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Enabling poor rural people
to overcome poverty

Report on IFAD's Development Effectiveness

Executive Board — Ninety-second Session
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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 points with any technical questions about this document before the session:

Gary Howe

Senior Director, Strategic Planning, Budget and Resource Management
telephone: +39 06 5459 2262
e-mail: g.howe@ifad.org

Hisham Zehni

Strategic Planning Officer
Strategic Planning and Budget Division
telephone: +39 06 5459 2183
e-mail: h.zehni@ifad.org

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

Deirdre McGrenra

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

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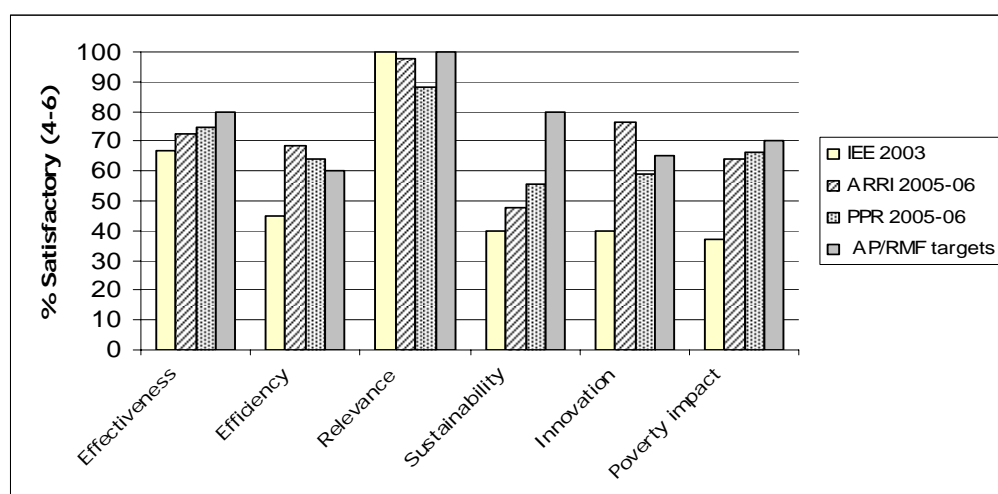
Abbreviations and acronyms

AfDB	African Development Bank
ARRI	Annual Report on Results and Impact of IFAD Operations
AsDB	Asian Development Bank
CMRs	corporate management results
COSOP	country strategic opportunities paper
CPE	country programme evaluation
CPPMS	Corporate Planning and Performance Management System
DAC	Development Assistance Committee
FAO	Food and Agriculture Organization of the United Nations
IEE	Independent External Evaluation of IFAD
IEG	Independent Evaluation Group
IFI	international financial institution
JAS	joint assistance strategy
KPIs	key performance indicators
MDGs	Millennium Development Goals
MfDR	managing for development results
ODA	official development assistance
OE	Office of Evaluation
OECD	Organisation for Economic Co-operation and Development
PBAS	performance-based allocation system
PDFF	Programme Development Financing Facility
PPR	Portfolio Performance Report
PRSP	poverty reduction strategy paper
RB-COSOP	results-based country strategic opportunities programme
RMF	Results Measurement Framework
SWAp	sector-wide approach
WFP	World Food Programme

Executive summary

1. This is IFAD's first report on its development effectiveness. It is part of a far-reaching programme of institutional reform focused on results, which has been under way since 2005 and is encompassed by IFAD's Action Plan for Improving its Development Effectiveness.
2. The purpose of the report is to provide a high-level synthesis of results in three broad areas:
 - The **relevance** of IFAD's mandate (reduction of rural poverty and food insecurity) and operations in the context of the changing framework of international development assistance;
 - The **development effectiveness** of IFAD-financed operations in generating development results that support national and global efforts to reduce rural poverty and fulfil the first Millennium Development Goal;
 - The **organizational effectiveness and efficiency** in delivering those results through improved internal performance management.
3. The scope of this report is broader than that of other organizations' development effectiveness reports, which usually report only on operational effectiveness based on evaluation data.^a IFAD's report is more comprehensive, drawing on a wider range of sources and providing more up-to-date reporting of recent results at the corporate as well as the country level. It also reports on recent initiatives that relate to the broader international harmonization and alignment agenda.
4. The statistical basis for providing firm information on trends in IFAD's development effectiveness is limited. Particular problems are the small numbers of projects covered by the evaluation system, and the absence in the past of systematic monitoring of results beyond the project level (see appendix I). Moreover, many of the internal performance monitoring systems are new. The report is therefore a preliminary snapshot of IFAD's development effectiveness in this first year of reporting.

Performance against Independent External Evaluation of IFAD (IEE) baseline, and Action Plan and Results Measurement Framework (RMF) targets



^a For instance, the Annual Review of Development Effectiveness produced by the Independent Evaluation Group of the World Bank, and the Development Effectiveness Report produced by the Evaluation Office of the United Nations Development Programme in 2003.

Relevance

5. IFAD's mandate of reducing rural poverty and food insecurity remains highly relevant. IFAD is an important contributor to the agriculture and rural development sector in the context of continuing low aid flows there and limited donor support to productive activities. IFAD is participating actively in harmonization and alignment initiatives at the country, regional and international level, and has performed well according to the 2006 Survey on Monitoring the Paris Declaration, undertaken by the Development Assistance Committee of the Organisation of Economic Co-operation and Development.

Development effectiveness

6. The figure above summarizes the performance of IFAD-funded projects in 2005-2006 relative to the 2003 Independent External Evaluation of IFAD (IEE) and the targets of the Action Plan (for 2009), and of the Results Measurement Framework (RMF) (for 2010). It shows substantial improvement in IFAD's project performance since the IEE. Project relevance continues to be high, and there is improvement in project effectiveness, efficiency, rural poverty impact and innovation. While performance on sustainability is also improving, it requires further attention. External benchmarking confirms that overall, these are good results in a difficult environment, as other international financial institutions have found.
7. The results for 2005-2006 are positive relative to the baseline presented by the IEE in 2003. This is at least in part due to growing direct IFAD involvement in supervision and implementation support. Here, there has been a major expansion in 2007 and there will be a further step-change in 2008. In the area of innovation, the implementation of the IFAD Innovation Strategy, approved by the Executive Board in September 2007, promises to improve performance further.
8. A review of seven IFAD country programme evaluations conducted between 2004 and 2007 finds past weaknesses with regard to engagement in policy dialogue, the development of strategic partnerships beyond direct cofinancing, and investment in broader lesson-learning and knowledge management. The new results-based country strategic opportunities programmes (RB-COSOPs) will provide a more systematic framework for managing these issues, which will be explicitly monitored in the COSOP annual and mid-term reports. Implementation of the IFAD Strategy for Knowledge Management approved by the Executive Board in April 2007 will also address these shortcomings.

Organizational effectiveness and efficiency

9. In September 2006, IFAD put in place a new Corporate Planning and Performance Management System to better focus, align, measure and manage the quality of IFAD's work. The system consists of a hierarchy of management results aimed at key determinants of development effectiveness, at the corporate, departmental and divisional level, which are tracked on a quarterly basis. Alignment of human and financial resources with results is supported by the results-based programme of work and budget. Thus, the Corporate Planning and Performance Management System provides a key reference point for resource allocation across the organization and for alignment with results. The system was piloted during 2007 and preliminary results are reported here.
10. Performance is encouraging in terms of the operational corporate management results, generally reflecting the successful introduction and initial mainstreaming of numerous Action Plan-related initiatives. Satisfactory progress is being made on the results related to institutional support.
11. Since 2006, the Fund has consistently pursued a policy of devoting a greater portion of resources to operational expenditures, within an overall framework of increased efficiency (see appendix II). According to the Fund's proposed budget for 2008, its efficiency ratio should improve to 16.3 per cent (from 17.1 per cent in

2006), and the proportion of costs attributable to operational expenditure should rise to 61 per cent (compared with 57 per cent in 2007).

Towards an integrated framework for improving IFAD's development effectiveness

12. IFAD is not only improving the quality of its evaluation system; it is moving towards an increasing integration of the system itself. The recently approved RMF – which incorporates measures of development effectiveness at the operational level – will be supported by the Corporate Planning and Performance Management System and the annual results-based programme of work and budget. This should lead to tighter alignment of organizational resources, systems and activities with country-level objectives, and hence to greater development effectiveness.

Report on IFAD's Development Effectiveness

I. Relevance

1. This chapter reports on IFAD's relevance to recent trends in rural poverty and food insecurity and the changing framework of international development assistance.¹ Rural poverty has declined, although it remains pervasive – with 75 per cent of the world's poor living in rural areas² – and it has new features. The framework of international development assistance has seen new internationally agreed goals (the Millennium Development Goals [MDGs]), principles and targets for improving the quality of aid through ownership, harmonization and alignment, shifts in the volume and composition of aid, and new financing modalities.

IFAD and the Millennium Development Goals

2. Since 2000, the MDGs have provided the global framework for development assistance, and for the partnership between developing countries and international development organizations. IFAD's mandate – of reducing rural poverty and food insecurity – is centrally related to MDG 1, which aims to halve the proportion of people living in poverty and hunger by 2015.
3. Since 2000, the developing world has seen growth in per capita GDP accompanied by falling rates of poverty, increasing the likelihood that MDG 1 will be achieved by the target date.³ However, these aggregate trends mask large variations between and within regions. Progress has been particularly concentrated in East Asia (especially China), but the rates of poverty reduction have been much more gradual in other parts of Asia and in sub-Saharan Africa. Despite the reduction in relative rates of rural poverty, poverty remains an overwhelmingly rural problem. According to the *World Development Report 2008: Agriculture for Development*, three out of every four poor people in developing countries live in rural areas, 2.1 billion people live on less than two dollars a day and 883 million on less than one dollar a day – and most depend on agriculture for their livelihoods.
4. There is a similar picture in relation to food insecurity and child hunger. Globally the proportion of children under age five who are underweight (an indicator for MDG1) has declined, but it has done so much more slowly in sub-Saharan Africa and in parts of Asia outside East Asia.⁴ Moreover, child malnutrition is far higher in rural areas and less progress is being made in reducing it there. Estimates of food insecurity by the Food and Agriculture Organization of the United Nations show some progress in reducing the proportion of people undernourished but the absolute numbers have increased in sub-Saharan Africa.⁵

Refocusing on rural poverty and agriculture

5. Recently, many countries, supported by development partners, have been refocusing their attention on reducing rural poverty, promoting agriculture and helping poor rural producers respond to the requirements of the global economic system. The Millennium Project report to the United Nations Secretary-General includes a strategy to increase rural productivity through a renewed green revolution to raise food output.⁶ The Development Assistance Committee (DAC) of the Organisation of Economic Co-operation and Development (OECD) highlighted the role of agriculture in its guidelines on promoting pro-poor growth.⁷ The World

¹ In this section the term "relevance" refers to IFAD's relevance in the context of the international aid architecture. In chapter II "relevance" is used in relation to projects, and the extent to which project objectives are found to be consistent with: the needs of the rural poor; IFAD's strategic framework and policies; and the country's current policies and strategies for poverty reduction.

² World Bank, 2007.

³ United Nations, 2007.

⁴ Ibid.

⁵ FAO, 2006.

⁶ United Nations, 2007.

⁷ OECD, 2007.

Bank's *World Development Report* for 2008 confirms that the agriculture sector is essential to overall growth, poverty reduction and food security.⁸

6. Many governments are also giving more attention to agricultural development. A notable initiative is the Comprehensive Africa Agriculture Development Programme (CAADP) led by the New Partnership for Africa's Development (NEPAD). In 2003, African governments committed themselves to dedicating 10 per cent of their budgets to agriculture, in order to achieve the CAADP target of a 6 per cent a year national growth rate for agriculture.
7. Today, there is increasing recognition of the complex interactions between agriculture and climate change, the contribution of agricultural products to the global energy system, and a potential reversal of the declining trend in the prices of agricultural raw materials. IFAD's work is of relevance here. Set up to respond to the agricultural and food crisis of the 1970s by focusing on the rural poor, IFAD is in a position to contribute to these issues by virtue of its focus on productive transformation in rural areas and its commitment to ensuring that poor rural people and small scale-producers participate in these developments in a sustainable way.

Trends in official development assistance flows

8. Following a period of decline during the first half of the 1990s, the volume of aid has been rising steadily over the past 10 years. Net disbursements of official development assistance (ODA) increased from an average of US\$60 billion a year during the 1990s to US\$105 billion in 2005 (at constant 2004 prices). Recent increases in ODA flows have been largely the result of debt relief, which explains about 70 per cent of ODA growth between 2004 and 2005.⁹ There is also growing use of grants by multilateral organizations.
9. In some regions, such as Latin America and East Asia, private capital flows have surpassed ODA as a source of external financing. However, they have been much more volatile than ODA flows, and have been concentrated mainly in infrastructure and the financial services sector. Very little has gone into agriculture. Remittances have become the largest source of external funding to rural areas. It is estimated that more than US\$300 billion were sent by migrants worldwide to their families in developing countries during 2006. Remittances reach approximately 10 per cent of the world's population.
10. The sectoral distribution of aid changed significantly over the last 15 years, with a shift away from productive sectors towards the social sectors. In real terms, ODA commitments to agriculture and rural development fell by nearly one half between 1990 and 2005 (from US\$7,983 million to US\$4,614 million in constant 2004 prices). Relative to total ODA, commitments to agriculture declined from a high of about 18 per cent in 1979 to 3.5 per cent in 2004. This was the case even for the region most dependent on agriculture: sub-Saharan Africa (see appendix III). Multilateral aid to the sector declined in both relative and absolute terms, and increasingly focused on agricultural policy and institutional reform, rather than direct support. IFAD has bucked this trend and has been an increasingly significant source of funding, now providing on average 10 per cent of total multilateral aid to the sector (see appendix IV). It has remained one of the few organizations supporting productive activities in the countryside.

Ownership, harmonization and alignment

11. The 2005 Paris Declaration on Aid Effectiveness provides an important framework for meeting the challenge of raising the relevance and effectiveness of ODA, including for rural poverty reduction. As a signatory to the declaration, IFAD is committed to working with governments and other development partners to fulfil the partnership commitments the declaration is founded upon. According to the recent baseline survey organized by the OECD-DAC to monitor progress on the

⁸ World Bank, 2007.

⁹ IDA, 2007.

declaration, IFAD is already meeting many of the commitments. A more in-depth review of IFAD's performance against the partnership commitments and monitoring indicators of the declaration is provided in chapter II, section D.

