



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Seventy-Ninth Session
Rome, 10-11 September 2003

**ANNUAL REPORT ON THE RESULTS AND IMPACT
OF IFAD OPERATIONS**

OPERATIONS EVALUATED IN 2002



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ABBREVIATIONS AND ACRONYMS

| | |
|-------|--|
| AsDB | Asian Development Bank |
| ARRI | Annual Report on the Results and Impact of IFAD Operations |
| CBO | Community-Based Organization |
| CLE | Corporate-Level Evaluation |
| CPE | Country Programme Evaluation |
| COSOP | Country Strategy and Opportunities Paper |
| MDG | Millennium Development Goal |
| M&E | Monitoring and Evaluation |
| MFE | Methodological Framework for Project Evaluation |
| NGO | Non-Governmental Organization |
| OE | Office of Evaluation |
| O&M | Operations and Management |
| PMD | Programme Management Department |
| TAG | Technical Assistance Grant |
| UNOPS | United Nations Office for Project Services |



ANNUAL REPORT ON THE RESULTS AND IMPACT OF IFAD OPERATIONS OPERATIONS EVALUATED IN 2002

I. INTRODUCTION

A. Objective and Rationale

1. The IFAD V: Plan of Action (2000-2002) recommended that the Office of Evaluation (OE) produce a systematic overview of the results and impact of IFAD's operations, based on the evaluations it undertakes each year. One of the obstacles to such an overview was the lack of a consistent evaluation framework, but this obstacle has now been removed. With the introduction in 2002 of the new Methodological Framework for Project Evaluation (MFE), a common framework is now available for use systematically across all IFAD project evaluations. The main objectives of the MFE are to: (i) promote a more systematic assessment of impact at project completion; (ii) facilitate the production of a consolidated picture of the results, impact and performance of the evaluated projects during any given year; and (iii) facilitate the consolidation of insights and learning from evaluation.
2. The new IFAD evaluation policy approved by the Executive Board in April 2003 re-emphasized the recommendation made in the IFAD V: Plan of Action. It states, "The main purpose of the independent evaluation function at IFAD is to promote accountability and learning in order to improve the performance of the Fund's operations and policies. Evaluations provide a basis for accountability by assessing the impact of IFAD-supported operations and policies. They are expected to give an accurate analysis of successes and shortcomings, i.e. 'to tell it the way it is'. This feedback helps the Fund improve its performance."¹ The policy states that such overview is to be presented annually to the IFAD Executive Board.
3. This Annual Report on the Results and Impact of IFAD Operations (ARRI), based on the projects evaluated during 2002 and using the MFE for the first time, represents IFAD's first attempt at consolidating these results. As such, it is necessarily exploratory, experimental and a challenge for OE and IFAD. All multilateral and bilateral agencies are, to a greater or lesser extent, having to face up to a similar challenge: how to analyse, and report on, their overall effectiveness on the basis of improving, but still limited, evaluation and performance information. In generating insights and learning from evaluation, this ARRI also combines the results of two country programme evaluations (CPEs) and two corporate-level evaluations (CLEs) undertaken during 2002.
4. This report is intended to provide the basis for a discussion within the Executive Board and IFAD of how OE can best present a synthesis of its evaluations. The report presents a mix of qualitative findings and ratings. Summarizing a large volume of evaluation material, and expressing judgements on impact and performance through ratings, is bound to be an approximation and to some extent an oversimplification. There are inherent dangers in reading too much into aggregate ratings, particularly in view of the small and diverse sample of projects covered. Great care needs to be taken in interpreting the results and drawing definite conclusions on the basis of this year's data alone. That said, OE believes that there is value in presenting data clearly and transparently as a basis for discussion and as a contribution to constructive debate and learning within IFAD. From OE's point of view, an important objective of this report is to generate discussion and agreement on how this report can be improved in future years.

¹ IFAD Evaluation Policy, EB 2003/78/R.17/Rev.1, page 2, paragraph 5.



B. New Methodological Framework for Project Evaluation

5. The evaluation criteria included in the MFE were designed to reflect the *Strategic Framework for IFAD 2002-2006*, to meet the Executive Board's requirement of stronger evidence of impact, and to assist in the eventual assessment of IFAD's contribution to the achievement of the Millennium Development Goals (MDGs). The criteria are broadly consistent with those used by other international financial institutions and members of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development. The MFE consists of three main evaluation criteria: (i) performance of the project; (ii) impact on rural poverty; and (iii) performance of the partners. Each main criterion is divided into a number of elements or sub-criteria (Box 1).

6. The first criterion – **performance of the project** – captures the extent to which project objectives are consistent with the priorities of the rural poor and other stakeholders (relevance); how well the intervention performed in delivering against objectives (effectiveness); and how economically resources have been converted into results (efficiency). The sub-criterion of relevance focuses on the quality of project objectives: Have we done the right things? The effectiveness and efficiency sub-criteria focus on the extent the right objectives were achieved at reasonable cost: Have we done things right? The first criterion therefore, answers the question: Were the right things done right?

7. The second criterion – **impact on rural poverty** – assesses the changes that have occurred by project completion. The MFE defines rural poverty impact as the changes in the lives of the rural poor, intended or unintended – as perceived at the time of the evaluation – to which IFAD's interventions have contributed, as well as the likely sustainability of such changes. Impact has been divided into six domains that are addressed by IFAD projects to varying degrees, and the overarching factors of sustainability, innovation and replicability/scaling up. Below is a brief description of each domain.

- **Physical and financial assets.** For sustainable poverty reduction, the rural poor must have legally secure entitlement to physical and financial assets – e.g. land, water, savings and credit, livestock, tools, equipment, infrastructure, technology and knowledge.
- **Human assets.** These relate to capital 'embodied' in people, classified as nutritional status, health, education and training. Building up these human assets has intrinsic value in increasing capabilities and instrumental value in raising incomes and improving livelihoods.

Box 1: Methodological Framework for Project Evaluation

EVALUATION CRITERIA

1 Performance of the Project

- 1.1 Relevance of objectives
- 1.2 Effectiveness
- 1.3 Efficiency

2 Impact on Rural Poverty

- 2.1 Impact on physical and financial assets
- 2.2 Impact on human assets
- 2.3 Impact on social capital and people's empowerment
- 2.4 Impact on food security
- 2.5 Impact on environment and common resources
- 2.6 Impact on institutions, policies and the regulatory framework

2.7 Overarching factors

- Sustainability
- Innovation
- Replicability/scaling up

3 Performance of the Partners

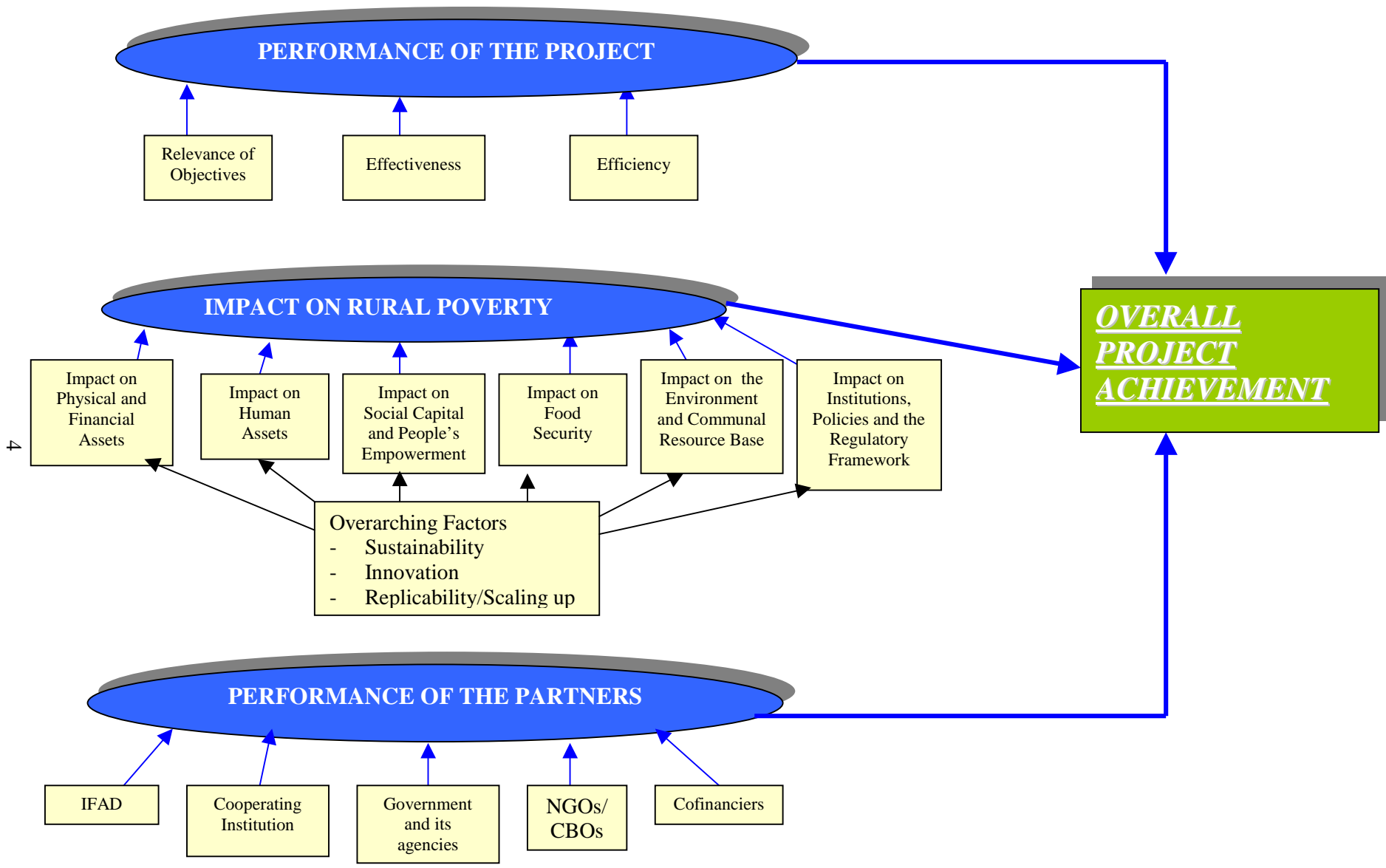
- 3.1 IFAD
- 3.2 Cooperating institutions
- 3.3 Government and its agencies
- 3.4 Non-governmental organizations (NGOs)/community-based organizations (CBOs)
- 3.5 Cofinanciers



- **Social capital and people's empowerment.** Building up the collective capacity of poor men and women (their social capital) is essential for poverty reduction. Strengthening local-level self-help organizations and institutions and promoting gender equity will increase the capacity of the poor to exploit potential economic opportunities and develop stronger links with markets and external partners. A strong social capital base will empower the poor and enable them to interact, on a more equitable basis, with those who wield social power and to negotiate more effectively with other organizations (including those of the private sector) to improve their livelihoods.
- **Food security.** Food security is a basic step towards poverty reduction. In an open economy, a food-secure household (or community) is one that has enough food available at all times, whether produced or purchased, to ensure a minimum necessary intake by all members. Key elements of food security are availability of food (production and trade), access to food (income, markets and prices) and stability of access (storage and marketing arrangements).
- **Environment and common resources.** Environmental degradation is often a manifestation of poverty and of the rural poor's struggle for survival. The extent to which a project contributes to rehabilitating the environment (the agricultural resource base) in areas affected by natural resource degradation is closely associated with its expected poverty impact.
- **Institutions, policies and the regulatory framework.** Existing institutions, policies and the regulatory framework have a significant influence on the lives of the rural poor. Strengthening the capacity of local public institutions to service the rural poor and reorient existing policies and institutions in favour of them are increasingly expected results of IFAD's operations. This encompasses the changes brought about in sectoral and national policies affecting the rural poor, namely: laws, by-laws, statutes and regulations, as well as the degree of decentralization that allows for decision-making at the local level.
- **Sustainability.** Sustainability is an overarching criterion that should be applied to the changes occurring in the six preceding domains. It is the probability that the net positive impact generated by the project will be maintained beyond the project's intended life.
- **Innovation and replicability/scaling up.** Innovation and replicability/scaling up are other overarching criteria. For IFAD, innovation is the development (through the projects and programmes it supports) of improved and cost-effective ways to address the problems/opportunities faced by the rural poor. This encompasses institutional and technological approaches, as well as pro-poor policies and partnership. The replicability of such innovative approaches and their scaling up are stressed by the strategic framework as important dimensions of IFAD's catalytic role inasmuch as they allow the impact of the Fund's projects to expand beyond the changes attributed directly to its small-size operations.

8. For each impact domain there is a set of key evaluation questions that every evaluation attempts to answer (see Annex I). In the case of social capital and empowerment, for example, these include the following: Did rural peoples' organizations and institutions change? Did social cohesion and the local self-help capacity of rural communities change? Did gender equity and/or women's conditions change? These and other questions provide the basis for a consistent assessment of changes in social capital and empowerment in the evaluation of projects. Regrouping these questions also allows for reporting against IFAD's strategic objectives and against the MDGs (see Annex VIII).

9. The third criterion – **performance of the partners** – assesses the performance of the project's primary partners: IFAD, the cooperating institution, the government agencies responsible for implementing the project, NGOs and CBOs involved in project implementation, and the project cofinanciers. Here again, a number of questions are put forward to be answered by the evaluations. The answers illustrate how well IFAD and its partners have designed, supervised and implemented the project.



An Illustration of the Methodological Framework





10. Overall project achievement is thus the combined outcome of the three main evaluation criteria. The above chart illustrates the methodological framework for project evaluation.

11. As part of the MFE, the 2002 evaluations have for the first time applied a four-point rating scale to each criterion and sub-criterion², based on the evaluator's best judgement informed by the combined judgement of the rural poor and other partners (through an evaluation workshop). The resultant ratings are recorded in a detailed matrix for each project. This report is based on the ratings contained in these ten matrices, as well as on a thorough analysis of the evaluation reports themselves.

