	Food and Agriculture Organization
FOD	Food Security Fund
FONTAGRO	Regional Fund for Agricultural Technology
FSO	Fund for Special Operations
GDP	Gross Domestic Product
IDB-9	The Ninth General Capital Increase for the Bank
IFPRI	International Food Policy Research Institute
IIC	Inter-American Investment Corporation
IICA	Inter-American Institute for Cooperation on Agriculture
INTA	National Institute for Agricultural Technology
LAC	Latin America and the Caribbean
MIF	Multilateral Investment Fund
ODA	Official Development Assistance
OMJ	Opportunities for the Majority Sector
OVEDA	Office of Evaluation and Oversight Data Analyzer
PBL	Policy-Based Loan
PCR	Project Completion Report
PIADAL	Independent Panel on Agriculture for Development in Latin America
PMR	Progress Monitoring Report
R&D	Research and Development
SCF	Structured and Corporate Finance Department
SFD	Sector Framework Document
WDI	World Development Indicators

## I. CONTEXT

### A. Introduction

- 1.1 Investment in agriculture was one of the main priorities of the development community from the middle of the last century. However, by the mid-1980s official development assistance (ODA) and domestic public spending in agriculture began to fall as food shortages became less frequent and macroeconomic sustainability became a priority. In 2007, food prices rose dramatically during the global financial crisis and highlighted the vulnerability of many people around the world with respect to food security. As a result, the global community has once again prioritized agriculture and food security, and annual ODA to agriculture has more than doubled since 2007.<sup>1</sup>
- 1.2 To meet future demand for food, the Food and Agriculture Organization (FAO) estimates that average annual investment flows of \$209 billion in 93 developing countries are needed (FAO 2012). By 2050, global agriculture must feed 9 billion people (2 billion more than today). Therefore, because land resources are scarce, global agricultural productivity must increase. Globally most of the best land is already being used for agriculture. Much of the unused arable land is in Latin America and the Caribbean (LAC) and Sub-Saharan Africa, but in remote locations that are far from population centers and agricultural infrastructure (FAO 2012).
- 1.3 The LAC region is a net exporter of agricultural products, and the growth in net exports in LAC is the strongest of any region of the world. Since 2000, agricultural production in LAC has increased by more than 50% (more than 70% in Brazil), and the sector represents over 5% of GDP and around 15% of total employment (FAO 2012). The Global Harvest Initiative (2012) projects that if the growth rate of total factor productivity in LAC is maintained at the current level of 2.7%, by 2050 the region will still be meeting and exceeding its food demand and LAC will become an even larger net exporter.
- 1.4 It is important to note that the increase in net exports coincided with a period of great liberalization in the region: LAC countries have signed 40 free trade agreements since 1992, and several are currently negotiating the Transpacific Partnership. However, despite lower tariffs, there are challenges to exploiting these agreements in the agriculture sector. For example, sanitary and phytosanitary measures can cut off exports to trade partners if animal or plant diseases are not adequately treated. Also, transport and logistics costs remain relatively higher for LAC producers than for agricultural producers in advanced economies, hurting LAC competitiveness.

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<sup>1</sup> The G-8 pledged \$20 billion to support sustainable agriculture development in its 2009 summit in L'Aquila, Italy. The G-20 has also prioritized support for sustainable agriculture development.

- 1.5 Though these export and productivity data are helpful in understanding the overall situation of the agriculture sector in LAC, they hide large heterogeneities and challenges across and within countries. For example, even though the region is a net exporter of agricultural products, the Southern Cone countries have the most favorable situation, especially *vis-à-vis* the Andean and Central America sub-regions (including Mexico), which are net importers of cereals and oils (PIADAL 2013). Not surprisingly, the Andean and Central America sub-regions have the worst food security indicators in LAC as measured by the International Food Policy Research Institute (IFPRI) and the U.S. Department of Agriculture. This disparity is strongly correlated with the different climate zones in the region – countries with temperate climates, for example, have a natural advantage over those with tropical rainforest or desert climates.<sup>2</sup> Similarly, whereas the agriculture sector accounts for over 5% of GDP in LAC, it represents as much as 20% in countries such as Paraguay and Nicaragua. The sector’s share of total employment also varies sharply across the region, from as little as around 1% in Argentina to over 30% in Nicaragua (World Bank 2007).
- 1.6 Internal migration in LAC has made the region the most urbanized in the world, and as a result, poverty has become primarily an urban phenomenon. Nonetheless, rural poverty rates remain high—around 30%—and the agriculture sector remains important for rural income and employment. Small family farms account for over 40% of total agricultural production in many countries and over 50% of employment in the sector in most countries. Also, in some countries family farms control as much as 50% of total arable land (CEPAL, FAO, and IICA 2012). Although some family farms have access to advanced production techniques, most are characterized by relatively low levels of productivity. Investments that improve the productivity of these farmers would help increase agricultural output and reduce rural poverty. In fact, investing in agriculture has been shown to be one of the most effective strategies for reducing poverty and hunger. According to some studies, growth in agriculture is two to three times more effective at reducing poverty than growth in other sectors (the figure is 2.7 times for LAC) (World Bank 2007).
- 1.7 Investments in public goods are essential for increasing agricultural output. Empirical evidence has shown that governments can increase agricultural output by shifting agricultural expenditures from subsidies to public goods.<sup>3</sup> Even more, R&D public spending on agricultural production or productivity has a greater impact than spending on other activities directly related to the sector or on key investments for agriculture such as rural infrastructure, education, electrification, health, and telecommunications (FAO 2012).