12. The Paris Declaration has stimulated dialogue at the country and regional level on how to improve the quality of aid. It has also encouraged donor agencies increasingly to use country systems, contributing to empowering national institutions in implementing their own development policies and raising their accountability to their citizens and parliaments. Nonetheless, the OECD-DAC 2006 Survey on Monitoring the Paris Declaration concludes that "in half of the developing countries signing on to the Paris Declaration, partners and donors have a long road ahead to meet the commitments they have undertaken".¹⁰
13. In addition to the broader challenges of effective alignment and harmonization, the agricultural sector is one where progress in raising the effectiveness of development efforts is proving frustrating to both governments and donors. Not least among the challenges is the frequently low level of attention paid to agriculture in the first iterations of poverty reduction strategies (PRS), which tended to emphasize the public provision of social infrastructure and services and paid less attention to productive sectors. Although agriculture features more prominently in the second generation of PRS papers, there remains a lack of clarity as to the most effective approaches for rural poverty reduction. This is not entirely attributable to issues of government leadership. Particularly in the poorest countries, where ODA plays a major role in public development finance, it also reflects the fact that donors themselves exhibit a variety of views about the appropriate form of engagement with agricultural development. Under the aegis of the Global Donor Platform for Rural Development, IFAD is the lead agency for a series of ongoing country case studies aimed at sharpening the rural focus of PRSs.
14. Ownership, alignment and harmonization have been pursued most systematically and explicitly through sector-wide approaches (SWAp). Experience to date with SWAp for agriculture and rural development is mixed.¹¹ They have contributed to more streamlined dialogue between the donor community and government, and strengthened government leadership and coordination among donors. Yet, this has often been at the cost of a focus on the SWAp process itself rather than on sector policy outcomes and impact. There have only been a limited number of agricultural SWAp to date, and traditional projects continue to be dominant in the sector – and may even be increasing.¹² IFAD introduced a new policy for its engagement in SWAp in 2005¹³ and engages actively in existing agricultural SWAp (in Honduras, Mozambique, Nicaragua, Uganda and the United Republic of Tanzania).
15. Other initiatives under way to enhance donor coordination, complementarity and streamlining at the country level include joint assistance strategies (JASs) and the United Nations pilot initiative for improving United Nations System-wide coherence, known as the "One United Nations Initiative". The JASs have been instrumental in advancing the Paris Declaration commitments on donor harmonization at the country level. Division of labour among international organizations is proving to be a complex issue. To date, there have only been a limited number of JASs, and IFAD, with its limited country presence, has participated in Ghana, Kenya, Uganda, Zambia and particularly in the United Republic of Tanzania, where it signed a memorandum of understanding with the Government and its development partners that defines ways to develop and implement the JAS.

Main issues for IFAD in the evolving aid architecture

16. The challenge of making a step-change in the pace of rural development and poverty reduction is not only financial, but also organizational, specifically the organizational preparedness among development partners against a background of

¹⁰ OECD, 2006, p. 9.

¹¹ Evans et al., 2007.

¹² Ibid.

¹³ IFAD, 2005a.

a low level of attention to rural and agricultural development in the ODA system. Notwithstanding the rising appreciation of the importance of agriculture, the asset base of skills and knowledge for effective support has been eroded. Furthermore, there is still a lack of clarity and consensus on the most effective approaches for rural poverty reduction, and on the most appropriate form of engagement with agricultural development. In this context, IFAD's material contribution to increasing the level of ODA for agricultural development is significant. It is roughly comparable in the sector with the contribution of the Asian Development Bank (AsDB), the African Development Bank (AfDB) and the European Commission (see appendix IV). Arguably, in the poorest countries and among poor people IFAD's investment role is considerably greater.

17. A key contribution to the architecture – for which IFAD's investment and grant programme is an essential platform – must be in helping harmonized government and donor strategies address the core issues of enabling poor rural people to overcome poverty. Here, the focus must be on: better integration with markets and enhanced productive capacity; strong participation of poor people in setting development objectives; and strengthening of the human and material asset base for better relations with the private and public sector.
18. To achieve this, IFAD must have a strong portfolio of operations from which to draw lessons and best practices, grounded in robust country programmes that are aligned with national and sectoral development strategies and harmonized with those of its partners; and effective internal processes underpinning quality and efficiency. These key aspects are addressed in the following two chapters.

II. Development effectiveness

19. This chapter reports on the effectiveness of IFAD-funded operations against the objectives, measures and targets agreed by IFAD's Executive Board as presented in the IFAD Strategic Framework 2007-2010 (approved in December 2006), its associated Results Measurement Framework (RMF) (approved in September 2007), and the Action Plan itself (approved in December 2005).
20. Section A focuses on the development effectiveness of past operations at the project level (see box below). Section B reviews performance at the country programme level, drawing on seven country programme evaluations recently carried out by IFAD's independent Office of Evaluation (OE). Section C provides an overview of IFAD's policy and partnership activities at the regional and international level (further detail on these activities and their outcomes is provided in appendix VII). Section D reviews IFAD's performance against the partnership commitments of the Paris Declaration on Aid Effectiveness.

Development effectiveness

By definition development effectiveness depends on collective and coordinated action by a multiplicity of actors, both national and external (particularly in view of the increased emphasis on harmonization and alignment referred to in chapter I). In this sense, development effectiveness is a measure of their aggregate impact, within which accountability for the achievement of results (or lack thereof) is shared among many. Development organizations are therefore accountable for positively influencing the outcomes of programmes they finance, but cannot directly control nor be fully accountable for the development results.

21. The statistical basis for providing firm information on trends in IFAD's development effectiveness is limited, therefore, results should be considered indicative. This report finds substantial improvements in IFAD's project performance since the Independent External Evaluation of IFAD (IEE). Project relevance continues to be high and there is improvement in project effectiveness, efficiency, rural poverty impact and innovation. While performance on sustainability is also improving, it requires further attention. External benchmarking confirms that, overall, these are good results in a difficult environment, as other international financial institutions (IFIs) have found.

22. Evaluations of IFAD's country programmes find that more effort is needed beyond the immediate project focus, to participate in high-level policy dialogue, knowledge sharing and strategic partnerships. However, it should be borne in mind that these evaluations are based on projects and programmes that were carried out many years ago and the new results-based country strategic opportunities programmes (RB-COSOPs) are expected to improve these results substantially.
23. IFAD has participated in, and in many cases, led a number of international policy and partnership initiatives, effectively promoting the rural poverty reduction agenda, facilitating the participation of representatives of the rural poor in relevant fora forums and supporting knowledge-generating networks.
24. The Fund is supporting the Rome/Paris harmonization and alignment agenda at a number of levels, particularly the one United Nations pilots and initiatives with sister agencies in Rome. IFAD is performing well on the partnership commitments of the Paris Declaration.

A. Project effectiveness

25. The assessment of project effectiveness presented below is based on the conventional methodology widely used by IFIs, which rates performance on a scale of 1 to 6,¹⁴ with one being highly unsatisfactory and six being highly satisfactory. The overall performance for any sample of projects reviewed is then expressed in terms of the percentage of projects rated 4 (moderately satisfactory) or above (i.e. 4, 5, or 6). OE and IFAD follow the same evaluative methodology, allowing comparison between them.¹⁵ However, they differ with respect to sampling. In the Portfolio Performance Report (PPR), IFAD uses results of completed projects only, whereas in the Annual Report on Results and Impact of IFAD Operations (ARRI), OE uses both completed and ongoing projects; furthermore, the ARRI report's assessment is based on a sample, whereas beginning this year the PPR's review is based on the universe of all completed projects (these differences are explained further in appendix I).¹⁶ Use of evaluation and self-assessed data serves to identify differences in OE's and IFAD's findings, and also to assist in interpretation of apparent trends (depending on the degree of convergence between the two sources).
26. In the interest of providing a relatively up-to-date and representative assessment of performance, the ratings presented below are based on a sample composed of projects assessed in the last two years within the ARRI and the PPR reports. Performance is reported by reference on the one hand to the IEE, which provides a baseline as at 2003, and on the other to the targets agreed by the Executive Board in the Action Plan and the RMF. These targets relate to the broader dimensions of project performance, innovation and overall rural poverty impact. As such, other elements examined by the PPR and ARRI reports (gender, markets, food security, etc.) are not covered per se in this report, except for environment, in light of the ongoing debate on climate change at the global level, and its centrality to rural agricultural development.
27. Performance data presented below relates to projects for which IFAD's principal design and implementation inputs took place many years ago (mostly in the early 1990s). None of these data refer to the effectiveness of IFAD's current design and implementation practices, which often represent new answers to new problems.

¹⁴ 6: highly satisfactory; 5: satisfactory; 4: moderately satisfactory; 3: moderately unsatisfactory; 2: unsatisfactory; 1: highly unsatisfactory.

¹⁵ ARRI data is based on ratings assigned by project evaluations, and by evaluations of projects (mostly near completion or at completion) conducted in the context of country programme evaluations. PPR data are based on ratings derived from assessments of project completion reports prepared by borrowers.

¹⁶ The PPR report is prepared by IFAD Management, while the ARRI report is prepared by OE.

Table 1
Project performance against IEE baseline, and Action Plan and RMF targets for 2009-2010

	2003	2005-2006	2005-2006	Action Plan and/or RMF targets
	IEE	ARRI	PPR	(2009-2010)
Indicator per cent satisfactory (4-6)				
Relevance	100	97.7	88.4	100
Effectiveness	67	72.5	75.0	80
Efficiency	45	68.3	64.0	60
Sustainability	61/40	47.5	55.7	80
Innovation	40 ^a	76.3	58.8	65
Rural poverty impact	37	64.3	65.6	70
Number of projects rated (total)	20 ^b	44	52	
Number of closed projects	6	25	52	
Percentage of current portfolio	8.5	19.8 ^c	23.4	
Current portfolio (number)	234	222 ^d	222	

^a Average of local and national innovation impact.

^b 18 for effectiveness, sustainability, and impact on poverty (therefore 7.7 per cent of total portfolio); 17 for innovation, learning and scaling up (7.2 per cent of total portfolio).

^c This figure shows the ratio between the number of projects assessed by the ARRI reports for 2005 and 2006 and by the PPR reports for 2005/06 and 2006/07 to the number of ongoing projects in the portfolio at any point in time.

^d Average of IFAD's portfolio of investment projects for 2005/06 and 2006/07.

28. **Relevance**¹⁷ has been IFAD's best performing indicator. This is confirmed by the latest data from the ARRI and the PPR reports, which show that performance for this measure is high. The lower performance reported by the PPR is the result of the application of more rigorous assessment criteria, based on the new Strategic Framework 2007-2010 and recent policies. It does not, therefore, indicate that performance against this measure has deteriorated.
29. Data from both the ARRI and the PPR reports point to an improvement in **effectiveness**¹⁸ performance compared with the IEE baseline. Furthermore, based on the extent of progress since the IEE, the likelihood of achieving the target of 80 per cent by 2009-2010 appears to be high at this stage.
30. As noted by OE, **efficiency**¹⁹ is often difficult to assess because data available for cost-benefit analysis is generally limited and efficiency measures are difficult to establish for non-physical outputs (e.g. capacity-building or empowerment).²⁰ However, according to both the ARRI and the PPR reports, there has been a marked improvement over the IEE baseline, and performance already exceeds the target of 60 per cent.
31. As regards **sustainability**,²¹ the IEE provided two ratings, one of 61 per cent based on a cohort of ongoing and completed projects, and another of 40 per cent based on a cohort of nearly completed and completed projects.²² Taking the latter figure, which is more consistent with the ARRI and PPR methodology, the data indicates progress since the IEE. Substantial improvement will be required to reach the ambitious target of 80 per cent by 2009/2010.

¹⁷ Relevance is defined as the extent to which project objectives are found to be consistent with: the needs of the rural poor; IFAD's strategic framework and policies; and the country's current policies and strategies for poverty reduction.

¹⁸ Effectiveness is defined as the extent to which projects' major objectives were achieved, or are expected to be achieved, at completion.

¹⁹ Efficiency is a measure of how economically project inputs are converted to outputs.

²⁰ IFAD, 2007d, p. 6.

²¹ Sustainability involves making a judgement that the net benefits generated by projects will be maintained in the longer term.

²² IFAD, 2005b, chapter 2, p. 67: "Sustainability of impact is substantial in just under two-thirds of projects, but if the analysis is restricted to those ten projects that are nearly or actually closed, the proportion falls to less than half", data provided in IEE, table 16.

32. **Innovation**²³ is regarded as central to the achievement of IFAD's mandate. Latest ARRI and PPR data show considerable improvement over the IEE baseline; furthermore, according to ARRI data, performance exceeds the RMF target of 65 per cent.
33. **Rural poverty impact.**²⁴ ARRI and PPR data are consistent in showing a significant improvement of performance over the IEE baseline. These figures also indicate the likelihood of reaching the RMF target of 70 per cent by 2010.
34. Subject to data qualifications, with the exception of relevance (which was rated 100 per cent by the IEE), the performance²⁵ of IFAD-financed projects shows a notable improvement compared with the 2003 IEE baseline. The improvement is most pronounced for rural poverty impact, efficiency and innovation (with performance already exceeding targets for 2009/2010 for the latter two). This is particularly encouraging since these were among the least successfully rated dimensions by the IEE. The level of congruence between ARRI and PPR data is highest for the measures of project effectiveness, efficiency and rural poverty impact, reinforcing the respective positive assessments. Notwithstanding a wider gap between ARRI and PPR data for relevance, sustainability and innovation, both sources point to an improvement over the IEE baseline for the latter two measures.

Illustrations of project impact

In **India**, the Rural Women's Development and Empowerment Project contributed to increasing average annual income of women by as much as 60 per cent in real terms; dependence on wage labour reduced from 64 per cent to 33 per cent; 17,674 women's self-help groups were created (against a target of 7,400) of which 85 per cent are self-sustainable.

In **Bhutan**, the quality of life of the beneficiaries of the Second Eastern Zone Agricultural Programme improved remarkably: yields increased between 65 per cent and 77 per cent; and construction of agricultural roads improved market access and reduced transport and handling costs by up to 90 per cent.

The Rural Development Project in the South-Western Region in **Honduras** exceeded the expected targets, supporting 11,811 rural farmers, organized in 503 producers' groups and 226 community management committees in 263 communities. It financed support for 3,500 productive microprojects. Grain production increased by 80 per cent, 22 rural development enterprises were strengthened, and 1,990 "innovative" families were trained.

Data on outputs of ongoing projects, as reported by the Results and Impact Management System (RIMS), is provided in appendix V.