C. Methodological Issues

12. The aggregation (adding up) of ratings for this type of report raises a number of methodological issues. The combination of common criteria and ratings enable, in principle, two types of aggregation: within projects and across projects. Within each project, the ratings for all the impact and performance criteria can be combined to provide an overall achievement rating for the project. Likewise, the combination of ratings for each particular impact domain (e.g. food security) for all projects can show those areas where IFAD-supported projects have performed relatively well or relatively less well. A brief description of the rating methodology used in this report is contained in Annex VII.

13. The result of both types of analysis needs to be interpreted with caution, for four main reasons. First, this year's report only draws on the ten project evaluations carried out in 2002. This compares with a total of some 25 projects completed each year and around 200 projects in the active portfolio. Although broadly representative of the wider portfolio in terms of geographical distribution and project type, this cohort of ten projects is still too small to draw robust generalization. It is expected that as more ARRIs are produced, e.g. in two years from now when the results of 30 project evaluations using the MFE will be available, OE will be in a better position to report on a larger sample thereby allowing more robust consolidation of portfolio performance at completion.

14. Second, the methodological issues associated with the aggregation of ratings include how to combine ordinal ratings (e.g. 'high' or 'modest') and what weightings to apply to each criterion. Should, for example, all rural poverty impacts be treated as equally important? Should the three main criteria (performance of the project, impact on rural poverty, and performance of the partners) be weighted equally in consolidating project achievements? These are difficult questions. This report presents some aggregation options for discussion, but does not intend to suggest that these are necessarily the best solutions. These options will be refined in light of comments on this report and further evaluation experience.

15. Third, 2002 was the first year in which the MFE and ratings have been applied. Some teething problems were experienced, as expected with the implementation of a new methodology. Compliance by the evaluation missions to the methodology was not perfect. The revised guidance, developed following an OE review workshop earlier in 2003 with members of the evaluation teams, should help ensure that the methodology is applied more consistently and reliably in the future.

16. Fourth, it is important to bear in mind that all the projects evaluated were designed and approved in the early 1990s. This report provides a picture of the impact and performance of that particular cohort of projects. The considerable evolution in IFAD's approaches over the past decade means that the picture is not necessarily representative of more recent or current projects. On the other hand, experience suggests that many of the insights from earlier projects remain highly relevant today.

² These are high, substantial, modest and negligible, except for sustainability where highly likely, likely, unlikely and highly unlikely are used.



17. Aggregation also raises the wider question of what to compare the results against. Unlike some other agencies, IFAD does not yet have historical impact and effectiveness data that can provide a benchmark against which the current year's performance can be assessed.³ IFAD does, however, have a strategic framework that sets some high-level goals for the organization and is committed to contributing to the MDGs. Some measure of IFAD's contribution to these objectives would obviously be desirable, even if it is not straightforward (see Part VII).

18. This report follows the structure implied by the MFE. Part II provides an outline of the projects and country programmes evaluated. Parts III to V provide a synthesis from the project evaluations in each of the main evaluation criteria: project performance (Part III), rural poverty impact (Part IV) and performance of the partners (Part V). Part VI summarizes overall achievements. Part VII examines the contribution to IFAD's strategic objectives and the MDGs. Finally, elements explaining success, and the conclusions and main issues raised are presented in Parts VIII and IX respectively.

II. PROJECTS AND COUNTRY PROGRAMMES EVALUATED

A. Evaluation Coverage

19. The report draws on ten projects, two country programmes and two corporate topics evaluated in 2002 (Box 2).⁴ While this small sample of ten projects may not be fully representative of IFAD's ongoing project portfolio, it does provide a relatively good coverage of the different areas of IFAD's work, as shown in the analysis presented below. The combined IFAD loan value of the ten projects and the two country programmes was USD 347 million. The total cost of the projects and programmes (i.e. including contributions from cofinanciers) was USD 704 million.

| Box 2: List of Evaluations, 2002* | |
|---|--|
| <p>Project Evaluations</p> <ul style="list-style-type: none"> • Bangladesh – Netrakona Integrated Agricultural Production and Water Management Project • Chad – Ouadis of Kanem Agricultural Development Project • Haiti – Small-Scale Irrigation Schemes Rehabilitation Project • Mauritania – Oasis Development Project - Phase II • Morocco – Livestock and Pasture Development Project in the Eastern Region • Namibia – Northern Regions Livestock Development Project • Peru – Management of Natural Resources in the Southern Highlands Project (MARENASS) • Philippines – Rural Micro-Enterprise Finance Project • Tanzania, United Republic of– Agricultural and Environmental Management Project • Yemen – Tihama Environment Protection Project | <p>Country Programme Evaluations</p> <ul style="list-style-type: none"> • Sri Lanka • Tanzania, United Republic of <p>Corporate-Level Evaluations</p> <ul style="list-style-type: none"> • Technical Assistance Grants Programme for Agricultural Research • IFAD's Capacity as a Promoter of Replicable Innovation in Cooperation with Other Partners |

* Detailed project data in Annex III.

B. Geographic Coverage and Project Type

20. The ten projects evaluated cover a wide cross section of sectors and activities, spread across all five regions. The sample reflects relatively well the geographical distribution of IFAD's ongoing portfolio, although Asia is slightly under-represented. In terms of sectoral coverage, most major sectors are represented, as are a very wide range of project activities (Annex II). However, the sample does over-represent the livestock category.

³ The performance ratings contained in the Progress Report on the Project Portfolio produced by the Programme Management Department (PMD) does represent a partial exception, but is not directly comparable with OE evaluation data because different criteria are used.

⁴ The process of selecting these evaluations is described in OE's Annual Work Programme (EC 2003/33/W.P.3).



21. All but one of the 2002 project evaluations were interim evaluations, which are mandatory before a second phase. This might have resulted in a sample that is marginally biased towards better-performing projects. In terms of the performance ratings given by PMD to the projects and reported in the project status reports, the sample broadly mirrors the distribution of ratings in IFAD's overall completed projects in 2001-02 (Table 1). It does however slightly under-represent the category of project classified by PMD as under-performing: 21% of IFAD's completed projects fall into this category, compared with 10% of evaluated projects.⁵

Table 1: PMD Scores for Projects Completed in 2001-02 and for Projects Evaluated

| Scores/Ratings | PMD Scores for Completed Projects 2001-02 | PMD Scores for Projects Included in ARRI 2003 |
|--------------------------------------|--|--|
| 1 – Problem free | 20% (10) | 20% (2) |
| 2 – Minor problems | 59% (30) | 70% (7) |
| 3 – Major problems, but improving | 20% (10) | 10% (1) |
| 4 – Major problems and not improving | 1% (1) | 0% (0) |
| Under-performing (3 and 4) | 21% (11) | 10% (1) |
| Total rated projects | 100% (51) | 100% (10) |

C. Country Programme Evaluations (CPEs) and Corporate-Level Evaluations (CLEs)

22. CPEs provide a much broader perspective on IFAD operations than do project evaluations. In addition to assessing the results and sustainability of IFAD's programme, CPEs assess the overall cooperation and compatibility between IFAD and its partners, and the strategic role of IFAD in relation to national strategies. On the basis of this, CPEs also provide insights and recommendations for the next IFAD country strategy and opportunities paper (COSOP). The two CPEs produced in 2002 covered two very different countries. The United Republic of Tanzania has a gross domestic product (GDP) per capita of around USD 250, and ranks among the ten poorest countries in the world. Sri Lanka has impressive social indicators, a per capita income of USD 870, and is now classified as a lower middle income country. Despite these differences, both countries share two important characteristics: the concentration of poverty in rural areas; and significant income disparities both among regions and among households.

23. CLEs are conducted to assess the effectiveness and impact of IFAD-wide policies, strategies, instruments and approaches. Two CLEs were completed in 2002: the Evaluation of IFAD's Technical Assistance Grants Programme for Agricultural Research, and the Evaluation of IFAD's Capacity as a Promoter of Replicable Innovation in Cooperation with Other Partners.

III. PROJECT PERFORMANCE

A. Relevance, Effectiveness and Efficiency

24. **Relevance.** Relevance is a measure of the extent to which project objectives are consistent with (i) the rural poor's perceptions of their needs, potential and aspirations at the time of the evaluation; (ii) the economic, social and policy environment; (iii) IFAD's strategic framework and policies at the time of design; (iv) IFAD's regional strategies; (v) IFAD's current country strategy as formulated in the COSOP; and (vi) the country's current poverty-reduction policies and strategies at the time of the evaluation.

25. The large majority of the evaluations conclude that the project's overall objectives were highly or substantially relevant relative to the above dimensions. However, three evaluations raise questions

⁵ Within IFAD's ongoing portfolio, 25% of projects were rated as underperforming by PMD in 2002 (Progress Report on the Project Portfolio, March 2003).



about the relevance of the objectives for poorer groups. The livestock project in Morocco was less relevant for small, impoverished herders than for larger herders. In Namibia, the project's subsidiary objectives were almost exclusively relevant to livestock owners who accounted for some 60-70% of rural households, but were less directly relevant to non-livestock owners who were likely to be the poorer members of society. Successive design adjustments tried to make the project more relevant to the resource-poor, but the majority of funding continued to be allocated to livestock-related activities.

26. The microfinance project in The Philippines was judged to be highly relevant, except for its prescriptive focus on the ultra-poor. According to the evaluators, it was questionable whether an exclusive focus on the ultra-poor was realistic for a national microfinance project: the bottom 15-20% are better reached in other ways than through credit. The IFAD Rural Finance Policy (2000), issued after project design, takes a similar position. The very poor may be more effectively reached through direct microenterprise promotion, income transfers, safety nets and improved infrastructure.

27. **Effectiveness.** Effectiveness is defined as the extent to which the major objectives, as understood and formally documented at the time of the evaluation (i.e. accounting for reformulation during implementation), were achieved at project completion. Project effectiveness is measured with respect to designers' expectations regarding the project's impact on poverty, and to other lower-level project objectives. The effectiveness criterion compares the objectives given in the design to the actual achievements found at the time of evaluation.

28. Overall, 60% of the evaluated projects were rated as substantial in terms of achieving their relevant objectives and 40% rated as modest. In terms of impact expectations, overall IFAD projects were effective in meeting expectations relating to physical assets, human assets, social capital and empowerment, and food security – but less universally effective in respect of financial assets, and institutions, policies and the regulatory framework. The projects were least effective in achieving objectives relating to the environment and common resources. The reasons for this are discussed in Part IV.

29. **Efficiency.** Efficiency is a measure of how economically resources are converted into results. This can be based either on economic and financial analysis or, if the benefits resulting from the project cannot be quantified, on unit costs compared with design parameters and/or current good practices. This is a fundamentally important criterion. The total cost of the ten projects was around USD 237 million, of which USD 105 million was funded by IFAD loans. How much improvement in the lives of how many poor people was achieved with these funds? Did the benefits exceed the costs?

30. Efficiency questions were not particularly well covered in the evaluations reviewed, partly because sufficient data were not available. Only one evaluation (of the Tihama project in Yemen) contained a full-fledged economic analysis of the project's economic rate of return. This analysis confirmed that the investment in sand dune stabilization could be economically worthwhile, if sustainability of operations and maintenance could be secured. However, given that the communities were judged unlikely to protect and maintain the stabilization belts after project end, the expected rates of return of the farm models analysed were mostly negative.

31. In the absence of ex post cost-benefit analyses for most of the projects, this report has used cost per beneficiary at completion compared to the corresponding ratio at appraisal as a somewhat rough proxy for efficiency (see Annex IV). Project documents contain an estimate of the number of households in the target group, while evaluation reports generally contain some estimate of the number of actual beneficiaries. The problem is that different numbers of people have benefited from different components, hence double-counting may occur, and accurate data are rarely available. Definitions of 'beneficiaries' vary. Sufficient information is nevertheless available from the evaluations to allow approximate costs per person to be calculated and compared to expectations in this regard.



32. All in all, the projects benefited approximately five million people, of whom three million are in The Philippines.⁶ On the basis of the adopted ‘proxy’ for efficiency, three projects (Bangladesh, Mauritania and The Philippines) were judged as highly efficient, two projects (Haiti and Peru) as substantially efficient, two as modestly efficient (Morocco and the United Republic of Tanzania) and three as non-efficient or negligible (Chad, Namibia and Yemen). Overall, however, on the basis of the economic information contained in the evaluation, it is probable that, on average, the economic benefits of these projects as a group exceed the costs.⁷ However, this is much less likely for the more expensive and lower-reach projects. While the reasons for low efficiency vary, it is mostly due to the lower-than-expected reach of project services. In Namibia and Yemen, the number of actual project beneficiaries was much below expectations – in the former case because of lower infrastructure coverage (water points), and in the latter because the benefits of sand dune stabilization did not materialize.

33. It is not possible to say much more than this on the basis of the information available. Improving the information base for this type of analysis, both in project monitoring and evaluation (M&E) systems and in the evaluations themselves, is a priority for IFAD. Better estimates of the number and type of beneficiaries are essential.

B. Project Performance

34. The project performance criterion is defined as a combination of relevance, effectiveness and efficiency. Project ratings with respect to each of these have been individually summarized above. Presenting an aggregated rating for project performance, as for the other evaluation criteria, involves the methodological issues mentioned earlier (paragraphs 12 to 17). As an experiment, and until OE has a broader base of projects evaluated under the new methodology and IFAD agrees on some principles to assign weights, a simple, unweighted aggregated rating for project performance is presented below. This implies that all three elements of relevance, effectiveness and efficiency are equally important. The aggregated rating per sub-criterion and for the composite project performance criterion was determined by the frequency of ratings (see explanation of methodology in Annex VII).

