

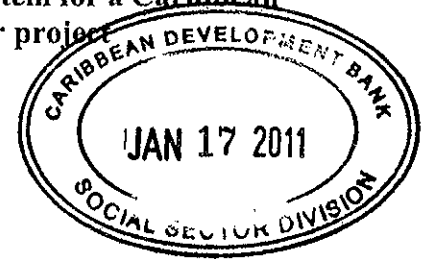
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# FINAL REPORT

## MONITORING AND EVALUATION SYSTEM DESIGN AND BASELINE SURVEY

Agricultural Support – Jamaica BD 134/08

Consultancy Services to review arrangements and make recommendations for  
the design of an appropriate monitoring and evaluation system for a Caribbean  
Development Bank (CDB) funded small farmer project



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## **1. EXECUTIVE SUMMARY**

The Government of Jamaica (GOJ) received financial assistance from the Caribbean Development Bank (CDB) to fund a line of credit amounting to US\$7.8 million to support the development of the agricultural sector. The GOJ is the Borrower while the Development Bank of Jamaica (DBJ) is the Executing Agency. Small farmers and agricultural entrepreneurs are accessing the funds through the National Peoples' Cooperative Bank (NPCB) and other Approved Financial Intermediaries (AFIs).

The project provides small farmers with the requisite credit to fund productive capacity enhancement aimed at increasing agricultural production and competitiveness. Increased employment and farm incomes are expected to assist in reduction of poverty in the rural areas.

Agricultural output, despite showing a declining trend, is critically important in Jamaica's production base. Real issues of national food security and the sustainability of rural development, also underscore the sector's importance. GOJ's development strategy places emphasis on the regeneration of the sector. This calls for, inter alia, access to credit by farmers to purchase critical inputs and extension services and provide infrastructure upgrade. This project is designed to respond, in part, to some of the critical needs of the sector, particularly in relation to access to affordable credit.

Access to affordable credit has been highlighted as one of the key constraints to the development of the agricultural sector in Jamaica with the main reasons being high risk and high interest rates. The current policy agenda of the Ministry of Agriculture and Fisheries (MOAF) is to increase the flow of funds to the agricultural sector, particularly to small-scale farmers, whose needs have not been adequately served by the financial sector. Strong support in the implementation of the MOAF's policy is being provided by the DBJ and the NPCB. Both institutions have actively sought to engage and support small-scale farmers through the provision of credit on favourable terms and conditions.

The goal of the project is to contribute to sustainable development through improvement in the quality of life of rural small farmers in Jamaica. The project purpose (PP) is to increase small farmers' agricultural production and income. The project outputs are: (1) Rural Credit programme established. Loans approved and disbursed by participating AFIs to finance investments in the agricultural sector. (2) Monitoring and Evaluation (M&E) system implemented and operational.

The project was formally approved by the Caribbean Development Bank in December 2008, and implementation commenced September 2009. As at October 31, 2010, CDB disbursed US\$2.6 million to the DBJ, representing approximately 33% of the total loan amount of US\$7.8 million. Accordingly, the DBJ approved J\$250.7 million to 254 beneficiaries. Of this amount, J\$204.9 million (82%) was disbursed.

This report is the principal output of consultancy services to review arrangements for monitoring and evaluation of the project, and to formulate recommendations for the documentation of an appropriate monitoring and evaluation (M&E) system. The M & E system will identify the users of the M&E information and determine the level of need at each level of project management; and it will also identify the relevant, measurable, appropriate, unambiguous indicators of project outputs and outcomes and impact on project beneficiaries and rural communities. The consultancy also includes conducting a baseline survey of potential beneficiaries. A questionnaire was the main research instrument, which was administered across six parishes to 120 potential beneficiaries randomly chosen from the farmers' database of the Rural Agricultural Development Authority (RADA). The completed questionnaires were analysed using the software, Statistical Packages for the Social Sciences (SPSS), and the significant results presented.

The logical framework (logframe) is the principal tool underpinning the M & E design. The recommended indicators therefore relates primarily to different levels of the logframe hierarchy. Cross-cutting themes such as sustainability, gender and governance were taken into account in the M & E design. The consultant recommended removal or modification of some indicators in the CDB Loan Appraisal Report such as GDP related indicators, which would prove difficult to attribute to the

impact of the project. Whilst the objectives of the project do not reflect an emphasis on gender, this report suggests a practical and cost effective structure for the collection and analysis of gender disaggregated data, which will facilitate the introduction of gender mainstreaming in the agricultural credit market. The impact on youth is also reflected by selected indicators<sup>1</sup>.