Observations on project performance

35. These dimensions of performance are regularly analysed in the ARRI and the PPR reports. In general, it is recognized that given the difficult and innovative nature of IFAD's work, it is reasonable to expect some projects "to fall short of complete success".²⁶ Project effectiveness and sustainability – which are understood as the closest proxy measures of development impact – are moreover dependent not only on IFAD's operational capacity but also on that of the recipient countries responsible for the implementation of IFAD-financed projects and other implementing partners.
36. Furthermore, operations are inevitably affected by the quality of national policy and institutional frameworks. As highlighted by the latest ARRI report, overall project success is lower in low-income countries (where 82 per cent of IFAD's lending was

²³ Innovation is defined in the Methodological Framework for Evaluation adopted by OE as the development of improved and cost-effective ways to address problems/opportunities faced by the rural poor through the projects and programmes supported by IFAD. These encompass institutional and technological approaches, as well as pro-poor policies and partnerships.

²⁴ This is a composite indicator; comprising measures of project impact on physical and financial assets, food security, empowerment and gender equity. For gender, data are available for the projects evaluated by OE in 2005 only, since in 2006 gender was not rated separately.

²⁵ This section on project-level performance has principally focused on performance at completion and against objectives, relying on evidence presented by OE evaluations and assessments of borrowers' project completion reports. Data for outputs related to the ongoing IFAD portfolio tracked through the Results and Impact Management System (RIMS) are provided in appendix V.

²⁶ IFAD, 2007d and IFAD, 2006b, p. iii.

concentrated in 2001/02-2005/06);²⁷ in countries in the lower three country policy and institutional assessment quintiles; in countries with lower rural sector performance assessment scores; and in sub-Saharan Africa.²⁸ This also applies to the countries defined as fragile by the OECD-DAC, where IFAD operates in 31 out of a total of 37.²⁹

37. The 2007 ARRI and PPR reports point out that **project effectiveness** is in large measure determined by the quality of project design and implementation. A common cause of unsatisfactory performance is the “setting of overambitious project objectives without the allocation of commensurate human and financial resources to achieve the intended objectives”.³⁰ This creates expectations that cannot be met by the project, but against which projects are nonetheless evaluated. The ARRI report has also noted that the separation between design and implementation limits continuity and ownership.³¹ The enhancement of the quality-at-entry process, combined with IFAD’s more direct involvement in supervision are squarely aimed at remedying these issues.
38. **Sustainability** has received great attention in successive ARRI and PPR reports. Key issues identified by various ARRIs are: the need to pay the necessary attention to sustainability at project design, identifying for example appropriate exit strategies; and the need to build sufficient capacity within key institutions (government agencies and community-based organizations) involved in project implementation and post-project activities. Projects that performed well on sustainability are those that: “were able to successfully transfer decision-making to lower administrative levels; included investments in productive assets; had successful financial services component; and promoted institutional ownership in the various project activities.”³² The need to address sustainability is explicitly recognized in the enhanced quality-at-entry process. It will be systematically monitored at design, during implementation and at completion through the RMF.
39. Notwithstanding the positive performance with respect to **innovation**, the three country programme evaluations (CPEs) reported on in the latest ARRI report indicate that the promotion of innovations has been ad hoc. The report also indicates that knowledge management, policy dialogue and partnership-building are further areas where future effort is needed, in order to identify opportunities for scaling up and replicating successful innovations. The two new corporate strategies on knowledge management and innovation, the recently introduced RB-COSOPs, and the new quality-at-entry processes, all intend to ensure that innovation, replication and scaling up are systematically and effectively mainstreamed into IFAD processes and into its country programmes.

External benchmarking

40. The ARRI report offers a tentative comparison of IFAD’s performance against that of the agriculture and rural development operations of other IFIs.³³ Evaluation data from the AsDB, the World Bank and the AfDB were selected for this purpose (see table 2).
41. The AsDB’s most recent annual review of evaluation results³⁴ reports that the success rate³⁵ for agriculture and rural development operations approved between 1990 and 1997 was 52 per cent. Using the same criteria, the ARRI analysis found

²⁷ IFAD, 2006c, p. 3.

²⁸ IFAD, 2007d, p. 21.

²⁹ IFAD, 2007d, p. 5, and IFAD, 2007e, p. 15.

³⁰ IFAD, 2007d, p. 5.

³¹ *Ibid.*, p. 5.

³² *Ibid.*, p. 11.

³³ *Ibid.*, paragraphs 94-98.

³⁴ OED, 2006).

³⁵ AsDB Operations Evaluation Department’s (OED) project performance ratings are based on separate evaluations and ratings of four core evaluation criteria: (i) relevance; (ii) effectiveness; (iii) efficiency; and (iv) sustainability. The final rating is determined by weighting the separate ratings of the four core criteria, and a descriptor is assigned (highly successful, successful, partly successful, and unsuccessful). Projects rated as successful are defined as the sum of projects rated as highly successful, successful, and generally successful. OED, 2006, p. 5.

that the success rate of IFAD operations in the Asia and the Pacific region was around 83 per cent for the period 2002-2006.

42. The Annual Review of Development Effectiveness of the World Bank³⁶ provides data for 22 rural sector projects exiting between 2001 and 2005. Of these, 80 per cent had satisfactory outcomes and 73 per cent were judged likely to be sustainable. In comparison, of the 73 IFAD operations evaluated globally by OE in the period 2002-2006, 84 per cent performed satisfactorily.³⁷ However, sustainability was rated as satisfactory for only 45 per cent of operations.
43. The AfDB has not issued a comparable report on their project performance. Nonetheless, a 2007 review by the Operations Evaluation Department (OPEV) of 2003-2005 project completion reports provides information for comparison. The review found that 4 out of 8 (50 per cent) agricultural sector projects recorded satisfactory overall project outcomes compared with 63 per cent for all projects. Another review of evaluation ratings shows that 69 per cent of AfDB's agriculture operations have satisfactory results in terms of sustainability.³⁸

Table 2

Benchmarking against agriculture and rural development operations of other international financial institutions

(Percentage of projects rated satisfactory)

	<i>IFAD 2002-2006</i>	<i>World Bank 2001-2005</i>	<i>Asian Development Bank 1990-1997</i>
Outcome (project performance): worldwide	84	80	n/a
Project performance and sustainability: ^a Asia and the Pacific region	83	79 ^b	52

Note: n/a = not available.

^a Project success used at the AsDB is a composite of relevance, effectiveness, efficiency and sustainability.

^b This is an average of project outcome and sustainability across all sectors, and not merely agriculture and rural development operations – see table A1, in IEG, 2006.

44. While the ARRI report recommends caution in the interpretation of this data because of these organizations' specificity, it notes that IFAD's project performance rating is broadly on a par with the rural sector operations financed by the World Bank, although the latter performs better on sustainability. The ARRI report also notes that IFAD operations perform more successfully than the agriculture operations of the AsDB.

³⁶ Ibid.

³⁷ Project performance is a composite of relevance, effectiveness and efficiency. It is comparable with the "outcome criteria" of the World Bank, which is also determined based on relevance, effectiveness and efficiency.

³⁸ OPEV, 2004.

IFI experience in the agricultural sector

The 2006 **Annual Evaluation Review of AsDB**³⁹ found that within the Bank's portfolio the agricultural sector has proved particularly challenging and results have not been as good as expected. Overall, only 46 per cent of AsDB-funded agriculture projects approved between 1970 and 1997 were rated as successful, and 47 per cent among those funded through the Asian Development Fund (AsDF).⁴⁰

The review identified problems pervasive in the whole agricultural sector: (i) inadequate project design, including an inadequate understanding of the problems and opportunities viewed from the perspective of beneficiaries; (ii) project complexity (e.g. projects covering a large area, with multiple components and involving several institutions); (iii) weak institutions; (iv) limited budgets; (v) adverse impact of external factors (e.g. climatic factors and declining farm gate prices through much of the 1980s and 1990s); and (vi) weaknesses in project administration.

Similar conclusions have been reached by the World Bank in the **Annual Review of Development Effectiveness 2006**,⁴¹ which reports that the Bank has found it challenging to help countries formulate and implement strategies that effectively reduce rural poverty. Half of the country assistance strategy reviews completed by the Independent Evaluation Group (IEG) over the past four fiscal years concluded that the Bank's assistance in rural areas had either not led to satisfactory outcomes or had shown that rural poverty reduction required greater attention. Almost half of all the World Bank's country assistance strategies reviewed by IEG in the past four fiscal years were found to be overly ambitious. Unrealistic objectives were also found in individual lending operations.

The evaluation of **World Bank Assistance to the Agriculture Sector in Sub-Saharan Africa**,⁴² concluded that the World Bank has had limited success in contributing to the development of African agriculture. IEG data show that the percentage of satisfactory outcome ratings for largely agricultural investment projects during 1991-2006 is lower than that for non-agriculture investments in the region and lower than that of similar investment projects in other regions. Sustainability ratings are also below average. The review concludes that the World Bank needs to take greater care in designing and supervising its agricultural operations.

Performance on environment and natural resource management

45. Performance with respect to environment and natural resource management is not explicitly embodied in the Action Plan or RMF targets agreed with the Executive Board, and therefore is not reported on in the section above. It has, nevertheless, been one of the main strategic priorities of the Fund. The dominance of the climate change debate at the global level and its centrality to rural agricultural development in certain regions, in particular, sub-Saharan Africa, makes its inclusion in this report an imperative.
46. **Environment and communal resource base** is systematically assessed within both OE's evaluation and IFAD's self-assessment frameworks.⁴³ It focuses on assessing the extent to which a project contributes to the protection or rehabilitation of natural resources and the environment or the extent to which the project contributed to the depletion of natural resources.⁴⁴ Both ARRI and PPR data indicate improved performance, although it is an area that will require special attention.

³⁹ OED, 2006.

⁴⁰ AsDF is allocated to poorer countries, which often face daunting development challenges mainly as a result of their country-specific initial conditions and institutional capabilities. The 47 per cent of AsDF-funded agriculture projects rated successful was only marginally higher than that for agriculture projects financed with ordinary capital resources (OCR), which stood at 42 per cent. For all sectors, for projects approved between 1970 and 1997, 58 per cent of AsDF-funded projects were rated as successful, compared with 70 per cent of OCR projects. Although performance of agriculture projects has improved over time, the trend towards better outcomes slowed in the 1990s for both AsDF- and OCR-funded agriculture projects. OED, 2006, p.10.

⁴¹ IEG, 2006.

⁴² IEG, 2007.

⁴³ Environment is also one of the RIMS indicators of performance for IFAD's ongoing portfolio. Data are provided in appendix V.

⁴⁴ IFAD, 2007d, p. 39.

Table 3
Project performance for the environment impact domain

<i>Impact domain per cent satisfactory (4-6)</i>	2003	2005-2006	2005-2006
	<i>IEE</i>	<i>ARRI</i>	<i>PPR</i>
Environment and communal resource base	44	64.3	59

47. IFAD has a historically high level of engagement in climate change issues, particularly with regard to drought management and adaptation. Thus, in the 1980s and 1990s, IFAD ran an important programme for support to African smallholders and pastoralists affected by drought and desertification (the Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification). Furthermore, IFAD has hosted and supported the Global Mechanism of the United Nations Convention to Combat Desertification, since establishment of the mechanism in 1997.
48. Similarly, IFAD is an executing agency of the Global Environment Facility (GEF), and has a dedicated unit for supporting the integration of GEF objectives and resources into IFAD-supported projects. New initiatives under development will involve IFAD in: the sub-Saharan region, with activities within the framework of the World Bank-led regional partnership on sustainable land management, the Strategic Investment Programme (TerrAfrica/SIP); the United Nations Development Programme's Country Programme Partnership in Burkina Faso; and in the leadership role for the development and implementation of the GEF multi-agency regional programming document in the Middle East and North Africa region.⁴⁵

B. Country programme effectiveness

49. In this edition of the Report on IFAD's Development Effectiveness, the assessment of country programme effectiveness is exclusively based on the seven CPEs carried out by OE between 2003 and 2006. Self-assessed data are not available for this report as the new annual RB-COSOP review instrument will be implemented for the first time only at the end of 2007. These findings will be reported in 2008, together with the results of the client/partner survey which will be launched in 2008 across all countries where IFAD has an active portfolio.
50. The CPEs reviewed here include: Bangladesh, Mexico and Rwanda (2006); Benin, Bolivia and Egypt (2005), and Indonesia (2004). Most of the countries had country strategic opportunities papers (COSOPs) dating from 1998-2000, but few had projects that had become effective after this date that would have reflected the more strategic thrust and broad context orientation of the COSOPs. The country programmes evaluated largely consist of the sum total of its projects there. Moreover, they pre-dated poverty reduction strategy papers (PRSPs) and the Aid Effectiveness agenda. Nonetheless, the CPEs looked at broader issues such as inter-project synergies, replication and scaling up, policy dialogue, partnerships and institution-building for sustainability.
51. It is not possible to present the information provided by the CPEs statistically because of the small numbers involved, the lack of quantifiable data, and the long period of reference covered by the CPEs. The seven countries had a relatively small number of projects over the period reviewed (between 6 and 10). With the exception of Bangladesh and Rwanda, whose CPEs reviewed performance over ten years, the other CPEs covered performance over the whole period of IFAD's development assistance, i.e. 20-25 years.
52. The CPEs tend to mirror the results on project performance in the ARRI and PPR reports. The projects examined were strong on relevance to country needs and approaches, broadly successful in terms of effectiveness and impact with respect to

⁴⁵ IFAD, 2007e, p. 12.

project objectives, but less successful in terms of project efficiency (as far as it could be measured). Many instances of innovation were found but there were major concerns about IFAD's ability to replicate and scale up these innovations and ensure the sustainability of project successes.

53. The CPEs suggest that the conditions for extending IFAD's effectiveness beyond its immediate projects need to be addressed urgently. There was consistency of findings in all the CPEs: there were few synergies between projects, little investment in lesson-learning and knowledge sharing, few strategic partnerships beyond the direct cofinancing relationship and limited high-level policy dialogue. A partial exception to this picture was that of Bangladesh, where there was evidence of replication, scaling up and policy influence in the microfinance sector. These shortcomings almost certainly contributed to IFAD's weakness in the areas of sustainability of projects, as well as disappointing performance against the Methodological Framework for Evaluation indicator of impact on institutions, policies and regulatory framework. These are precisely the shortcomings that the RB-COSOP was established to overcome.
54. According to the CPEs, the new generation of COSOPs produced between 1998 and 2000 introduced a more strategic emphasis on policy analysis and dialogue, partnership and knowledge management. Most of the CPEs point out that such processes require an ongoing participation that is difficult with IFAD's paucity of continuous country presence (the Bangladesh CPE notes that the situation had improved with the outposting of a full-time consultant to represent IFAD). There is also a resource issue – such processes are time-intensive and require different staff skills. Overall, the CPEs suggest that revision of the country programme approach in the form of the RB-COSOP and the mainstreaming of country presence are necessary elements of improving project results and IFAD's development effectiveness.

