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**PRESIDENT’S REPORT ON THE IMPLEMENTATION STATUS OF EVALUATION  
RECOMMENDATIONS AND MANAGEMENT ACTIONS (PRISMA)**

**VOLUME I**  
**MAIN REPORT**

**For: Review**

## **Note to Executive Board Directors**

This document is submitted for review by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session.

### **Shyam Khadka**

Senior Portfolio Manager  
tel.: +39-06-5459-2388  
e-mail: s.khadka@ifad.org

Queries with respect to the response of the Office of Evaluation to the report should be addressed to:

### **Caroline Heider**

Deputy Director, Office of Evaluation  
tel.: +39-06-5459-2052  
e-mail: c.heider@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

### **Deirdre McGrenra**

Governing Bodies Officer  
tel.: +39-06-5459-2374  
e-mail: d.mcgrenra@ifad.org

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**ABBREVIATIONS AND ACRONYMS**

ACP	agreement at completion point
ARRI	Annual Report on Results and Impact of IFAD Operations
CE	completion evaluation
COSOP	country strategic opportunities paper
CPE	country programme evaluation
IE	interim evaluation
M&E	monitoring and evaluation
MFI	microfinance institution
OE	Office of Evaluation
PMD	Programme Management Department (IFAD)
PRISMA	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions
RIMS	results and impact management system
TE	thematic evaluation

**EXECUTIVE SUMMARY**

1. This President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) contains the follow-up actions taken in response to the recommendations agreed upon at the completion point of 13 evaluations undertaken during 2004. This year's report has a new section that reports on the implementation status of recommendations by type of evaluation. It has refined further the categorization scheme for the recommendations.
2. This year's PRISMA report confirms the centrality of poor people's organizations in IFAD's operations. Targeting these organizations is a critical task, and therefore relevant recommendations have been implemented by adopting measures such as shifting geographical focus of operation, testing innovative intervention instruments, or eliminating cultural and linguistic barriers. Evaluation reports have also flagged the need for IFAD to enhance its impact on national or sectoral institutions, policies and regulations.
3. The report shows that rural finance, training and capacity-building, and monitoring and evaluation (M&E) are among the most recurrent themes of recommendations. Consequently, IFAD has undertaken several initiatives aimed at improving the impact of rural finance operations as well as their outreach and sustainability. Recommendations regarding capacity-building, centre on strengthening the human capital of the beneficiaries, agricultural extension service units, microfinance institutions, and national and local governments. With respect to M&E, evaluation recommendations focus on the importance of identifying information needs, data-gathering methodologies and reporting formats and indicators. IFAD is currently involved in strengthening M&E processes, including the more extensive application of participatory methodologies.
4. This year's PRISMA report confirms that most IFAD projects have significant innovative elements. The challenge now is for the Fund to play a proactive role in facilitating the communication of these innovative approaches and experiences so that they can be replicated and scaled up. Sustainability is another high priority area; however, evaluation recommendations are rather limited in this regard.
5. Overall, 87% of recommendations made in the interim evaluations have been fully implemented. Of the remainder, some were found to be not applicable as a result of the change of focus in the follow-up phase, while others are in the process of being implemented. This report also shows that almost all recommendations dealing with implementation advice have been fully implemented. Most of these recommendations are found in interim evaluations and were therefore of an operational nature, precise, and immediately relevant. Similarly, all recommendations dealing with partnership-building and policy dialogue have received full follow-up.
6. Most of the recommendations not yet implemented concern rural finance and innovation and replication. Regarding rural finance, the result is skewed by a single evaluation. For innovation and replication, partial compliance reflects the need for a broader process of knowledge sharing at country or institutional level. For this reason, the follow-up could not give a more precise response. Some recommendations dealing with market development and human resources management were no longer applicable, mainly as a result of design change in subsequent projects.
7. This report also indicates the need for greater focus on identifying strategic recommendations that can be extended and applied beyond individual projects. Additional effort could also be devoted to reducing the number of recommendations and prioritizing them. Finally, future evaluations would contribute more towards the longer term sustainability of project impact if they paid greater attention to recommending exit and handover strategies.

## **PRESIDENT'S REPORT ON THE IMPLEMENTATION STATUS OF EVALUATION RECOMMENDATIONS AND MANAGEMENT ACTIONS (PRISMA)**

### **I. INTRODUCTION**

1. This President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) provides the Executive Board with information on follow-up actions taken in response to the recommendations made by the Office of Evaluation (OE) and agreed at the completion point following each evaluation. The PRISMA report thus provides a basis on which to measure IFAD's accountability, and demonstrates the organization's commitment to learning and improvement through self-assessment. The PRISMA report also gives management the opportunity to provide feedback to OE on the evaluation processes and recommendations.

2. This report is the third in a series, following the adoption of IFAD's Evaluation Policy (EB 2003/78/R.17/Rev.1). In line with the policy, it details the recommendations made in the agreement at completion point (ACP) for evaluations undertaken in 2004.<sup>1</sup>

3. This year's PRISMA report has adopted the reporting structure developed last year (EB 2005/85/R.10) and improved it by adding a section on the status of the follow-up actions taken. It is divided into two volumes: the first volume provides a synthetic review of the ACP recommendations and of the ways in which the recommendations were implemented; and the second volume (EB 2006/88/R.9/Add.1) lists the ACP recommendations for each evaluation in detail, and follow-up action taken by the Programme Management Department (PMD) in response to these recommendations.

### **II. METHODOLOGY**

4. The ACP is reached through a participatory process that brings all the relevant stakeholders together to agree on a set of recommendations to be implemented. The process also allows for regular monitoring and follow-up of progress made in response to the recommendations. Within IFAD, under the revised portfolio review process, regional divisions are required to monitor and review the status of implementation of the recommendations and report to the PMD.

5. This report has been prepared by PMD in close collaboration with OE, and in line with the harmonization agreement signed by both groups. PMD reviewed the recommendations and divided them into three classifications. First, by the entity or level to which each recommendation was directed, so that units responsible for follow-up can be clearly identified. In total, six entities or levels were identified: (i) project; (ii) IFAD-country level; (iii) IFAD-regional level; (iv) IFAD-corporate level; (v) cooperating institution; and (vi) country governmental authorities.<sup>2</sup> Second, the recommendations were classified by nature of issue: (i) operational, if a recommendation proposed a specific action or response; (ii) strategy, if it suggested an approach or course of actions; and (iii) policy, if it related to the principles guiding the future direction of the Fund. Finally, the recommendations were also classified according to the main theme they related to, such as targeting or gender.<sup>3</sup> However, some recommendations fall into more than one category and their classification could be considered somewhat arbitrary.

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<sup>1</sup> This policy stipulates that the President will submit to the Executive Board an annual report on the status of the adoption and implementation of evaluation recommendations agreed at completion point.

<sup>2</sup> Three additional levels have been introduced since the 2005 PRISMA: IFAD-regional level, cooperating institution and country governmental authorities.

<sup>3</sup> Some additional themes were introduced for this report compared with the 2005 PRISMA in order to take into account the increasing importance of certain themes in IFAD's operations. These include market development, human resources management and enterprise development.

6. A significant number of operational recommendations are in the form of very specific implementation advice and these have not been reviewed in this report because they refer to topics that are relevant only to particular individual projects; it is therefore difficult to generalize and draw lessons from them.

7. Following the classifications of the recommendations, the regional divisions were requested to indicate the follow-up actions that they had taken in response to recommendations. In some cases, this involved simply updating monitoring reports that had been submitted as part of the divisional portfolio review reports. After this, a synthesis report was prepared, which was then shared with OE for their comments.

8. Because the implementation of some recommendations does not depend exclusively on IFAD, detailed assessments of follow-up actions could not always be provided. Also, in some cases, the recommendations that had been made were no longer relevant, mainly as a result of changes in the context. These recommendations were separately identified and analysed.

### III. EVALUATION COVERAGE AND CONTENTS

9. The 2006 PRISMA report is based on thirteen evaluations (see box below) undertaken in 2004: eight interim evaluations (IEs), one completion evaluation (CE), two country programme evaluations (CPEs) and two thematic evaluations (TEs). It is based on a smaller sample of evaluations than the 2005 PRISMA report.<sup>4</sup> Two of the eight IEs were conducted in the same country – Viet Nam. In terms of regional divisions, four evaluations were undertaken for Asia and the Pacific, three for Near East and North Africa, and two each for Western and Central Africa, Eastern and Southern Africa, and Latin America and the Caribbean (table 1).