Figure 1: Aggregate Rating for Project Performance (percentage of projects)

| | HIGH | SUBSTANTIAL | MODEST | NEGLIGIBLE |
|-----------------------------|------|-------------|--------|------------|
| Relevance ^{1/} | 40 | 40 | 20 | |
| Effectiveness ^{1/} | | 60 | 40 | |
| Efficiency ^{1/} | 30 | 20 | 20 | 30 |

^{1/}Based on the distribution of rating for each sub-criterion for all projects.

| | | | | |
|-----------------------------------|----|----|----|--|
| PROJECT PERFORMANCE ^{2/} | 10 | 50 | 40 | |
|-----------------------------------|----|----|----|--|

^{2/}Based on the distribution of rating of the aggregate project performance criteria for all projects (see Annex VII).

35. Figure 1 illustrates the main findings of this section. Some 80% of the projects were rated as highly or substantially relevant. A majority (60%) were rated as substantially effective. The ratings for efficiency need to be interpreted with caution because of the approximate measure used, but

⁶ This compares with about four million beneficiaries as design expectations, i.e. achievements exceeded expectations by 25%. In four of the projects, the number of reached beneficiaries exceeded design expectations; in two, the projects reached roughly the same number; and in four, they reached only 80% or less of the expected beneficiary coverage.

⁷ Break-even analysis suggests that a 2% increase in income (USD 7 per year) for beneficiaries earning USD 365 per project would, if discounted over ten years using an interest rate of 10%, give a net present value of USD 45. Evaluation reports for six projects covering five million beneficiaries suggest income increases well in excess of 2%.



suggest that performance was poorer in this area, with 50% of the projects likely to be of modest or negligible efficiency. Overall, 10% of the projects have a combined project performance rating of 'high', 50% 'substantial', and 40% 'modest'. The explanations and insights relating to this differential performance are discussed in the next three parts.

IV. RURAL POVERTY IMPACT

36. The MFE requires project evaluators to assess the impact on rural poverty (see paragraph 7). This assessment takes into account both the total changes observable in the project area (intended and non-intended) and the project's likely contribution to those changes. It is acknowledged that, in the absence of rigorous 'before-and-after' or 'with-and-without' project impact studies, such judgements of attributable change will involve a certain element of subjectivity. These judgements are based on evaluators' assessments informed by the judgement of representatives of the rural poor and their partners. The six domains of rural poverty impact, plus sustainability, innovation and replicability/scaling up (Box 1 and Part I), are assessed within this evaluation criterion. Impact within each domain is assessed in respect of specific questions or impact sub-criteria. These are listed in Annex I, and in the detailed impact tables in Annex VI.

A. Physical and Financial Assets

37. Securing or increasing physical and financial assets for the poor was a major component (or sub-component) of all the projects evaluated. In fact, this intervention area was by far the most significant in financial terms, accounting for 51% of combined project costs (USD 120.5 million).

38. Overall, 60% of the projects reported substantial impact on physical and financial assets, but with significant variation among categories (Annex VI, Figure 1). Seven projects recorded significant impact in terms of physical and/or household assets. Examples include: substantial irrigation or livestock water supply improvements in Haiti, Morocco and Namibia; the provision of on-farm shelter belts in Yemen; improvements in the quality of housing and access to agricultural equipment in Mauritania, Peru and the United Republic of Tanzania; increases in the number of small stock for women and poorer households in Chad, Mauritania and Namibia; and improvements in veterinary services in Morocco and Namibia. Not all the efforts to increase physical assets were successful. In Chad, for example, the disappointing performance of the agricultural waterworks component, due to the inappropriate (costly and risky) technology used, led to a negligible increase in the area of land under cultivation.

39. One notable area of mixed performance was financial services. The only true financial services project – the Rural Micro-Enterprise Finance Project in The Philippines – was the most successful. It is the only one consistent overall with IFAD's policy on rural financial services. The combination of a tried and tested Grameen Bank approach, competent formal financial institutions, an appropriate legal framework, macroeconomic stability, and an emphasis on profitable (i.e. unsubsidized) lending created a major success story with wide project reach and good repayment rates. While nearly all of the other projects had a credit component of some sort, almost all of them encountered problems with low repayment rates and uncertain financial viability. In Yemen, for example, collateral requirements meant that the rural poorest, and most women, could not benefit. The ceiling for collateral free loans was too low for the poorest to make a worthwhile productive investment and repay the loans.

40. The two CPEs noted that while IFAD-supported projects almost always invested in local-level infrastructure development, the poorest did not always benefit to the extent possible from this investment. In Sri Lanka, some irrigation developments contributed to small farmers' incomes (although the economic benefits did not always exceed the costs). However, subsidized investment in agro-wells benefited a small number of relatively better-off farmers, and raised questions about the expected effects on the water table. Similarly, the United Republic of Tanzania CPE concluded that although users have, in general, obtained important benefits from the irrigation schemes, the rural



poor would have been better served by less expensive irrigation schemes that required limited labour and capital input. The poor could have also participated more easily in the development, and operations and management (O&M) of such schemes.

Box 3: Main Conclusions on Impact on Physical and Financial Assets

- **Project interventions aimed at increasing household assets need to be appropriate for, and accessible to, poorer households if these target groups are to benefit. In most cases, this will mean low-cost investments and appreciation of gender-differentiated needs and opportunities.**
- **Financial services are a difficult area requiring careful design, a supportive legal and economic context, technical support during implementation, and attention to the institutional aspects of local group formation and capacity of financial institutions. Most projects in this cohort were designed prior to the formulation of IFAD's policy on rural financial services, and therefore did not benefit from its principles.**
- **Collateral-free loans for the poorest should be of an economically appropriate size and should be associated with non-financial assistance to enable the poor to make the best use of credit.**
- **The 'poorest' could not be reached with IFAD-supported financial services, as per the policy's expectations. Other measures should perhaps be combined with rural financial services to address the needs of the most disadvantaged groups.**

B. Human Assets

41. All the projects evaluated had activities (mainly training) specifically directed at increasing human assets, although this was generally a small component. An average of 10% of project expenditure was directly related to human assets. Five of the evaluated projects were found to have high or substantial impact on human assets. The most substantial impacts were recorded in the area of adult literacy and/or access to knowledge and professional skills (e.g. Nambia, Peru and the United Republic of Tanzania). In Peru, the evaluation identified more optimism among beneficiaries, a greater ability to manage their activities, higher self-esteem and a firmer sense of empowerment vis-à-vis the better-off community members as a result of the training programme. In other cases, adult literacy activities (particularly for women) were not always related to enhancing economic opportunities, hence were not considered a high priority by poorer groups (e.g. Yemen). Four project evaluations reported a high or substantial reduction in women's and children's workloads. In Yemen, for example, improvements in domestic water supplies have had an appreciable impact on women's workloads. Notes of caution were sounded in The Philippines evaluation and the Sri Lanka CPE, where it was observed that the additional time demands on women, as a result of increased access to credit, might have a potentially negative impact on their workloads.

42. Four of the ten project evaluations reported a high or substantial improvement in the nutritional status of children, in most cases linked to increased and/or more diverse food production. However, only one evaluation – Chad – provided clear empirical evidence for this conclusion through an anthropometric survey. In two project evaluations – Mauritania and Peru – improved nutrition was stated to be the result of both increased agricultural production (through better technologies or water availability) and better nutritional training. The project evaluations in the United Republic of Tanzania and Yemen, on the other hand, did not find the positive impact on child nutrition expected at the time of project approval. This was due either to a lower-than-expected effect on food production or to inadequacy in the design and implementation of the health components.



43. Three projects had specific health components – Chad, the United Republic of Tanzania and Yemen. In all three, while access to health services has improved, the health impacts, direct and indirect, are either too early to assess or uncertain due to insufficient equipment and transport for staff or to a lack of medicine.

Box 4: Main Conclusions on Impact on Human Assets

- **In most instances, project-originated improvements in food production can be expected to lead to improvements in child nutrition.**
- **Health components have generally not been well designed in terms of appropriateness to the constraints and potential of the rural poor. As a result, most projects have not achieved substantial impact from health services.**
- **The central emphasis on training has been well justified by the experience of the majority of projects. It has had major benefits in terms of attitudes, skills and agricultural production. Indeed, in many of these projects training was extended beyond technical aspects of agriculture and towards establishing capacities and self-esteem. Literacy training was attractive to poorer groups only when linked to enhancing their earning capacity.**
- **Project interventions have had a major positive impact on women’s and children’s workloads. However, net increases in women’s workloads can also be an unintended result of project activities if there are no concomitant decreases in their workloads elsewhere. An appropriate assessment of such risk is needed at both design and implementation stages.**

C. Social Capital and Empowerment

44. Project design generally reflected the high importance rightly attached by IFAD to social capital and empowerment, even if this was overall a relatively small cost item (6% of project costs). Six of the evaluations reported high or substantial impact in this domain. Achievement was particularly positive in respect of building grass-roots organizations, supporting pro-poor institutions and promoting participatory approaches. In Chad, the establishment of hundreds of economic interest groups, the majority of whose members were women, was considered to be the project’s most significant achievement. Villagers’ collective management of credit has increased their self-confidence and allowed them to gain some independence from the traditional local power structure. In Mauritania, the participatory oasis management associations managed project activities. This allowed high participation of a large part of the oasis population, thereby avoiding monopoly by the powerful minority. In Peru, genuine ownership and empowerment has occurred due to the success in transferring funds directly to the communities, associated with training and knowledge generation at the local level, which guided local communities in appropriate decision-making.

45. In two projects – Bangladesh and Yemen – the impact on social capital formation and empowerment was much more limited than intended. In Bangladesh, participatory organizations were not set up as planned at local level, and existing formal and informal organizations of the poor were ignored or bypassed. In Yemen, limited impact was due to the little effort devoted to mobilizing communities from the start, insufficient guidance to project staff on participatory approaches, lack of awareness on related issues and an inadequate assessment of the risk involved.

46. The two CPEs discussed the issue of participation and empowerment in detail with special reference in the United Republic of Tanzania CPE to the context of the decentralization policies. The Sri Lanka CPE observed that levels of participation in almost all projects reviewed had been fairly low. The government agencies engaged in project implementation at local level were aimed more at service delivery than at people’s empowerment. The NGOs were not in this case the best partners for community mobilization. In a context of a socially stratified community, the programme in Sri Lanka could not promote fruitful partnership between the poor and those who generate opportunities for development. The United Republic of Tanzania CPE points out that where a certain level of decentralization has occurred, there is a definite need to support capacity-building actions at the lower



administrative levels. This entails making sure that government and project staff are sufficiently oriented to promoting participatory approaches so as to be more responsive to the needs of the poor, otherwise the benefits of decentralization will bypass the poor.

47. Achievements in terms of gender equity⁸ have been mixed. Four projects report considerable progress. In Bangladesh and The Philippines, for example, 97% of the microfinance clients were women. Strategic gains in terms of women's livelihoods and roles have been achieved as a result. Impact of gender equity was limited in four projects (Haiti, Morocco, the United Republic of Tanzania and Yemen). In the United Republic of Tanzania, gender aspects were not fully taken into account in project design. In Haiti, training took insufficient account of women's needs, and participation by women was low. In Morocco and Yemen, impact on gender equity was modest, due partly to the lack of leadership and expertise in this area at project management level and partly to the sociocultural context. Absence of involvement of NGOs and local-level institutions contributed to this modest achievement. The Sri Lanka CPE found that projects with neither a women's component nor emphasis on village-level organizations tended to exclude benefit flows to poor women. This has been exacerbated by an absence of knowledge about gender issues among project staff, line departments and financial institutions.

Box 5: Main Conclusions on Social Capital and Empowerment

- **The high importance attached by IFAD to empowering the rural poor (in terms of decision-making and vis-à-vis the more powerful in the communities) is borne out by the experience of those projects where this has been a central element. The projects clearly illustrated that empowering the rural poor in their local communities is key to impact achievement.**
- **A strong commitment to empowerment and participation in the design is not sufficient. Commitment requires systematic support and follow-up during implementation, adequate resources and expertise, and awareness among project staff and implementing agencies.**
- **Performance in terms of gender equity and women's empowerment has been mixed. This is partly due to the lack of awareness and commitment of implementing agencies and project management. Good design with respect to gender aspects is essential, but even projects that are designed and implemented well will struggle in unfavourable sociocultural contexts.**
- **In socially stratified local communities, the alliances in which the poor enter often turn out to be unequal. Existing local-level institutions might not always be capable of supporting the poor. The poor may benefit if the alliances they form with local politicians, administrators and private sectors are secured through the involvement of a credible 'honest broker' that allows them to interact with these entities on a more equal basis.**
- **The organization of the poor at the grass-roots level must run parallel to a government's commitment to devolve part of its decision-making powers to the local level. Otherwise decentralization will not benefit the poor.**

D. Food Security

48. Seven of the projects evaluated achieved high or substantial impacts in respect of food security through better technologies and practices, increased supply of irrigation water and, in some, the diversification of income sources. A notable example is the Tanzanian project where a major transformation has been achieved by the adoption of new technologies and practices, which has assured a more plentiful supply of improved crop seeds and planting materials. This has significantly increased yields and outputs, typically moving poorer families on smaller farms from a position of food insecurity to one of food self-sufficiency in most years.

⁸ Following a revision of the MFE in early 2003, it was decided to further disaggregate impact by gender in reporting, and report on gender impact and equity in a separate section in the evaluation report starting in 2003.



49. Three projects were assessed to have had a negligible impact on food security, despite this being one of their objectives. Food security gains were quite modest in the Haitian project: while considerable resources were directed to agricultural extension, most of the recommended practices were too expensive and were not adopted by poorer farmers. In Yemen, the impact of the sand dune stabilization belts in terms of protecting land from the encroachment of sand is still limited, and therefore has yet to have a significant impact on food security in adjacent areas. In Morocco, a severe drought has hit small herders hard, and consequently gains in food security have been very limited.