C. International policy and partnership initiatives

55. IFAD engages in international policy dialogue and advocacy in three main areas. These are: (i) participating in, coordinating, and – if possible – leading policy discussions in order to raise the profile of rural poverty and food security, shape core messages to reflect these issues and promote policy coherence among partner agencies on these topics; (ii) facilitating participation and advocacy by representatives of the rural poor in international policy discussions in order that their views and experiences are represented effectively and policymaking thereby enhanced; and (iii) supporting knowledge generation and knowledge-sharing on rural poverty and food security among researchers, policymakers and civil society groups, in order to improve policymaking and reduce rural poverty more effectively.
56. Appendix VII reports the main activities of 2006-2007, with an indication of their outcomes. In future years, these outcomes will be monitored more precisely. It shows that there has been substantial activity in each of the three areas. IFAD has participated actively in several high-profile international policy events and relevant follow-up, such as the Global Donor Platform for Rural Development, the OECD-DAC Network for Poverty Reduction, the International Conference on Agrarian Reform and Rural Development, the International Forum on the Eradication of Poverty (organized by the United Nations Department of Economic and Social Affairs) and the Africa Fertilizer Summit. In some of these areas, IFAD is assuming leadership or convening positions, which increases its impact. In supporting the events, it has often worked closely with the Food and Agriculture Organization of the United Nations (FAO) and World Food Programme (WFP), enhancing partnership and policy coherence with its sister organizations.
57. IFAD has played an important part in supporting civil society advocacy organizations, such as the Farmers' Forum and various indigenous peoples' organizations, thereby enabling them to play a more effective part in international policy discussions. These activities are consistent with IFAD's corporate objectives

of empowering the rural poor, and complement capacity-building activities being undertaken at the country and regional level.

58. Finally, IFAD has continued its support for research networks with the International Food Policy Research Institute and the Consultative Group on International Agricultural Research, thereby ensuring that the problems facing impoverished rural women and men are adequately researched, and the lessons shared with policymakers and civil society organizations. IFAD's support to the production of the 2008 *World Development Report* has been particularly important in ensuring a pro-poor focus.

D. Progress in implementing the partnership commitments of the Paris Declaration on Aid Effectiveness

59. The international effort to improve aid effectiveness has been one of the most important initiatives of recent years. Following the initial agreements set out at the International Conference on Financing for Development held in Monterrey in 2002, and followed up at the High-Level Forum on Harmonization in Rome in 2003 and the High-Level Forum on Aid Effectiveness in Paris in 2005, the international community has agreed to partnership commitments with monitoring indicators and targets for 2010, as set out in the Paris Declaration (see appendix VI). As a signatory to the Paris Declaration, IFAD is committed to working with other donors and partners to fulfil the partnership commitments upon which the declaration is founded.
60. The key elements of the aid effectiveness commitments are: country ownership; donor-partner alignment; inter-agency harmonization; managing for results; and mutual accountability. Progress towards them is measured at the country level, although they require reforms in donor systems and procedures at the headquarters and international level. As noted above, at headquarters, IFAD has put a series of reforms in place, especially the RB-COSOPs and a new project design process, which will improve country ownership, donor alignment and managing for results at the country level.
61. At the international level, IFAD has participated actively in the United Nations High-Level Panel on System-wide Coherence, the OECD-DAC/IFI Joint Venture on Managing for Development Results (MfDR) (which is promoting harmonization of frameworks for measuring and monitoring development results),⁴⁶ and co-sponsored the Third Round Table on MfDR held in Hanoi in February 2007. The President of IFAD was a member of the High-Level Panel on System-wide Coherence; IFAD is participating in all eight country pilots under the One United Nations Initiative and the two additional country programme manager outposts – planned within the framework of the mainstreaming of IFAD's country presence initiative – will be located in two of these countries.⁴⁷
62. IFAD is also pursuing focused harmonization initiatives with its sister agencies in Rome – FAO and WFP – with an agreement to identify and report on their collaboration with regard to four pillars: (i) agricultural investment; (ii) policy formulation, capacity-building, knowledge management and advocacy; (iii) emergency and rehabilitation; and (iv) administration. Findings on the administration pillar were reported at the September 2007 Executive Board,⁴⁸ the three other pillars will be reported on at the Executive Board in December 2007.

⁴⁶ The IFI Working Group on MfDR is producing a joint annual report on their own performance and effectiveness through the Common Performance Assessment System (COMPAS). IFAD is using some of the COMPAS indicators for benchmarking its own performance (referred to in chapter III).

⁴⁷ The creation of these pilots was recommended by the High-Level Panel on System-wide Coherence. The One United Nations Initiative is aimed at ensuring faster and more effective development operations at the country level, and at accelerating progress to achieve the MDGs. In December 2006, the Governments of Albania, Cape Verde, Mozambique, Pakistan, Rwanda, United Republic of Tanzania, Uruguay and Viet Nam agreed to become the pilot countries, followed, in 2007, by a process of piloting different models to deliver "One programme", "One budget", "One leader" and "One office".

⁴⁸ IFAD, 2007a.

63. In terms of harmonization with other IFIs, IFAD is an active member of the IFI Working Group on the Environment and is undertaking a joint evaluation with AfDB of work on agriculture in Africa.

Monitoring outcomes

64. In 2005-2006, the OECD-DAC Working Party on Aid Effectiveness carried out a baseline survey to monitor progress in implementation of the partnership commitments of the Paris Declaration (including a review of the 12 monitoring indicators) in 34 countries. Data are available for IFAD in 23 of these.⁴⁹ Table 4 provides information on the indicators that apply to donors and compares IFAD's situation with that of the World Bank, the United Nations group and the total of multilateral and bilateral donors. Because of the small numbers involved for IFAD, caution should be exercised in interpreting these data. However, the results show that IFAD is performing well on most of the declaration's partnership commitments. IFAD's performance is similar to, and in some cases better than, that of the World Bank and of the United Nations as a whole.
65. Promoting increased **ownership** by national stakeholders over their national development strategies is central for IFAD. As noted by the 2006 monitoring survey, this is an area that requires substantial improvement and action on the part of all partners. IFAD recognizes this, and congruent with the provisions of the Strategic Framework 2007-2010 and the introduction of RB-COSOPs, all IFAD-financed country-level initiatives flow from country ownership. Annual monitoring of the implementation of RB-COSOPs provides country partners with regular and coherent opportunities to continue to exercise strategic ownership of IFAD-financed initiatives.
66. While wholly committed to the principle of **alignment**, in the short run, donors are able to pursue it as far as their own policies allow them to. With respect to use of partner countries' financial management or procurement systems (indicators 5a and 5b), IFAD's engagement is necessarily conditioned by its own procedures and guidelines, which facilitate, where circumstances are appropriate, use of country systems. IFAD loans are subject to partner countries' public financial management systems with respect to budget execution, financial reporting and audit, as articulated in loan/grant agreements, and in line with its own procedures for loans and grants administration at the country level. In seven countries, all IFAD's assistance is actively managed through national systems; in five countries none of it is, and the remaining five have variable proportions. In 11 of the 18 countries reporting on the use of government procurement systems, 70 per cent of aid was channelled in this way; the highest proportion among the other donors surveyed.
67. With respect to the alignment of aid flows with national priorities (indicator 3), as an IFI, most of IFAD's development assistance takes the form of loans to governments and appears in their national budgets along with the requirement for budgeted counterpart funding. Strengthening of partner capacities through technical cooperation (indicator 4) occurs in 7 of the 23 countries. IFAD partner countries have the option to purchase technical assistance through IFAD loan proceeds but often choose not to use loan finance for this purpose. In some cases IFAD has used grant resources for capacity-building; in others it has mobilized cofinancing or parallel financing for technical assistance from other partners.
68. Indicator 6 of the Paris Declaration tracks progress in strengthening partner capacity through the reduction of parallel implementation structures. As IFAD is an IFI, its project implementation units (PIUs) and project coordination units (PCUs) do not qualify as "parallel PIUs". Still, IFAD makes extensive use of "integrated PIUs" or "coordinating units", i.e. units staffed by partner country personnel embedded in partner country management systems. In the survey, 13 of the 19 countries reporting had integrated PIUs.

⁴⁹ Note that information is not available for all indicators because of non-response or non-applicability.

69. The Fund's introduction of a performance-based allocation system (PBAS) has greatly enhanced the predictability of its lending envelope (indicator 7). Disbursement performance is a PBAS criterion. According to the survey, 68 per cent of IFAD's assistance was on schedule, which is the same as the average for all donors.
70. The establishment of common arrangements among donors, simplification of procedures and sharing of information are key to fulfilment of the Paris Declaration's commitment on **harmonization**. The 2006 survey reports that "donors will need to work aggressively to reduce the transaction costs of delivering and managing aid".⁵⁰ The declaration encourages delivery of aid through programme-based approaches (indicator 9). IFAD's experience with regard to this indicator is limited to SWAs.
71. Progress with respect to harmonization is also tracked through indicators on the percentage of donor missions and country analytical work that is coordinated (indicators 10a and 10b respectively). IFAD's participation in field missions is mostly related to cofinancing and supervision, and is therefore undertaken with other partners. The survey confirms that a high proportion of field missions (62 per cent) are joint efforts. Most IFAD missions rely on analytical work carried out by governments or other organizations, resulting in a high score on this indicator.
72. The declaration's commitments on **managing for results** call for donors and partner countries to work together to manage resources for the achievement of development results, using information on results to improve decision-making. Countries are expected to develop cost-effective results-oriented reporting and performance assessment frameworks, while donors commit to using such arrangements and refraining from separate reporting. The 2006 baseline survey found that out of 29 countries scored for this indicator, only 2 had performance assessment frameworks (PAFs) that were "largely developed towards achieving good practice", 17 had PAFs rated as reflecting "action taken towards achieving good practice" and that incorporated "some elements of good practice".
73. As part of delivering on its Action Plan, IFAD is introducing an increasingly comprehensive and interlinked set of results-oriented management instruments with a corresponding reporting hierarchy, which includes RB-COSOPs, divisional management plans and a results measurement framework. A major deliverable of the RB-COSOPs will be, precisely, harmonizing results management tools with partner countries' emerging PAFs.
74. The concept of **mutual accountability** in the Paris Declaration develops the idea that aid is more effective when both donors and partner governments are accountable to their respective publics for the use of resources to achieve development results, and when they are accountable to each other. IFAD is engaged in a wide variety of relationships that can impact upon aid effectiveness, for example through consultative groups, participation in United Nations Development Assistance Frameworks and, recently, work with the AfDB on moving towards mutual accountability in western and central Africa. Also, as noted above, annual reviews of RB-COSOP implementation are expected to involve other in-country donors. At the project level, strong emphasis is placed on ensuring deeper beneficiary participation/involvement in intervention targeting, activity planning, implementation, and monitoring and evaluation. Efforts are emerging with respect to full disclosure by projects of annual workplans and budgets, and beneficiary assessment of implementation progress and impact.
75. To a large extent, therefore, IFAD is already conforming with the declaration's commitments: certainly in terms of aligning IFAD-financed initiatives with relevant partner country strategies; using country systems to the extent possible within its current policies and procedures; participating in coordination mechanisms;

⁵⁰ OECD, 2006, p. 11.

engaging in a wide variety of partnerships; and comprehensively putting its own systems on a “managing for results” basis.

76. The Third High-Level Forum on Aid Effectiveness is scheduled to take place in Accra on 2-4 September 2008. Prior to this, signatories of the declaration are being invited to participate in a second round of monitoring in the first quarter of 2008 to provide an evidence-based platform for the forum. IFAD, again, will take part in the survey, and will also contribute by sharing its experience of implementing partnership commitments within the rural development context, especially with regard to the extent to which harmonization and alignment are providing a more effective platform for addressing the key obstacles confronted by poor rural people. This contribution will be complemented by the participation of OE in the joint evaluation that is being undertaken of the implementation of the Paris Declaration.

Table 4
IFAD results from the 2006 OECD-DAC Survey on Monitoring the Paris Declaration on Aid Effectiveness

<i>Paris indicator</i>	<i>IFAD</i>	<i>World Bank</i>	<i>United Nations</i>	<i>All donors</i>
3. Alignment of aid flows to national priorities				
Percentage of disbursed aid that goes to the government sector	85	94	36	88
4. Strengthening capacity through coordinated support				
Percentage of technical cooperation provided through coordinated country programmes	56	57	44	48
5a. Use of country public financial systems (PFM)				
Percentage of aid to government that goes through 3 national PFM systems	53	42	18	40
5b. Use of country procurement systems				
Percentage of aid to government that uses government procurement systems	70	40	8	39
6. Avoiding parallel implementation structures				
Number of parallel PIUs	32	223	315	1,832
7. Aid is more predictable				
Percentage of aid that is disbursed on schedule	68	68	32	70
9. Use of common arrangements or procedures				
Percentage of aid that is programme-based (direct budget support, SWAs, etc.)	24	57	28	43
10a. Joint missions				
Percentage of donor missions that are coordinated	62	21	30	n/a
10b. Joint country analytic work				
Percentage of country analytic work that is coordinated	94	49	63	n/a

Note: Indicators 1, 2, 11 and 12 were not covered by the survey. Indicator 8 refers exclusively to bilateral aid.
n/a = not applicable.