TABLE 1: REGIONAL DISTRIBUTION OF 2004 EVALUATIONS

Regional Division	IE	CE	CPE	TE	Total
Western and Central Africa (PA)	2				2
Eastern and Southern Africa (PF)	1			1	2
Asia and the Pacific (PI)	3			1	4
Latin America and the Caribbean (PL)		1	1		2
Near East and North Africa (PN)	2		1		3
<b>Total</b>	<b>8</b>	<b>1</b>	<b>2</b>	<b>2</b>	
<b>Percentage of total</b>	<b>62</b>	<b>8</b>	<b>15</b>	<b>15</b>	<b>100</b>

10. Of the total recommendations, approximately 60% are applicable to specific project contexts (table 2). This is because IEs, by far the most common evaluation type, tend to generate project-based recommendations. No project-based recommendations were made in TEs; most TE recommendations applied to IFAD operations at the country, regional or corporate level. Interestingly, approximately one third of TE recommendations refer to local government and authorities.

TABLE 2: ACP RECOMMENDATIONS BY LEVEL AND EVALUATION TYPE

Level	Evaluation Type				Total	Total (%)
	CE	CPE	IE	TE		
Project	38	14	176		228	61
IFAD-country level	9	18	34	29	90	24
IFAD-regional level			1	5	6	2
IFAD-corporate level	2	7	3	12	24	6
Cooperating institution			1		1	0
Country governmental authorities	1	1	3	23	28	7
<b>Total</b>	<b>50</b>	<b>40</b>	<b>218</b>	<b>69</b>	<b>377</b>	<b>100</b>

<sup>4</sup> The 2005 PRISMA covered 17 evaluations undertaken in 2003.



### 2004 Evaluations: Number and Type

In 2004, OE undertook 13 evaluations of projects, country programmes and themes.

**Project evaluations** fall into two categories, depending upon the stage of the project cycle:

(i) Interim evaluations (which are mandatory before starting a further project phase or launching a similar project in the same region) and are used to assess the justification for a further phase in a given country and to improve the design and implementation of subsequent interventions. There were eight interim evaluations in 2004.

- Ethiopia – Special Country Programme – Phase II (US\$22.6 million)
- Gambia – Rural Finance and Community Initiatives Project (US\$9.2 million)
- Jordan – Agricultural Resource Management Project – Phase II (US\$12.8 million)
- Lao People’s Democratic Republic – Northern Sayabouri Rural Development Project (US\$7.3 million)
- Senegal – Rural Micro-Enterprises Project (US\$7.3 million)
- Tunisia – Integrated Agricultural Development Project in the Governorate of Siliana (US\$11.3 million)
- Viet Nam – Agricultural Resources Conservation and Development Project in Quang Binh Province (US\$14.4 million)
- Viet Nam – Ha Giang Development Project for Ethnic Minorities (US\$12.5 million)

(ii) Completion evaluations are normally conducted after the finalization of the project completion report prepared by the borrower, in collaboration with the cooperating institution, after the project has ended. In 2004, one completion evaluation was undertaken:

- Paraguay – Peasant Development Fund Credit Project – Eastern Region of Paraguay (US\$10.0 million)

**Country programme evaluations** provide an assessment of the performance and impact of IFAD-supported activities in a given country and thus provide building blocks for reviewing and formulating country strategic opportunities papers. Two such evaluations were undertaken in 2004:

- Bolivia
- Egypt

**Thematic evaluations** focus on specific themes in which IFAD has a significant engagement. In 2004, two such evaluations were undertaken:

- IFAD’s Performance and Impact in Decentralizing Environments: Experiences from Ethiopia, Uganda and the United Republic of Tanzania
- Organic Agriculture and Poverty Reduction in Asia: China and India Focus

11. Overall, most of the 2004 evaluation recommendations are of an operational nature (table 3). However, there has been a drop in operational recommendations compared with the 2005 PRISMA report from 77% to 68%, with a consequent increase in the number of strategy-related recommendations (31% in the 2006 PRISMA report compared with 21% in the 2005 PRISMA report). As was the case in the 2005 PRISMA report, recommendations related to policy are marginal. In the 2006 PRISMA report policy recommendations amount to just 2% of the total.

12. The 2004 evaluations provided an average of 29 recommendations per evaluation, a 77% increase from the average of 16 recommendations in the 2003 evaluations. In 2004, the range was also extremely wide, with a minimum of eight recommendations for Senegal, and a maximum of 50 for Paraguay.

TABLE 3: ACP RECOMMENDATIONS BY EVALUATION TYPE AND NATURE

Evaluation Type	Nature			Total	Total (%)
	Operational	Strategy	Policy		
CE	44	5	1	50	13
CPE	11	29		40	11
IE	177	39	2	218	58
TE	26	43		69	18
<b>Total</b>	<b>258</b>	<b>116</b>	<b>3</b>	<b>377</b>	<b>100</b>

13. Most operational recommendations continue to be relevant at the project level. In contrast, a significant portion of the strategy recommendations are relevant at country level (table 4).

TABLE 4: ACP RECOMMENDATIONS BY LEVEL AND NATURE

Level	Nature			Total
	Operational	Strategy	Policy	
Project	213	15		228
IFAD-country level	15	74	1	90
IFAD-regional level	1	5		6
IFAD-corporate level	7	17		24
Cooperating institution	1			1
Country governmental authorities	21	5	2	28
<b>Total</b>	<b>258</b>	<b>116</b>	<b>3</b>	<b>377</b>
<b>Percentage of total</b>	<b>68</b>	<b>31</b>	<b>1</b>	<b>100</b>

#### IV. THEMATIC REVIEW OF EVALUATION RECOMMENDATIONS AND FOLLOW-UP ACTIONS

14. This section classifies the ACP recommendations by theme into four groups: (i) targeting, gender and rural poor people's organizations; (ii) substantive technical areas, such as natural resource management, market development, enterprise development, rural finance, training and capacity-building, and partnership-building and policy dialogue; (iii) project management, such as decentralization, project design and management, human resources management, monitoring and evaluation (M&E), and project supervision; and (iv) cross-cutting themes, such as exit and handover strategy, and innovation, replication and knowledge management.

15. Among the recommendations made for substantive technical areas, rural finance, training and capacity-building, and M&E are the most recurrent themes. The high number of recommendations related to rural finance (a total of 33) is partly because the majority of projects evaluated had a financial services component. The number of recommendations related to training and capacity-building (41 in total), on the other hand, is a result of the importance IFAD attributes to strengthening the capacity of project stakeholders and beneficiaries. Similarly, M&E is a priority for IFAD, with increasing emphasis on achieving results and the consequent need to monitor them.

16. Approximately 20% of the strategy recommendations deal with the role of IFAD in partnership-building and policy dialogue with government authorities and other donors. Project design and management is the second most recurrent theme in the strategic recommendations (5%).

17. As can be seen from table 5, some 15% of operational recommendations are in the form of specific implementation advice that have not been reviewed in this report.

TABLE 5: ACP RECOMMENDATIONS BY THEME AND NATURE

Theme		Nature			Total	Total (%)
		Operational	Strategy	Policy		
Targeting, gender and rural poor people's organizations	Targeting	11	8		19	5
	Gender	7	4		11	3
	Beneficiary participation	5	1		6	2
	Rural poor people's organizations	15	9		24	6
Substantive technical areas	Natural resource management	10	1		11	3
	Market development	7	1		8	2
	Enterprise development	5	2		7	2
	Rural finance	30	3		33	9
	Training and capacity-building	33	8		41	11
	Partnership-building and policy dialogue	5	20	1	26	7
Project management	Decentralization	4	5		9	2
	Project design and management	6	11		17	5
	Human resources management	10			10	3
	Information, communication and M&E	26	5		31	8
	Supervision	9			9	2
Cross-cutting themes	Innovation, replication and knowledge management	7	4		11	3
	Exit and handover strategy	2	1		3	1
Others	Implementation advice	44	13		57	15
	Strategy	22	20	2	44	12
<b>Total</b>		<b>258</b>	<b>116</b>	<b>3</b>	<b>377</b>	<b>100</b>

### A. Targeting, Gender and Rural Poor People's Organizations

#### Targeting

18. The 2004 evaluations made 19 recommendations regarding targeting; 11 operational and 8 strategic.

19. In Egypt and the Lao People's Democratic Republic, the targeting recommendations were strategic. For Egypt, the ACP advocated a shift in the geographical focus of IFAD activities from Lower to Upper Egypt. This approach has been fully adopted by IFAD's new strategy for the country. For the Lao People's Democratic Republic, the evaluation recommended that the *Lao Loum* (lowland), *Lao Theung* (midland) and *Lao Soung* (highland) categorization should be abandoned and replaced with a targeting strategy based on a more detailed analysis of the target group, irrespective of their geographical location. The new Lao People's Democratic Republic country strategic opportunities paper (COSOP) and the Rural Livelihoods Improvement Programme in Attapeu and Sayabouri, approved in April 2005, have accordingly adopted a new targeting criterion, based on the Government's National Strategy for Growth and Poverty Eradication.