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<sup>2</sup> The growth of agriculture exports in the last decade has been faster in countries in the Southern Cone, mainly because of Asian countries’ increased demand for temperate climate commodities (PIADAL 2013) such as oilseeds, cereals, and beef.

<sup>3</sup> For example, one study of 15 countries in LAC found that reallocating 10% of rural public expenditures from subsidies for private goods, such as fertilizers, to public goods, such as R&D and education, would increase per capita agricultural incomes by 5% (Lopez and Galinato 2007).

- 1.8 LAC accounts for 11% of global public expenditures on R&D, more than any other region in the developing world. Public expenditures on agricultural R&D are about 1.2% of agricultural GDP—at least double that of any other developing region (but still only half of the share in high-income countries). These expenditures allow the region to have some of the world’s leading centers for research and innovation in agriculture.<sup>4</sup> Nevertheless, the level of investment in R&D varies greatly across the region: 75% of public expenditure on agricultural R&D in LAC is made by only three countries, Brazil, Argentina, and Mexico, with Brazil accounting for 42% (FAO 2012). Similarly, the level of agricultural production and the technology used vary greatly across the region: agricultural production in the region ranges from advanced mechanized farming to subsistence farming.
- 1.9 The differing levels of productivity across the region and the high level of income inequality have serious consequences. Although the region has the resources to produce enough food for its population, it still faces chronic food insecurity. According to the U.S. Department of Agriculture, 38% of the region’s population is food-insecure (United States Department of Agriculture 2011). The IFPRI Global Hunger Index (IFPRI 2013) lists 13 countries<sup>5</sup> as having “moderate” and “serious” levels of hunger, while Haiti falls in the “alarming” level. The region also faces nutritional challenges, with adverse effects on child health and intellectual development. Around 7% of the region’s children under the age of 5 are underweight, and around 15% suffer from stunting (Martinez et al. 2009).

## **B. Bank involvement in the sector**

- 1.10 Historically, a large share of the Bank’s support has targeted the agriculture sector. In the Bank’s first three decades (1961-1990), the volume of loans classified in the agriculture sector accounted for 22% of the total lending portfolio. However, beginning in the mid-1980s, as the international community shifted its focus away from agriculture and toward macroeconomic stability, the Bank reduced its support to the agriculture sector. Agriculture has remained a much smaller share of the Bank’s total portfolio: from 1991 to 2013, agriculture accounted for only about 4% of the total lending portfolio; and between 2002 and 2013 Bank-financed loans in agriculture accounted for approximately 5% of the loan approvals and 3% of total lending volume.
- 1.11 *Previous OVE evaluation.* OVE’s last review of the sector covered the period 1990-2001 (OVE 2004). One of the main findings was that the Bank’s programs to support agricultural research and extension systems led to institutional reforms that improved the systems’ efficiency and helped forge public-private partnerships. Nonetheless, OVE recommended that the Bank give more attention to outcome tracking and to the sustainability of the models adopted for these

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<sup>4</sup> Among them, Argentina’s INTA, Brazil’s EMBRAPA, Colombia’s CIAT, and Mexico’s CIMMYT.

<sup>5</sup> Moderate: Colombia, Dominican Republic, Ecuador, El Salvador, Guyana, Honduras, Nicaragua, Panama, Peru, and Suriname. Serious: Bolivia, Guatemala, and Paraguay.

systems. Other recommendations were for greater coordination across the different IDB Group institutions and departments to support rural and agricultural development; consideration of support for programs to improve the productivity of basic household staple crops; scaled-up support for rural poverty alleviation efforts through agricultural research, rural education, and rural road improvements using a locally based approach; and revisiting the approach to rural finance.

- 1.12 **Bank Strategy.** The Bank last updated its Agriculture Policy in 1994, but by 2001 that policy was no longer relevant to the Bank's support for the sector. The Strategy for Agricultural Development in Latin America and the Caribbean, adopted in 2000, provided a list of priorities for the Bank's engagement in the sector: (i) consolidation of economic reform programs and transition support; (ii) state reform and services for the agriculture sector; (iii) development of financial and capital markets and risk management; (iv) development of land markets; (v) sustainable use of natural resources; and (vi) development of human resources and rural infrastructure for production and improvements in the quality of life in rural areas.
- 1.13 **Food Security Fund and IDB-9.** In 2008, the Bank created a Food Security Fund (FOD) to provide non-reimbursable technical assistance to Bank borrowing member countries to enhance their food security by improving agricultural production, productivity, and food trade. In 2010 The Ninth General Capital Increase for the Bank (IDB-9) renewed the Bank's prioritization of agriculture at the same time as the global community was addressing agriculture and food security in response to the sharp increases in food prices that coincided with the global financial crisis. IDB-9's sector priorities included that it is "essential that food security be built through enhanced agricultural productivity."
- 1.14 **Sector Framework Document.** The new Sector Framework Document (SFD), adopted in 2013, defines two dimensions of success in agriculture:<sup>6</sup> agriculture in the region reaches high levels of productivity, and climate change impacts in the sector are managed; and agricultural earnings for rural families are increasing in a sustained fashion. To achieve these goals, the SFD proposes the following lines of action: (i) support reform of sector policies that promote efficient markets, encourage private investment, and prioritize efficient agricultural public expenditures; (ii) provide rural infrastructure and agricultural services as public goods; (iii) support producers to manage risks in the face of natural threats; (iv) support work to overcome liquidity constraints, with special attention to correcting market failures and providing access for groups that are excluded, such as women and indigenous people; and (vi) ensure that public expenditure on private goods focuses on a reduced number of cost-effective mechanisms of direct support that decouple income transfers from the production of specific commodities, use of inputs, and market prices, while focusing on small producers (IDB 2013).