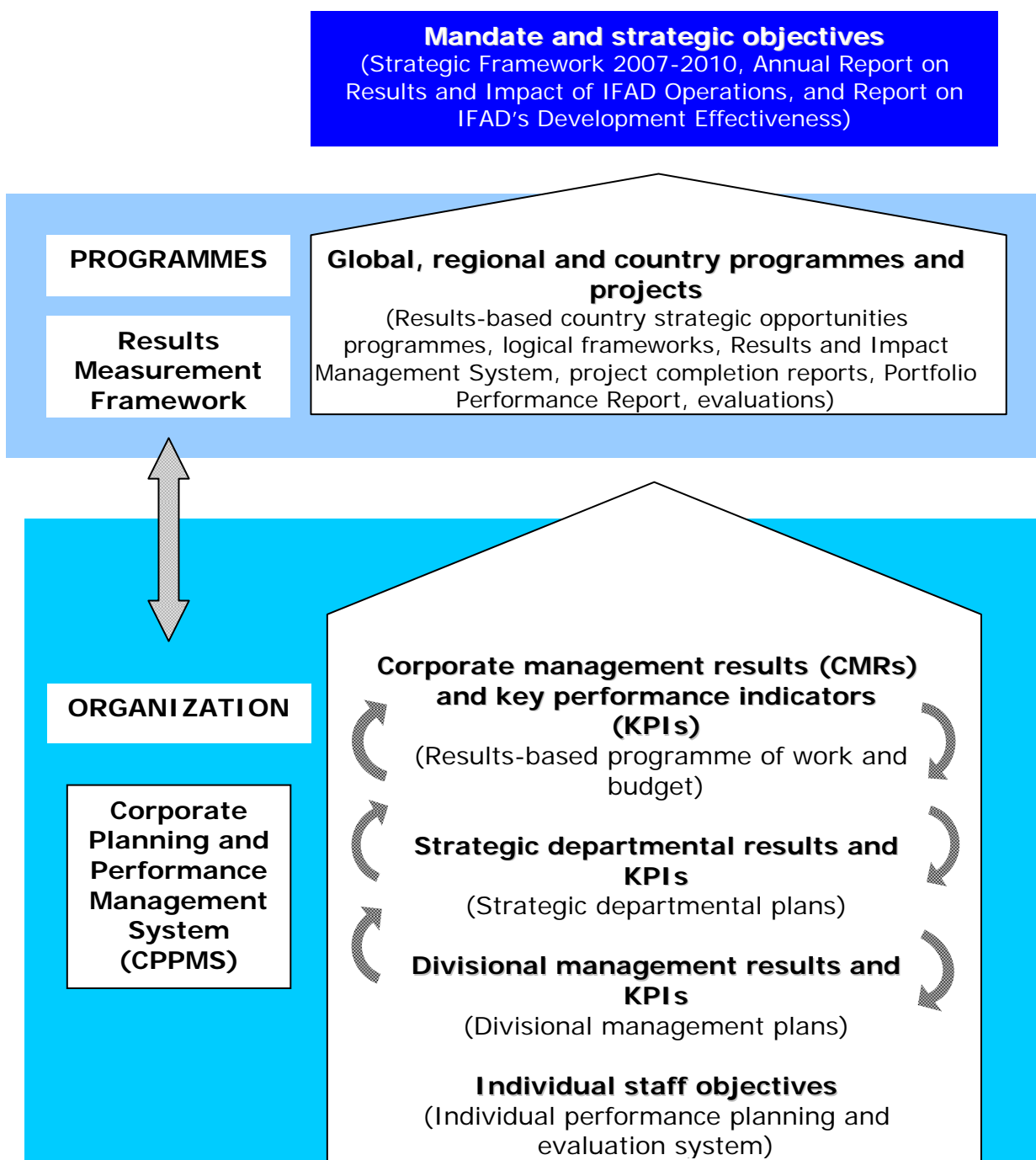
III. Organizational effectiveness and efficiency

77. While many other factors can affect a development organization's achievement of results at the country level, internal performance management has a large role to play. Evaluation studies that report poor development outcomes often trace these results to weak project design, ineffective supervision, a focus on inputs rather than outcomes, cumbersome management processes, etc. Accordingly, international development organizations are increasingly emphasizing the importance of improving the management and monitoring of their internal performance, and reorienting these systems towards development outcomes. This process is referred to as "managing for development results" (MfDR).
78. IFAD's approach to MfDR was initially embodied in the Action Plan, which included the establishment of a number of results-oriented reforms, thus responding to recommendations of the IEE and various ARRI reports, and reflecting IFAD's ability to use the lessons of the past to shape the future.⁵¹ These reforms include: the reformulation of the IFAD Strategic Framework, the establishment of RB-COSOPs, an enhanced quality-at-entry process, a new supervision policy, knowledge management and innovation strategies, and an expanded country presence.
79. With the mainstreaming of these reforms into IFAD's regular organizational and programming processes, a system for monitoring IFAD's internal performance was required to ensure that all activities remained aligned with the Fund's corporate goals and objectives and focused on development outcomes, with clearer internal and external accountability for their achievement.
80. The overall framework is set out in the figure below. The top tier of the performance management system focuses on development effectiveness, specifically with reference to the objectives of the IFAD Strategic Framework 2007-2010, and is based on RMF performance measures and targets for 2010 agreed by the Executive Board. Achievement of the Fund's strategic objectives is in turn sustained through organizational-level results – corporate management results (CMRs) – which are managed within the Corporate Planning and Performance Management System (CPPMS).
81. The CPPMS was established in 2006-2007 in order to strengthen the links between IFAD's internal performance and its development effectiveness. The CPPMS consists of:
- A core set of CMRs (derived from the Strategic Framework and responding to recommendations of the IEE and various ARRI reports) that are applied across the organization according to their relevance to the programme of work of each division;
 - Key performance indicators (KPIs) through which progress towards the CMRs is tracked;
 - Risks to the achievement of CMRs;
 - Departmental and divisional level management plans to track their contribution to the CMRs and other derived lower-level management results;
 - An IT-based quarterly monitoring process where progress is reviewed through departmental and divisional "performance conversations";
 - Quarterly reporting to senior management on progress towards the CMRs and with regard to risk management;
 - Linkage to the budget;

⁵¹ The latest ARRI report suggests a possible relation between the performance of IFAD projects and their approval period. According to the ARRI analysis, projects that became effective in the last ten years perform more satisfactorily than older generation projects. The report suggests that this may be interpreted as a sign of IFAD's ability to learn from past lessons and experiences, and explains it in relation to internal and external factors.

- Linkage to personal performance plans and assessments.
82. Quarterly internal management reviews are conducted through performance conversations at the divisional, departmental and corporate level to assess progress systematically against planned results (via the KPIs and a “traffic light” system), and to review and mitigate risks. Two such quarterly performance conversations have already taken place; they were carried out on schedule, and have enjoyed strong adherence. This mechanism appears to be building an increasingly positive institutional culture of business planning, performance management and accountability.

Overview of IFAD’s MfDR system



Overview of performance

83. This part of the report provides an overview of performance against the CMRs tracked during 2007.⁵² Table 5 summarizes corporate-level performance based on traffic light colours generated by the system for the first three quarters of 2007.
84. Performance on the first three (operational) CMRs shows a positive trend, being either partially or fully on track. This performance reflects the successful introduction and initial mainstreaming of Action Plan-related initiatives such as the RB-COSOPs, project design enhancement and direct supervision. As at the end of September 2007, overall progress on the institutional support CMRs is partially on track, with no areas of major concern relative to year-end out-turn.

Table 5
Corporate-level performance by CMR

	<i>First quarter 2007</i>	<i>Second quarter 2007</i>	<i>Third quarter 2007</i>
CMR 1 - Better country programme management	Y	G	G
CMR 2 - Better project design (loans and grants)	Y	G	G
CMR 3 - Better implementation support	Y	Y	Y
CMR 4 - Improved resource mobilization and management	G	Y	Y
CMR 5 - Improved human resource management	Y	Y	Y
CMR 6 - Improved risk management	R	Y	Y
CMR 7 - Improved administrative efficiency	R	Y	Y

Note: Green (G) = performance in the quarter is fully on track. Yellow (Y) = performance in the quarter is partially on track; changes in schedule, resources or scope may be required. Red (R) = performance in the quarter is not on track; changes in schedule, resources or scope will be required.

Operational CMRs

85. **CMR 1 – Better country programme management.** The KPI for this CMR is the percentage of borrowers with RB-COSOPs. The revised framework for COSOPs was approved in September 2006,⁵³ and the internal guidelines for the preparation and implementation of RB-COSOPs were released in December 2006. By the end of the third quarter of 2007 the Executive Board had reviewed RB-COSOPs for 10 countries, and progress on the remaining eight RB-COSOPs for presentation to the December Executive Board was on track. By the end of 2007 it is estimated that 18 RB-COSOPs will have been reviewed by the Executive Board (covering approximately 21 per cent of countries where IFAD has an active portfolio).
86. Other areas of focus in 2007 have included: the first annual RB-COSOP reviews at the end of 2007; establishment of country programme management teams in various countries; continued engagement in the PRSP, SWAp, JAS and the One United Nations Initiative processes; and participation in the corporate evaluation of the Field Presence Pilot Programme and integration of country presence into IFAD's regular management structure.
87. As a proxy for performance on partnership, a KPI on the level of cofinancing from international and domestic financiers for IFAD-supported projects/programmes was tracked. Performance in this regard for recently approved projects has been lower than that achieved under the three-year Sixth Replenishment period (partly a reflection of the declining share of ODA to agriculture noted in paragraph 10). Raising the level of cofinancing will be a priority in order to achieve the target of

⁵² A new CMR related to increase strategic international engagement and partnership (CMR 8) was created during 2007 and recently finalized, therefore no results are available for this CMR as yet. It will take effect from 2008.

⁵³ IFAD, 2006a.

1:1.5 set in the Strategic Framework 2007-2010 for the Seventh Replenishment period (2007-2009).

88. **CMR 2 – Better project design (loans and grants).** The KPIs for this CMR relate to the production of new or revised tools for improved project design and the percentage of project designs rated satisfactory or better. IFAD's Technical Advisory Division stepped up efforts to develop knowledge tools for improved project design that reflect best practice in the sphere of rural and agricultural development. Furthermore, external partners have been increasingly mobilized to bring an external and local perspective during project and programme design reviews. The number of new or revised tools has markedly increased. Greater effort was made to promulgate these tools more systematically with project design consultants.
89. The new quality enhancement process has been tested and iteratively refined over the first nine months of 2007, including a new instrument, the Management Assessment Template, which yields a rating score of the quality of project design at the intermediate stages of project development. An interim KPI was used to measure the quality of project design in 2007, based on self-assessment at the quality enhancement stage (i.e. with the project design process still ongoing), and thus is not representative of the quality of project design at the final stage of the process. Notwithstanding these imperfections, data show that the share of project designs rated satisfactory or better at the intermediate stage of the design process increased from 54 per cent to 80 per cent over the first three quarters of 2007. Work to establish the arms-length quality assurance process (under the Office of the President and Vice-President) has been ongoing since 2006. Coming into full operation in early 2008, this process will assess the quality of project design at the final stage of project preparation, and provide the basis for an improved KPI on the quality of project design.
90. **CMR 3 – Better implementation support.** In large measure, progress with respect to this CMR stems from the Executive Board's approval of the new IFAD Policy on Supervision and Implementation Support in December 2006, and the release of new guidelines for supervision and implementation support. Activities include: a training programme on direct supervision reaching out to all staff concerned; and a comprehensive review of the legal and fiduciary issues involved in absorbing direct supervision into the core business of the Fund.
91. The quarterly corporate KPIs used in 2007 relate principally to project start-up activities, such as the average time from project approval to effectiveness and disbursement. A deeper analysis of these measures is provided in the Portfolio Performance Report 2006/07, which notes that the pace with which projects become effective requires attention.⁵⁴ Increased efforts will be required to enhance the "implementation readiness" of projects.
92. Recognizing the need for more proactive management of supervision and implementation support processes, additional quarterly KPIs will be introduced in 2008 permitting real-time monitoring of supervision performance. This will be achieved by both restructuring the process for updating project status reports and adopting a quarterly KPI to measure proactivity in addressing problem or at-risk projects. Ratings from the latest project status reports show that the share of projects at risk decreased from 22 per cent of ongoing projects to less than 19 per cent and the share of actual problem projects fell from 20 per cent to 16.7 per cent.
93. Better project implementation support is a major priority for 2008, and expenditure in this area under the Programme Development Financing Facility (PDFF) is proposed to rise by 13.9 per cent. Overall the area accounts for 22 per cent of IFAD's total administrative costs.

⁵⁴ The Portfolio Performance Report 2006/07 reports that the time elapsed between Board approval and project effectiveness has decreased from a medium-term average (2005-2006) of 15.0 months to 14.7 months in 2006/07, but notes that the level of improvement is only marginal.

Institutional support CMRs

94. The immediate tools for raising development effectiveness are those encompassed by CMRs 1, 2, 3 and the new 8. The extent to which these can be pursued adequately and in a stable environment depends on focused and successful administration of IFAD's resources. IFAD must maximize the resources that are effectively at its disposal (CMR 4). It must significantly improve human resource management to support key processes across the organization (CMR 5). And it must manage risk (CMR 6) and raise administrative efficiency (CMR 7).
95. **CMR 4 – Improved resources mobilization and management.** In accordance with IFAD's Seventh Replenishment exercise, the focus has been on increasing the resources IFAD can commit to rural poverty reduction, and on continuing to improve the way in which these resources are managed and allocated, both within IFAD and across its programmes.
96. Resource mobilization efforts in 2007 have been largely devoted to consolidating the pledges and contributions for the Seventh Replenishment, and preparing for the Eighth Replenishment in 2008. In this respect, good progress was made in increasing pledges from donors such as Kuwait and Spain.
97. In order to enhance the management of IFAD's overall assets and liabilities, the Finance and Investment Advisory Committee and the Investment, Finance and Asset and Liability Management Committee became operative in 2007 to strengthen financial review and analysis in the following areas: performance of the investment portfolio; accounting impact of the Debt Initiative for Heavily Indebted Poor Countries and the Debt Sustainability Framework; analysis of IFAD against other IFIs and selected United Nations agencies, focusing on the investment portfolio structure and related returns; and IFAD's portfolio asset allocation procedures.
98. As noted above, the strengthening of IFAD's capacity to manage resources for results has received significant attention in 2007, both through the operationalization of the CPPMS and through the development of IFAD's first results-based programme of work and budget. A very high premium has been placed on developing a coherent and integrated framework for resource management focused on enhancing development effectiveness.
99. Aware of the need for a more strategic approach for planning investments in IT, IFAD re-established the IT Governance Committee with new terms of reference and membership. Its first task will be to develop a medium-term corporate IT strategy. In this connection, and in line with other IFIs, a proposal for a capital budget framework was presented to and subsequently endorsed by the Audit Committee in June 2007. The new financing framework will provide the basis for necessary longer-term investments in IT.
100. **CMR 5 – Improved human resource management.** Modernization of human resource management was pursued very actively in 2007, building on the results of the comprehensive staff survey completed in early 2007, which provided the basis for in-depth analysis and prioritization of key issues to be addressed.⁵⁵ Highest among the priorities identified were: strengthening of middle managers' competencies in human resource management, and streamlining of human resource services; and mainstreaming of a common set of core work values within performance planning and assessment. To ensure full support for the human resource reform agenda, a Human Resources Strategic Management Committee was established, which includes the participation of members of Senior Management. A new director for the Office of Human Resources is being recruited.
101. During 2007, managers continued to participate in the Management Development Centre – a joint project by FAO, IFAD and WFP. In 2008, this effort will be intensified. Several improvements are under development in the following areas:

⁵⁵ The modernization of the human resource function was not well reflected in the KPIs used in 2007, but more appropriate indicators will be introduced in 2008.

staff planning; 360-degree evaluations (for implementation in 2007); IT systems for streamlined performance management and recruitment processes; staff development and incentives; restructuring of the human resource function; and strategic management of consultancies. IFAD has historically underinvested in staff development and training. Notwithstanding a rise in the proposed administrative budget for 2008 of only 2 per cent, it is proposed to almost triple the training budget – from 0.7 per cent of staff costs in 2007 to 1.9 per cent in 2008.