50. None of the evaluations noted a direct link between IFAD's support to research on agricultural technology (through the Fund's technical assistance grants (TAG) programme) and increases in agricultural production due to the project. This finding is consistent with those of CLE of IFAD's TAG programme for agricultural research, which could not establish systematic contributions of agricultural research TAGs to individual loan projects. Reasons noted included: the lack of joint planning of loans and grants from project inception stage; limited sharing and dissemination of the knowledge generated by IFAD's agriculture research programme; and insufficient identification of agricultural technology gaps for the poor.

Box 6: Main Conclusions on Food Security

- **The majority of projects have had a significant impact on food security, mainly due to the introduction of improved technology and practice, and to the diversification of income sources and diet.**
- **While poorer groups have benefited from the majority of projects, in a number of cases the technologies and interventions have been more suited to, or directed at, better-off farmers. Poorer households have tended to benefit less as a result.**
- **Project design in countries normally prone to drought did not, as a rule, include sufficient risk analysis and mitigating measures to cope with the adverse effects of droughts on food security.**
- **Agricultural research grants and IFAD investment loans should strive to strengthen their linkages and complementarity through, inter alia, joint planning of loans and grants, better knowledge sharing, and the finalization of IFAD regional agricultural strategies.**

E. Environment and Common Resources

51. This domain concentrates on a project's local-level environmental impacts. It is concerned with environmental aspects under the control of, or influenced by, the rural poor. The impact of the ten projects on the environment and common resources was the least significant of all the domains, despite the substantial funds allocated (USD 34 million, or 14% of combined project costs). In three projects this was the major component in cost terms. Most projects achieved only a modest or negligible environmental impact.

52. Two projects (Namibia and Morocco) intended to introduce sustainable range management. Neither succeeded. The project in Namibia aimed to develop a strategy for supporting sustainable rangeland development. The evaluation reported that project-supported activities have had little or no effect on the environment. Indeed, in some instances, the local pressure on vegetation and water resources may have been exacerbated. In a significant part of the project area in Morocco, current practices still threaten the environment, and no regulatory measures have been put in place. However, project activities did raise environmental awareness among herders.

53. Two other projects had experience with sand dune stabilization. In Yemen, the sand dune stabilization belts were constructed on time and were technically sound, but probably uneconomic and unsustainable. In Mauritania, the evaluation concluded that sand dune fixation had not worked well. Both evaluations also identified the danger of groundwater depletion. Too many pumps were being installed, and no monitoring of the groundwater reserves was being carried out.



54. The risk of groundwater depletion was also identified as a potential issue in the Sri Lanka CPE. Agro-well development has been supported in almost all the more recent IFAD projects in Sri Lanka's dry zones, but in none of these projects were water table levels monitored systematically. In addition, the irrigated areas show increased water logging and gradual development of salinity, and the use of pesticides has increased. However, the CPE identified beneficial environmental impacts relating to the reduction of soil erosion as a result of upland development components aimed at conserving soil moisture and arresting soil degradation.

55. Positive environmental impacts were identified in two projects. The Tanzanian project had an overwhelmingly positive impact on the environment and common resource base. It has been markedly successful in promoting interest in, and executing, communal and individual afforestation. The Peruvian project has, through training, succeeded in getting families and communities to reassume responsibility for local ecosystem management. Other changes have begun to reduce pollution, such as the adoption of organic farming practices that use fewer agrochemicals. These two cases aside, impact on the environment and common resources has tended to be significantly less than for other domains.

Box 7: Main Conclusions on Environment and Common Resources

- **Many environmental improvements can only be achieved and discerned over the longer term. The absence of immediate, obvious gains is to be expected and should not discourage effort in this area. The challenges have always been how to get local communities to appreciate the need for environmental conservation and subsequently how to support these communities in the short/medium term until benefits of conservation start to materialize.**
- **Project designs, particularly those involving range management or large-scale afforestation, need to be realistic and appropriate. Achieving improved common property resource management is known to be especially difficult.**
- **Project supervision needs to ensure that important but indirect environmental impacts, such as groundwater depletion, are carefully monitored as intended.**

F. Institutions, Policies and Regulatory Framework

56. The expectation that IFAD projects should have a catalytic impact through policy dialogue and advocacy, and should make effective links to the policy level, is relatively recent. Most projects evaluated in 2002 were designed as stand-alone area development projects. Influencing regional and national policies, regulations and institutions was a major or explicit objective in only a few projects. The result, unsurprisingly, is that the policy and institutional impacts of these projects have been negligible or modest for half the projects. Most projects have not played a major part in the evolution of new policies and regulations, although some have informed and helped orient current policies and processes. None of the evaluations reported the use of IFAD TAGs to complement project efforts in the areas of pro-poor policy and advocacy.

57. One project that clearly had a substantial impact on both rural financial institutions and national policy was the IFAD/Asian Development Bank (AsDB) Rural Micro-Enterprise Finance Project in The Philippines, even though IFAD itself played a minor role in this respect. Three other projects had identifiable, but modest, impact on policy or public services. In addition to the major investments in regional health services (infrastructure and equipment), the Kanem project in Chad made it possible for the cost-recovery policy to start being applied. The Namibian livestock project contributed to building a foundation for public services to continue to support rural development through strengthened operations of the regional structures. In Haiti, project experience with water users' associations has been useful in informing the national approach and framework.



58. None of the projects in this cohort had clear impact on national research institutions, though many had large research and extension components. Nevertheless, IFAD has played a strong advocacy role with respect to international agricultural research. According to the CLE of IFAD's TAG programme for agricultural research, "IFAD has played a strong advocacy role in redirecting the focus of the Consultative Group on International Agricultural Research (CGIAR) system towards more poverty-focused research, taken the lead in opening up new research areas, and continued to play a pro-poor advocacy role in a number of international forums related to agricultural research" (paragraph 42). This is precisely the role that IFAD could also play in *national* forums and policy. It is, however, currently somewhat hampered from doing so by, inter alia, its lack of a country presence, as observed in both the Sri Lanka and the United Republic of Tanzania CPEs.

Box 8: Main Conclusions on Institutions, Policies and Regulatory Framework

- **Only few projects were designed to have wider policy and institutional influence, and impact has generally been weaker in this domain.**
- **Achieving national policy and institutional impact requires a wider programme including national-level engagement in policy and institutional forums. Area development projects will have an important role to play as a basis for policy and institutional advocacy, but are unlikely to achieve that without complementary efforts and wider project objectives.**
- **Achieving impact on institutions and policy also requires the coordinated use of other IFAD instruments in the country such as IFAD's TAG programme. In none of the evaluated projects was there evidence that IFAD grants were used in combination with loans to promote the desired influence on rural development policies and institutions.**

G. Overarching Factors

59. **Sustainability.** The likelihood that the positive impact generated by the project will be maintained beyond project life has been investigated for the six impact domains. It was found that impacts on human assets and food security were likely to be sustainable in a clear majority of projects. Improvements in social capital and empowerment were likely to be sustainable in more than 50% of the cases. On the other hand, the sustainability of physical and financial assets, institutions and policies, and particularly environment and common resources, was considered to be much more questionable. Overall, sustainability was judged to be 'likely' in 40% of the projects and 'unlikely' in 60%.

60. Of all the projects evaluated, Peru was judged by the evaluators to be the most sustainable. The strong sense of ownership – "we are MARENASS" – appears to be the key to sustainability in this case. Equally important, the sustainability of the food security gains is underpinned by the sustainable technologies employed, with few external inputs and no recurrent costs. The contrasting experience of the Tihama project in Yemen reinforces the importance of community ownership. This project could not develop a sustainable model for sand dune stabilization at village level largely because of its inability to implement from the start a participatory community-based approach that enlisted the poor in the choice of stabilization sites and in the design and implementation of the schemes.

61. The credit project in The Philippines also appeared to be sustainable, subject to the availability of refinancing. Here, sustainable client impact hinged on sustainable institutional impact. The sustainability of financial services to the poor depends on the sustainability of both the institutions providing the services and the groups managing them. This is a lesson that all other projects with credit components could take on board. The credit components in Bangladesh, Chad, Mauritania and Yemen were all judged to have sustainability concerns.

62. All the other projects have question marks over the sustainability of some of their impacts. In both Bangladesh and Haiti, doubts about the capacity of local water users to take on O&M meant that the sustainability of hydraulic infrastructure was threatened. O&M is also a concern in respect of



water points in Chad, Morocco and the United Republic of Tanzania, and for infrastructure assets on the projects covered in the Sri Lanka CPE.

63. The services and support provided by a number of projects were found unsustainable from a financial point of view. In the United Republic of Tanzania, because of constraints on the resources likely to be available for development in the future, a project approach based on subsidies and generous financial resources is doomed to be unsustainable. The combination of a dependency syndrome, limited participation and restricted government budgets is bound to limit sustainability. Subsidies have also tended to favour the less poor, who can access such support more easily than poorer community members can. Financial sustainability was also doubtful for project activities in Bangladesh, Morocco and Namibia.

64. While many of the instances of unsustainability are avoidable, in some cases they are not. The evaluation of the project in Chad concluded that it is unrealistic to expect sustainability after only six years. The remote and marginal nature of the area, the extreme vulnerability of the rural population, and the grave weaknesses in essential public and private services necessarily imply the need for a sustained development effort over a longer period in order to develop institutions and services. The evaluation of the livestock project in Morocco came to a similar conclusion.

Box 9: Main Conclusions on Sustainability

- **Not all projects or components can be sustainable after a single phase of support. Project designs need to be realistic about what can be achieved where the institutional environment is particularly weak or the problem addressed is particularly challenging.**
- **Overall sustainability was judged to be ‘unlikely’ in 60% of the projects. As a result, the *sustainable impact* on rural poverty will generally be less than the impact observed at project completion. This is most marked in the areas of the environment and common resources, and institutions and policies.**
- **The most sustainable projects tend to be those that were *designed* to be sustainable. Many projects or project components were not. Sustainability is a real challenge in respect of physical assets (e.g. water investments) and services (e.g. credit and animal health).**
- **Participation is key for sustainability, particularly for the O&M of infrastructure investments.**
- **Services dependent on project subsidies are unlikely to be viable or sustainable after the project. Credit institutions in particular need to be set up to be financially viable without subsidies.**

65. **Innovation, replicability and scaling up.** Half of the projects evaluated provide evidence of successful innovations in some aspects. Many projects, such as the Tanzanian one, had both innovative and conventional elements. There were innovative elements in the agricultural and environmental components, and in the overall mode of implementation through decentralized government, but not in the provision of infrastructure. The Peruvian project was judged to have been highly innovative in its community-based approach and working methodology. Many components of the approach had been tested and validated elsewhere. The project’s success lay in synthesizing lessons learned from prior, isolated and incomplete experiences, and putting them into practice as a package. Overall, the characteristics of successful innovations in the evaluated projects confirmed the results of the CLE of innovation (Box 10).

**Box 10: Features of Innovations that Worked in IFAD-Supported Projects**

Successful field innovations in IFAD-supported projects shared the following characteristics:

- They addressed a need widely shared by the poor.
- They built on existing or traditional knowledge technologies, practice, and cultural and social norms.
- Farmers participated in their design and implementation.
- Their advantages were clear to farmers and the rewards were rapidly visible.
- The cost of adopting them was affordable, financially and socially.
- They were relatively simple, and less likely to arouse distrust among the rural poor.
- They were well tested: prior testing of innovations, particularly when they are brought in from outside the area, is necessary to reduce risks.
- They were based on exchanges of farmer knowledge within project areas and among regions.
- The project design approach was flexible, and frequent adjustments took place.
- There was genuine commitment on the part of all partners during project implementation.
- The correct policy environment facilitated them.
- They were easily reversible if unsuccessful.

66. Not all the attempts at innovation were successful. In Chad, the new water-lifting technology and the construction of half-moons for rainfed millet crops were both singularly inappropriate to the remote Kanem environment. This provides clear evidence of the risks and limitations of simply transferring innovation from elsewhere. The Tihama project in Yemen was an innovative attempt to develop a replicable approach to sand dune stabilization for widespread application elsewhere. Unfortunately, its technical innovation was undermined by a lack of community ownership.

67. Replicability of the projects was found to be limited by the same financial factors that limit their sustainability. For example, it is doubtful that successful elements of the projects in Bangladesh, Namibia and the United Republic of Tanzania will be replicable due to capacity and funding constraints within government. The project in Chad, on the other hand, sought to ensure that all equipment and inputs were provided at cost in order to make certain the approach would be replicable. Overall, the majority of the projects evaluated were not designed and implemented with the specific purpose of promoting the replication and scaling up of successful innovations, nor were partners selected and mobilized with this purpose in mind.

68. There was limited evidence that IFAD used its other instruments (e.g. the TAG programme) in combination with the loans to systematically support the innovation, replication and scaling-up processes. Few projects provided clear evidence of actual replication or scaling up of some of the Fund's successful innovations. These findings are very much in line with those of the CLE of innovation, which reported a widespread recognition that IFAD's direct impact on rural poverty is bound to be limited by virtue of the Fund's small size and limited funds. Increased impact could only materialize by systematically promoting the scaling up of successful and replicable innovations aimed at reducing poverty. The CLE concluded that IFAD's capacity to deliver in this area was somewhat constrained. IFAD has yet to develop a clear strategy to support replicable innovations, promote scaling up and guide operations in this respect.

69. In summary, while nearly all the projects contained innovative elements, albeit some more than others, there was less evidence of actual replication and scaling up.