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<sup>6</sup> It also includes a third dimension focused on natural resource management.



## **II. EVALUATION DESIGN**

### **A. Evaluation objectives and scope**

- 2.1 The objective of the evaluation will be to assess the relevance, implementation, and effectiveness of the Bank's support to agricultural development in the region since 2002, with a particular emphasis on projects that aim to increase productivity, competitiveness, and incomes for farmers. To evaluate project implementation and effectiveness, OVE will focus primarily on a set of representative projects; and to evaluate relevance it will use country case studies. Findings will seek to identify factors that affect the success of various types of interventions in different contexts, and to provide recommendations on how the Bank can enhance its support for the sector.
- 2.2 The evaluation will focus primarily on support to the sector developed by the Environment and Rural Development Division. However, it will also consider relevant support for agricultural development from other divisions such as Transportation and Water and Sanitation, and sectors such as Integration and Trade and Institutions for Development. OVE will also provide an overview of the agriculture portfolio of all of the Bank's windows, including the MIF and IIC, as well as initiatives such as the FOD and FONTAGRO. The evaluation will consider context-specific issues pertaining to geographic region, level of development, and nature of the sector.

### **B. Evaluation questions**

- 2.3 To assess the relevance of the Bank's support to agricultural development, the following questions will guide the evaluation:
1. How has the Bank responded to the challenges the agriculture sector faces in the region?
    - a. To what extent do the Bank's policies and guidelines reflect these challenges?
    - b. To what extent has the Bank adapted to the evolving challenges over the last decade?
    - c. To what extent has the Bank's lending and non-lending support to the sector addressed these challenges?
    - d. To what extent does the Bank's support address the heterogeneity of the sector across the region?
    - e. To what extent have the various Bank units coordinated their support to the sector?
  2. Have the Bank's projects been designed to address specific country contexts?
    - a. To what extent are projects aligned with the countries' main development needs in the agriculture sector?
    - b. Do the project documents clearly define objectives and results indicators?

- c. To what extent is the design of projects appropriate to specific development challenges in the countries?

2.4 To assess implementation and effectiveness of the Bank's support to agricultural development, the following questions will guide the evaluation:

1. Which factors explain whether program implementation succeeds or fails, and how do they differ across thematic areas and countries?
  - a. What implementation problems did Bank projects face?
  - b. How did the Bank address the problems?
2. Has the Bank's support to the sector been effective?
  - a. To what extent did the projects meet their output targets?
  - b. To what extent did the projects achieve their intended outcomes (e.g., increased productivity, competitiveness, income)?
  - c. How has effectiveness varied across thematic areas (e.g., technology transfer, food safety, access to markets)?
  - d. How has effectiveness varied across countries?
3. Are the Bank's achievements likely to be sustained over time? What factors support/hinder sustainability?

### **C. Methodology and Building Blocks**

2.5 The final report will be based primarily on comparative evaluations of a sample of projects, country case studies, and a portfolio review.

2.6 ***Comparative Project Evaluations.*** To assess effectiveness and project implementation, the team will review a representative sample of projects financed by the Bank in three key thematic areas. OVE determined the thematic areas and a preliminary selection of projects as follows.

- The team considered all projects classified by Bank systems as belonging to the agriculture sector that were approved between 2002 and 2013, excluding preparation facilities.<sup>7</sup> It then classified each project under the following

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<sup>7</sup> The set does not include all projects that may have benefitted the agriculture sector. The Bank does not have a system to identify all such projects. The evaluation will try to make that identification as part of the assessment of the relevance of the Bank's work in the sector; however, that exercise will be time-consuming and hence cannot be used as a starting point for the selection of projects to be reviewed in depth.

eight groups, based on the type of benefit its main activities would provide to an agricultural producer:<sup>8</sup>

- a. **Removal of infrastructural barriers** (e.g., irrigation, construction of a factory).
  - b. **Removal of legal barriers** (e.g., land titling).
  - c. **Improvement of product quality** (e.g., certification of quality and safety).
  - d. **Improvement of public support for research and innovation.**
  - e. **Institutional strengthening of agriculture agencies.**
  - f. **Removal of technological barriers for producers** (e.g., technology adoption).
  - g. **Removal of financial barriers** (e.g., agricultural insurance).
  - h. **Removal of commercial barriers** (e.g., training for producers, strengthening producer groups within value chains).
- The Bank addresses these eight groups with projects that generally fall under three categories: Improvement of infrastructure (a), Improvement of the provision of public services (b,c,d,e), and Provision of direct support to producers (f,g,h).
  - The groups with most projects were b, c, e, f, and h. It is important to note that almost all the projects in group e—“Institutional strengthening of agriculture agencies”—are also present in group c. In practice, these groups generally correspond to projects in the following thematic areas:

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<sup>8</sup> The groups were defined by framing the Bank’s work as seeking to increase (directly or indirectly) agricultural producers’ incomes by changing the supply side of the market. Conceptually, this can be done in three broad and complementary ways. The first is removing constraints to agricultural production and commercialization, which can be understood as seeking to make all relevant markets complete. This implies removing constraints of the following types: infrastructural (e.g., lack of irrigation equipment), legal (e.g., land market restrictions), technological (e.g., insufficient technology diffusion), financial (e.g., lack of agricultural insurance), and commercial (e.g., insufficient experience in business management and lack of access to value chains). The second way to increase agricultural producers’ incomes is by helping to determine the specific products that may be more profitable to the producer. Typically, this involves improving the quality of agricultural products and ensuring that they are healthy and safe to the consumer, thereby maximizing their marketability. Note that this objective may be consistent with other important objectives such as environmental sustainability (and consumer safety, as stated). The third way to increase agricultural producers’ incomes is indirect: improving the provision of services used in agricultural production and commercialization. Typically, these are publicly provided services (such as inspection and certification), and project activities thus involve institutional strengthening as well as the improvement of public support for research and innovation.