The main findings from the baseline survey comprise the following:

- Approximately 90% of the farmers interviewed had less than three hectares of land in production, with most cultivating one to less than three hectares. The average size of land in production was 2.2 hectares, with a minimum and maximum of 0.1 and 32.4 hectares, respectively. The mode was 1.21 hectares.
- Only 50% of total land under farmers' management was utilized for production, which suggests that farmers possess the capacity to expand their operation without the acquisition of additional land. Note however, that farmers ranked reliability of the market system as the most important factor for increasing production.
- There was almost even distribution among the top four age cohorts, that is 60 years and over, 50-60, 40-50 and 30-40. The lowest age category (20 to 30 years) accounted for only 3.3% of the sample.
- Almost 70% of the farmers interviewed were members of farmers' groups, with the most popular ones being Jamaica Agricultural Society (JAS), Produce Marketing Organisations (PMOs) and Cooperatives.
- Sixty-nine percent (69%) of farmers ranked income from farming as the most significant source of income, while 24.2% ranked it second. Income from non-farming activities also featured prominently in the livelihood of farmers and their households; a combined total of 67.9% gave this source a ranking of 1<sup>st</sup>

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<sup>1</sup> Youth are defined by the Caribbean Community (CARICOM) as persons within the age category 15-29 years (CARICOM, 2010).

or 2<sup>nd</sup>. Remittances from family/friends and retirement benefits, though not significant, were also noted as supplementing household incomes of farmers.

- The data revealed that the crop group of roots and tubers was the most predominant domestic food crop being grown by farmers, with an average of 0.81 hectare/farmer. The dominant livestock reared by farmers included goat, poultry, hogs and cattle. A small number of farmers were rearing bees.
- More than 60% of the farmers classified natural disasters such as hurricanes, flooding/heavy rains and drought as high risks associated with production. Praedial larceny continues to be a challenge and was considered a major risk. Reliable markets and stability of prices were perceived as moderate to high risks.
- A very significant proportion of the farmers were planning to continue operating their agriculture enterprise with the aim of increasing production levels within the next five years.
- The National People's Cooperative Bank and Credit Unions were the most preferred institutions among respondents.
- The awareness level of loan facilities for the agricultural sector among farmers was 53.3%.
- Only 36 respondents (30%) were aware of the CDB/DBJ line of credit for small agricultural entrepreneurs. Of these 36 respondents, only two have ever attempted to access a loan. However, of the respondents (34) that made no attempt, 25 or 73.5% were planning to do so in the near future.
- The perception of the impact of loan funds was explored at the household and community levels. Most farmers felt that it has a potential impact of 50% or more as it relates to increasing production, productivity, family income and by extension the standard of living of farmers and their families.

- On the community level, most farmers expressed the view that the agricultural credit intervention will help to eradicate unemployment, thereby reducing crime and violence, as it was commonly felt that crime and violence is strongly correlated with unemployment.

The principal recommendations arising from the consultancy comprise:

- The planned mid-term evaluation should be replaced with a final evaluation, as there would not be sufficient impact across the targeted sub-sectors by July 2011 to justify the exercise. CDB Supervision visits would partly compensate for the mid-term evaluation by addressing specific questions on project performance, and generating recommendations for improved implementation, which should translate into improved prospects for impact and sustainability.
- An ex-post evaluation should be considered two years after project completion. This will allow for more reasonable assessment of impacts, determine if sustainability is being achieved, and deepen our understanding of factors impacting sustainability of such programmes. The recommendations from an ex-post evaluation will be useful for refining ex-ante appraisal mechanisms for agricultural credit interventions as well as improving overall programme design.
- The executing agency should instruct AFIs to add to their loan agreements with farmer beneficiaries a clause that permits approved consultants contracted to the executing or monitoring agency to have access to said beneficiaries in order to conduct interviews and review performance records relating to their enterprises for purposes of evaluating efficiency, effectiveness and impact of the loan facility.
- If possible, a special study should be undertaken focusing on comparisons with other loan programmes to determine replicability and best practices for microfinance to the agricultural sector. This is a unique proposition within the Jamaican context.

- A public education campaign is required to inform the farming community about the loan facility. The strategy must include the targeting of farmers' groups given that 70% of respondents were members of such groups.
- The project authority should record qualitative and intangible data that may not be in the M & E design e.g. self esteem, innovation, etc.

This report is organized into eight main sections. Sections 1 and 2 present the executive summary and background, respectively. Section 3 outlines the methodology employed; Section 4 presents the monitoring and evaluation design framework; Section 5 the results and analysis of a field baseline survey; Section 6 the terms of reference for a final evaluation (to replace the planned mid-term evaluation); and Section 7 and 8, the conclusions and recommendations, respectively.