20. At the operational level, most evaluations emphasized the need for a better targeting focus and this has been built into subsequent operations or new designs. In the Agricultural Resources Conservation and Development Project in Quang Binh Province, Viet Nam, for example, the second phase project implements activities in a smaller number of communes, principally those located in disadvantaged coastal regions and in the remoter hilly regions of the interior. Similarly, the new Promotion of Rural Entrepreneurship Project in Senegal will concentrate interventions on areas with

strong development potential that are to be identified at the beginning of the project (Senegal, N° 4).<sup>5</sup> In addition, targeting issues have been addressed by defining a range of options through which different categories of enterprises will be promoted under the project. In this way, the project ensures that the poorest groups are included in interventions (Senegal, N° 3).

21. Targeting recommendations also focused on measures to overcome the barriers that exclude vulnerable groups from benefiting from project activities. Together with the location-related barriers observed in many projects, language and cultural barriers have also been identified as important, and these have been explicitly addressed in Bolivia. Given the socio-economic diversity that exists in Bolivia, the evaluation recognized the need for an approach that addresses the circumstances and constraints of each community, and facilitates access to project services by weaker members. This also meant guaranteeing services in the languages of those excluded and providing different support modalities with different timing for each target group (Bolivia, N° 5). As a result of the implementation of this recommendation, almost 50% of the project's training and technical assistance is delivered in the Aymara and Quechua languages. At the same time, a "gender and generation" approach has been adopted so that not less than 70% of project beneficiaries are women and young people.

22. Similarly in Ethiopia, the evaluation recommended a selection procedure for small-scale irrigation schemes that ensured sound targeting, taking account of vulnerable groups and adequate proximity to markets. These issues were fully addressed in the follow-up phase, during which at least 33% of beneficiaries will be from households headed solely by women, landless households, and unemployed young people (Ethiopia, N° 11b).

23. In sum, the evaluation recommendations on targeting and the way they have been addressed show that context specificity is a key factor determining effectiveness in targeting. For example, the recommendation for Viet Nam is for special provision for the hill communities and poorer and remoter communes; in Senegal, a pragmatic approach that focuses on the availability of complementarities and synergies is recommended; and the recommendation for Bolivia is a differentiated inclusion approach that facilitates access by weaker members of the community. Some of the lessons learned, especially those of a policy nature, are being reflected in the targeting policy paper that is being presented at this session of the Executive Board. Other lessons will be used while developing the detailed guidelines for targeting.

## **Gender**

24. A total of eleven ACP recommendations focus on gender; seven are operational and four are strategic.

25. The evaluation of the Agricultural Resources Conservation and Development Project in Quang Binh Province (Viet Nam) recommended that gender inequality be addressed by generating on-farm and off-farm employment opportunities for women in rural areas (VN – Quang Binh, N° 16). Similarly, the new COSOP for Egypt points out the need to assist rural women by generating employment opportunities in the private sector (Egypt, N° 16a, 16b and 16c). In the Ha Giang Development Project for Ethnic Minorities (Viet Nam), the gender focus is on the identification of enabling conditions for the recruitment and deployment of women as communal animal health workers or village health workers (VN – Ha Giang, N° 14). IFAD projects have adopted specific strategies to ensure the inclusion of women's needs and aspirations in project-related institutions, components and activities. In particular, participatory approaches are considered an important instrument to identify gender-disaggregated development priorities and plan activities accordingly. In the second phase of the Ha Giang Province project, extensive gender analysis will be carried out

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<sup>5</sup> The number in the parenthesis refers to the serial number of the ACP recommendation in the relevant evaluation presented in volume II of this report.

together with the participatory rural appraisal, under which men's and women's priorities will be identified separately.

26. In the CE for Paraguay, the evaluation underscored the need to enhance women's participation by promoting operational mechanisms that ensure their inclusion (Paraguay, N° 34). The follow-up actions explicitly respond to the issue of women's participation and link this with strengthening the social capital of rural communities, poor families and rural women by helping them to strengthen their organizations.

27. In the Agricultural Resource Management Project in Jordan, which was rated by the interim evaluation as highly successful in terms of impact on gender equality, some of the ACP actions (Jordan, N° 22) could not be fully incorporated at the follow-up stage.<sup>6</sup> Although funding of women's centres was suggested by the evaluation on the basis that it is more cost-effective for women to work collectively, this could only be partially implemented because the establishment of women's centres was considered too complex at the current stage. However, the project is prepared to work with women's groups to support income-generating activities and a literacy programme. At the same time, the new phase of the project is providing measures to strengthen women's role in livestock keeping and microenterprise development, and to create channels and organizations enabling women to voice their needs and opinions.

### **Beneficiary Participation**

28. Participation of beneficiaries is a key determinant of the community's sense of project ownership, and this in turn positively affects the impact and sustainability of project operations. IFAD's operations therefore aim to increase the participation of beneficiaries; in order to achieve this, long-term processes of social capital development, decentralization strategies and capacity-building activities for organizations and institutions are being undertaken within several projects.

29. Six recommendations concern beneficiary participation, five of them of an operational nature. There are two approaches to beneficiary participation. The first approach considers the involvement of beneficiaries as a supporting factor in the design and planning of project activities. This is confirmed by the TE on decentralization processes, where consultation with rural poor people is regarded as the principal factor to be considered in designing project activities. As can be seen from the responses to the ACP, this practice is already being applied as an integral part of programme design and formulation in Uganda and the United Republic of Tanzania (Ethiopia, Uganda and the United Republic of Tanzania, N° 8).

30. Following the recommendations formulated in the ACP, beneficiary participation is one of the integral elements of the newly designed project in the Lao People's Democratic Republic, which proposes beneficiary participation in all infrastructure investments and provides funds for related training (Lao People's Democratic Republic, N° 16). In the Quang Binh Province project in Viet Nam, beneficiaries participated in setting targets for the area that is to be afforested (VN – Quang Binh, N° 32).

31. The second approach sees beneficiary participation as a driving force in the implementation, supervision and management of project activities. In most cases, the participation of rural poor people is associated with the broader process of mobilization at village or community level. In Viet Nam, the Decentralized Programme for Rural Poverty Reduction in Ha Giang and Quang Binh Provinces builds on past project experience and foresees a key role for grass-roots organization in the identification of

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<sup>6</sup> In Jordan, "the project design not only included a women's programme, but it also made specific reference to the inclusion of women-headed households to enhance gender equality". According to the Annual Report on Results and Impact of IFAD Operations (ARRI) 2005, "women's access to project benefits has been good: half of the project beneficiaries were women and 90% of the loans went to women" (ARRI report, p. 17).

project priorities, implementation management and management of funds (VN – Ha Giang, N° 10). Similarly, in Jordan, a participatory planning process has been adopted to ensure a full mobilization of beneficiaries at the community level (Jordan, N° 2). This process includes: (i) preparatory activities/orientation meetings and the establishment of local community committees; (ii) participatory diagnosis involving the community and facilitated by trained project staff; and (iii) participatory planning that includes the delineation of an action plan by the local community committee and its adoption by the community as a whole.