The eight groups thus defined are considered exhaustive of all possible activities affecting agricultural producers. However, they are not necessarily mutually exclusive. Determining the most profitable product, for instance, may also remove a nontariff barrier to trade.

It is important to note that any one project may appear in more than one category if its main activities provide more than one type of benefit to agricultural producers.

### **Improvement of the provision of public services:**

1. **Land regularization** (group b: Removal of legal barriers).
2. **Food safety and animal and plant health** (group c: Improvement of product quality).

### **Provision of direct support to producers:**

3. **Technology adoption** (group f: Removal of technological barriers for producers).
4. **Access to markets** (group h: Removal of commercial barriers; projects typically involve assistance in developing business plans and support for value chains).

2.7 For the comparative evaluations, OVE will consider investment loans<sup>9</sup> in the thematic areas of food safety and animal and plant health, technology adoption, and access to markets that have disbursed at least 50%.<sup>10</sup> These areas comprise about 70% of total approvals in the agriculture portfolio during the evaluation period (see Table A.3 in Annex A). From each thematic area, OVE will select a group of projects, ensuring that their design characteristics (e.g., components, objectives, beneficiaries) are as similar as possible to facilitate comparison. The most common interventions for each thematic area are subsidies for technology adoption, support for development and implementation of business plans, and support to strengthen national systems that ensure food safety and animal and plant health. When possible, to take advantage of synergies in the office, OVE will include projects reviewed in recent and current evaluations (e.g., Country Program Evaluations (CPEs) and Climate Change).

2.8 OVE selected 23 out of 77 projects for direct review during this evaluation (see Tables 2.1 and 2.2). The selected projects represent 56% of all the projects approved in the three thematic areas during the evaluation period (excluding those projects that have disbursed less than 50% or are substantially different because they are either private-sector loans from the Structured and Corporate Finance Department (SCF) or policy-based loans).<sup>11</sup>

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<sup>9</sup> There are few policy-based loans (PBLs), and they are not easily compared to investment loans.

<sup>10</sup> The thematic area of land regularization will not be included for project review since OVE has very recently conducted a comparative evaluation of some of those projects. However, the information and findings of that evaluation will complement these comparative evaluations.

<sup>11</sup> When SCF operations, PBLs, and projects that have disbursed less than 50% are included, the sample of selected projects represents 40% of the operations in those groups.

**Table 2.1  
Selections for Comparative Project Evaluations**

	Improvement of the provision of public services	Provision of direct support to producers		
	Removal of legal barriers (Land regularization)	Improvement of product quality (Food safety and animal and plant health)	Removal technological barriers for producers (Technology adoption)	Removal of commercial barriers (Access to Markets)
Projects with low disbursement rates (<50%)		ME-L1045 NI-L1067	AR-L1068 NI-L1067 UR-L1064	AR-L1068 AR-L1120 UR-L1064
PBLs or PBPs	HA-L1074 HA-L1082		HA-L1074 HA-L1082	PE-L1066 PE-L1097 PE-L1126 SU-L1033
Private sector projects (SCF only)				NI-L1045 RG-L1040 UR-L1059
Projects reviewed in recent OVE evaluations (CPEs, Land Titling, Climate Change, OMJ and MIF)	<b>AR-L1063</b> BH-L1001 BL-L1008 <b>BO0179</b> BO0221 BR0392 <b>BR-L1152</b> DR-L1010 EC-L1071 EC-L1127 HA0016 HA-L1003 HA-L1009 HA-L1056 PN-L1018 PR0132	AR-L1096 <b>BA-L1008</b> <b>BL-L1009</b> BR-L1001 <b>DR0138</b> <b>DR-L1048</b> HA-L1003 <b>UR-L1016</b>	AR-L1096 BO-L1066 <b>DR0138</b> <b>DR-L1031</b> <b>PR-L1001</b>	<b>AR-L1063</b> AR-L1096 <b>BO0179</b> BO-L1066 BO-L1069 <b>BR-L1152</b> EC-L1127 HA-L1003 PR-L1068 PR-L1072 RG-L1029 RG-M1153
Projects to be reviewed in upcoming CPEs	JA0106	<b>JA-L1012</b>	<b>CR0142</b>	<b>CO-L1009</b> <b>CR0142</b> <b>HO-L1010</b> <b>JA-L1012</b>
Projects yet to be reviewed		<b>AR-L1030</b> <b>AR-L1032</b> <b>BO-L1037</b> GY0011 <b>GY-L1007</b> <b>NI0182</b> PE-L1007 <b>PE-L1023</b>	<b>AR-L1030</b> <b>BO-L1040</b> ME-L1041 NI0159 <b>NI-L1020</b> <b>UR0141</b>	<b>AR-L1030</b> <b>BO-L1040</b> <b>GY-L1007</b> NI0159 <b>NI-L1020</b> PE0234 <b>UR0141</b>

*Note:* The projects in bold have been selected for consideration in the comparative project evaluations. Projects may appear in more than one column because their main activities target more than one issue.

