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Enabling poor rural people  
to overcome poverty

## **Report on IFAD's Development Effectiveness**

Executive Board — Ninety-fifth Session  
Rome, 15-17 December 2008

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For: **Review**

## **Note to Executive Board Directors**

This document is submitted for review by the Executive Board.

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## Abbreviations and acronyms

|           |   |
|-----------|---|
| AAA       | Accra Agenda for Action   |
| AfDB      | African Development Bank  |
| ARRI      | Annual Report on Results and Impact of IFAD Operations  |
| AsDB      | Asian Development Bank  |
| CAADP     | Comprehensive African Agriculture Development Programme   |
| CFA       | Comprehensive Framework for Action  |
| CGIAR     | Consultative Group on International Agricultural Research   |
| CIs       | cooperating institutions  |
| CMRs      | corporate management results  |
| COMPAS    | Common Performance Assessment System  |
| COSOP     | country strategic opportunities programme   |
| CPIS      | country programme issues sheet  |
| CPMs      | country programme managers  |
| CPMTs     | country programme management teams  |
| CRMT      | Change and Reform Management Team   |
| CRMT      | Change and Reform Management Team   |
| CSO       | civil society organization  |
| ERM       | enterprise risk management  |
| FAD       | Finance and Administration Department   |
| FAO       | Food and Agriculture Organization of the United Nations   |
| FOs       | farmers' organizations  |
| GECC      | Global Environment and Climate Change Unit  |
| GEF       | Global Environment Facility   |
| HLF-3     | Third High-Level Forum on Aid Effectiveness   |
| HR        | human resources   |
| IFIs      | international financial institutions  |
| KPIs      | key performance indicators  |
| M&E       | monitoring and evaluation   |
| MDG       | Millennium Development Goal   |
| MfDR      | Managing for Development Results  |
| ODA       | official development assistance   |
| OE        | Office of Evaluation  |
| OECD-DAC  | Development Assistance Committee of the Organisation for Economic<br>Co-operation and Development |
| PBAs      | programme-based approaches  |
| PCR       | project completion report   |
| PMD       | Programme Management Department   |
| PSRs      | project status reports  |
| QA        | quality assurance   |
| QE        | quality enhancement   |
| RB-COSOPs | results-based country strategic opportunities programmes  |
| RIDE      | Report on IFAD's Development Effectiveness  |
| RIMS      | Results and Impact Management System  |
| RMF       | Results Measurement Framework (IFAD)  |
| SWAps     | sector-wide approaches  |
| UNCSD     | United Nations Commission on Sustainable Development  |
| WFP       | World Food Programme  |

## Executive summary

1. This annual Report on IFAD's Development Effectiveness (RIDE), the second issued to date, has been significantly revamped to fully incorporate the analysis previously contained in the Portfolio Performance Report, to report on the delivery of major reform initiatives – such as the Action Plan – and their contribution to improved results,<sup>1</sup> and to provide a comprehensive account of performance against the indicators in IFAD's Results Measurement Framework (RMF) approved by the Executive Board in September 2007.<sup>2</sup> Consequently, the RIDE now replaces the Portfolio Performance Report as the primary vehicle for accountability and reporting by IFAD Management to its governing bodies.<sup>3</sup>
2. The RIDE is organized to report on performance in three broad areas, namely the:
  - **Relevance** of IFAD's mandate and operations in the context of the changing framework of international development assistance;
  - **Development effectiveness** of IFAD-financed operations in generating development results "on the ground" that support national and global efforts to reduce rural poverty and contribute to achieving the Millennium Development Goals, and the first MDG in particular; and
  - **Organizational effectiveness and efficiency** of the Fund in delivering those results through improved internal performance management.
3. The RIDE presents information regularly gathered and used by IFAD managers to improve development results. It draws on a multitude of sources, including: IFAD's independent Office of Evaluation (assessments and other information), the quality assurance systems for country strategies and projects, independent participants in the quality enhancement process for projects, country partners, cooperating institutions such as the World Bank, IFAD staff (through independent and anonymous surveys), the International Civil Service Commission (through its Global Survey on Recruitment and Retention) and the Development Assistance Committee of the Organisation for Economic Co-operation and Development.