### **Rural Poor People's Organizations**

32. Strengthening the capacity of rural poor people and their organizations is one of IFAD's strategic objectives, and the Fund's work with rural poor people's organizations is part of its broader strategy for human and social capital development in rural areas. The findings of this year's PRISMA report confirm the centrality of rural poor people's organizations in IFAD's operations. Twenty-four recommendations relate to rural poor people's organizations; fifteen are operational and nine are strategic. Out of the thirteen evaluations conducted in 2004, eleven have one recommendation or more dealing with rural poor people's organizations or institutions. The majority of recommendations apply to project context; a small number are directed at local government and IFAD's operations at the corporate or country level.

33. In the Quang Binh Province project in Viet Nam, the establishment of project-specific institutions is expected to continue in the new phase (VN – Quang Binh, N° 10), under which representative structures in the form of village management groups and self-management boards will be created. As noted in previous evaluations, project-specific institutions run the risk of being unsustainable, especially those without a clear economic purpose or without links to existing local, regional or national institutions. This risk is taken into consideration when designing new projects, for example, in Tunisia where consultative bodies created by the project are supported so that they become true forums for discussion and negotiation (Tunisia, N° 11) and thus become sustainable.

34. Another area that is gaining importance in IFAD's operations relates to the creation of apex bodies or a network of organizations (China, India, N° 7). The Modular Rural Development Project in the Xinjiang Uygur Autonomous Region (China), which is under design, promotes the formation of this type of organization and includes a specific training component for addressing related capacity-building requirements. Apex organizations are also promoted by IFAD in the Gambia, as part of a zonal network of village savings and credit associations.

35. In other contexts, existing organizations and institutions are being functionally upgraded so that members can access a wider range of services. For example, the TE on organic agriculture encourages farmers' associations to take on more responsibility for critical aspects of the supply chain (China and India, N° 8). This includes responsibility for quality control, some extension services, input production, internal verification and, most importantly, certification. This TE also highlights the possibility for autonomous support organizations to act as honest brokers between rural communities and service delivery organizations, including government agencies and NGOs (Ethiopia, Uganda and the United Republic of Tanzania, N° 14). In full compliance with these recommendations, Tanzanian civil societies and farmers' organizations are gaining importance, initially through brokering functions. Similarly, in Uganda, through capacity-building for rural communities and civil societies, some emerging rural community organizations are beginning to perform honest broker functions. A similar recommendation is provided by the CPE of Bolivia, where empowerment of the pre-existing rural *campesino* organizations has been recommended. This would allow them to increase their capacity to influence the design and implementation of public policy (Bolivia, N° 14).

36. The process of functionally upgrading existing institutions and organizations also implies an increased awareness and transparency, proper representation of the poor in the organization (VN – Quang Binh, N° 11; VN – Ha Giang, N° 24) and enhanced accountability (Ethiopia, Uganda and the

United Republic of Tanzania, N° 11). IFAD projects are thus adopting participatory approaches as instruments to increase transparency and accountability of local organizations and institutions.

### **B. Substantive Technical Areas**

37. The second group of recommendations regards substantive areas of IFAD's operations. These include natural resource management, market development, enterprise development, rural finance, training and capacity-building, partnership-building and policy dialogue.

#### **Natural Resource Management**

38. Ensuring the sustainability of natural resources is one of the key principles of the Strategic Framework for IFAD 2002-2006. The review of ACP recommendations confirms that the relevance of this theme depends on the characteristics of the projects under evaluation. For this reason, almost half of the recommendations dealing with natural resource management concentrate on one project and one programme (Tunisia and Ethiopia) that have a strong focus on sustainable environmental and natural resource management.<sup>7</sup>

39. The recommendations dealing with natural resource management emphasize the importance of a community-based approach (Tunisia, N° 4, VN – Quang Binh, N° 31 and Ethiopia, N° 11a, 12b and 12c). In Tunisia, the second phase of the IFAD project is based on an implementation plan for each microbasin that will be developed using a participatory approach involving farmers and taking into account specific land conditions. This will create the right conditions to ensure the sustainability of farmers' organizations and local consultative bodies, encouraging them to take increased responsibility for maintenance and the sustainable development of infrastructures established under the project. Participatory initiatives will be piloted using project development funds available under the Global Environment Facility.

40. Similarly, in Ethiopia, a participatory stakeholder review was suggested during the ACP to identify appropriate technologies and choose the modalities for the management of irrigation water. The formulation report of the new phase of the programme includes specific modalities for improving catchment area planning and management, and using indigenous knowledge to minimize conflicts.

41. IFAD projects also combine activities related to natural resource management with detailed strategies aimed at ensuring sustainability. In Tunisia, for example, participatory management plans will be prepared for communally owned forests, involving neighbouring residents in the protection, conservation, development and sustainable use of their resources (Tunisia, N° 5).

#### **Market Development**

42. Market development is a new thematic category introduced in the classification framework of this year's ACP recommendations. IFAD's strategic framework refers to integrated approaches to market development along the full continuum of production, processing and marketing to raise rural incomes and significantly contribute to economic growth and poverty reduction.

43. Eight recommendations relate to the theme of market development and most of them are of an operational nature. The heterogeneous contents of the recommendations listed under this theme highlight the fact that market development initiatives are complex and location-specific. IFAD's general experience also shows that public sector-led market development activities often do not succeed, making market-related interventions even more difficult.

44. In the Quang Binh Province project in Viet Nam, IFAD is involved in a process of capacity-building for selected farmers, which is expected to strengthen their market knowledge so that they can

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<sup>7</sup> Of the other recommendations, three were for the Quang Binh and Ha Giang Provinces (both Viet Nam) and one was for Bolivia.

operate as traders and assist other local producers to sell their goods (Quang Binh, N° 16). In Ethiopia, the new programme will rehabilitate market access roads.

45. Together with market infrastructure and information, market development initiatives are increasingly centred on the development of value chains for specific commodities or type of products. The thematic evaluation on organic agriculture in China and India highlights how IFAD projects can significantly contribute to the development of value chains for organic products. Accordingly, the new IFAD project in China that is currently being designed will work to develop international value chains for organic products.

### **Enterprise Development**

46. The seven recommendations dealing with enterprise development presented in this report are also mainly of an operational nature and refer to specific project contexts. One of the issues that recurs most frequently in relation to enterprise development is the provision of access to appropriate financial services. The “funding question” is in fact regarded as a central problem for the emergence and consolidation of rural microenterprises. Non-financial services, such as business development services, are perceived as an equally important determinant for enterprise development.

47. A strategy that combines financial and non-financial services to rural enterprises is pursued in the new phase of the Promotion of Rural Entrepreneurship Project – Phase II (PROMER-II) in Senegal. PROMER-II will outsource the provision of financial services by setting up a special support mechanism, the rural finance support unit (SAFIR). At the same time, PROMER-II will support the establishment and strengthening of a network of advisory services for rural small businesses and microenterprises.

48. Similarly, in the Ha Giang Province project in Viet Nam, a portion of the capacity-building local development budget is reserved for financing initiatives of households headed solely by women (VN – Ha Giang, N° 26). A gender-based approach is also adopted in Jordan (Jordan, N° 20) where the project is assisting women to establish, finance and manage small income-generating activities. The project foresees a package of services addressing women beneficiaries during each stage of development of their enterprise.

### **Rural Finance**

49. Improving the performance and functioning of IFAD rural finance operations is one of the most recurrent themes in the ACP recommendations. In total, 33 recommendations refer to rural finance and almost all of them are operational. Most of the recommendations concern the design of rural finance infrastructures that are able to serve the needs of rural poor people in a viable and sustainable way. Among other recommendations, the importance of supporting the transformation of existing development banks into sustainable providers of rural financial services is emphasized.

50. In Egypt, where IFAD’s rural credit intervention had difficulty in reaching poor people, the evaluation recommended strengthening the Principal Bank for Development and Agricultural Credit’s (PBDAC) village banking network and extending its reach to poorer areas and market segments. As a result, IFAD’s operations in Egypt are now continuing policy dialogue with PBDAC in order to support the reform of this institution. At the same time, because of the sharper targeting focus of IFAD operations in this country, innovative financial instruments are expected to be developed to meet the needs of the neglected target group (Egypt, N° 13). For this reason, the new COSOP includes the possibility of new partnerships with credit institutions and organizations.

51. The importance of identifying forms of rural finance that suit the needs of rural poor people is also stressed in the Gambia, where new forms of loan guarantee are needed to improve the outreach of rural finance initiatives. The new project introduces mechanisms such as peer pressure and collective group guarantees.