**Table 2.2**  
**Projects Selected for Comparative Project Evaluations**

Number	Operation number	Operation Name	Approval Year	Current. Approved Amount
1	AR-L1030	Provincial Agricultural Services II-PROSAP II	2008	200,000,000
2	AR-L1032	Food and Agriculture Health and Quality Management Program (CLIPP)	2008	100,000,000
3	AR-L1063	Project to Integrate Small Producers into the Wine Production Chain	2008	50,000,000
4	BA-L1008	Agricultural Health and Food Control Programme	2009	20,000,000
5	BL-L1009	Agricultural Services Program	2009	3,700,000
6	BO0179	Rural Productive Development Support Program	2003	1,172,727
7	BO-L1037	Agricultural Health and Food Safety Program	2008	10,000,000
8	BO-L1040	Direct Supports for the Creation of Rural Agrifood Initiatives	2009	20,000,000
9	BR-L1152	Development Program for the Southwest Region of the State of Tocantins	2010	99,000,000
10	CO-L1009	Innovative Intervention Models for the Coffee Sector	2005	2,404,120
11	CR0142	Sustainable Development of the Food and Agriculture Sector	2002	11,068,895
12	DR0138	Supporting Food and Agricultural Sector Competitiveness	2002	55,000,000
13	DR-L1031	Program in Support of Subsidies for Innovation in Agricultural Technology	2010	30,000,000
14	DR-L1048	Agrifood Health and Safety Program	2011	10,000,000
15	GY-L1007	Agricultural Export Diversification Program	2007	20,900,000
16	HO-L1010	Rural Business Development Program (PRONEGOCIOS)	2007	27,100,000
17	JA-L1012	Agricultural Competitiveness Programme	2010	15,000,000
18	NI0182	Improvement of Plant, Animal and Forest Health Services	2003	7,247,202
19	NI-L1020	Program to Support Agrifood Production	2008	20,000,000
20	PE-L1023	Agricultural Health and Agrifood Safety Development Program	2008	25,000,000
21	PR-L1001	Modernization of Agricultural Support Management	2006	31,500,000
22	UR0141	Productivity Support and Development of New Livestock Products	2005	14,198,221
23	UR-L1016	Support for Agricultural Public Management	2009	10,500,000

- 2.9 **Country Case Studies.** Given the large heterogeneity in the sector across the region, OVE will conduct country case studies to help assess the extent to which the Bank's programs have been designed to address the specific country contexts. Specifically, the case studies will focus on how the IDB's programs in the selected countries have addressed challenges faced by the sector, government priorities for the sector, and the policy environment in which the sector operates. The scope of analysis of the case studies will include the policy dialogue with the governments and executing agencies, loans from all relevant divisions and private sector windows of the Bank,<sup>12</sup> and technical cooperations and economic and sector work approved during the evaluation period.
- 2.10 Agricultural productivity levels differ greatly across countries, and the challenges that countries with lower productivity face—for example, in terms of rural poverty and net export position for food—are much different from those faced by countries with higher productivity. To account for cross-country differences in agricultural productivity, OVE classified countries according to their levels of productivity as measured by agriculture value added per capita (rural). Countries whose productivity is above the LAC average were classified as high productivity, and those whose productivity is below the LAC average were

<sup>12</sup> Including PBLs, and loans from SCF, OMJ, IIC, and MIF

classified as low productivity.<sup>13</sup> In selecting case study countries, OVE's criteria are to include (i) at least one country from each of the Bank's sub-regions (CAN, CCB, CID, CSC); (ii) at least one high-productivity and one low-productivity country with a relatively small agriculture portfolio (3 or fewer projects classified as agriculture sector), to ensure that the evaluation addresses the Bank's support in countries that have not prioritized agriculture in their IDB programs; (iii) at least two Fund for Special Operations (FSO) countries, to ensure that the evaluation addresses the needs of the poorest countries; and (iv) countries where OVE has recently conducted or will soon conduct CPEs, to take advantage of synergies in the office (see Table 2.3).

**Table 2.3**  
**Potential Countries for Case Studies**

<b>Criterion</b>	<b>High productivity</b>	<b>Low productivity</b>
Relatively large IDB agriculture portfolio	<b>Argentina</b> <b>Uruguay</b>	<b>Bolivia</b> <b>Dominican Republic*</b> Haiti <b>Nicaragua</b> Peru <b>Paraguay*</b>
Relatively small IDB agriculture portfolio	<b>Brazil**</b> The Bahamas Chile Venezuela	<b>Barbados*</b> <b>Belize*</b> <b>Colombia**</b> <b>Costa Rica**</b> Ecuador <b>El Salvador**</b> Guatemala Guyana <b>Honduras**</b> <b>Jamaica**</b> Mexico <b>Panama**</b> Suriname Trinidad and Tobago

\* Countries where OVE completed a CPE in the past year.

\*\* Countries where OVE will conduct a CPE this year.

- 2.11 **Portfolio Review.** To illustrate the scope of the IDB Group's support to the agriculture sector, we will review the entire IDB lending portfolio for agriculture for the period 2002-2013. The universe of the portfolio review will include all of the loans classified by the Bank as belonging to the agriculture sector. It will also include loans classified as belonging to other sectors, such as transportation and water and sanitation, and to the private sector windows that directly support the agriculture sector. To supplement this analysis we will also perform a review of the technical cooperations classified as belonging to the agriculture sector.

<sup>13</sup>

See Figure A.2 in Annex A.

### III. OVE TEAM AND TIMELINE

- 3.1 The team will consist of Jonathan Rose, Hector Valdes Conroy, Agustina Schijman, Ursula Quijano, and Adriana Molina. OVE will also hire experts to provide technical support in each of the three thematic areas selected for the comparative project evaluations and to assist in the country case studies.