### Main findings

4. The 2008 RIDE finds that IFAD's mandate remains highly relevant, more so in the context of the recent food price crisis. It is becoming increasingly clear that meeting the key challenges of global poverty reduction must involve higher smallholder agricultural productivity in developing countries. The food price crisis exposed this underlying reality, and the financial sector crisis and the incipient downturn in global economic growth have added urgency to the response required to the challenges of raising agricultural productivity and food security, and improving natural resource management and adaptation to climate change. This should include: increasing public investment in rural and agricultural development in the context of decades of relative neglect; improving the conditions for private-sector investment; targeting public support more precisely on smallholders and the rural poor; producing real development results from investment; strengthening the ability of developing countries to effectively direct and manage programmes for rural and agricultural development; and increasing developing countries' access to agricultural commodity markets. All development partners have to ask themselves how well they have performed against these objectives, and what they intend to do to improve.

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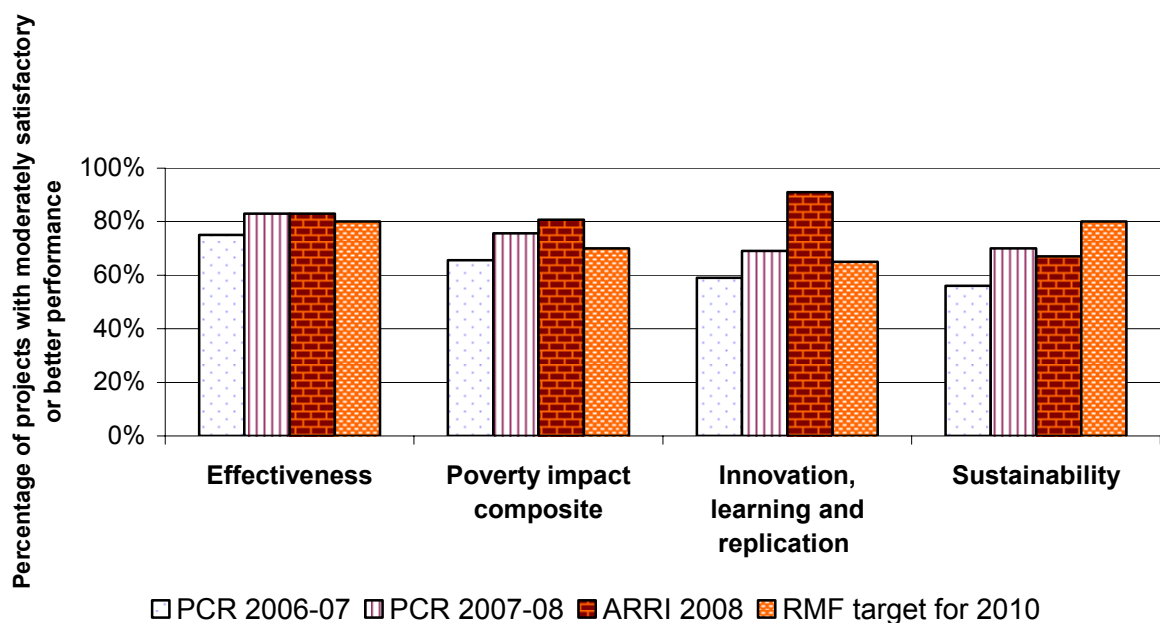
<sup>1</sup> In December 2007, IFAD Management presented its last progress report on the Action Plan for Improving its Development Effectiveness to the Executive Board. However, IFAD continued the reform process during 2008, both by implementing Action Plan-led reforms through the line functions and by promoting further reforms in areas critical for the achievement of its strategic objectives. Thus the RIDE also provides the vehicle through which IFAD Management reports to its Executive Board on the delivery of these reforms and their impact on results.

<sup>2</sup> Document EB 2007/91/R.2.

<sup>3</sup> For further detail, reference is made to document EB 2008/94/R.30, Revised structure and content of the Report on IFAD's Development Effectiveness, presented to the Executive Board in September 2008.

5. IFAD has asked itself these questions. It was established specifically to finance agricultural development projects and programmes primarily for food production in the developing countries,<sup>4</sup> and must demonstrate – through documented achievements – that the rising concern with food production, and the possibility of greater support, can be turned into effective action and real change in rural areas. The performance of completed IFAD-supported projects and programmes against targets set in the RMF for 2010 are shown in the chart below.
6. IFAD's own findings and those of its independent Office of Evaluation as reported in the 2008 Annual Report on Results and Impact of IFAD Operations (ARRI) show that performance is improving. Three out of four headline indicators are already above target, and with respect to sustainability, ongoing changes in IFAD's operational model should permit substantial progress towards achievement of the RMF targets by 2010.