52. In the Lao People's Democratic Republic, in order to improve the lending service to the poor, a wider range of savings and credit options will be considered (Lao People's Democratic Republic, N° 11) and the new programme will create savings and credit societies in villages. A group-based approach based on self-financed and self-managed institutions is also foreseen in the Quang Binh Province project in Viet Nam (VN – Quang Binh, N° 12).

53. In Senegal, the rural finance support unit (SAFIR) will be created to provide guidance and backstopping for the rural finance operations of all ongoing IFAD projects in Senegal. This unit will facilitate the linkages between small enterprises and microenterprises and microfinance institutions (MFIs). At the same time, SAFIR is expected to build up the capacity of partner MFIs to design and adapt products and services for rural enterprises. By doing so, the project aims at ensuring access to financial services to the target population.

54. IFAD operations also support other types of financial institutions and strategies in order to increase their outreach to the rural poor. In Jordan, the ACP recommended that “a minimum of 10%-15% of credit allocations should be designated to test pilots of alternative mechanisms of group credit provision suitable to the socio-economic conditions of the rural poor.”<sup>8</sup> The new Jordan rural finance initiative is based on institutional strengthening and capacity-building of different types of legal institutions, such as cooperatives supported by the German Agency for Technical Cooperation (GTZ), and associations and societies supported by the Ministry of Planning, through training of staff and governing body members, and study tours. The objective of this process is to create and reinforce a network of sustainable financial intermediaries refinanced by the Agricultural Credit Corporation.

55. A sustainable rural finance system that serves the needs of the rural poor also requires a conducive policy and regulatory environment. In this light, a long-term process to support regulatory and supervisory bodies was recommended in the Gambia (Gambia, N° 5). This recommendation was fully addressed in the design of the new project phase, which includes a specific component to support the central bank and the Microfinance Promotion Centre.

### **Training and Capacity-building**

56. Forty-one recommendations deal with training and capacity-building; thirty-three are operational, and are mainly relevant at the project or country level. The ACP recommendations can be grouped according to the purposes and targets of the training and capacity-building interventions. Four categories of recommendations have been identified.

57. The first category advocates the strengthening of the operating capacity of extension centres and MFIs, and of the technical organization for the design and supervision of infrastructures. Investing in a “knowledgeable extension service” (China, N° 5; India, N° 1) is regarded as a key priority for both IFAD and local governments in order to develop organic agriculture. The Quang Binh Province project in Viet Nam supports strengthening extension services at all levels through the provision of training, vehicles, equipment, materials and operating budgets.<sup>9</sup> At the level of financial service providers, capacity-building initiatives are regarded as a key strategy for increasing their viability as well as their outreach to the rural poor.

58. The second category of recommendations relates to the provision of training for “equitable and sustainable water management” (VN – Quang Binh, N° 28). In this case, the strategy for capacity-building of users' groups and scheme management committees is part of a broader process of

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<sup>8</sup> The possibility of supporting innovative credit mechanisms is encouraged by the fact that the Jordan rural finance component was judged by the 2005 ARRI report as the only successful rural credit initiative among those reviewed in 2004 (2005 ARRI report, p. 8).

<sup>9</sup> The IFAD project in Quang Binh Province also supports the development of improved farmer extension materials and the development and updating of an extension handbook covering a wide range of key production areas.

decentralization in which local development budgets are created to finance capacity-building and infrastructure development priorities on the basis of the needs and priorities of beneficiaries.

59. The third category includes those recommendations that focus on capacity-building activities for beneficiaries. A wide range of topics are included in this category. The provision of adequate knowledge and training to producers in terms of technologies, practices and marketing of organic agriculture is emphasized in the TE of organic agriculture and poverty reduction in Asia. This process should be facilitated proactively by local governments. Capacity-building activities are also expected to be included at the level of local farmers' associations in the new IFAD project in China. In Jordan, the IFAD project includes a package of services for the development of ideas related to income-generating activities, and managerial and technical training (Jordan, N° 21).<sup>10</sup> Courses supported include sessions on financial management, marketing, project management, marketing and business plans. Capacity-building initiatives for beneficiaries also include aspects related to the formation of village development committees (Jordan, N° 5).

60. The fourth category groups the recommendations dealing with training and capacity-building initiatives for governments, ministries and project management. This category is particularly relevant in the context of decentralization processes, which require that "capacity-building should extend, in particular, to elected representatives, civil servants, communities, the private sector and civil society partners" (Ethiopia, Uganda and the United Republic of Tanzania, N° 1). In Uganda, the District Development Support Programme has worked to enhance the capacities of district staff and lower personnel levels in development planning and project implementations. Sustained capacity-building has been provided, including training to proficiency of district staff in computer applications, logical frameworks and M&E. District, subcounty and parish officials have been trained in record-keeping and budgeting.

61. A recurrent topic related to capacity-building activities for local authorities and institutions concerns the mainstreaming of participatory approaches. In Jordan, the Ministry of Agriculture has integrated participatory approaches into its work through the second phase of the Agricultural Resource Management Project where programming is based on community action plans drawn up through participatory processes (Jordan, N° 1 and N° 3). In Tunisia, training initiatives on participatory approaches are expected to be focused on the project management unit personnel (Tunisia, N° 16).

### **Partnership-building and Policy Dialogue**

62. The impact of IFAD-assisted programmes on national or sectoral institutions, policies or regulations is an important evaluation concern and evaluation reports have flagged this issue. It is important to recognize that the policy-level impact is likely to occur over a longer period of time compared with other impact dimensions. This is also confirmed by the fact that, according to the 2005 ARRI report, Viet Nam is considered the single positive case among those reviewed in the 2004 evaluation. This is directly attributable to "a series of IFAD projects" that "has influenced the development philosophies, principles and concepts of other donors and the Government" (2005 ARRI report, p. 14).

63. Twenty-six recommendations fall into this category and eleven ACPs include at least one recommendation that explicitly addresses partnership-building and policy dialogue. The majority of the recommendations are applicable at the country level and twenty are of a strategic nature.

64. In Egypt, the ACP recommendations emphasized that IFAD should seek to be a privileged dialogue partner of the Government and key donors. The IFAD field presence office established in

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<sup>10</sup> The package of services includes orientation programmes for the development of ideas and choices of income-generating activities, managerial and technical training, financial assistance and income-generating activity monitoring and follow-up.

Cairo under the Field Presence Pilot Programme will play a crucial role towards this end and is expected to provide the means not only for establishing linkages with other donors but also for enhancing policy dialogue with the Government. The objective of improving IFAD's role in policy dialogue and fostering strategic partnerships has been approached in a different way in the Ha Giang Province project in Viet Nam (VN – Ha Giang, N° 4 and N° 6). For the new project phase, IFAD is providing a grant of US\$600,000 to provide capacity-building support for policy and programme development. This grant will facilitate the sharing of knowledge and experience with the Government and other donors and will include mechanisms to ensure that it adequately links with central government agencies responsible for formulating poverty-reduction policies and implementing poverty-reduction programmes.

65. The importance for IFAD to “intensify its engagement and participation in selected national and thematic policy dialogue forums” (Ethiopia, Uganda and the United Republic of Tanzania, N° 18) is also underlined in the TE on decentralization. IFAD engagement in policy dialogue will be strengthened in the United Republic of Tanzania starting from year 2006/2007 under the Agricultural Sector Development Programme. In Uganda, policy dialogue is already ongoing using the Field Presence Pilot Programme. Positive results are already becoming evident.

66. Thematic policy dialogue is also suggested in Jordan where the evaluation recommended that IFAD and the Ministry of Agriculture should identify the extent to which the current shortfall in the extension services could be affecting the achievements of poverty-reduction work in rural areas, and agree on medium-term measures to address these issues (Jordan, N° 14). IFAD is currently engaged in policy dialogue in partnership with the United States Agency for International Development, with the Ministry of Agriculture to develop an extension strategy that gives enhanced access to smallholders and landless farmers.

67. Together with engagement in policy dialogue, various recommendations emphasize the role that IFAD could play in terms of promoting dialogue among national stakeholders on policy changes identified in IFAD operations (Ethiopia, Uganda and the United Republic of Tanzania, N° 17). Similarly, in Bolivia, the ACP suggested that IFAD contribute to dialogue between the Government and civil society (Bolivia, N° 21), although no specific mechanisms are suggested for shaping the type of support that IFAD could provide in the national dialogue process.