Box 11: Main Conclusions on Innovation, Replicability and Scaling up

- **Innovation inevitably involves an element of risk. The risk is minimized by the introduction of approaches that have been tried and tested elsewhere. Where this is not possible, risk can be reduced by careful appraisal, allowing a period for testing and adaptation; by full involvement of the poor in design and implementation; and by use of the grant instrument as appropriate.**
- **As with sustainability, projects need to be designed to be replicable. Scaling up can only occur where project innovations are tailored to fit within prevailing capacity and funding constraints as well as with the real needs and context of the rural poor.**
- **For the vision of IFAD’s catalytic role as an innovator to materialize, there is a need to (i) put more systematic emphasis on replicable innovations and scaling up in IFAD’s project cycle; (ii) synchronize the use of IFAD’s instruments based on the requirements of the innovation process; and (iii) reconfigure partnerships to match its requirements.**

H. Overall Rural Poverty Impact

70. Figure 2 below summarizes the overall impact of the projects in each of the six impact domains and the overarching factors. The key finding of this section relates to the relatively lesser impact in the areas of (i) environment and common resources and (ii) institutions, policies and the regulatory framework. The lesser impact in relation to the latter can largely be explained by the low priority accorded to wider institutional, policy and regulatory impacts at the time these projects were designed, and the limited use of IFAD grants in combination with loans to promote IFAD’s catalytic role. The lesser impact in respect of the environment and common resources is more serious. This was the major objective for three of the projects and absorbed a good part of project resources in some others. This points to the need for the critical appraisal of these types of projects, for designs with more realistic objectives, and for the full involvement of beneficiaries and their mobilization to raise awareness on environmental issues.

Figure 2: Rural Poverty Impacts by Impact Domain and Factor (percentage of projects)

| | HIGH | SUBSTANTIAL | MODEST | NEGLIGIBLE |
|---|-----------|-------------|-----------|------------|
| Physical and financial assets | 20 | 40 | 40 | |
| Human assets | 10 | 40 | 40 | 10 |
| Social capital and empowerment | 10 | 50 | 30 | 10 |
| Food security | 10 | 60 | 10 | 20 |
| Environment and common resources | | 30 | 50 | 20 |
| Institutions, policies and regulatory framework | | 40 | 30 | 30 |
| Sustainability | | 40 | 50 | 10 |
| Innovation and replication/scaling up | | 50 | 50 | |
| RURAL POVERTY IMPACT | 20 | 30 | 50 | |

71. Figure 2 also presents a summary of the ratings for sustainability, innovation, replicability/ scaling up, and for rural poverty impact overall. The last represents an aggregation of the ratings in each of the six impact domains and the overarching factors (see Annex VII for the aggregation methodology). Overall, rural poverty impact was judged to be ‘high’ or ‘substantial’ in half of the projects evaluated.



V. PERFORMANCE OF PARTNERS

72. All evaluations considered in the ARRI should include a systematic review of the performance of the main project partners: IFAD, the cooperating institution, the government and its agencies, NGOs, CBOs and project cofinanciers. This aspect was not as well or consistently covered in the 2002 evaluations as it should have been. Nevertheless, the evaluations as a group suggest that partner performance was generally good.

73. **IFAD performance.** Evaluators are expected to assess the extent to which the services provided by the Fund and the cooperating institution (i) ensured a sound project design; (ii) facilitated stakeholder participation; (iii) resulted in a realistic appraisal proposal; (iv) supported implementation effectively; (v) ensured that arrangements were adequate for the project's operational phase; and (vi) provided for participatory evaluation, learning partnerships and adoption of lessons. Eight of the project evaluations considered contained an assessment of IFAD's performance. In five of these, IFAD's performance was rated as 'substantial' and in three as 'modest'.

74. IFAD tends to play a greater role in design and appraisal, and a lesser role during implementation. Most comments on IFAD's performance therefore relate to project design. In general, IFAD performed relatively well in designing the projects with respect to technical standards and in terms of facilitating stakeholder participation, particularly of the expected project beneficiaries. In spite of this, issues with some design elements were mentioned. These include:

- excessive complexity and too many components (Chad, Sri Lanka and the United Republic of Tanzania);
- overambitious or unrealistic elements (range management in Morocco and Namibia; implementation capacity in Sri Lanka);
- insufficient development of the participatory process (Bangladesh and Yemen);
- insufficient attention to sustainability (Sri Lanka); and
- problems with poverty targeting (Mauritania, Morocco, Namibia, The Philippines and Yemen).

75. Five project evaluations, and both CPEs, identified issues related to poverty targeting. In Mauritania, the poor were not specifically targeted in the design, although they (but not the poorest) did subsequently benefit. In Yemen, there was no strategy to ensure that the target group received priority. In the Moroccan and Namibian livestock projects, the specific interventions targeted at the poorer groups were insufficient to counteract the fact that these projects were likely to benefit better-off livestock owners disproportionately. In The Philippines, the design was exclusively and unrealistically focused, initially at least, on the ultra-poor.

76. The back-up provided by IFAD to the cooperating institutions during implementation was generally judged to be timely and effective, especially in the case of the projects in Namibia, Peru and the United Republic of Tanzania. In Peru, IFAD's presence on the ground allowed it to have a close involvement in the project and to act as a good liaison between the central government and the project management unit. In the United Republic of Tanzania, IFAD actively promoted and supported the project through its systematic participation in supervision and its role in coordinating IFAD activities with other relevant activities. In The Philippines and in Yemen, however, IFAD's role in implementation was less effective, leading to IFAD's not always taking corrective measures in respect of key non-compliance with the loan agreement.

77. According to the CPEs, a major factor limiting IFAD's implementation follow-up performance was its lack of a permanent country presence. While IFAD followed up its supported projects quite closely in the United Republic of Tanzania, the lack of a permanent presence in country limited the extent to which the Fund could participate in policy dialogue and build strategic partnerships, and it also hampered efforts to provide effective implementation support. Partners at every level raised this as a major concern in their interactions with IFAD.



78. **Performance of the cooperating institutions.** A range of cooperating institutions supervised the projects evaluated. The United Nations Office for Project Services (UNOPS) was the cooperating institution for six of the ten projects. The other cooperating institutions were the Arab Fund for Economic and Social Development (AFESD), African Development Bank (AfDB), Andean Development Corporation (CAF) and AsDB.

| Country | Cooperating Institution |
|----------------------------------|-------------------------|
| Bangladesh | UNOPS |
| Chad | UNOPS |
| Haiti | UNOPS |
| Mauritania | AFESD |
| Morocco | AfDB |
| Namibia | UNOPS |
| Peru | CAF |
| Philippines | AsDB |
| Tanzania, the United Republic of | UNOPS |
| Yemen | UNOPS |

79. UNOPS was in most cases judged to have done a good overall job. The strong aspects of its supervision have been linked to the adequacy of its supervision process, the good quality of its reporting and, to a certain extent, its continual and solid guidance. Weak points are its over-optimistic assessments of project performance, its prevailing attention to physical achievements to the detriment of social development and impact aspects, and the narrow skill composition of its supervision missions in respect of social aspects.

80. The results concerning the other cooperating institutions were less homogeneous. Evidence from Mauritania, Morocco and Peru supports the view that supervision missions place too much emphasis on physical and financial achievements. One of the strongest contributions occurred in The Philippines, where AsDB was instrumental in fostering key credit-sector reforms and in making sure that the Government complied with its agreements. However, cooperation between IFAD and AsDB in this project was very poor.

81. **Performance of government and its agencies.** As is to be expected, government performance varied greatly, and few common findings emerge from the projects evaluated. For example, in Peru and the United Republic of Tanzania, the low turnover of project staff helped to provide continuity and stability to the project. High staff turnover (Chad and Namibia), understaffing (Yemen) or poor-quality staffing (the United Republic of Tanzania and Yemen) did the opposite. In general, government performance was particularly good in respect of counterpart funding, support for participatory processes, and support to CBOs. Counterpart funding was timely and adequate for most projects, the only noticeable exceptions being Chad and the United Republic of Tanzania. Four countries made special efforts to support participatory processes and CBOs (Haiti, Mauritania, Namibia and Peru). In Namibia, for example, the project led to the acceptance and wider adoption of participatory methods in several government programmes. In Haiti, the Government's willingness to transfer the management of the irrigation schemes to water users' associations was an important step forward.

82. Weak areas of government performance include slow administrative procedures, and the excessive weight given in some countries, such as Bangladesh, The Philippines and Yemen, to physical progress rather than to development impact and social issues. The Moroccan project suffered from significant coordination and management problems at regional level.

83. **NGOs and CBOs.** A limitation of most evaluation reports is that while they contain information on NGO activities, there is very little on the *quality* or *effect* of these activities. No information is available in the reports on the cost-effectiveness of NGOs or on their eventual contribution to project effectiveness and sustainability. NGO services were used in five projects:



Mauritania, Namibia, Peru, The Philippines and the United Republic of Tanzania. In all cases, NGOs carried out the activities as agreed at the time of the appraisal. With the exception of Peru, where some NGOs were weak, in all other cases NGO expertise was used efficiently to strengthen the capacity of the rural poor. Training was the main area of NGO activity in the other projects.

84. Most projects included setting up CBOs. With the exception of Haiti, this was generally successful. While in most cases the CBOs were too weak to have any substantial impact on the project, some did contribute to strengthening the capacity of the poor. For example, the village associations in Mauritania increased people's ability to work together and improved their social cohesion. Finally, there is evidence from the Philippine project in particular that NGOs involved in the provision of financial services (especially microcredit) encounter sustainability problems. As they cannot mobilize savings, they rely on grants or highly concessional loans to expand their loan portfolio, and tend as a consequence to be donor-dependent.

85. **Cofinanciers.** The performance of cofinanciers was only well covered in three of the evaluation reports (Namibia, The Philippines and the United Republic of Tanzania). In all three cases, thanks to their in-country presence, cofinanciers had good relationships with project staff, and their participation in meetings and supervision missions was also reported to have been good. In the majority of cases, cofinanciers honoured their financial commitments to the governments concerned. Only in Haiti did the two cofinanciers (the Organization of the Petroleum Exporting Countries and the French Development Agency) pull out of the project during implementation due to problems with the repayment of the government debt.

86. **Overall partner performance.** Figure 3 below presents a summary of the ratings for four of the five partners that make up this evaluation category. Ratings for cofinanciers are not presented, as these are only available for three of the ten evaluations. An aggregate rating for partner performance is also given.⁹ Overall, partner performance was 'substantial' in 60% of the projects and 'modest' in 40%. Modest partner performance was associated with modest rural poverty impact in three projects (Haiti, Morocco and Yemen).

Figure 3: Aggregate Rating for the Performance of Partners¹⁰

| | HIGH | SUBSTANTIAL | MODEST | NEGLIGIBLE |
|----------------------------|------|-------------|-----------|------------|
| IFAD | | 60 | 40 | |
| Cooperating institutions | | 50 | 50 | |
| Government | | 60 | 40 | |
| NGOs/CBOs | | 70 | 30 | |
| PARTNER PERFORMANCE | | 60 | 40 | |

VI. OVERALL ACHIEVEMENTS

87. Previous sections have presented summaries of the findings and ratings of the three main evaluation criteria: project performance, rural poverty impact, and partner performance. A simple (unweighted) aggregation of the ratings in the three criteria (i.e. when all three evaluation criteria are treated as equally important) reveals that two projects (Peru and The Philippines) attained a high level of overall achievement at completion; three projects (Bangladesh, Mauritania and the United Republic of Tanzania) attained a substantial level of achievement; and five projects (Chad, Haiti, Morocco, Namibia and Yemen) attained only a modest level of achievement.

⁹ An explanation of the aggregation method can be found in Annex VII.

¹⁰ Ratings were only available for eight of the ten projects evaluated in the case of the performance of IFAD and NGOs/CBOs, and for nine of the projects in the case of cooperating institutions.



88. It is worth re-emphasizing that this was the first year a new evaluation methodology was applied, and that it was applied to a small and probably not fully representative sample of IFAD projects. It was not always applied completely and consistently, and some refinement of the methodology is required (and is already in train). As already mentioned, aggregating the ratings in this way is also somewhat problematic. It can be argued that it is not feasible or sensible to combine the ratings for the very different criteria of rural poverty impact, project performance and partner performance. On the other hand, there is a demand for some overall measure of performance. Aggregating ratings for different criteria for a number of projects is one way of doing this. Other development agencies present overall ratings, in most cases derived from assessments of project performance. IFAD will need to keep abreast of evolving best practice, and to discuss and refine its approach as OE gains additional experience and insights from applying the new evaluation methodology. IFAD's Executive Board may also wish to provide guidance to OE in this respect.

VII. CONTRIBUTION TO IFAD'S STRATEGIC OBJECTIVES AND TO THE MILLENNIUM DEVELOPMENT GOALS

89. Although its limitations must be borne in mind, this kind of aggregated approach is still worth using to draw a tentative but reasonably fair picture of these ten projects, as assessed against the new evaluation framework. What these ratings do not do, however, is provide a measure of the contribution of these projects to IFAD's strategic objectives and to the MDGs. This can be done by regrouping the rural impact ratings according to the three strategic objectives and six main MDGs. Details of these groupings can be found in Annex VIII. Figure 4 below presents the impact ratings for each of IFAD's 2002-2006 strategic objectives. This suggests that these projects performed best in respect of the first and third strategic objective. Performance in respect of the second objective – improve equitable access to productive natural resources and technology – was more modest.

Figure 4: Project Impact by IFAD Strategic Objective 2002-2006
(number of projects reporting)¹¹

| | HIGH | SUBSTANTIAL | MODEST | NEGLIGIBLE | N |
|---|------|-------------|--------|------------|---|
| Strengthen capacity of rural poor and their organizations | 12 | 75 | 13 | | 8 |
| Improve equitable access to productive natural resources and technology | 11 | 44 | 45 | | 9 |
| Increase access to financial services and markets | 10 | 66 | 11 | 13 | 9 |

90. A similar regrouping can be used to indicate impact in relation to the MDGs (Figure 5). Impact was judged to be greatest in respect of the first (eradicate extreme poverty and hunger), third (promote gender equality and empower women) and the sixth (ensure environmental sustainability) goals listed. The last was due to success in the village-level domestic water supply. One of the main targets of the MDG for environmental sustainability is in fact to halve by 2015 the proportion of people without sustainable access to safe drinking water.