**Performance of completed project portfolio against targets set in IFAD's Results Measurement Framework**



PCR = project completion report

7. The question underlying IFAD's Seventh Replenishment was whether IFAD could handle an increase in its programme of loans and grants while also raising its development and organizational effectiveness. Results reported in both the RIDE and the ARRI suggest that IFAD has succeeded in combining more with better: it has expanded its programme of work by an average of 10 per cent each year and also improved its development and organizational effectiveness performance. The ARRI notes that, "for the first time since the production of the first ARRI report in 2003, all projects evaluated manifested satisfactory results in two of the most important evaluation criteria: project performance and overall project achievement". This is a very important finding in the context of a food price crisis, and it underscores the global need to invest much more on smallholder farmers and rural development – and to ensure that the investment yields results.

<sup>4</sup> See preamble of the Agreement Establishing IFAD.

8. Key to IFAD's efforts in this respect is the ongoing change in its relations with national partners launched under the Action Plan for Improving IFAD's Development Effectiveness. These changes involve stronger country presence and country programming for better integration into and harmonization with national initiatives; and expanded direct supervision to improve support to national programme and project implementation capacities.
9. At the Third High-Level Forum on Aid Effectiveness in Accra, Ghana, in September 2008, donors and developing countries endorsed the Accra Agenda for Action, calling for accelerated progress on aid effectiveness, and notably for more effective country ownership. At the heart of the issue is a shift in managing for development results: from better managing for development results in-country, to better management for development results by countries. This is a challenge for all international financial institutions, and one that they must meet together – with their country partners (in this regard IFAD will draw significant benefit from its recent membership of multilateral development banks' Common Performance Assessment System). IFAD's task will be to help formulate and follow common approaches, but also, as a sector leader among development partners in a number of countries, to explore what strengthening country ownership and management means in the agricultural sector and in relation to smallholders and private-sector operators.





# Report on IFAD's Development Effectiveness

## I. Relevance

### **Progress on the first Millennium Development Goal (MDG-1) and the importance of agriculture and rural development to its achievement**

1. New data, based on the revalued international poverty line of US\$1.25 a day,<sup>1</sup> show that the incidence of poverty in the world is higher than previously thought: it is now estimated that 1.4 billion people live in extreme poverty.<sup>2</sup> The poverty profile across regions of the developing world and the overall rate of progress against poverty are fairly similar to past estimates: the percentage of people living below US\$1.25 a day has been halved over 1981-2005, falling from 52 per cent to 26 per cent (the number of poor fell by 500 million, from 1.9 to 1.4 billion). However, the World Bank indicates "...the developing world outside China is not on track to reaching the MDG for poverty reduction".<sup>3</sup> The financial sector crisis and the emerging downturn in global economic growth and trade makes reaching the MDGs even more challenging.
2. The situation is of greatest concern in sub-Saharan Africa. The poverty rate there has shown no sustained downward trend over the 1981-2005 period, starting and ending at 50 per cent. The number of poor has almost doubled from 200 million to 380 million. Significantly higher growth will be needed in Africa to bring its rate of poverty reduction on course to achieving MDG-1.
3. Less progress has been made in reducing food insecurity and child hunger than in reducing income poverty. In 2007, there were an estimated 850 million malnourished people in the world. Globally, more than one in five children under the age of five are still underweight, and the rates are even higher in South Asia and sub-Saharan Africa.
4. The rate of urbanization has increased rapidly throughout the world, but global poverty continues to be overwhelmingly rural, and will remain so in the foreseeable future. Agriculture has been shown time and again to have a powerful impact on poverty reduction. According to the 2008 World Development Report, GDP growth generated by agriculture is up to four times more effective in reducing poverty than growth in other sectors. With agriculture being the main livelihood for an estimated 86 per cent of the rural population, and providing jobs for an estimated 1.3 billion smallholders and landless workers,<sup>5</sup> it is central to the achievement of MDG-1.

### **The food price crisis and the return of agriculture to the centre stage of international development**

5. One of the most dramatic developments during 2007 and 2008 has been the extraordinary rise in the prices of staple foods on the world market, representing the sharpest increase in food prices seen since 1973/1974. These unexpected and unwelcome developments have, at least for the immediate future, brought issues of food and agriculture to the top of the agenda at the highest political level in ways not seen for over three decades.
6. The potential impact of higher food prices on the poor is alarming, and places at risk the progress made in reducing poverty and hunger since the Millennium Summit of the United Nations. According to the World Bank, soaring prices drove 100 million people into absolute poverty in 2008, while the Food and Agriculture Organization of the United Nations (FAO) estimates that the number of malnourished people in the world

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<sup>1</sup> World Bank (2008).

<sup>2</sup> The understanding of progress towards the MDGs has improved following the latest and expanded round of the International Comparison Programme, on the basis of which the World Bank has this year revalued the international poverty line to US\$1.25 a day (at 2005 prices) and prepared new estimates of poverty in low- and middle-income countries. Originally set at US\$1 a day (at 1985 prices), the international poverty line was subsequently revised to US\$1.08 a day, measured in terms of 1993 prices.