68. Two evaluations recommend that IFAD seek to broaden its range of implementation partners. (Egypt, N° 4; Gambia, N° 1). ACP recommendations have been fully implemented in the Rural Finance Project in the Gambia, where new IFAD projects have broadened the range of MFIs included in the project.

## **C. Project Management**

### **Decentralization**

69. One of the two TEs conducted in 2004 deals with the performance and impact of decentralized processes in Ethiopia, Uganda and the United Republic of Tanzania. CEs, CPEs and IEs also include recommendations on decentralization processes. In total, nine recommendations are listed under the decentralization theme, the majority of which are of a strategic nature.

70. In the Gambia, the evaluation recommends that a successful decentralization process would require prior infrastructural investment in main and subsidiary field offices, and training for local staff (Gambia, N° 43). In the new phase of the project this has been partially implemented.<sup>11</sup> Similarly, the CPE conducted in Bolivia suggests that the IFAD programme should provide solid support for decentralization and locate resource allocation mechanisms and programme technicians in the same territory where they are close enough to the population and local institutions, and, at the same time,

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<sup>11</sup> The project management unit will remain in Banjul, but the community mobilization officer will be decentralized.

subject to social control (Bolivia, N° 12). In the design of the new project, the decentralization process has been taken into account: it will be located in the Departments of Oruro and Potosi, in intermediate cities such as Challapata and Patacamaya.

71. The TE on decentralization confirms the central role that IFAD can play in terms of strengthening “institutions that lacked human and financial resources, and sometimes even the basic requirements for running an organization”.<sup>12</sup> IFAD should combine human and financial assistance with other measures “to promote accountability and transparency in service delivery and corruption control” (Ethiopia, Uganda and the United Republic of Tanzania, N° 12). In Uganda, supervision missions constitute a mechanism for addressing the above issues. IFAD has also implemented an anti-corruption policy that includes mechanisms through which irregular practices can be reported. At the same time, the District Development Support Programme in Uganda has worked to enhance the capacities of the staff of district and lower level units in development planning and project implementation.

72. IFAD experience shows that decentralization can be operationalized through local governance and poverty reduction strategies. These can provide operational guidelines for the district level as well as the project and programme level. In the United Republic of Tanzania, the decentralization process will begin in 2006/2007 under the Local Government Reform Programme. This process includes the preparation of district development plans and strategies. In Uganda, district development plans are already prepared by local governments and IFAD interventions are in support of the Government of Uganda and the local government development and poverty reduction plans.

### **Project Design and Management**

73. Seventeen ACP recommendations discuss aspects related to the design and management of IFAD projects. Most of the recommendations are strategic and envisage a series of actions that are applicable to the design of forthcoming projects. In many ACPs a flexible project design is advocated in order to allow “modification during implementation in response to changes in the operating environment” (VN – Quang Binh, N° 2) and to “allow for future learning and change” (Ethiopia, N° 6).

74. In response to the ACP recommendation on flexibility, in Ethiopia the proposed Participatory Small-scale Irrigation Development Programme allows for experiences and lessons learned to be addressed and for corrective actions to be identified immediately. In order to do this, an M&E system has already been designed and is expected to be fully operational within the first year of implementation. Similarly, in order to guarantee flexibility, the Quang Binh Province project in Viet Nam is based on commune-level local development budgets. These are directly under the control of the communes and are highly flexible, responding directly to the demand articulated by target communities. The project framework has also been significantly simplified in compliance with IE recommendations so that the new phase is now structured around only three components.

75. Evaluation recommendations also underline the importance of designing synergic (Gambia, N° 3), linked and mutually reinforcing components (VN – Quang Binh, N° 1). These principles were fully included in the new phase of the IFAD project in Quang Binh Province, where a project coordination committee was created in order to enhance the coordination of activities at provincial level. However, the suggestions for synergic components could not be accepted in the Gambia, where a standalone rural finance project has been designed. In compliance with IE conclusions, the new programme design in the Lao People’s Democratic Republic includes a careful phasing of activities that takes into account the need for capacity-building and the time required to introduce sustainable activities.

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<sup>12</sup> IFAD’s Performance and Impact in Decentralizing Environments: Experiences from Ethiopia, Uganda and the United Republic of Tanzania. Thematic Evaluation. Agreement at Completion Point, p. xi.

## Human Resources Management

76. Ten recommendations deal with human resources management and all of them are operational. Together with suggestions related to the employment of additional personnel in project institutions, (VN – Quang Binh, N° 21 and N° 22; Gambia, N° 22), the importance of ensuring staff continuity at project level is emphasized (Gambia, N° 40). IFAD is fully aware of the importance of ensuring staff continuity, but ongoing control over the quality of human resources is also necessary. A performance-based recruitment criterion will therefore be maintained in the management of human resources. Staff continuity is also advocated at IFAD level, especially in the case of direct supervision where the turnover of country programme managers should be minimized (Gambia, N° 40). At the current stage, no portfolio redistribution is foreseen for the Gambia.

77. Project management recommendations also underline the importance of guaranteeing a degree of autonomy to the M&E officer within the management unit (Gambia, N° 34). However, IFAD should also apply the framework envisaged in the “Guide for Project M&E”, which envisages a broad allocation of M&E responsibilities involving various levels of project management.

## Information and Communication, Monitoring and Evaluation

78. As in last year’s PRISMA report, the performance of project M&E systems is one of the main concerns raised by the evaluations. A total of 31 recommendations directly refer to project M&E or to the related activities of information gathering and communication. Most of the recommendations are of an operational nature and focus on methodologies and approaches that should be adopted within the ongoing project information, communication and M&E activities. A smaller number of recommendations are of a strategic nature and are connected with IFAD operations at country, regional or corporate level.

79. Evaluation recommendations focused attention on the importance of defining a system of establishing information needs, data-gathering methodologies, reporting formats and indicators, among other things. IFAD projects are extensively involved in designing participatory M&E methodologies. In Jordan, a workshop on participatory planning and M&E was held and an M&E strategy was designed that includes the formulation of a logical framework with the participation of project stakeholders.

80. IFAD projects are putting significant efforts into developing M&E systems that ensure appropriate reporting of the first and second level results and impact management system (RIMS) indicators. For example in Senegal, funds have been allocated to mobilize the capacities required to set up a RIMS-compatible M&E system and define an appropriate baseline survey that will enable the project to evaluate its impact on different categories of rural enterprises and entrepreneurs (Senegal, N° 8). Methodological support is also expected from the International Labour Organization and the United Nations Capital Development Fund.

81. In the Gambia, Tunisia and Viet Nam, international specialists are expected to be mobilized under grant programmes for designing project M&E systems. For IFAD projects in Bolivia and Paraguay, expertise drawn from the Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty-Alleviation Projects in Latin America and the Caribbean is regarded as a key instrument for mainstreaming M&E practices. In the Near East and North Africa Division, a regional grant has been designed and appraised to develop local capacities and experiences in managing for results and impact. This programme will draw on best practices in the region (Jordan, N° 28).

82. In recent years, IFAD management has accorded high priority to strengthening the self-evaluation system. As a first step, new guidelines for project completion have been prepared and issued by the Programme Management Department. In future, the project completion report will act as the major source of information for assessing project impact and effectiveness. The project

completion process will also look at the quality of the M&E system as one of the completion assessment concerns.

### **Supervision**

83. In the 2005 PRISMA report, most of the recommendations related to supervision were found in the IFAD corporate-level evaluation. These recommendations are being used in defining the new operating model.

84. The ACPs associated with evaluations conducted in 2004 include a total of nine recommendations dealing with supervision-related themes. These are all of an operational nature and are applicable to the broader supervision process involving IFAD, local governments or cooperating institutions. The recommendations emphasize the importance of a thorough periodic evaluation and technical review of project interventions. In Tunisia, for example, regular assessments were considered necessary to promote flexibility in support of new initiatives (Tunisia, N° 14). Following these recommendations, the second phase of the Integrated Agricultural Development Project in the Governorate of Siliana in Tunisia has included a system of periodic technical and financial reviews that will be implemented by the cooperating institution.