91. However, these ratings may be less reliable than those relating to mainstream project activities. It is also important to point out that the relatively small number of project ratings for some goals simply reflects the fact that most projects did not aim to have an impact in these areas.

¹¹ Not all the projects were rated in the sub-criteria relating to the strategic objectives. Ratings were only available from eight projects for all the objectives.

**Figure 5: Project Impact by Millennium Development Goal
(number of projects reporting)¹²**

| | HIGH | SUBSTANTIAL | MODEST | NEGLIGIBLE | N |
|--|------|-------------|--------|------------|---|
| Eradicate extreme poverty and hunger | 30 | 30 | 40 | | 7 |
| Achieve universal primary education | | 50 | 20 | 30 | 6 |
| Promote gender equality and empower women | 30 | 30 | 15 | 25 | 7 |
| Reduce child mortality and improve maternal health | | 50 | | 50 | 2 |
| Combat HIV/AIDS, malaria and other diseases | | | 100 | | 4 |
| Ensure environmental sustainability (incl. safe water) | | 70 | 30 | | 9 |

VIII. ELEMENTS EXPLAINING SUCCESS

A. Local-Level Institutions and Policy Environment

92. It is tempting, but probably dangerous, to read too much into the evaluation of such a small number of diverse projects. That said, some comment on the characteristics of the most successful projects may be informative. The two most successful projects, as assessed by the evaluators, were those in Peru and The Philippines. While very different, they did share a number of common features:

- Although innovative in their own context, both projects were based on the implementation of approaches that had been tried and tested elsewhere or previously and were well adapted to local circumstances.
- Both emphasized the creation or strengthening of sustainable local institutions focusing on the poor. This proved key to meeting outreach and impact targets.
- Both were implemented in middle income countries with very positive policy and institutional environments.¹³ Indeed, all the other (less successful) projects were in countries with less conducive policy and institutional environments.
- Both benefited from close, resident donor support and engagement (AsDB for The Philippines and IFAD for Peru).

93. The common features are less obvious for the less successful projects, but tended to be the opposite of those listed above. The projects in Morocco and Yemen were addressing a challenging technological issue in a difficult physical environment. In Morocco, the challenge of range management was exacerbated by a severe drought, and by an overambitious design. In Yemen, the lack of real community-level participatory processes was the major factor limiting impact and sustainability. The projects in Chad and Haiti had inappropriate (not sufficiently tested) design elements and were also implemented in very difficult political and institutional environments.

¹² Not all the projects were rated in the sub-criteria relating to the MDGs. In the case of child and maternal mortality, ratings were only available for two projects.

¹³ As measured by the World Bank's Country Policy and Institutional Assessment scores (1998).



B. Poverty Targeting and the Distribution of Benefits

94. A key aspect of IFAD's mandate is its focus on the rural poor. The extent to which IFAD projects succeeded in focusing assistance, in design and in practice, on the poor is therefore of critical importance. Annex V provides a summary of the project coverage, target group characteristics, and gender focus in the ten projects. In all cases, the primary target group was correctly identified and specified at design. Most earned less than USD 1 per day and were the rural poor.

95. Three levels of targeting can be identified. The first is country targeting. In line with its mandate, IFAD has not sought to restrict its assistance to the poorest countries. Four of the ten projects were in lower middle income countries – Morocco, Namibia, Peru and The Philippines. The remaining six countries were classified as low income and least developed.¹⁴ The second level is area targeting. Eight of the ten projects were deliberately located in poorer, agro-ecologically marginal areas. One other project – Haiti – was located in districts dominated by small farmers, rather than in a marginal area as such. The Philippine project was the only national project of the ten. The third level is income targeting. Here, three approaches can be discerned: inclusive, inclusive plus targeted, and focused. Three of the eight projects in poor/marginal areas were inclusive. In other words, once a poor/marginal area was selected, project activities were directed at more or less all the inhabitants. A further three projects were inclusive, but with specific components targeted at poorer groups. The project in Haiti was also inclusive. Only three projects were focused in the sense of seeking to exclude the better-off.

96. The evaluations reveal a mixed picture with respect to the distribution of project benefits. Findings common to a number of evaluations include:

- Overall, the projects succeeded in focusing assistance on poorer areas and in helping the poor in those areas. The level of absolute poverty has no doubt decreased as a result of many of these projects. However, the overall effects on local income inequality (relative poverty) are uncertain. In six project evaluations (and one of the CPEs), better-off households were reported to have benefited relatively more. In four projects (and the other CPE), poorest households either benefited less or were largely excluded.
- Reaching the poorest groups is difficult, especially where the local and socio-economic power structure favours stratification. Special interventions targeted at the poorer groups were effective, but did not fully counteract the ability of the better-off to appropriate a larger share of benefits, nor did they necessarily ensure the inclusion of the poorest.
- Effective targeting is almost always associated with community-level participatory approaches and detailed attention to the livelihoods and constraints of different groups. Reaching the poor during implementation is positively correlated with good specification of targeting mechanisms and participatory approaches at design.
- Monitoring the socio-economic status of participants and beneficiaries was generally inadequate, precluding in some cases timely adjustment in design in favour of the poorer.

97. The evaluations revealed that there is no obvious correlation between the type of targeting approach and the pattern of benefit distribution. In all three projects with focused designs, as with the other designs, the poorest groups seem to have benefited relatively less. This does not mean, however, that the greater level of targeting has not been worthwhile. Benefits probably would have been even more unequally distributed without the degree of targeting employed.

98. These evaluation findings have a number of implications for IFAD's work:

¹⁴ In 2001, 48 countries were classified by the Development Assistance Committee (DAC) as least developed on two main criteria: economic diversity and quality of life.



- There are strategic choices to be made, both at national and project level, as to which subgroups of the rural poor are to be prioritized and how project benefits are to be distributed among different subgroups. These strategic choices need to be explicit and well informed.
- Evaluation findings suggest that the distribution of project benefits among different socio-economic groups, and resultant differential income effects, need greater consideration at all stages of the project cycle.
- Notwithstanding the above, evaluations also suggest that some leakage of project benefits is unavoidable, and to a certain degree often necessary, to ensure good coverage of the poor.
- Another strategic issue is the depth of targeting versus its width. What are the merits of concentrating support on a smaller number of beneficiaries versus spreading resources thinly over a large number of households? There are trade-offs. The following aspects need to be considered: the total resources available; the need to reach a minimum level of livelihood for sustainable poverty reduction; and the importance of learning from well-defined and thorough interventions for replication and scaling up.
- There is a need to strengthen the monitoring of which socio-economic groups participate and benefit, and to what extent; more emphasis should also be given to gender-disaggregated analysis.

C. The Rural Poor as Strategic Partners in the Project Cycle

99. The importance of full engagement of the poor as strategic partners for impact and sustainability has already been highlighted in Part III. Findings common to a number of evaluations include: (i) projects that achieved a higher level of sustainable impact on rural poverty were those with more effective participation of the poor in decision-making; (ii) shortcomings in achievement in certain components can often be traced to shortcomings in properly involving beneficiaries as partners in designing these components; (iii) shortcomings in achievement are also associated with failure at the design phase to specify in sufficient detail with partners the participatory processes and resources required; (iv) an unavoidable tension also exists between community participation on the one hand, and physical and financial targets on the other; (v) inadequate participation has often made the sustainable O&M of infrastructure investments much less likely.

100. The two CPEs also contain a number of relevant insights with respect to participation. The Sri Lanka CPE concluded that future IFAD projects could be more effective in participatory approaches if guided by realistic expectations of what specific institutions can and cannot do. In the United Republic of Tanzania, the priority is to emphasize the quality of processes that empower people beyond the achievement of physical or financial targets. Both CPEs stressed the importance of implementation flexibility for participation. Letting the poor decide as equal partners means allowing more flexibility and time than may have been envisaged in the project design.

101. The emphasis on decision-making is a key aspect of participation. Only when the poor have some measure of control over what they do, do they acquire a sense of ownership of the project and contribute more genuinely and sustainably to its activities. In the two projects most successful in devolving decision-making powers to the communities (Mauritania and Peru), community organizations have full financial and managerial autonomy, and their share of responsibilities is formally negotiated and codified in a contract signed with the project authorities.

102. The main implications for IFAD are as follows:

- To ensure their full engagement, projects have to see the poor as strategic partners and not merely as recipients of project benefits.
- Devolving decision-making power to the rural poor is key to achieving impact. Where the poor are not yet ready to take full responsibility, project activities should invest in building their managerial and technical capacities.
- For real partnership with the poor, it is also important that the institutions set up are truly accountable to the majority of the population covered by the project.



- Realistic expectations are needed concerning institutional capacities to engage in participatory approaches. Innovative alternatives should be envisaged to shorten the time required to build the capacity of existing institutions in this respect.
- IFAD needs to ensure that, where there is a trade-off to be made between participation and achieving physical targets, participation takes priority.

IX. CONCLUSIONS

103. This report represents OE's first attempt at producing a synthesis of IFAD's results and impacts based on the new MFE introduced in 2002. It is necessarily exploratory. **It is therefore important to focus more on the process and methodology than on the specific results of this first year's work. Small changes in the methodology can lead to large differences in the overall ratings reported.**

104. The report presents a summary of IFAD's impact and performance based on ten project evaluations, two CPEs and two CLEs. Results were presented in three main evaluation criteria: project performance, rural poverty impact, and partner performance. In terms of project performance, 80% of the projects were rated as highly or substantially relevant. A majority of projects (60%) were rated as substantially effective. Efficiency was less well covered in the evaluations. A proxy measure derived from a comparison of the costs per beneficiary at appraisal and evaluation classified 50% of the projects as highly or substantially efficient.

105. Rural poverty impact is a combination of six impact domains, and three overarching criteria – sustainability, innovation and replicability/scaling up. About two thirds of the projects achieved 'high' or 'substantial' impacts in terms of physical and financial assets, human assets, social capital and empowerment, and food security. Lesser impacts were achieved in terms of institutions, policies and regulatory frameworks and in relation to environment and common resources. Projects with major environmental components tended to be relatively expensive and relatively unsuccessful, in part because of unrealistic designs and the difficulties in fully engaging the poor in investments whose benefits are to materialize in the long run.

106. Overall, sustainability was judged to be 'likely' in 40% of the projects and 'unlikely' in 60%. Effective community participation during design and implementation, and tried and tested design features were key factors. Projects need to be designed for sustainability. Where they are not, as in the case of heavily subsidized investments and services, sustainability is unlikely. In remote and marginal areas, sustainability cannot be ensured over only six years of interventions.

107. While the majority of the projects contained innovative elements in their specific context, few were designed or implemented with the promotion of replicable approaches as a clear and realizable objective. Scaling up through resource mobilization and partnership was only rarely enshrined in project strategy. Successful innovation approaches tend to be those based on a structured and conscious process within the socio-economic and cultural conditions of the poor. As with sustainability, projects need to be designed and managed with replicable innovation and scaling up in mind.

108. The performance of partners was not covered in as much detail as the other evaluation criteria in the 2002 project evaluations. IFAD's performance was rated as substantial in about two thirds of the cases. Design shortcomings, such as those relating to poverty targeting and unrealistic assumptions, and inadequate back-up during implementation were responsible for the modest performance in the design of one third of the projects. Overall partner performance was rated as 'substantial' in 60% of the projects.

109. Overall, the most successful projects were based on tried and tested approaches, stressed local-level institution-building, were implemented in countries with positive policy and institutional



environments, and benefited from close in-country support and supervision from IFAD or cofinanciers. The least successful projects generally shared the opposite characteristics.

110. A regrouping of the poverty impact ratings indicated that the projects performed best in respect of the first and third of IFAD's strategic objectives (strengthen capacity of the rural poor and their organization, and increase access to financial services and markets). Performance in respect of the second objective – improve equitable access to productive natural resources and technology – was more modest. A similar regrouping suggests that these projects made the greatest contribution to three MDGs: eradicate extreme poverty and hunger, promote gender equality and empower women (female adult literacy), and ensure environmental sustainability (improved access to safe drinking water).

A. Implications for IFAD

111. **Poverty targeting.** A number of the evaluations concluded that poorer groups have benefited relatively less from project activities. While this is sometimes unavoidable due to hierarchical social stratification in rural areas, IFAD needs to clarify under what circumstances it will be sufficient to impact only on absolute poverty. IFAD also needs to develop a more explicit approach at project and country level for addressing different subgroups of the rural poor, allocating resources among them, and devising more-effective strategies for reaching the poorest, where this is feasible.

112. **Monitoring and evaluation.** The observation that M&E is generally weak is not new. It is, however, of fundamental importance given IFAD's emphasis on innovative approaches targeted at women and the poor. IFAD has to improve its documentation of promising approaches and the participation of, and benefits received by, different subgroups of the poor if this emphasis is to be realized and proven. Gender-disaggregated data analysis and information are essential not only for gauging performance but also for enhancing learning in these challenging areas. Continued emphasis on improving project-level M&E is required.

113. **Sustainability.** A trade-off often exists between maximum short-term achievements and maximum sustained impact. Many of the projects evaluated erred on the side of making an immediate impact, but by doing so paid insufficient attention to, or even undermined, long-term sustainability. *Quality assurance at appraisal should apply a clear and rigorous test of sustainability.* Creating awareness and support during implementation and adjusting whenever necessary to ascertain sustainability are other crucial factors.