Activity	Due date
<b>1. Approach paper</b>	March 2014
a. Send to Board	April 2014
<b>2. Implementation</b>	March 2014 - March 2015
<b>3. Results</b>	March 2015 – June 2015
a. Drafts to Management	April 2015
b. Final reports to Board	June 2015

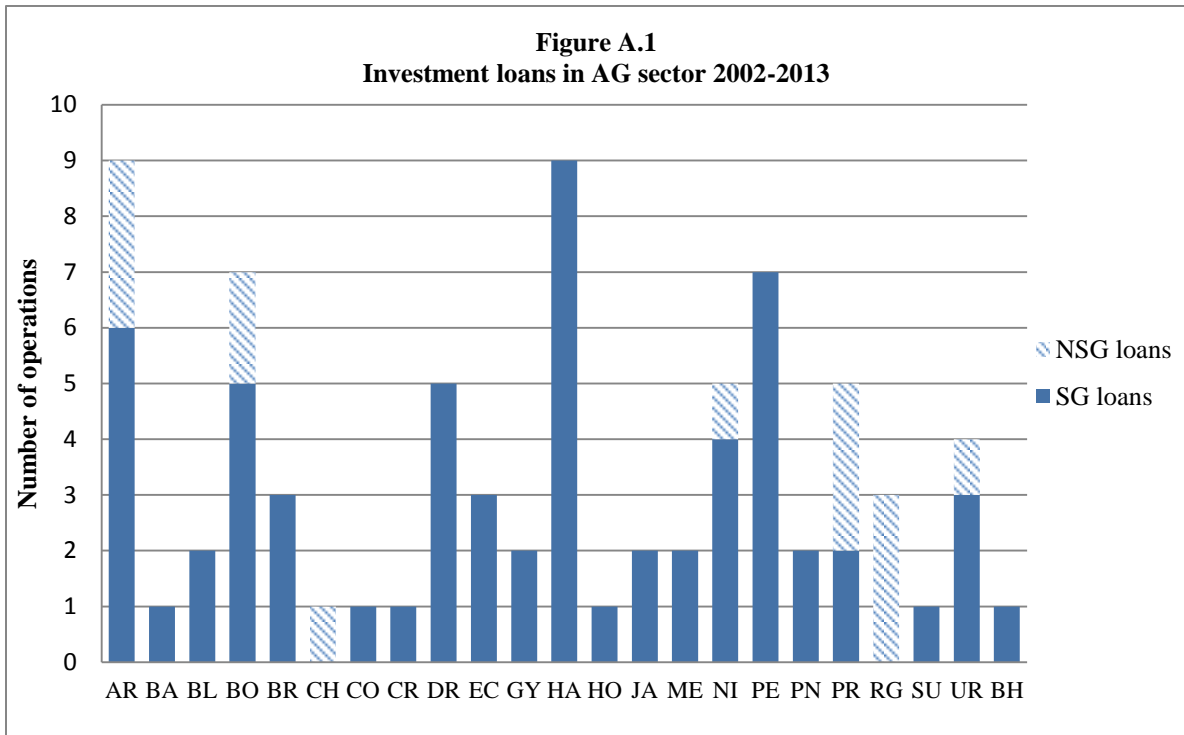


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ANNEX A

FIGURES AND TABLES



Source: OVEDA, February 2014.

Note: Universe comprises 77 loans, of which 14 are private sector operations.

**Table A.1**  
**Total loans approved in the agricultural sector as percentage**  
**of total Bank loans approved between 2002-2013**

Year	Bank loans	AG loans	% of AG loans/ Bank loans
2002	95	3	3%
2003	85	5	6%
2004	103	5	5%
2005	109	5	5%
2006	129	3	2%
2007	109	4	4%
2008	149	10	7%
2009	168	8	5%
2010	181	6	3%
2011	165	11	7%
2012	164	9	5%
2013	169	8	5%
<b>Total</b>	<b>1626</b>	<b>77</b>	<b>5%</b>

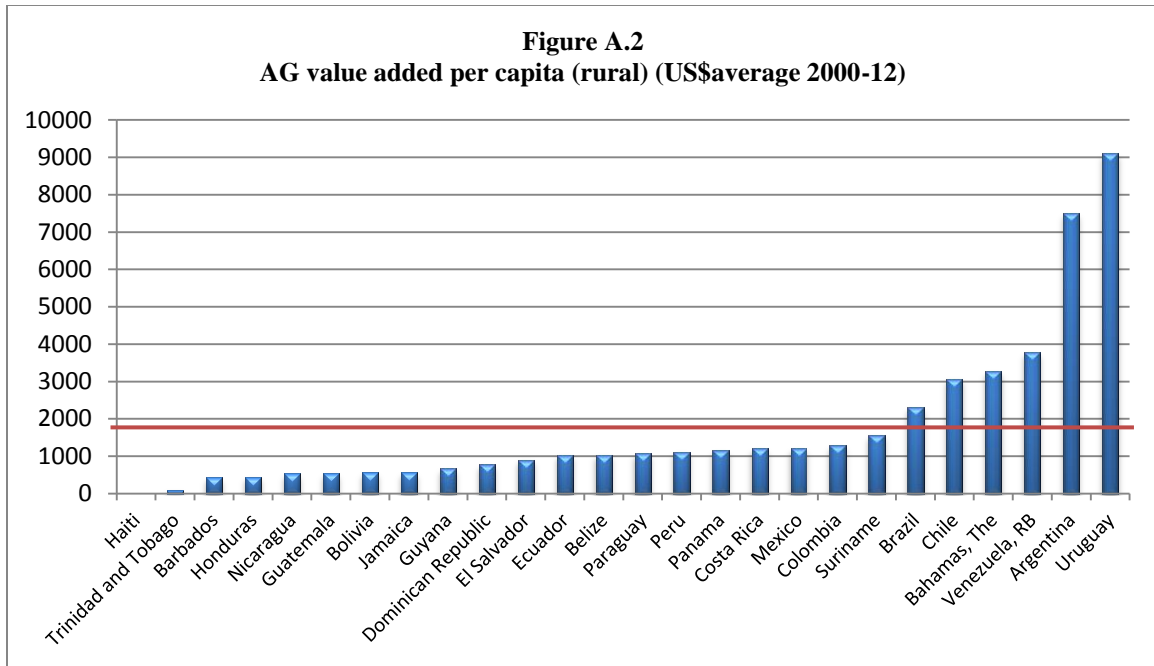
Source: OVEDA, February 2014.