85. Another group of recommendations explicitly refers to United Nations Office for Project Services (UNOPS) supervision missions. In the Lao People's Democratic Republic, the evaluation process suggested that UNOPS missions should be more frequent, focus on results and annual work plans, ensure a better follow-up of the findings and recommendations from previous missions, and be timed to coincide with the local fiscal year. Despite the agreement on the relevance of the ACP recommendations, these could not be implemented fully since this would require a change in the contractual arrangements between UNOPS and IFAD, and may lead to a substantial increase in unit costs.

## **D. Cross-cutting Themes**

### **Innovation, Replication and Knowledge Management**

86. IFAD is devoting increasing attention to innovative practices. As shown by the 2005 ARRI report, almost all projects evaluated in 2004 had innovative elements. The issue for IFAD is how to play a proactive role in facilitating the communication of innovative approaches and experiences across projects, through regular workshops and field visits. The process of identifying innovative and best practices should start at project level but "the next challenge would be to inject demonstrated innovations into larger IFAD-assisted and other programmes" (Ethiopia, Uganda and the United Republic of Tanzania, N° 5).

87. Cases of innovative approaches include the farming system research approach of the Agricultural Production Intensification Project in Egypt, combined with a stronger emphasis on community involvement in planning and implementing activities. The design of the community approach in the new IFAD project in Egypt will draw on the experience from the Sustainable Rural Development Programme.<sup>13</sup> A similar rationale is also included in the Paraguay ACP, which recommends learning from the successful experiences of other countries in rural microfinance (Paraguay, N° 11). This will be addressed by the Microfinance Information Exchange pilot initiatives undertaken by IFAD within the Initiative for Mainstreaming Innovation.

88. Several recommendations also highlight the importance for IFAD to build on successful practices that could be replicated at country level. This is the case for the village auxiliary system and

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<sup>13</sup> However, more attention will be given to identifying and supporting local farmers' and beneficiaries' organizations through capacity-building and service provision, and strengthening local services to meet community needs.

other good practices adopted in the Gambia. However, in the Gambia these practices could not be replicated because the new project phase is based on a standalone rural finance project. The TE on organic agriculture and poverty reduction in Asia suggests that IFAD projects build on the local experience of innovative farmers. IFAD operations in China are ready to use local knowledge and experience with regard to organic farming. The knowledge can be communicated to beneficiaries through study tours, publications and other tools. In India, IFAD is ready to support any governmental initiative to acknowledge local expertise formally and find ways to stimulate innovative farmers by offering special training or tax incentives (China, N° 8, India, N° 3).

89. In conclusion, although IFAD projects have significant innovative elements, replication and scaling-up continue to pose a challenge. This challenge has now been recognized and knowledge management and innovation have been made an integral part of IFAD's Action Plan.

### Exit and Handover Strategy

90. Despite the high relevance of the sustainability of IFAD projects, cited in successive ARRI reports, and the recommendation that exit strategies should be formalized during the evaluation process, only three recommendations in the 2004 evaluations related to this theme.

91. Sustainability can be considered a cross-cutting theme that applies to all the recommendations that aim to improve the functioning and viability of project initiatives, institutions, etc. However, an exit strategy requires a precise definition of responsibilities and actions for ensuring post-project sustainability. In this light, IFAD's new guidelines for the project completion process explicitly emphasize the definition of an exit and handover strategy at project completion.

92. In compliance with this approach, in the Gambia, IFAD has already undertaken a consultation with relevant stakeholders, and a new microfinance exit strategy will now be included in the new framework of the Rural Finance and Community Initiatives Project (Gambia, N° 15). Similarly in Jordan, the Directorate of Agriculture has been assigned the responsibility for ensuring the sustainability of the improvements made with IFAD's assistance in their existing organizational structure and technical units (Jordan, N° 12).

## V. STATUS OF IMPLEMENTATION OF THE RECOMMENDATIONS

93. In order to present the implementation status of the ACP recommendations, follow-up actions have been categorized according to the extent to which they respond to the recommendations (table 6). Recommendations made in the IEs have been implemented in 87% of cases, as subsequent phases of evaluated projects have largely taken into consideration the lessons learned from the evaluation exercise.

TABLE 6: FOLLOW-UP OF ACP RECOMMENDATIONS BY EVALUATION TYPE

Evaluation Type	Full Follow-up	Partial Follow-up	Not Applicable	Response Awaited/ In Progress	Total
CE	10			40	50
CPE	31	1		8	40
IE	189	6	12	11	218
TE	49	1		19	69
<b>Total</b>	<b>279</b>	<b>8</b>	<b>12</b>	<b>78</b>	<b>377</b>
<b>Percentage of total</b>	<b>74</b>	<b>2</b>	<b>3</b>	<b>21</b>	<b>100</b>

94. For TEs and CPEs, the cases of full follow-up are lower, at 71% and 78%, respectively. This is because some recommendations apply at the level of national authorities and governments and have a longer implementation period. The follow-up on the CE recommendations is significantly lower

(20%). Only one CE was undertaken in 2005 for the Peasant Development Fund Credit Project – Eastern Region of Paraguay. The evaluation made 50 recommendations, of which most would have been appropriate to an IE, and thus were less relevant to a CE.<sup>14</sup> Those that were relevant to the follow-up phase, however, have been taken into account. Other recommendations were related to the *Fondo de Desarrollo Campesino*, which has now been shut down by the Government of Paraguay. If this evaluation is taken out of the sample, the responses awaited or in progress drop to about 10% of the total.

95. A small proportion of the recommendations were also identified as not applicable. This was particularly the case for the Gambia, where the ACP made a series of recommendations for an agricultural development project, whereas the new project was designed as a standalone rural finance project. Similarly, in the Lao People's Democratic Republic, some recommendations applied to recruitment and monitoring activities undertaken by the United Nations Development Programme (UNDP). UNDP is no longer providing assistance to the IFAD project in this country, so the above recommendations are no longer applicable.

TABLE 7 – FOLLOW-UP OF ACP RECOMMENDATIONS BY NATURE

Nature	Full Follow-up	Partial Follow-up	Not Applicable	Response Awaited/ In Progress	Total
Operational	173	6	12	66	257
Strategy	104	2		11	117
Policy	2			1	3
<b>Total</b>	<b>279</b>	<b>8</b>	<b>12</b>	<b>78</b>	<b>377</b>

96. In terms of the themes, almost all recommendations dealing with implementation advice have been fully implemented (annex I). It is worth noting that these are made by IEs, and are therefore of an operational nature, precise, and immediately relevant. Similarly, all recommendations dealing with partnership-building and policy dialogue have received full follow-up. This is an encouraging trend for improving the policy impact of IFAD projects.

97. The highest percentage of recommendations with responses awaited deal with rural finance or innovation and replication. For rural finance, the stated figure is also affected by the Paraguay evaluation.<sup>15</sup> For innovation and replication, the partial compliance reflects the fact that a broader process of knowledge sharing at country or institutional level is required. For this reason, the follow-up could not give a more precise response.

98. Some recommendations dealing with market development and human resources management were no longer applicable, mainly as a result of the change in the project design in the Gambia and the Lao People's Democratic Republic.

## VI. CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

99. Overall, the 2004 evaluations stressed the importance of targeting IFAD's activities to the needs of the rural poor, women and other vulnerable groups as well as facilitating the participation and enhancing the capacities of beneficiaries and their organizations. Strengthening the outreach and

<sup>14</sup> Because of the high number of recommendations, the format used for generating the follow-up was based on "issues" rather than single recommendations, thus making it difficult to quantify specific follow-up actions.

<sup>15</sup> For rural finance, 13 out of the 15 recommendations with responses awaited are in the Paraguay ACP.



sustainability of rural finance initiatives also emerged as a priority and emphasis was placed on the design of rural finance systems that meet the needs of the target group, including group-based savings and credit schemes.

100. The issues identified in the ACPs show that IFAD needs to enhance its partnership-building and policy-influencing activities. IFAD is already engaged in various initiatives that aim to increase its participation in national policy forums and to foster its strategic partnerships with the donor community, such as through participation in poverty reduction processes. In the long run, these initiatives, together with successful experiences in thematic or geographic areas, are expected to generate a higher policy impact. As in last year's PRISMA report, a significant number of recommendations also relate to the design of an M&E system that responds to the information needs of the projects.

101. As expected, the recommendations contained in the IEs have contributed significantly to the design of second-phase projects. Only a few IE recommendations could not be implemented because of design features or specific operational considerations.