114. **Replicable innovation and policy influence.** Most of the evaluated projects were designed to have an impact in a specific area. Replication, scaling up and policy influence have accordingly been limited (as has the scale of impact in many cases). Most of these projects were not designed for maximum impact beyond the immediate area or group involved. Nor were other IFAD instruments combined systematically with loans to ensure replication, scaling up and the increase of IFAD's influence on pro-poor policies and institutions. As concluded by the CLE of innovation (paragraph 67), "pursuing the systematic promotion of replicable innovation ... implies that the ultimate aim of any project extends beyond 'direct impact' to achieving replicability and scaling up successful innovative approaches". If IFAD wishes to stress the promotion of replicable innovations and their scaling up, as well as its catalytic role in policy and institutions, future projects will need to be designed and implemented differently from most of those evaluated here.

B. Specific Implications for OE

115. **Evaluation quality control.** A synthesis report of this type is crucially dependent on the application of a consistent approach across evaluations. While OE's new methodological framework



has made the evaluations more consistent than before, there is a need to ensure greater consistency in the quality and coverage of evaluations. OE needs to consider how the application of the MFE can be made more consistent, and how the quality of its evaluations can be systematically assured.

116. **Measuring absolute impact and project reach.** This report has been more successful at indicating relative rather than absolute impact – in other words, whether impact is greater in one domain than another, rather than whether that impact is large or significant in absolute terms. In 2003, evaluations need to pay greater attention to more accurate estimates of the numbers of beneficiaries of different types, to the absolute magnitude of the benefits, and to efficiency and cost-benefit analysis more generally.

117. **Evaluating social organizations.** The first year of the new methodological evaluation framework has concentrated more on ascertaining whether social organizations have been established or changed, than on assessing the quality of these organizations, and to what extent they really allow communities to decide for themselves. In the future, efforts should be devoted to establishing clear criteria for judging the quality, accountability and sustainability of social organizations established or supported by the project at the local level.

C. Issues for the Executive Board

118. The following are issues that the Executive Board needs to address:

- Is the structure and content of this report informative? What changes and additions are required in subsequent ARRIs?
- This report has experimented with aggregated ratings, and with regrouping the ratings in line with IFAD's strategic objectives and with the MDGs. Is this useful and how can it be made more so?
- This report has not explicitly weighted any of the evaluation criteria when deriving aggregated ratings. This means, for example, that project performance, rural poverty impact and partner performance are assumed to be equally important. What, if any, weightings would the Board consider to be appropriate? Would the Board wish to receive a proposal from OE in this regard?



THE METHODOLOGICAL FRAMEWORK FOR PROJECT EVALUATION: THE IMPACT CRITERION

Linkages to the Strategic Framework and the Millennium Development Goals

| Main Domains of Impact | Key Questions for Impact Assessment in Rural Communities Affected by the Project (changes to which the project has contributed) | IFAD Strategic Framework Objective | Millennium Development Goal |
|---|--|------------------------------------|-----------------------------|
| I. Physical and financial assets | 1.1 Did farm households' physical assets (e.g. farmland, water, livestock, trees, equipment, etc.) change? | 2 | |
| | 1.2 Did other household assets (houses, bicycles, radios other durables, etc.) change? | | Poverty |
| | 1.3 Did infrastructure and people's access to markets (transport, roads, storage, communication facilities, etc.) change? | 3 | |
| | 1.4 Did households' financial assets (savings and debts) change? | | Poverty |
| | 1.5 Did rural people's access to financial services (credit, saving, insurances, etc.) change? | 3 | |
| | 1.6 Did the extent of security in access to assets change? | 2 | |
| | 1.7 Were there other changes in the physical and financial assets of rural people? | | |
| II. Human assets | 2.1 Did children's nutritional status change? | | Poverty |
| | 2.2 Did people's access to potable water change? | | Environment |
| | 2.4 Did access to basic health and disease prevention services change? | | Disease |
| | 2.3 Did the incidence of HIV infection change? | | Disease |
| | 2.5 Did maternal and child mortality change? | | Mortality rate |
| | 2.6 Did access to primary education change? | | Primary schooling |
| | 2.7 Did primary school enrolment for girls change? | | Primary schooling |
| | 2.8 Did women's and children's workloads change? | | |
| | 2.9 Did adult literacy rate and/or access to information and knowledge change? | 1 | |
| | 2.10 Did people's professional skills change? | 1 | |
| | 2.11 Were there other changes in human assets? | | |
| III. Social capital and people's empowerment | 3.1 Did rural people's organizations and institutions change? | 1 | |
| | 3.2 Did social cohesion and local self-help capacity of rural communities change? | 1 | |
| | 3.3 Did gender equity and/or women's conditions change? | | Gender disparity |
| | 3.4 Did rural people feel empowered vis-à-vis local and national public authorities and development partners? (Do they play a more effective role in decision-making?) | 1 | |
| | 3.5 Did rural producers feel empowered vis-à-vis the market place? Are they in better control of input supply and marketing of their products? | 1 | |
| | 3.6 Did migration out of the area change? | | |
| | 3.7 Did access to information and knowledge change? | | |
| | 3.8 Were there other changes in social capital (e.g. more equitable access to assets in general)? | | |
| IV. Food security (production, income and consumption) | 4.1 Did farming technology and practices change? | 2 | |
| | 4.2 Did agricultural production change (area, yield, production mix, etc.)? | 2 | |
| | 4.3 Did non-farm activities/employment/income opportunities change? | 3 | |
| | 4.4 Did household real income and/or consumption level and pattern change? | | Poverty |
| | 4.5 Did the frequency of food shortage change? | | Poverty |
| | 4.6 Did household food security change? | | Poverty |
| V. Environment and common resources | 5.1 Did the status of the natural resource base (land, water, forest, pasture, fish stocks, etc.) change? | | Environment |
| | 5.2 Did exposure to environmental risks change? | | Environment |
| | 5.3 Were there other changes in the environment? | | Environment |
| VI. Institutions, policies and regulatory framework | 6.1 Did rural financial institutions change? | 3 | |
| | 6.2 Did local public institutions and service provision change? | 1 | |
| | 6.3 Did national/sectoral policies affecting the rural poor change? | 1, 3 | |
| | 6.4 Did the regulatory framework affecting the rural poor change? | 1, 2, 3 | |
| | 6.5 Were there other changes in institutions and policies? | | |

**REGIONAL AND SECTORAL REPRESENTATIVENESS OF PROJECTS EVALUATED****Table 1: Regional Representativeness of Projects Evaluated**

| Region | % Distribution of IFAD Project (ongoing) end 2002 | % Distribution of Projects Evaluated |
|---------------|--|---|
| Africa I | 16.5 | 20 |
| Africa II | 19.2 | 20 |
| Asia | 29.0 | 20 |
| LAC | 18.7 | 20 |
| NENA | 16.6 | 20 |
| Total | 100 | 100 |

Africa I = Western and Central Africa

Africa II = Eastern and Southern Africa

LAC = Latin America and the Caribbean

NENA = Near East and North Africa

Table 2: Sectoral Representativeness of Projects Evaluated

| Project Type | % Distribution of All IFAD Projects 1997-2002 | % Projects Evaluated |
|------------------------------------|--|-----------------------------|
| Rural and agricultural development | 65 | 50 |
| Credit and financial services | 10 | 10 |
| Research/extension/training | 8 | 10 |
| Irrigation | 7 | 10 |
| Livestock | 3 | 20 |
| Others | 6 | 0 |
| Total | 100 | 100 |

PROJECTS SUMMARY TABLE

| REGION | Country | Project Title | Years* | Sector | Main Activities | Total Project Costs** (USD million) | IFAD Loan (USD million) |
|---------------|------------------------------|---|---------------|-------------------------------------|--|--|------------------------------------|
| AFRICA I | Chad | Ouadis of Kanem Agricultural Development Project | 1994-2001 | Research/ Extension/ Training | Development of agricultural production, environmental protection and income-generating activities | 7.6 | 5.8 |
| AFRICA I | Mauritania | Oasis Development Project – Phase II | 1995-2003 | Agricultural Development | Protection of the production potential of the oasis through sand dune fixation and water resources development | 17.2 | 7.8 |
| AFRICA II | Namibia | Northern Regions Livestock Development Project | 1994-2003 | Livestock | Development of a sustainable range management system and support to livestock production. | 15.1 | 6 |
| AFRICA II | Tanzania, United Republic of | Agricultural and Environmental Management Project | 1997-2003 | Agricultural Development | Support to agricultural production, rural infrastructure (including health) and management of natural resources | 20 | 14.8 |
| ASIA | Bangladesh | Netrakona Integrated Agricultural Production and Water Management Project | 1994-2000 | Agricultural Development | Rehabilitation and management of flood control and drainage infrastructure | 13.7 | 8.9 |
| ASIA | Philippines | Rural Micro-Enterprise Finance Project | 1996-2002 | Credit and Financial Services | Provision of credit to self-help groups for microenterprise development through the Grameen Bank approach | 64.8 | 14.7 |
| NENA | Morocco | Livestock and Pasture Development Project in the Eastern Region | 1991-2001 | Livestock | Sustainable management of rangeland and environmental protection | 45.2 | 14 |
| NENA | Yemen | Tihama Environment Protection Project | 1995-2002 | Agricultural Development | Control of sand dune encroachment and improvement of water use efficiency | 11.7 | 9.8 |
| LAC | Haiti | Small-scale Irrigation Schemes Rehabilitation Project | 1996-2003 | Irrigation | Rehabilitation of small scale irrigation infrastructure | 22.3 | 10.6 |
| LAC | Peru | Management of Natural Resources in the Southern Highlands Project | 1997-2003 | Agricultural Development | Provision of seed capital for the recruitment of local technical assistance services and for the rehabilitation and construction of irrigation canals and terraces | 19.1 | 12.3 |

TOTAL COST 236.7 105

* From date of effectiveness to completion date.

** These figures may differ from those that appear on the President's Report as they have been modified in the course of subsequent years.



ANNEX IV

AN ESTIMATE OF RELATIVE PROJECT EFFICIENCY¹

| Project | Expected Project Cost (USD million)* (1) | Expected Number of Project Beneficiaries ('000 people) (2) | Expected Cost per Person (USD) (3) | Actual Project Cost (USD million) (4) | Actual Number of Project Beneficiaries ('000 people) (5) | Actual Cost per Person (USD) (6) | Actual vs Expected Cost per Person (7) [6/3] |
|------------------------------|--|--|------------------------------------|---------------------------------------|--|----------------------------------|--|
| Chad | 7.6 | 36 | 211 | 7.9 ² | 18 | 439 | 2.1 |
| Mauritania | 17.2 | 51 | 337 | 16.1 | 102 | 158 | 0.47 |
| Namibia | 15.1 | 56 | 270 | 15.5 | 23 | 674 | 2.5 |
| Tanzania, United Republic of | 20.0 | 935 | 21 | 24.1 ³ | 1 000 | 24 | 1.14 |
| Bangladesh ⁴ | 13.7 (3.2) | (400) | (8) | 13.7 (3.2) | (574) | (5.6) ⁵ | (0.7) |
| Philippines | 64.8 | 2 100 | 31 | 65.0 | 3 100 | 21 | 0.68 |
| Morocco | 45.2 | 70 | 645 | 43 | 60 | 717 | 1.1 |
| Yemen | 11.7 | 49 | 239 | 12 | 25 | 480 | 2 |
| Haiti | 22.3 | 26 | 858 | 15.1 | 18 | 839 | 0.97 |
| Peru | 19.1 | 370 | 52 | 15.1 | 350 | 43 | 0.83 |
| Total | 236.7 (226.2) | 4 093 | 55.26 | 227.5 | 5 270 | 43.2 | |

*Include price contingencies.

¹Tentative measure of efficiency. Column (7) Cost per beneficiary at completion/Cost per beneficiary at design. Suggested range for rating: less than 0.75 = high (4); from 0.75- to 1 = substantial (3); more than 1 and up to 1.5 = modest (2); more than 1.5 = negligible (1).

² Excluding the self-contained health component, which was added on later with external funding and is very roughly estimated to have reached 180 000 people. The difference between the actual project cost and the expected cost is due to a USD 300 000 Special Operations Facility granted to the project by IFAD.

³ An additional OPEC loan for major roads of USD 4.1 million was given to the project.

⁴ The calculations for Bangladesh were made considering only two components (agricultural development support and pilot credit delivery system) due to unavailability of data for the other components (these are put in brackets).

⁵ The calculation of cost for this project refers only to the agricultural development support component and the pilot credit scheme component due to the unavailability of data on actual number of beneficiaries for the other components. The costs (expected and actual) have also been adjusted accordingly.