102. The level of speed and flexibility in mobilizing staff to meet emerging requirements was identified as a weakness, and as of mid-2007 the need to streamline recruitment processes has come into sharper focus. At the same time, closer attention is being paid to the Fund's staffing structure than has been the case in the past. Building on corporate efforts to streamline administrative processes in 2007 and 2008, the proposed 2008 budget reflects a realignment of human resources, involving a reduction of 13 full-time equivalents (FTEs) under the administrative budget, and an increase of 17 FTEs under the PDFF, underpinning the shift towards operations.
103. **CMR 6 – Improved risk management.** In response to observed delays in implementation of internal audit recommendations, significant effort was made in 2007 to review outstanding internal audit recommendations. Extensive consultations took place between the Office of Audit and Oversight, and the Finance and Administration Department (FAD) and Programme Management Department (PMD) (the two departments with the largest share of outstanding recommendations) to prioritize recommendations of highest importance, and to cancel those of lesser relevance. FAD had complied with a significant number of recommendations by mid-year, in the areas of IT, finance and procurement. By year-end, it is expected that several of the recommendations under PMD's responsibility will be addressed.
104. A more systematic approach to risk management was introduced via the CPPMS as part of IFAD's effort to implement enterprise risk management (ERM). Departmental and divisional plans require that risks to the achievement of stated objectives be systematically identified, assessed and mitigated. Risk monitoring, escalation and management processes are already in operation as part of the regular quarterly performance conversations, through department and corporate risk registers. An ERM committee was established, with the Vice-President as chair, to further the development of ERM in IFAD.
105. **CMR 7 - Improved administrative efficiency.** Increasing IFAD's administrative efficiency is a critical condition for raising the share of resources devoted to operational activities, and ultimately for strengthening development results. Efforts to review and streamline business processes have been made in a number of areas. The submission of governing body documents has been considered a problematic area for some time, not least for reasons of efficient budgetary management. The Office of the Secretary – with the assistance of the Strategic Planning and Budget Division – have examined the process for production, review and finalization of governing body documents. Processes were mapped and analysed, bottlenecks identified, and proposals developed to redress them. Adherence to the new procedures will be monitored closely through appropriate measures.
106. The Fund was able to make significant progress across the board through the process for the development of the 2008 programme of work and budget. A 4.5 per cent reduction of the administrative budget for 2008, in real terms, was achieved, permitting a significant shift of resources to operational activities under the PDFF. The net result is a shift in the proportion of resources devoted to operations, from 57 per cent in 2007 to a projected 61 per cent in 2008, while at the same time, attaining an improvement in the overall efficiency ratio from 16.8 per cent in 2007 to 16.3 per cent in 2008. The results-based programme of work and budget is structured around overall efficiency, operational focus and

distribution of expenses against CMRs (see appendix VIII) thus achieving, for the first time, an explicit and transparent basis for assessing and managing alignment.

IV. Conclusions

107. This Report on IFAD's Development Effectiveness for 2007 is itself a reflection of the progress that IFAD has made towards systematic management for results. It indicates that IFAD has clear objectives and that it is increasingly in a position to monitor its progress towards those objectives across the whole range of its activities. Systematic results reporting was launched by OE. This work has been supplemented by the portfolio management process and its reporting system and, through the implementation of the RMF, IFAD stands poised to be able to report on its whole portfolio at the key points of development of its individual components. In the area of country programming, the implementation of the RB-COSOP and the country programme management system will take a vital set of processes into the area of measured and managed performance. The CPPMS and the CMRs are providing a key point of reference for the resource allocation of the whole organization by focusing work on development effectiveness and what underpins it. Taken together these elements represent a qualitative leap forward in transparent accountability to IFAD's members – and in the possibility of real-time management of all aspects of the organization to achieve its objectives. Each element of the new processes unfolding under the Action Plan is specifically designed to address issues of performance noted in the IEE and ARRI reports: to improve, to monitor and to manage. As such the Action Plan represents a concentrated moment of institutional learning and action in response to experience.
108. As noted above, the statistical basis for providing firm information on trends in IFAD's development effectiveness is limited. Nonetheless, there are many strong signals that IFAD is an institution on the move towards achieving greater development effectiveness and efficiency. The overall signals about project development effectiveness are positive relative to the baseline presented by the IEE, reflecting, inter alia, growing IFAD involvement in supervision and implementation support. Here, there has been a major expansion in 2007 and there will be a further step-change in 2008. In the area of innovation, the situation has improved considerably, and the IFAD Innovation Strategy, approved by the Executive Board in September 2007, promises to give greater focus and organizational support. Arguably, IFAD's performance is already on a par with the performance of key comparator institutions, and ahead of players of equivalent weight in terms of financial assistance to agricultural development. This is not any basis for complacency, and Action Plan-related changes should soon be reflected in significant further improvements, which will be tracked through the RMF.
109. The greatest concern at the project level is sustainability. This is the area least controllable within the project framework, being heavily dependent upon a supportive policy and institutional environment. However, a prerequisite for good project design and implementation is effective environmental risk scanning and management, and this is now fully reflected in the success criteria (the key success factors) of the new quality enhancement system.
110. The link between sustainability and environmental factors (of policy and institutional orientation and capacity) underlines the need to elevate the country portfolio from a collection of loan- and grant-based activities to a country programme that is (i) focused on key areas of weakness in pro-poor rural and agricultural development, (ii) part of the responses to those weakness within national plans and strategies, and (iii) implemented within national structures promoted under those plans and strategies. The concept of such a country programme is not new to IFAD. Its transformation into a well-defined, managed and monitored objective, however, has been given a boost by the new RB-COSOPs and the corresponding country programme management process developed and

launched under the Action Plan.⁵⁶ While it is too early to assess results, the change in IFAD's operational and planning model to achieve them is real, and under implementation.

111. It is evident that making the principles of the Paris Declaration work at the national level is essential for IFAD to achieve development effectiveness at the project level and at much broader levels. The task here is not just to participate in national-level harmonization and alignment, but also to create a better policy and institutional framework for the effectiveness of all rural and agricultural development activities, including, but not limited to, those supported directly by IFAD. The concrete feasibility of this shift will depend in part upon a systematic response to other challenges. The review of joint assistance strategies⁵⁷ notes that so far, these processes have been largely country-led with limited involvement from headquarters and therefore donor agencies with the most flexible and decentralized systems have been able to play a more active role than those with more limited flexibility and decentralization options. Similarly, IFAD's effective engagement in and improvement of the processes involved in the Paris Declaration is heavily affected by the tangibility of its presence in those processes, a factor already remarked upon by the IEE with regard to the effectiveness of IFAD-supported projects and programmes. The evolution of IFAD's country presence capacity is highly relevant for strengthening its contribution to and role in the international development architecture, for which the mainstreaming of the Field Presence Pilot Programme⁵⁸ is one of the vital platforms.
112. No process will be effective unless it is adequately resourced. From the point of view of resource alignment for development effectiveness, IFAD is clearly on track. Administrative costs are being reduced in real terms and operational expenditures are rising as a percentage of the total – both within a more cost-conscious approach to supporting an expanding programme of work. The emergent shift of resources towards key operational areas, particularly as they bear on the performance of projects, must be sustained. The challenge, however, is not just one of cost-cutting, but also of gaining real efficiency, without which reductions in service budgets may simply lead to fewer and/or worse services to the detriment of the operational programme itself.
113. Focused management also will be essential in the area of human resource management – not only in terms of staff and consultant costs, but also in terms of quality and alignment with priorities. The rapid expansion of the planned training programme from a very low level will contribute to this, as will its alignment with the key requirements for delivering effective Action Plan processes. But more capable human resources will also need to be more capably managed. The Fund has gone through a renewal of its senior management team. Now, middle management improvement is high on the agenda, and it will be rigorously pursued not only from the point of view of individual talents, but also from the perspective of corporate focus and cohesion.
114. Effective management for development results requires representative, accurate and timely information about results. The ARRI reports have lamented the often poor quality of underlying project monitoring and evaluation systems. This challenge will be risen to not only in project design and implementation support, but also in coordinated country-level work to strengthen the national monitoring and evaluation systems that will be fundamental to the success of rural poverty reduction efforts led and managed by the developing countries themselves.

⁵⁶ IFAD, 2005c.

⁵⁷ Ministry of Foreign Affairs/Danish International Development Assistance (DANIDA) and European Commission/Directorate General for Development, 2005.

⁵⁸ IFAD, 2007c.

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Comments of the Office of Evaluation on the Report on IFAD's Development Effectiveness

I. Introduction

1. In line with the decision of the Executive Board,¹ this document presents the comments of the Office of Evaluation (OE) on the first Report on IFAD's Development Effectiveness (RIDE) for consideration by the Evaluation Committee at its fiftieth session in December 2007.
2. The RIDE is a well written and useful report. As it is the first such report produced by IFAD, OE's comments highlight issues that may help sharpen the focus of the document in the future, and thereby enhance its overall utility and quality. OE's comments also aim to highlight those areas that would distinguish the RIDE from the Annual Report on Results and Impact of IFAD Operations (ARRI) and the Portfolio Performance Report (PPR). In addition, OE has some comments on specific points contained in the RIDE.

II. Areas for future consideration

3. Section C, dealing with international policy and partnership initiatives, is particularly interesting because these topics are not widely addressed by the ARRI or PPR reports. There is good coverage of the progress made by IFAD in implementing the Paris Declaration on Aid Effectiveness and, notwithstanding the initial attempt made in appendix VII, it would have been useful for the RIDE to elaborate in a similar way on the specific objectives and the results achieved in each of the three main areas² of IFAD's engagement in international policy dialogue and advocacy outlined in paragraph 55.³
4. The introduction in chapter III of IFAD's system for managing for development results (MfDR) is informative and useful. It is noteworthy that the seven corporate management results moved to either a yellow or a green light in the third quarter of 2007. Also interesting is the shift of resources allocated for administrative purposes towards project and programme implementation activities (paragraph 93).
5. The consistent use of the MfDR system will be important in the coming years, in order to facilitate assessment and tracking of organizational effectiveness and efficiency over a period of time. However, it would also be interesting to reflect right away on how the Fund will assess the effectiveness of the MfDR in due time, as this may prove to be a complex undertaking given past experiences in introducing similar systems, such as the balanced scorecards used by IFAD in the late 1990s and early 2000s.
6. Chapter IV – Conclusions – is coherent and reflects the main issues contained in the analytical part of the document. However, the next RIDE may consider including a section on issues that management considers key for achieving better development effectiveness in the future. This could reflect the main actions that should be taken by Management within specific time frames to strengthen IFAD's development effectiveness and its organizational effectiveness and efficiency.

¹ See Report of the Evaluation Committee Chairperson to the December 2006 session of the Executive Board, document EB 2006/89/R.9.

² The three main areas are: (i) participating in, coordinating and, if possible, leading policy discussions; (ii) facilitating participation and advocacy by representatives of the rural poor in international policy discussions; and (iii) supporting knowledge generation and knowledge-sharing on rural poverty and food security.

³ All paragraph numbers refer to document EB 2007/92/R.9.

7. While the themes of chapter I (IFAD's relevance to recent trends in rural poverty and food insecurity and the changing framework of international development assistance) and chapter III (organizational effectiveness and efficiency) are specific to the RIDE, chapter II – on development effectiveness – is by and large based on data contained in the ARRI and the PPR reports. As such, it would be useful to reflect on and clarify the value added for the RIDE to continue in the future to cover development effectiveness issues already addressed in the ARRI and PPR. Related to this is the question of the most efficient division of labour among the various IFAD documents that report on performance and development effectiveness, i.e. the PPR, RIDE and the programme of work and budget, in addition to the ARRI report, which provides an independent perspective of annual results and impact.
8. In spite of the aforementioned, it is noteworthy that the RIDE uses the results of the Independent External Evaluation of IFAD as a key baseline for the assessment of IFAD's project performance (see table 1). This is important, as the Evaluation was a critical landmark in the evolution of the Fund as a premier development organization, and the results captured therein can continue to serve as a reference point for comparing the organization's performance in the future.

III. Specific comments

9. **Relevance of IFAD operations.** Paragraph 28 notes the lower performance in terms of relevance reported by the PPR as compared with the ARRI report.⁴ According to OE, the issue is not related to the "application of more rigorous assessment criteria" in the PPR. More specifically, the "disconnect" in assessment between the ARRI (which reports 97.7 per cent projects as being satisfactory) and the PPR is based on the nature of projects assessed respectively by the ARRI and the PPR. That is, the ARRI includes both closed and ongoing projects. In this regard, this year's ARRI concluded that projects that became effective more recently performed better than older-generation projects. The fact that the PPR is entirely based on closed operations – and therefore an older cohort of projects – may explain the less favourable rating for relevance in the PPR.
10. **Consultant management.** Paragraph 101 highlights a range of important initiatives currently being undertaken in the area of human resources management. The corporate management result on improved human resource management recognizes the need for strategic management of consultancies. Consultants are rightly considered an integral part of the Fund's human resource base. However, it would have been interesting for the RIDE to elaborate on what actions Management intends to take to ensure that consultancies are managed strategically and enhance their overall performance in the future, given their central role in promoting development effectiveness at IFAD.
11. **Better implementation support** (paragraphs 90-93). The attention and resources devoted to improving IFAD's capabilities in providing timely and direct implementation support are steps in the right direction. However, the role that IFAD country presence staff can play and the contribution they can make towards furthering implementation support activities on the ground need to be recognized.
12. **Country programme evaluations.** Further to the statement in paragraph 22 that OE evaluations "are based on projects and programmes that were carried out many years ago", it is important to clarify that: (i) often the projects evaluated by OE are not "too old" as frequently they are not completed and continue to incur disbursements at the time of evaluation and thereafter (this is especially the case for interim project evaluations); and (ii) country programme evaluations include an assessment of both closed and ongoing IFAD operations. Therefore, this statement needs to be qualified.

⁴ In the PPR, 88.4 per cent of projects are rated as satisfactory, whereas the ARRI reports 97.7 per cent of projects as satisfactory.