102. The evaluation findings also underline the importance of strengthening and improving IFAD's internal information-sharing process. This is especially important to increase the awareness of innovative approaches and successful strategies that can be replicated in other contexts. In this light, PMD has recently released a new set of guidelines for the project completion process, providing a detailed procedure for in-house review and information sharing. The review includes a special section on the analysis of innovative elements grouped by thematic areas.

### **Recommendations**

103. As stated in last year's PRISMA report, IFAD management is particularly interested in recommendations of a strategic nature that are applicable to broader levels than individual projects, (e.g. IFAD country, regional or corporate levels) and emanate from higher-plane evaluations. In suggesting this to OE, management recognizes that this requires significant strengthening of the self-evaluation systems, which in turn would allow OE to move towards higher-plane evaluations. As mentioned above, the process of strengthening the project completion process is already under way and the process of strengthening other elements of the self-evaluation system, such as supervision, has been initiated as part of the exercise for the new operating model. In addition, IFAD management is currently engaged in further improving RIMS, as part of the self-evaluation system.

104. The above analyses also make it clear that additional efforts are needed on the part of OE to reduce the number of recommendations. This was envisaged in the section on "OE Critical Self-Reflection" presented in the 2005 PRISMA report, and IFAD management expects to see this take effect as of the 2006 evaluations. In addition, it may be necessary to prioritize the recommendations so that the most pressing and crucial priorities are always kept to the fore.

105. It may also be useful for PMD and OE to agree on a standard format for presenting key findings, recommendations, follow-up timing and responsibilities for the ACPs. The purpose of this would be to make the recommendations precise and easily understandable.<sup>16</sup> This was identified as an area for further improvement in the comments made by OE on the 2005 PRISMA report.<sup>17</sup>

106. The ACPs reviewed in this report contain a significant number of recommendations that apply to local governments and authorities. IFAD management could provide only partial follow-up on these recommendations because their implementation does not depend directly on IFAD and the

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<sup>16</sup> This should also lead to more precise articulation of ACP recommendations. These are sometimes vague, which may be due in part to the negotiated nature of these recommendations.

<sup>17</sup> OE pointed out that the ACP requires some fine-tuning in terms of identifying decision-makers and determining the responsibilities and ownership of evaluation recommendations and agreed follow-up actions.

“follow-up chain” becomes too long. Nevertheless, IFAD is aware of the importance of identifying government responsibilities within its operations. At the same time, the evaluation process could be enriched by including cases of successful practices and strategies adopted in other contexts by governmental authorities.<sup>18</sup>

107. Finally, future evaluations would contribute more towards the longer term sustainability of project impact if they pay greater attention to recommending exit and handover strategies.

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<sup>18</sup> For example, looking at various evaluations undertaken in 2004, successful governmental efforts aimed at supporting the development of value chains and marketing for organic products could have been discussed.

## FOLLOW-UP OF ACP RECOMMENDATIONS BY THEME

Theme		Full Follow-up	Partial Follow-up	Not Applicable	Response Awaited/ In progress	Total
Targeting, gender and rural poor people's organizations	Targeting	15	1		3	19
	Gender	7	1		3	11
	Beneficiary participation	5			1	6
	Rural poor people's organizations	20			4	24
Substantive technical areas	Natural resource management	10			1	11
	Market development	4		2	2	8
	Enterprise development	6			1	7
	Rural finance	16	2		15	33
	Training and capacity-building	25		3	13	41
	Partnership-building and policy dialogue	26				26
Project management	Decentralization	7			2	9
	Project design and management	16			1	17
	Human resources management	6	1	2	1	10
	Information, communication and M&E	24			7	31
	Supervision	4		1	4	9
Cross-cutting themes	Innovation, replication and knowledge management	5		1	5	11
	Exit and handover strategy	2			1	3
Others	Implementation advice	50	2	3	2	57
	Strategy	31	1		12	44
<b>Total</b>		<b>279</b>	<b>8</b>	<b>12</b>	<b>78</b>	<b>377</b>

## OFFICE OF EVALUATION RESPONSE

1. This is the third PRISMA report presented to the Evaluation Committee and Executive Board of IFAD. As in the past, the report serves accountability and learning purposes, demonstrating whether and to what extent follow-up action by IFAD management has been taken in response to evaluation findings and recommendations. In line with IFAD Evaluation Policy, OE hereby provides independent comments on the PRISMA report.
2. This year's report follows the much improved structure introduced in last year's report, moving from a project-by-project account to a synthesis of issues. The grouping of recommendations into a number of categories facilitated the aggregation and analysis of the information. In addition, this year's report introduced appropriate examples that illustrate what type of follow-up action has been taken and explains, in the few cases where no action was taken, why this was so. The report thereby fulfils its intended purpose as specified in the Evaluation Policy. This year's report further demonstrates that PMD has instituted a tracking system, integrated with its portfolio performance management system, as one of the pre-requisites for ensuring the monitoring of follow-up actions to evaluation recommendations.
3. The report shows that the most significant follow-up has been applied to recurrent findings and recommendations regarding the need to improve M&E systems at the project level. The report illustrates a number of initiatives under implementation that should result in a significant improvement in this area.
4. As a result of the level of aggregation the PRISMA report has reached, it can now be used to identify areas in which systemic IFAD-wide responses are still needed. Due to the nature of evaluations, which in 2004 still focused largely on individual projects, recommendations are necessarily related to individual operations. However, the aggregation points to a number of systemic issues (discussed below), which have not yet been addressed in a structured and corporate-wide approach. This year's PRISMA report is a first step in identifying these systemic issues; however, a further step is required to form management responses and corporate action to rectify areas of weakness.
5. This observation applies in particular to the five areas discussed in the following paragraphs. In each of them, the argument presented in the PRISMA report has been that responses (project designs, implementation action, etc.) have to be adapted to circumstances on the ground. This situational flexibility and adaptation to actual needs is understandable, given that IFAD assistance takes place in highly diverse contexts. However, it should not prevent the Fund from developing and articulating systematic approaches to ensure that IFAD's experience in dealing with complex situations is brought to the fore and used across the institution, particular in areas that are essential to IFAD's strategic objectives.
6. **Rural poor people's organizations.** The PRISMA report shows how individual projects have responded to evaluation recommendations. In most cases the agreed actions were implemented, although in some cases arrangements were made that were perhaps acceptable at local level but are not fully in line with the evaluation recommendations. In total, however, the PRISMA report does not show whether IFAD has developed a systematic approach for setting up and strengthening rural poor people's organizations that will avoid problems observed in the evaluations, namely the agreed recommendation to stop setting up non-sustainable project-dependent organizations and instead work with entities that are embedded in local institutional structures with greater ownership and likelihood of sustainability, or approaches to capacity-building, as discussed in the next paragraph.
7. **Training and capacity-building.** Based on the observations made in the PRISMA report, it is necessary for IFAD Management to build on past lessons and develop a corporate approach for

capacity-building. The responses recorded in the PRISMA report focus on the delivery of training to various groups (individuals, household members and institutions), which may be sufficient to respond to the recommendations of individual evaluations, but does not address the need for a more systematic corporate approach required for IFAD to become more effective in an area that has traditionally been one of the weakest impact domains of its operations. Such an approach could entail systematic and structured institutional diagnostics before providing assistance, developing a package of different types of support that goes beyond training, and a medium-term set of well sequenced capacity-building interventions.

8. **Enterprise and market development.** In both of these areas, the PRISMA report provides information on how projects responded to evaluation recommendations, but no reference is made to the way in which these responses fit in with the existing policy on microenterprises or rural finance, or with value-chain approaches that seem now to be part of IFAD's parlance and operations.

9. **Policy dialogue.** Similar to the points above, the PRISMA report presents how individual projects have responded to the need to deal with policy issues, but indications are that IFAD requires a more systematic approach that involves processes through which policy issues are identified during project implementation, appropriate channels for policy dialogue are identified and partnerships are built to ensure policy issues are taken up at higher levels.

10. In summary, the PRISMA report has become a management tool to monitor and report on actions taken in response to evaluation recommendations. Systemic issues can be identified on its bases and now need to be recognized and adequately addressed. As correctly observed, OE has introduced a number of measures to improve the quality of recommendations and is ready to improve the ACP template to ensure a high standard. These improvements can be made as part of the harmonization process of self-evaluation and independent evaluation systems.