**Table A.2**  
**Total financing in AG sector as percentage of total Bank financing**  
**approved between 2002-2013**

Year	Financing in AG (US\$ million)	Bank financing (US\$ million)	% of financing in AG loans/Bank financing
2002	130.6	3,927.8	3%
2003	74.0	6,560.6	1%
2004	78.8	5,690.0	1%
2005	61.5	6,348.5	1%
2006	59.3	5,696.3	1%
2007	104.5	7,836.3	1%
2008	598.3	10,041.1	6%
2009	833.7	14,243.9	6%
2010	405.3	12,502.8	3%
2011	546.8	10,824.3	5%
2012	211.0	10,677.8	2%
2013	227.0	13,869.6	2%
<b>Total</b>	<b>3,330.7</b>	<b>108,219.0</b>	<b>3%</b>

Source: OVEDA, February 2014.

Note: Bank financing refers to current approved amounts.



Source: World Bank, WDI.

**Table A.3**  
**Selections for Comparative Project Evaluations Based on Entire Portfolio**

	Improvement of infrastructure	Improvement of the provision of public services				Provision of direct support to producers		
	Removal of infrastructural barriers	Removal of legal barriers	Improvement of product quality	Improvement of public support for research and innovation	Institutional strengthening of agriculture agencies	Removal technological barriers for producers	Removal of financial barriers	Removal of commercial barriers
Projects with low disbursement rates (<50%)	EC-L1121		ME-L1045 NI-L1067	HA-L1059 ME-L1045 NI-L1067	AR-L1064 HA-L1059 HA-L1087 ME-L1045 NI-L1067 PE-L1125 PN-L1012	AR-L1068 NI-L1067 UR-L1064		AR-L1068 AR-L1120 UR-L1064
PBLs or PBPs	HA-L1074 HA-L1082 SU-L1033	HA-L1074 HA-L1082		HA-L1074 HA-L1082 PE-L1066 PE-L1097 PE-L1126 SU-L1033	HA-L1074 HA-L1082 PE-L1066 PE-L1097 PE-L1126 SU-L1033	HA-L1074 HA-L1082		PE-L1066 PE-L1097 PE-L1126 SU-L1033
Private sector projects (SCF only)	AR-L1085 AR-L1086 CH-L1063 NI-L1045 PR-L1071						AR-L1085 AR-L1086 CH-L1063 NI-L1045 RG-L1040 UR-L1059	NI-L1045 RG-L1040 UR-L1059
Projects reviewed in recent OVE evaluations (CPEs, Land Titling, Climate Change, OMI and MIF)	<b>BR-L1152</b> HA0016 HA-L1009 HA-L1021 PR-L1068	<b>AR-L1063</b> BH-L1001 BL-L1008 <b>BO0179</b> BO0221 BR0392 <b>BR-L1152</b> DR-L1010 EC-L1071 EC-L1127 HA0016 HA-L1003 HA-L1009 HA-L1056 PN-L1018 PR0132	AR-L1096 <b>BA-L1008</b> <b>BL-L1009</b> BR-L1001 <b>DR0138</b> <b>DR-L1048</b> HA-L1003 <b>UR-L1016</b>	BR-L1001 <b>DR0138</b> DR-L1054 HA-L1003	<b>BA-L1008</b> <b>BL-L1009</b> BR-L1001 <b>BR-L1152</b> DR-L1054 HA0016 HA-L1003 HA-L1009 HA-L1021 <b>UR-L1016</b>	AR-L1096 BO-L1066 <b>DR0138</b> <b>DR-L1031</b> <b>PR-L1001</b>	<b>BO0179</b> PR-L1072 RG-L1029	<b>AR-L1063</b> AR-L1096 <b>BO0179</b> BO-L1066 BO-L1069 <b>BR-L1152</b> EC-L1127 HA-L1003 PR-L1068 PR-L1072 RG-L1029 RG-M1153
Projects to be reviewed in upcoming CPEs	JA0106	JA0106	<b>JA-L1012</b>	<b>CR0142</b>	<b>JA-L1012</b>	<b>CR0142</b>		<b>CO-L1009</b> <b>CR0142</b> <b>HO-L1010</b> <b>JA-L1012</b>
Projects considered for comparative evaluation	<b>AR-L1030</b> BO-L1021 GY0011 <b>GY-L1007</b> NI0159		<b>AR-L1030</b> <b>AR-L1032</b> <b>BO-L1037</b> GY0011 <b>GY-L1007</b> <b>NI0182</b> PE-L1007 <b>PE-L1023</b>	<b>AR-L1030</b> GY0011 <b>GY-L1007</b> NI0159	<b>AR-L1030</b> <b>AR-L1032</b> BO-L1021 GY0011 <b>GY-L1007</b> ME-L1041 <b>NI0182</b> PE-L1007 <b>PE-L1023</b>	<b>AR-L1030</b> <b>BO-L1040</b> ME-L1041 NI0159 <b>NI-L1020</b> <b>UR0141</b>		<b>AR-L1030</b> <b>BO-L1040</b> <b>GY-L1007</b> NI0159 <b>NI-L1020</b> PE0234 <b>UR0141</b>

*Note:* The projects in bold have been selected for consideration in the comparative project evaluations. Projects may appear in more than one column because their main activities target more than one issue.