13. **Contribution to agricultural and rural development**

- (a) **IFAD's contribution.** Paragraph 5 of the executive summary argues that IFAD is an important contributor to agricultural and rural development. This is correct, especially in the context of continuing low aid flows and limited donor support to this sector. However, it should be borne in mind that the financial contribution of IFAD to the sector may not continue to be so large should there be, as it is hoped, a substantial increase in aid flows to agricultural and rural development. Therefore, irrespective of the volume of IFAD's contribution today or in the future, it is wise for the Fund to continue to strengthen its comparative advantage of promoting innovative solutions to rural poverty reduction that can be replicated and scaled up by others.
- (b) **Government investments.** Paragraph 6 of the main report notes that many governments are also giving more attention to agricultural development, and that in 2003 African governments pledged to commit 10 per cent of their budgets to agriculture. While this represented a welcome commitment, it must be noted that actual levels of public investment by developing countries in agriculture stand at, approximately, a discouraging 4.2 per cent.⁵
14. **Remittances.** Paragraph 9 underlines the important role of external remittances in rural development. This discussion should be supplemented by highlighting the large volume of internal remittances, as there are also major domestic financial flows from urban to rural areas in many developing countries.

⁵ See *World Development Report 2008: Agriculture for Development*.

Methodological note

1. The main source of information on IFAD's development effectiveness comes from its projects, as reported annually in the PPR and ARRI reports. Both sources assess project performance in terms of relevance, effectiveness and efficiency. They also report on IFAD's impact on rural poverty, covering specific domains such as assets, food security, empowerment etc., as well as on innovation and replication, and sustainability. For both, data are defined, measured and reported on by reference to the Methodological Framework for Evaluation (MFE) developed by OE in 2003.¹
2. The assessment of project performance is based on the conventional methodology widely practiced by IFIs, that rates performance on a scale of one to six,² with one being highly unsatisfactory and six being highly satisfactory. The overall performance for any sample of projects reviewed is then expressed in terms of the percentage of projects rated 4 (moderately satisfactory) or above (i.e. 4, 5, or 6). OE and IFAD follow the same evaluative methodology allowing comparison between them.³ To permit comparison with the IEE, the IEE ratings (which were based on a four-point scale) were converted into the six-point scale by OE.
3. A number of issues with regard to sampling affect the reliability and comparability of the results of the PPR and the ARRI reports. The PPR reports use results of completed projects only, whereas the ARRI reports use both completed and on-going projects; furthermore, the ARRI's assessment is based on a (by and large non-random⁴) sample, whereas beginning this year the PPR's review is based on the universe of all completed projects. Therefore, PPR and ARRI performance ratings for any given year do not belong to the same set of projects. The latter decreases the randomness of project selection and the representativeness of its coverage of IFAD's total project portfolio.⁵
4. In both cases, but more so for the ARRI, the annual samples examined are small to be statistically representative of the overall portfolio (this was the case also for the IEE)⁶. They are also vulnerable to spurious fluctuations in trends that may be related to inclusion of one particularly good or bad project. Although OE has increased the number of project evaluations undertaken, the numbers remain small and the ARRI reports have warned against inter-year comparisons.⁷ The PPR has a more homogeneous sample and a better coverage of the total project universe, but the evaluations used by the ARRI are generally of higher intensity.
5. Recently PMD has employed arms-length assessment of the PCRs by external consultants, with a comprehensive evaluation template using both PCR guidelines and OE criteria. This team has operated in the style of the World Bank's QAG and has greatly improved the consistency and reliability of the project ratings.

¹ IFAD, 2003), "A Methodological Framework for Project Evaluation, Main Criteria and Key Questions for Project Evaluation".

² 6: highly satisfactory; 5: satisfactory; 4: moderately satisfactory; 3: moderately unsatisfactory; 2: unsatisfactory; 1: highly unsatisfactory.

³ ARRI data is based on ratings assigned by Project Evaluations, and by evaluations of projects (mostly near completion or at completion) conducted in the context of Country Programme Evaluations. PPR data is based on ratings assigned in the assessment of Project Completion Reports prepared by borrowers.

⁴ Since the project sample used by the ARRI includes interim-evaluations and projects assessed in the context of Country Programme Evaluations.

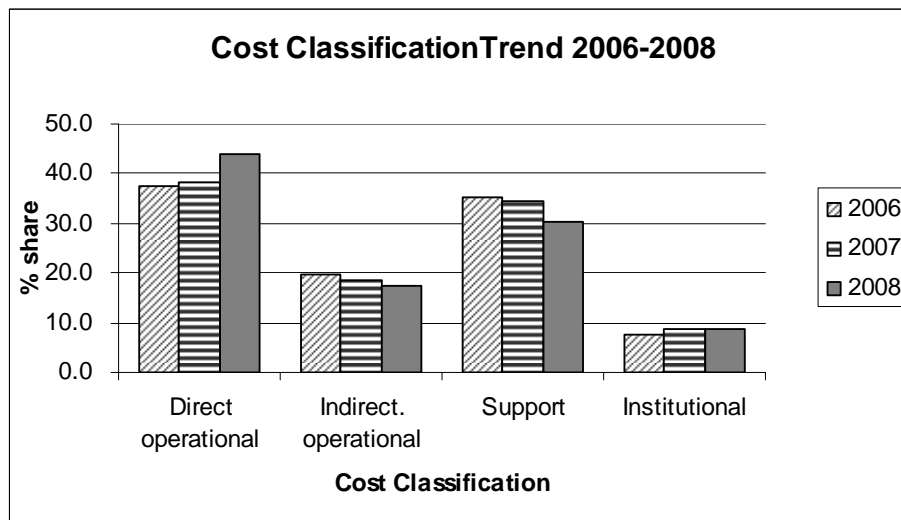
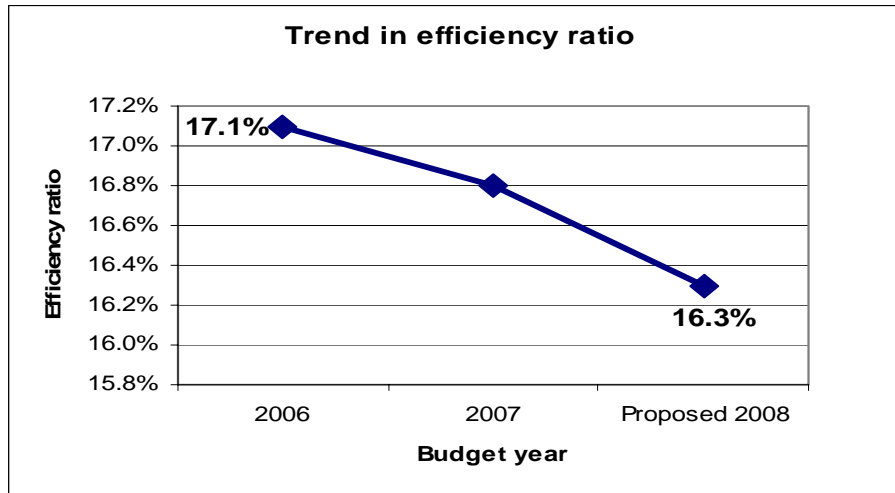
⁵ IFAD Management expressed its concern on the inclusion of CPE projects in the project sample in its response to the ARRI 2005: "First, inclusion of the CPEs introduces projects designed over a longer period. This makes the sample more heterogeneous and less amenable to generating a performance pattern. Second, the rating of individual projects as part of CPEs is necessarily effort-intensive. This can imply less robust ratings if the process is not adequately resourced. IFAD management would like OE to consider analysing this trade off between the larger sample size and a potentially less rigorous evaluation process." ARRI 2005, p. 50.

⁶ The IEE looked at 20 projects, of which a third were closed projects.

⁷ While the ARRI 2005 presented trend data from 2002-2005, it notes that "the sample sizes are too small to draw any conclusions from these differences" and also that "the time series is also too short to indicate any trends". This concept was further developed in the latest ARRI, which strongly warns against comparability across years.

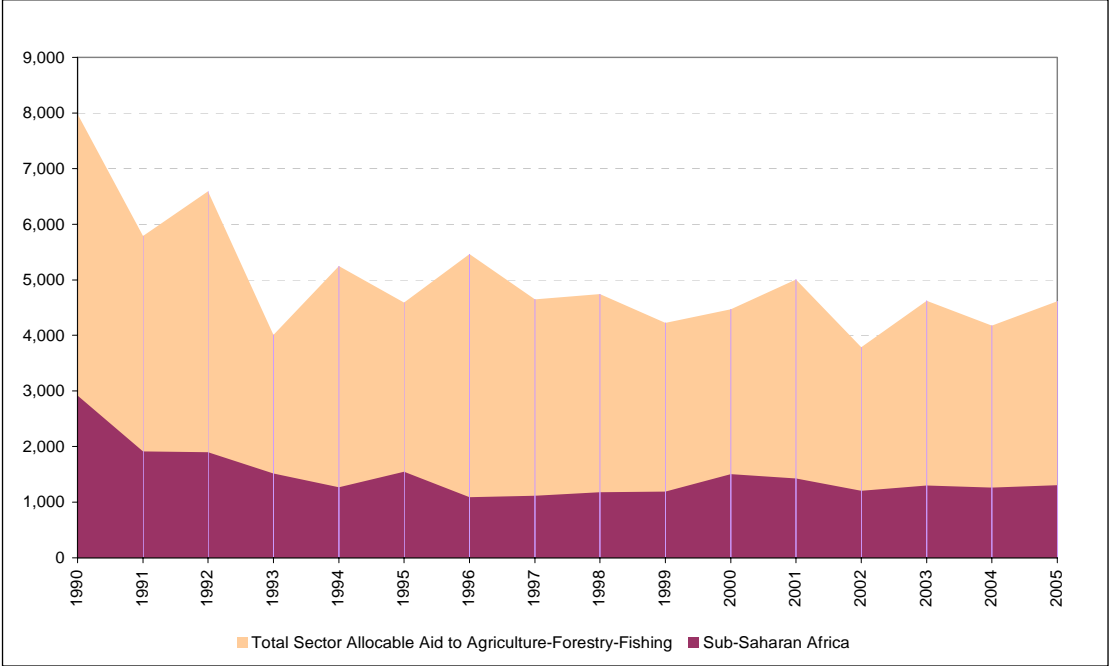
6. Finally, both sources are hampered by the weakness of projects' M&E systems. The quality of the PCRs has been improving, and OE and PMD are constantly strengthening their monitoring and evaluation of project effectiveness. Moreover, the recently approved Results Measurement Framework (RMF) will systematically track project outcomes at different stages of the project cycle, greatly enhancing the ability of the Fund to assess the impact of its activities.
7. There is even less information about IFAD's effectiveness at country programme level. The only current source is OE's Country Programme Evaluations, of which only around three are undertaken per year (these are synthesised here for the period 2003-2006). In the future, the COSOP Annual Implementation Progress Reports, Mid-Term Reviews and Completion Reports foreseen in the RB-COSOP Guidelines will substantially expand the availability of data on IFAD's country programme effectiveness. OE is also strengthening its methodology for conducting Country Programme Evaluations.

Trends in IFAD's efficiency ratio, and cost classification



ODA to agriculture-forestry-fishing, 1990-2005

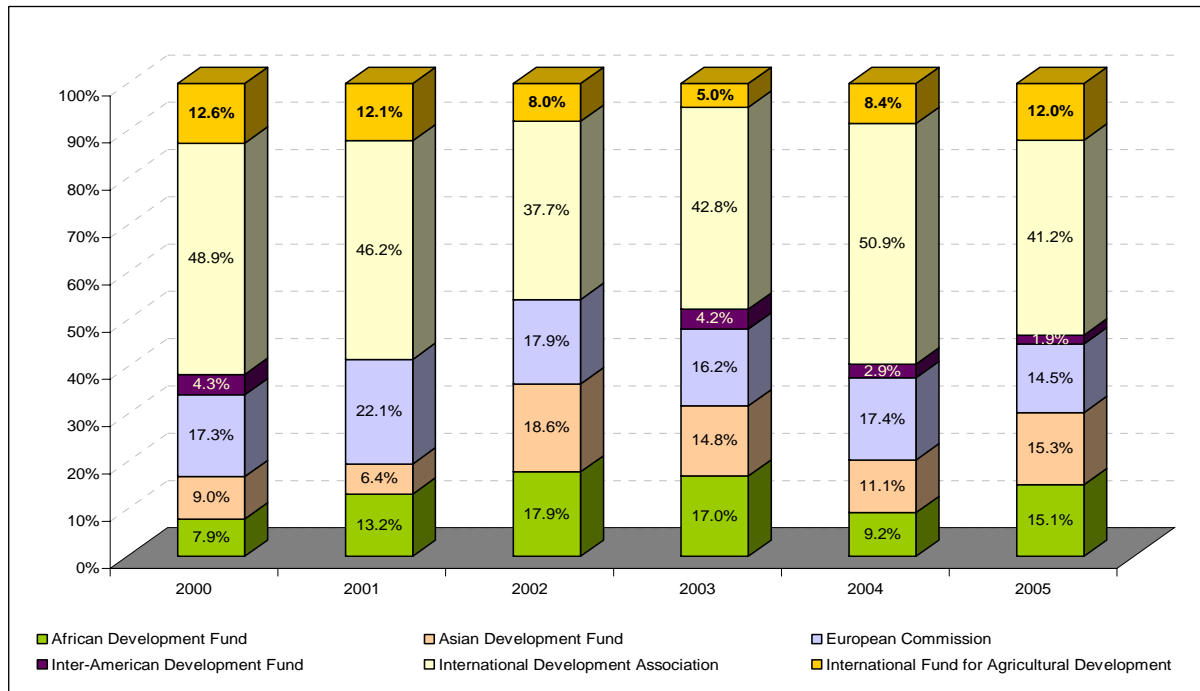
(\$US million, constant 2004)



Source: OECD-DAC, online statistics.

ODA to agriculture-forestry-fishing by multilateral organization, 2000-2005

(percentage of total)



Source: OECD-DAC, online statistics.

Project outputs – Results and Impact Management System (RIMS)

1. The Results and Impact Management System (RIMS), adopted in December 2003, is becoming an increasingly relevant instrument in the measurement of IFAD's performance at three different levels of results. First level results correspond to the immediate physical and financial results achieved by the project. Second level results have a more qualitative nature and relate to the improved functionality and behavioural change of beneficiaries. Third level results correspond to long term development objectives. Progress in implementing RIMS and the RIMS data itself is reported in the PPR.
2. For the year 2006, 104 projects provided RIMS data on first and second level results. This is a significant improvement against 61 projects in 2003 and 87 in 2005. The RIMS provides data on the results achieved vis-à-vis the targets established under the approved annual work programme and budget for each project. Overall, two thirds or more of the projects tend to be on or above target on first level results, while for second level results performance falls between 55 and 60 per cent. Implementing successful first-level activities does not necessarily mean achieving second level outcomes. As explained in the PPR, this could be the consequence of the longer result chain that characterises intended changes in each domain. A longer results chain implies that several factors may affect the achievement of higher level results after the successful performance at the lower first-level of the chain.