POVERTY TARGETING IN THE SAMPLE OF PROJECTS EVALUATED

| Country and Project | Project Coverage | Size and Composition of Primary Target Group | Income of Primary Target Group (per capita per annum) | Gender Focus |
|---|---|---|---|--|
| Bangladesh – Netrakona Integrated Agricultural Production and Water Management Project | Netrakona district – widespread poverty and vulnerable to flooding. | 250 000 households, 70% of rural poor are small and marginal farmers (own 0.4-1.2 ha), landless and near-landless. | USD 100 (average) or 55% of national average of USD 190. Poorest: USD 50-60. | Woman-headed households form a large portion of the landless and near-landless. |
| Chad – Ouadis of Kanem Agricultural Development Project | 90 villages in the Kanem Prefecture struck by desertification. | 5 100 households, farmers with no access to wadi land or with land on its fringes, and nomadic agropastoralists. | USD 125, 58% of national per capita income (1992). | Some 3 000 women would will find their water duties lightened. |
| Haiti – Small-Scale Irrigation Schemes Rehabilitation Project | Four agricultural districts dominated by small farmers. | 3 700 households, farmers with holdings smaller than 1.5 ha. | Less than USD 200 (poverty line). | Special attention to woman-headed households |
| Mauritania – Oasis Development Project Phase II | 120 oasis in five regions prone to dune encroachment and depletion of groundwater resources. | 9 475 households. | USD 208 – 40% of per capita GNP of USD 530 (1992). | No specific focus |
| Morocco – Livestock and Pasture Development Project in the Eastern Region | One of the poorest and most important pastoral regions in eastern Morocco (62% of rural population). | 10 700 households, subsistence pastoralists. | USD 80 (less than half the absolute poverty line of USD 180). | Specific extension activities targeted to 2 000 women |
| Namibia – Northern Regions Livestock Development Project | All regions north of the veterinary cordon fence, where 95% of rural people live in poverty. | About 830 000 households. Poorest groups: woman-headed households/ recently married couples/displaced persons cultivating less than 2 ha. Also, better-off farmers but food insecure. | USD 85. | Woman-headed households represent about half of the subsistence farmers. |
| Peru – Management of Natural Resources in the Southern Highlands | 13 provinces in three of the poorest departments with highest levels of natural resource degradation. | 52 800 households. | Poverty level is equal to 2.6, well above national average of 2 (range:2-2.7) Level is equal to 2.6, well above national average of 2 (range: 2-2.7) | 26 400 women have also been included in target group. |
| Philippines – Rural Micro-Enterprise Finance Project | 19 provinces with highest concentration of poverty. | 300 000 households, 10% of ultra-poor households in the country. Almost no access to land. | Lowest 30% of rural population by income (ultra poor). Lowest 10% are below the poverty line of USD 161. | 90% of ultra-poor borrowers women. |
| Tanzania, United Republic of – Agricultural and Environmental Management Project | Kagera district: 290 000 households, of which 244 000 depend on subsistence agriculture. | 171 000-190 000 households: 40-50% own less than 1 ha (poor) and 30-40% own less than 0.5 ha (very poor). | 30-40% of target group are below the national poverty line of USD 237. | Woman- headed households are among the poorest. |
| Yemen – Tihama Environment Protection Project | 44 settlements in the Tihama, severely struck by dune encroachment and excessive groundwater abstraction. | 7 000 households. | USD 95 and USD 83 respectively for large-farm and small-farm sharecroppers. Lowest income: USD 36. | About 6 200 women covered by support to rural women component; 900 directly targeted by health and nutrition extension programmes, and 1 000 girls by literacy programmes. |

RURAL POVERTY IMPACTS: DETAILS OF IMPACT DOMAINS

The graphs below summarize the detailed impacts observed in each of the six impact domains. It should be noted that a modest or negligible impact does not necessarily indicate disappointing performance relative to expectations. This is measured by effectiveness (see paragraph 27). Modest or negligible impact can in some cases reflect the fact that the particular impact area was not a focus of the project. Note that the definition of impact encompasses both intended and non-intended impact. Each coloured square represents a single project case.

Figure 1: Physical and Financial Assets – Impact by Sub-Domain

| | HIGH | SUBSTANTIAL | MODEST | NEGLIGIBLE | n |
|----------------------------|------|-------------|--------|------------|----|
| Physical assets | ■ | ■ | ■ | | 10 |
| Household assets | ■ | ■ | | ■ | 5 |
| Infrastructure and markets | | ■ | ■ | | 7 |
| Financial assets | ■ | ■ | ■ | | 5 |
| Financial services | ■ | ■ | ■ | ■ | 7 |
| Security of access | | ■ | ■ | ■ | 5 |
| Other changes | ■ | ■ | ■ | | 3 |

Figure 2: Human Assets – Impact by Sub-Domain

| | HIGH | SUBSTANTIAL | MODEST | NEGLIGIBLE | n |
|----------------------------------|------|-------------|--------|------------|---|
| Child nutrition | ■ | ■ | ■ | | 5 |
| Potable water | | ■ | ■ | | 4 |
| Health services | | | ■ | | 4 |
| HIV infection | | | | | 0 |
| Maternal mortality | | ■ | | ■ | 2 |
| Primary education | | ■ | ■ | ■ | 5 |
| Girls' school enrolment | ■ | ■ | ■ | ■ | 4 |
| Women's and children's workloads | ■ | ■ | ■ | | 5 |
| Adult literacy/knowledge | ■ | ■ | ■ | | 8 |
| Professional skills | ■ | ■ | ■ | | 7 |
| Other changes | ■ | ■ | ■ | | 3 |

ANNEX VI

Figure 3: Social Capital and Empowerment – Impacts by Sub-Domain

| | HIGH | SUBSTANTIAL | MODEST | NEGLIGIBLE | n |
|-------------------------------------|------|-------------|--------|------------|---|
| Organizations and institutions | █ | █ | █ | | 7 |
| Cohesion and self-help | █ | █ | █ | | 5 |
| Gender equity | █ | █ | █ | █ | 7 |
| Rural people empowered | | █ | █ | | 5 |
| Producers empowered | | █ | █ | | 3 |
| Outmigration | | █ | | | 2 |
| Access to information and knowledge | █ | █ | █ | | 4 |
| Other changes | █ | █ | | | 3 |

Figure 4: Food Security – Impacts by Sub-Domain

| | HIGH | SUBSTANTIAL | MODEST | NEGLIGIBLE | n |
|-----------------------------|------|-------------|--------|------------|---|
| Technology and practices | █ | █ | █ | █ | 8 |
| Agricultural production | █ | █ | █ | █ | 8 |
| Non-farm activities | █ | █ | █ | | 6 |
| Income and consumption | █ | █ | █ | | 7 |
| Frequency of food shortages | █ | █ | █ | | 5 |
| Household food security | █ | | █ | | 4 |

Figure 5: Environment and Common Resources – Impacts by Sub-Domain

| | HIGH | SUBSTANTIAL | MODEST | NEGLIGIBLE | n |
|-----------------------|------|-------------|--------|------------|---|
| Natural resource base | | █ | █ | | 7 |
| Environmental risk | | █ | █ | | 7 |
| Other changes | | █ | █ | █ | 5 |

Figure 6: Institutions, Policies and Regulatory Framework – Impacts by Sub-Domain

| | HIGH | SUBSTANTIAL | MODEST | NEGLIGIBLE | n |
|------------------------------|------|-------------|--------|------------|---|
| Rural financial institutions | █ | █ | | | 3 |
| Public institutions | | █ | █ | █ | 6 |
| National/sectoral policies | | █ | █ | | 2 |
| Regulatory framework | | | █ | | 1 |
| Other changes | █ | | | █ | 2 |

**EVALUATION RATING METHODOLOGY**

1. Nine of the ten project evaluations undertaken in 2002 included a detailed framework of ratings for each of the questions listed in Annex I, based on the combined judgement of partners, the rural poor consulted and the evaluators. Where possible, this ‘triangulation of perceptions’ was informed by empirical data. The evaluation of the Moroccan project pre-dated the introduction of the new methodology and so lacks a rating framework.

2. A four-point rating scale was applied to each evaluation question or criteria, as follows:

| | |
|-------------|---|
| High | 4 |
| Substantial | 3 |
| Modest | 2 |
| Negligible | 1 |

3. **Sustainability** is scored similarly but using ‘highly likely’, ‘likely’, ‘unlikely’ and ‘highly unlikely’. Each scale has four symmetrical steps(i.e. two positive and two negative ratings) so as to avoid ‘fence-sitting’.

4. Where the evaluation team had given no ratings, or where ratings were clearly inconsistent, ratings were deduced on the basis of the evaluation text and checked with the OE evaluation manager.

5. The framework for 2002 did not ask for a specific rating for **impact**, or for overall ratings for each impact domain or evaluation criteria. These therefore needed to be derived from the ratings and/or evaluation text. Impact is best defined as attributable change. Impact ratings were therefore derived by combining the ratings for the ‘extent of change’ and the ‘assessment of project contribution’. Where mid-point ratings resulted (e.g. 2.5), these were rounded up.

6. Ratings for **efficiency** were derived by comparing the actual (achieved) cost per beneficiary for each project with the expected cost per beneficiary for the same project at design. For the rating of efficiency, the following range was used: less than 0.75 = high (4); from 0.75- to 1 = substantial (3); more than 1 and up to 1.5 = modest (2); more than 1.5 = negligible (1).

7. **Aggregated ratings** for impact domains (e.g. human assets), evaluation criteria (e.g. project performance) and overall project achievement were derived by the frequency of ratings. The table below gives an example of how this was done. In Project A, the majority rating is 3, so the aggregate rating is 3. In Project B, it is 2. Where ratings were equally frequent, as in the case of Project C, the higher (i.e. more favourable) rating was used.

| | Project A | Project B | Project C |
|-------------------------|------------------|------------------|------------------|
| Criteria 1 | 4 | 3 | 3 |
| Criteria 2 | 3 | 2 | 3 |
| Criteria 3 | 3 | 2 | 2 |
| Criteria 4 | 3 | 1 | 2 |
| AGGREGATE RATING | 3 | 2 | 3 |



ANNEX VII

8. A progressive approach was used to derive the aggregate ratings at each level. For example, an aggregate rating for physical and financial assets was first derived for each project on the basis of the sub-domain ratings (see Annex VI, Figure 1). On this basis, two projects were rated as having had a high impact (rated 4), four as substantial (rated 3), and four as modest (rated 2). Aggregate ratings for rural poverty impact were then derived for each project based on the ratings for each impact domain and overarching factor. Finally, aggregate project achievement ratings were derived for each project based on the ratings in each of the three evaluation categories: project performance, rural poverty impact and partner performance.

9. It is important to emphasize that the aggregate ratings are *not* the mathematical average of the percentage of projects in each sub-category. For example, in project performance (figure in page 9), the percentage of projects rated as high overall is not the average of 40% for relevance, 0% for effectiveness and 30% for efficiency (i.e. 23%). An overall rating is first derived for each project by combining the rating for relevance, effectiveness and efficiency as explained in paragraph 7 above. In this case, only one project (10%) warranted an overall rating of high for project performance based on its ratings for relevance, effectiveness and efficiency. This explains why, for example, three projects (30%) may be rated as 'negligible' for efficiency, but no projects are rated as 'negligible' for project performance overall. The 'negligible' rating for efficiency was counteracted by more positive ratings for relevance and effectiveness in these three projects.

10. No weightings were applied for most of the aggregations. This implies that all the impact domains and evaluation criteria are similarly important. However, within rural poverty impact, priority was given to the domain accounting for the largest percentage of expenditure. This gives a higher weight to the main intended impact of the project.



ANNEX VIII

IMPACT DOMAINS EXPRESSED IN TERMS OF IFAD STRATEGIC OBJECTIVES 2002-06

| IFAD Strategic Objectives | Questions Pertaining to the Impact Domains (see Annex I) |
|--|---|
| 1. Strengthen the capacity of the rural poor and their organizations | 2.9 Did adult literacy rate and/or access to information and knowledge change? 2.10 Did people's professional skills change? 3.1 Did rural people's organizations and institutions change? 3.2 Did social cohesion and local self-help capacity of rural communities change? 3.4 Did rural people feel empowered vis-à-vis local and national public authorities and development partners? (Do they play more effective roles in decision-making?) 3.5 Did rural producers feel empowered vis-à-vis the marketplace? Are they in better control of inputs supply and marketing of their products? 6.2 Did local public institutions and service provision change? 6.3 Did national/sectoral policies affecting the rural poor change? 6.4 Did the regulatory framework affecting the rural poor change? |
| 2. Improve equitable access to productive natural resources and technology | 1.1 Did farm households' physical assets (i.e. farmland, water, livestock, trees, equipment, etc.) change? 1.6 Did the extent of security in access to productive assets change? 4.1 Did farming technology and practices change? 4.2 Did agricultural production (area, yield, production mix, etc.) change? 6.3 Did national/sectoral policies affecting the rural poor (for access to productive natural resources and technology) change? 6.4 Did the regulatory framework affecting the rural poor (for access to productive natural resources and technology) change? |
| 3. Increase access to financial services and markets | 1.3 Did infrastructure and people's access to markets (transport, roads, storage, communication facilities, etc.) change? 1.5 Did rural people's access to financial services (credit, saving, insurances, etc.) change? 6.1 Did rural financial institutions change? 4.3 Did non-farm activities/employment/income opportunities change? 6.3 Did national/sectoral policies affecting the rural poor (for access to markets and financial services) change? 6.4 Did the regulatory framework affecting the rural poor (for access to markets and financial services) change? |

IMPACT DOMAINS EXPRESSED IN TERMS OF THE MDGS

| MDGS | Questions Pertaining to the Impact Domain (see Annex I) |
|---|---|
| 1. Reduce by half the proportion of people living on less than a dollar a day and the proportion of people who suffer from hunger; | 4.4 Did household's real income and/or consumption levels and patterns change? 2.1 Did children's nutritional status change? 4.5 Did the frequency of food shortages change? 4.6 Did household food security change? 1.2 Did household durable goods (houses, bicycles, radios, other durables, etc.) change? 1.4 Did household's financial assets (savings and debts) change? |
| 2. Ensure that all boys and girls complete a full course of primary schooling; | 2.6 Did access to primary education change? 2.7 Did primary school enrolment for girls change? |
| 3. Eliminate gender disparity in primary and secondary education; | 3.3 Did gender equity and/or womens' conditions change? |
| 4. Reduce by two thirds the mortality rate among children under five and by three quarters the maternal mortality ratio; | 2.5 Did the maternal and child mortality ratio change? |
| 5. Halt and begin to reverse the spread of HIV/AIDS and the incidence of malaria and other major diseases; and | 2.4 Did access to basic health and disease prevention services change? 2.3 Did the incidence of HIV/AIDS infection, malaria and other major diseases change? |
| 6. Reverse loss of environmental resources and reduce by half the proportion of people without sustainable access to safe drinking water. | 5.1 Did the status of the natural resource base (land, water, forest, pasture, fish stocks) change? 5.2 Did exposure to environmental risks change? 2.2 Did people's access to safe drinking water change? |