**ANNEX B**

**Evaluation Design Matrix**

**Principal evaluation question:**

How relevant and effective has the IDB's contribution been to the LAC agriculture sector, 2002-2013?

Researchable question	Information required and source(s)	Scope and methodology
<b>I. RELEVANCE</b>		
1. How has the Bank responded to the challenges the agriculture sector faces in the region? a. To what extent do the Bank's policies and guidelines reflect these challenges? b. To what extent has the Bank adapted to the evolving challenges over the last decade? c. To what extent does the Bank's lending and nonlending support to the sector address these challenges? d. To what extent does the Bank's support address the heterogeneity of the sector across the region? e. To what extent have the various administrative divisions coordinated their support to the sector?	<ul style="list-style-type: none"> <li>• IDB policies, guidelines, strategies</li> <li>• Project documents</li> <li>• PMRs and PCRs.</li> <li>• Interviews with public officials</li> <li>• T&amp;L data</li> </ul>	<ul style="list-style-type: none"> <li>• Country case studies</li> <li>• Bank documents review</li> <li>• Descriptive review of the loan portfolio</li> <li>• Background studies on poverty, food security, and climate change</li> <li>• Interviews with Bank staff, government officials, and agriculture experts</li> <li>• Analysis of collaboration across sectors (same as Realignment evaluation)</li> </ul>
2. To what extent have the Bank's projects been designed to address the specific country contexts? a. To what extent are projects aligned with the countries' main development needs in the agriculture sector? b. Do the project documents clearly define objectives and results indicators? c. To what extent is the design of projects	<ul style="list-style-type: none"> <li>• Project documents for comparative project evaluations and country case studies</li> <li>• Country strategies and sector notes for the country case studies</li> <li>• OVE evaluability reports</li> </ul>	<ul style="list-style-type: none"> <li>• Country case studies</li> <li>• Comparative project evaluations</li> </ul>

<b>Principal evaluation question:</b>		
How relevant and effective has the IDB's contribution been to the LAC agriculture sector, 2002-2013?		
<b>Researchable question</b>	<b>Information required and source(s)</b>	<b>Scope and methodology</b>
appropriate to specific development challenges in the countries?		
<b>I. IMPLEMENTATION AND EFFECTIVENESS</b>		
1. Which factors explain whether program implementation succeeds or fails, and how do they differ across thematic areas and countries? a. What implementation problems did Bank projects face? b. How did the Bank address the problems?	<ul style="list-style-type: none"> <li>• Project documents for comparative project evaluations and country case studies</li> <li>• PMRs and PCRs</li> <li>• Financial data (disbursement)</li> <li>• IDB internal evaluations</li> <li>• Key informant interviews</li> <li>• Site visits</li> </ul>	<ul style="list-style-type: none"> <li>• Comparative project evaluations</li> <li>• Country case studies</li> <li>• Portfolio review</li> <li>• Bank documents review</li> <li>• PMR, PCR review</li> </ul>
2. To what extent has the Bank's support to the sector been effective? a. To what extent did the projects meet their output targets? b. To what extent did the projects achieve their intended outcomes (e.g., increased productivity, income, competitiveness)? c. How has effectiveness varied across thematic areas? d. How has effectiveness varied across countries?	<ul style="list-style-type: none"> <li>• Project documents for comparative project evaluations and country case studies</li> <li>• Site visits</li> <li>• Key informant interviews</li> <li>• Survey data for projects in certain thematic areas selected for the comparative project evaluations (existing or generated for the evaluation)</li> <li>• Existing evaluations by external entities</li> <li>• IDB internal evaluations</li> </ul>	<ul style="list-style-type: none"> <li>• Comparative project evaluations</li> <li>• Country case studies</li> <li>• Portfolio review</li> <li>• Bank documents review</li> <li>• PCR review</li> <li>• Collection and analysis of survey data for projects in certain thematic areas selected for the comparative project evaluations</li> </ul>

<b>Principal evaluation question:</b>		
How relevant and effective has the IDB's contribution been to the LAC agriculture sector, 2002-2013?		
<b>Researchable question</b>	<b>Information required and source(s)</b>	<b>Scope and methodology</b>
3. Are the Bank's achievements likely to be sustained over time and what factors support/hinder sustainability?	<ul style="list-style-type: none"> <li>• PCR's</li> <li>• Project documents for comparative project evaluations and country case studies</li> <li>• Site visits</li> <li>• Key informant interviews</li> <li>• Survey data for projects in certain thematic areas selected for the comparative project evaluations (existing or generated for the evaluation)</li> <li>• Existing evaluations by external entities</li> <li>• IDB internal evaluations</li> <li>• PCR's</li> </ul>	<ul style="list-style-type: none"> <li>• Comparative project evaluations</li> <li>• Country case studies</li> <li>• Portfolio review</li> <li>• Bank documents review</li> <li>• PCR review</li> <li>• Collection and analysis of survey data for projects in certain thematic areas selected for the comparative project evaluations</li> </ul>