RIMS impact domain	Total
Physical and financial assets	692 838 households had an outstanding loan balance in 78 IFAD projects. 108 IFAD-assisted MFIs report on the RIMS via MIX market. ^a In aggregate terms they report 8.4 million borrowers; 82 per cent of the active borrowers are women. More than 13 000 small/medium enterprises (SMEs) benefited from the support of 37 projects, and 16 785 jobs were created. 18 000 hectares of irrigation were rehabilitated across 24 projects.
Food security	182 768 household farms adopted improved farming technologies across 23 projects and 95 248 reported increased production yield.
Social capital	82 projects provided start-up, management, financial and non-financial support to 21 161 groups comprising more than 300 000 people. Approximately 5 000 of the groups receiving IFAD support have women in a leadership position.
Environment	682 resources management plans were formulated and more than 476 000 hectares of common property resources were brought under improved management practices. 33 000 hectares of land/water were improved through conservation measures. 20 000 households across 5 projects reached security of tenure over natural resources.
Policies and institutions	1 679 decentralised processes were supported through 13 projects. 2 pro-poor enabling policies were promulgated.

^a MIX market is a global, web-based, microfinance information platform. It provides information to sector actors and the public at large on microfinance institutions (MFIs) worldwide, public and private funds that invest in microfinance, MFI networks, raters/external evaluators, advisory firms, and governmental and regulatory agencies. It seeks to develop a transparent information market to link MFIs worldwide with Investors and Donors and promote greater investment and information flows. The MIX MARKET currently provides data on 1082 MFIs, 96 investors and 165 partners.

Indicators of progress of the Paris Declaration on Aid Effectiveness^a

	OWNERSHIP	TARGETS FOR 2010
1	<i>Partners have operational development strategies</i> – Number of countries with national development strategies (including PRSSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.	At least 75 per cent* of partner countries have operational development strategies
	ALIGNMENT	TARGETS FOR 2010
2	<i>Reliable country systems</i> – Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	(a) Public financial management – half of partner countries move up at least one measure (i.e. 0.5 points) on the PFM/CPIA scale of performance. (b) Procurement – one third of partner countries move up at least one measure (i.e. from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator
3	<i>Aid flows are aligned to national priorities</i> – Percent of aid flows to the government sector that is reported on partners' national budgets.	Halve the gap – halve the proportion of aid flows to government sector not reported on governments' budgets (with at least 85 per cent reported on budget).
4	<i>Strengthen capacity by coordinated support</i> – Percent of donor capacity development support provided through co-ordinated programmes consistent with partners' national development strategies.	50 per cent of technical cooperation flows are implemented through coordinated programmes consistent with national development strategies
5a	<i>Use of country public financial management systems</i> – Percent of donors and of aid flows that use public financial management systems in partner countries, with either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	Percent of donors Score 5+: all donors use partner countries' PFM systems Score 3.5-4.5: 90 per cent of donors use countries' PFM systems Percent of aid flows Score 5+: a two thirds reduction in the per cent of aid to the public sector not using countries' PFM systems Score 3.5-4.5: a one third reduction...
5b	<i>Use of country procurement systems</i> – percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	Percent of donors Score A: All donors use partner countries procurement systems Score B: 90 per cent of donors use them Percent of aid flows Score A: a two thirds reduction in the per cent of aid to the public sector not using partner countries' procurement systems Score B: A one-third reduction...
6	<i>Strengthen capacity by avoiding parallel implementation structures</i> – Number of parallel project implementation units (PIUs) per country.	Reduce by two thirds the stock of parallel project implementation units (PIUs)
7	<i>Aid is more predictable</i> – Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	Halve the gap - halve the proportion of aid not disbursed within the fiscal year for which it was scheduled
8	<i>Aid is untied</i> – Percent of bilateral aid that is untied	Continued progress over time

^a Indicators were agreed at the Paris High Level Forum, February 28-March 2, 2005. Targets were finalized between May-July 2005, with one donor expressing reservations on targets 2b and 5b.

	HARMONISATION	TARGETS FOR 2010
9	<i>Use of common arrangements or procedures</i> – Percent of aid provided as programme-based approaches	66 per cent of aid flows are provided in the context of programme-based approaches
10	<i>Encourage shared analysis</i> – Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	(a) 40 per cent of donor missions to the field are joint (b) 66 per cent of country analytic work is joint
	MANAGING FOR RESULTS	TARGET FOR 2010
11	<i>Results-oriented frameworks</i> – Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes	Reduce the gap by one-third – reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third
	MUTUAL ACCOUNTABILITY	TARGET FOR 2010
12	Mutual accountability – Number of partner countries that undertaken mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	All partner countries have mutual assessment reviews in place

Main activities and outcomes of IFAD's international policy and partnership initiatives

Participating, coordinating, and leading policy-making events

Activity	Outcome
<u>Global Donor Platform on Rural Development (GDPRD)</u> - IFAD is an active member of the Platform. In 2005 IFAD was designated as a lead agency for a series of GDPRD-sponsored country case studies to sharpen the rural focus in poverty reduction strategies (PRSSs).	- PRSP case studies (Burkina Faso, Ethiopia, Mozambique, Bolivia and Cambodia) successfully completed. Editorial group of experts from ODI, GTZ, Norad and IFPRI currently working on a synthesis report, which will come out in late 2007.
<u>OECD DAC Network for Poverty Reduction (POVNET)</u> - IFAD actively participated to 2005-2006 work programme of OECD-DC's POVNET. Technical expertise was provided to the Agriculture Task Team (ATT); one background paper was produced for the ATT, and substantive inputs were provided to the publication "Promoting Pro-Poor Growth: Agriculture"	- IFAD policy stance reflected in the publication, particularly on the need for (i) adapting approaches to diverse contexts; (ii) building institutions and empowering stakeholders; (iii) supporting pro-poor international actions; and (iv) fostering country-led partnerships are the centre of the publication on Agriculture.
<u>International Conference on Agrarian Reform and Rural Development (ICARRD), Brazil 2006.</u> - IFAD a co-sponsor and actively involved in the preparation of the Conference. - Member of the Joint Working Group on ICARRD follow-up (with FAO and CSOs)	- Importance of agrarian reform emphasized - Attention paid to needs of and participation of poor rural producers - Key principles agreed - Active follow-up programme
<u>DESA International Forum on Poverty</u> , November 2006. - IFAD helped organise the first session with FAO and WFP. Joint paper produced on hunger and extreme poverty.	- Rural poverty issues highlighted in more general event - Improved policy coherence with FAO and WFP.
<u>Africa Fertilizer Summit</u> , June 2006 - IFAD a co-sponsor and actively involved in the preparation of the Summit - Speech presented to the Heads of State session	- Summit Declaration approved - Establishment of an African Fertilizer Financing Mechanism (AFFM), hosted by AfDB, to which IFAD plans to contribute.
<u>Consultations on policy coherence on child labour in agriculture.</u> - IFAD participated in first international consultation led by ILO in May 2007 and co-hosted second one in September 2007 with FAO. IFAD paper presented.	- IFAD interest in this area signalled - IFAD signed the Declaration of Intent towards Eliminating Hazardous Child Labour in Agriculture on 12 June 2007.

Facilitating participation and advocacy by representatives of the rural poor

Activity	Outcome
<p><u>Farmers Forum (FaFo)</u></p> <ul style="list-style-type: none"> - Farmers' Forum established in 2006 and held in conjunction with IFAD's Governing Council - FaFo developed as a bottom-up process of consultation and dialogue between small farmers and rural producers' organisations, IFAD and governments, focused on rural development and poverty reduction. 	<ul style="list-style-type: none"> - IFAD grant to Agricord to promote capacity building of African national FOs and grant to ECART and IFAP¹ to strengthen the capacities of IFAP and its members to empower farmers in markets. - Financial support to FOs' to strengthen their capacity as service providers to their members and to strengthen their voices in policy processes. - Increased involvement of FOs in IFAD country programmes.
<p><u>Indigenous Peoples.</u></p> <ul style="list-style-type: none"> - Co-organised, with WB, IDB and UNPFII, a conference on Indigenous Peoples and Poverty, New York, May 2006. - Chaired the Inter-Agency Support Group (IASG) in 2006. - WB Facility for Indigenous Peoples transferred to IFAD (December 2006) - Financed two Learning Routes focused on indigenous tourism activities through PRAIA² - Funded two studies in India, one on data disaggregation and human development index (HDI); and one on traditional and local governance. 	<ul style="list-style-type: none"> - Increased IFAD visibility on IPs issues - Increased inter-agency harmonisation in the advocacy of IPs issues - Two papers produced for the Indigenous Peoples and Poverty conference, regarding IFAD's field experience and that of its partners in South Asia, and a statistical study calculating the HDI for selected tribal areas in India, comparing it with the national HDI and with the HDI of some Sub-Saharan countries.
<p><u>Mid-Term Review of the Economic Partnership Agreements (EPAs) between the EU and ACP countries</u></p> <ul style="list-style-type: none"> - Supported FOs participation in the MTR and provided support to their regional networks through the facilitation of meetings, funding towards the development of the regional studies and the position paper. 	<ul style="list-style-type: none"> - FOs request to the ACP Secretariat to be formally involved in the MTR accepted (July 2006). FOs' five regional reports produced and their position papers presented at the Joint ACP-EU Parliamentary Assembly (November 2006). Synthesis of FOs' five reports finalised and a single ACP block position paper presented to the ACP Secretariat, (December 2006) - FOs' position discussed during formal sessions of the ACP Secretariat (February and March 2007). FOs representative became formal member of the ACP Sub-committee on Sustainable Development - FOs advocated their position on EPAs at a side event of the FAO Committee on Commodity Problems (April 2007)
<p><u>International NGO/CSO Planning Committee for Food Sovereignty (IPC)</u></p> <ul style="list-style-type: none"> - Assisted IPC by supporting parallel civil society events in 2006 at ICARRD, the Committee on Food Security, and the FaFo. 	<ul style="list-style-type: none"> - Civil society contribution to international policy discussion enhanced

¹ European Consortium for Agricultural Research in the Tropics (ECART) and the International Federation of Agricultural producers (IFAP).

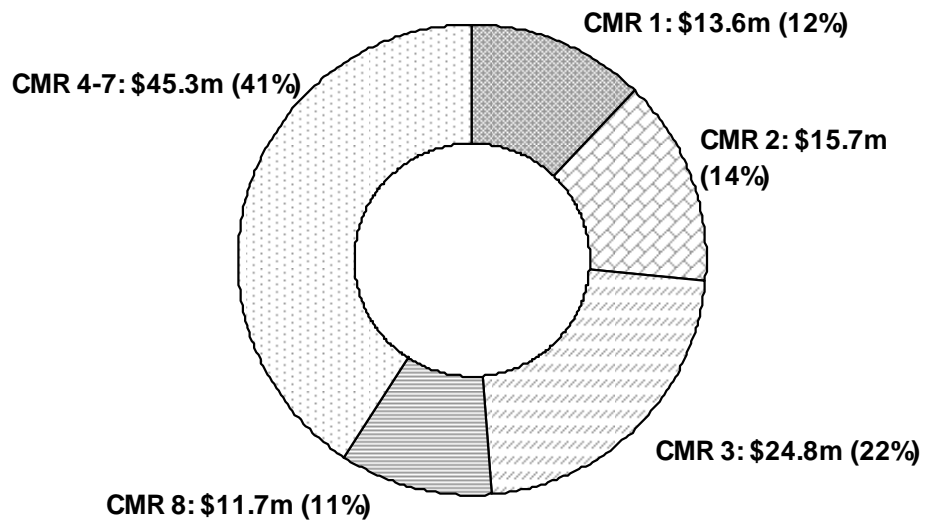
² Regional Programme in Support of the Indigenous Peoples of the Amazon Basin

Activity	Outcome
<u>Family Farming Specialised Meeting (REAF-MERCOSUR)</u> <ul style="list-style-type: none"> - Provided technical and financial support towards the Meeting since its creation in 2004. - The IFAD-funded Regional Technical Unit of the FIDA-MERCOSUR Programme functions as REAF's Secretariat, providing also ad-hoc technical assistance. 	<ul style="list-style-type: none"> - Consolidation of an institutional political space for family agriculture within the Mercosur. - Major interaction enabled among civil society Family Farming stakeholders, and between these and regional governments. - Knowledge sharing and learning process promoted.
<u>New Partnership for Africa's Development (NEPAD)</u> <ul style="list-style-type: none"> - Supported NEPAD to strengthen the capacity of FOs to take part in policy formulation, and to enable them to represent their constituencies at African consultative forums. - Provided funding for the Regional Cassava Processing and Marketing Initiative for Western and Central Africa. The programme is part of NEPAD's Pan-Africa Cassava Initiative (NPACI), one of the Comprehensive Africa Agriculture Development Programme's (CAADP) flagship programmes. 	<ul style="list-style-type: none"> - IFAD-supported FOs participated to the Forum for Food Sovereignty in West Africa and in the African Union/NEPAD summit in 2006. - IFAD-financed cassava processing and marketing programmes have been adopted as models and drivers of the Pan-African NEPAD flagship programme on cassava.

Supporting knowledge generation and sharing

Activity	Outcome
<u>2008 World Development Report: Agriculture for Development</u> <ul style="list-style-type: none"> - Involved in production of the 2008 WDR: Agriculture for Development; participated in peer review group; financed some inputs. - Contributed to 2008 WDR follow-up with work on small farmers' constraints in responding to trade liberalisation. 	<ul style="list-style-type: none"> - Livelihood and people-based focus now included in what started off as a strictly sector-based approach to agriculture - Focus continued through follow-up programme
<u>International Food Policy Research Institute (IFPRI)</u> <ul style="list-style-type: none"> - IFAD and IFPRI co-organised a regional policy forum in the Near East and North Africa, July 2006 - New strategic partnership agreement signed April 2007; 6 areas identified for cooperation 	<ul style="list-style-type: none"> - Knowledge sharing promoted amongst researchers, policy makers, donors and NGOs - Increased access by IFAD to international policy-oriented research - Enhanced learning from IFAD projects and feed-back to implementers
<u>Consultative Group on International Agricultural Research (CGIAR)</u> <ul style="list-style-type: none"> - Since 2003, IFAD has co-sponsored CGIAR with WB, FAO and UNDP. 	<ul style="list-style-type: none"> - Pro-poor agricultural research in marginal areas and adverse agro-ecological zones promoted and supported financially.
<u>Global Forum on Agricultural Research (GFAR)</u> <ul style="list-style-type: none"> - IFAD currently chairs the GFAR Support Group 	<ul style="list-style-type: none"> - Knowledge-sharing promoted amongst researchers, NGOs, FOs, private sector, governments and donors - Support from donors mobilised for GFAR.

Alignment of 2008 budget with CMRs



Note: Total: US\$111.1 million