<sup>3</sup> World Bank (2008).

<sup>5</sup> United Nations (2008).

rose in 2008 by about 75 million to 927 million. Faced with this immediate threat and its political and social ramifications, governments in the developing world have tried a wide range of measures to limit price rises and their impact.<sup>6</sup> Internationally, effective coordination among the international community was swiftly established in the Comprehensive Framework for Action (CFA) formulated by the United Nations Secretary-General's High Level Task Force on the Global Food Crisis, which brought together the United Nations system, the World Bank, the International Monetary Fund and the World Trade Organization. The CFA gives full recognition to the importance of promoting agricultural investments focused on smallholder farmers and rural development. It also recognizes the Comprehensive African Agriculture Development Programme as the right framework for coordination in that most-affected region. International financial institutions (IFIs), including IFAD, quickly committed funds to tackle the crisis, both for the immediate and the longer term.

7. Agricultural prices have fallen from their peaks, but not to pre-crisis levels. Notwithstanding the stimulus that higher prices should give to production, increased price volatility is an obstacle to long-term private investment, and the global financial crisis and slowdown is calling all the parameters of investment and development into question.
8. Nonetheless, beneath these immediate challenges, it has become clear to all, in developing and developed countries alike, that the food price crisis is a symptom of the steady decline in attention to and investment in agriculture within development efforts over the past quarter century relative to other sectors. Short-term schemes – for example, to expand the availability of agricultural inputs – will not solve the problem. Much larger investments also need to be made over a much longer period in the foundations of the agricultural sector – in technology, market linkages, infrastructure and rural institutions – particularly as they relate to the 450 million smallholder farms worldwide that are an integral part of the solution to achieving global food security. These investments must also respond to the challenges of climate change and environmental sustainability in agriculture. Within the developing countries, the poorest communities are the most vulnerable, not only because they have the fewest resources but also because, in some cases, they have the least capacity to adapt. IFAD is working to fully integrate climate change into its operations, and to enable poor rural people to participate in adaptation and mitigation efforts.

#### **Official development assistance (ODA) and private capital flows**

9. The amount of ODA to agriculture fell in nominal terms from US\$8 billion in 1984 to around US\$3 billion in 2006, and as a proportion of total ODA from 18 per cent in 1979 to less than 3 per cent in 2006.<sup>7</sup> IFAD has stood against this trend and has consistently increased its assistance to agricultural development, now providing on average 10 per cent of total multilateral aid to the sector (see appendix II).
10. Estimates for 2007 confirm a slowdown in overall aid commitments,<sup>8</sup> which are already short of the 2010 target set in 2005 at the Group of Eight summit in Gleneagles<sup>9</sup> and the US\$20 billion per annum that the United Nations estimated was needed to lessen the impact of high food prices on developing countries. In 2008, calls have been made for a global partnership for agriculture and food, and for commitments to reverse the overall decline of aid and investment in the agricultural

<sup>6</sup> For example, reducing taxes on food staples, releasing stocks held in a country, restricting exports, subsidizing prices and controlling prices by administrative order. Existing social protection schemes have been expanded with measures such as cash transfers, employment programmes, food stamp and ration schemes, and school feeding. In addition, developing countries have taken steps to boost domestic production, by providing seed, offering increased production credits, and subsidizing fertilizers – especially since fertilizer prices have been rising faster than food prices in the last few years.

<sup>7</sup> The decline was across the international development community: multilateral aid to the sector declined in both relative and absolute terms, while some bilateral donors withdrew entirely from the sector.

<sup>8</sup> For more details on this, see OECD-DAC “Debt Relief is down: Other ODA rises slightly”, available on [http://www.oecd.org/document/8/0,3343,en\\_2649\\_34447\\_40381960\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/8/0,3343,en_2649_34447_40381960_1_1_1_1,00.html).

<sup>9</sup> An increase in aid to sub-Saharan Africa of US\$50 billion in real terms by 2010.

sector.<sup>10</sup> The challenge is to achieve this against the background of a possible faltering in overall ODA growth resulting from the current global economic slowdown.

11. New funding sources for agricultural development are also emerging. Private investment, both domestic and foreign, in agricultural value chains is increasing rapidly in many countries. Remittances from migrants not only help rural family members meet their basic needs, but also enable them to invest in agricultural assets.<sup>11</sup> Foundations such as the Rockefeller Foundation and the Bill & Melinda Gates Foundation, both supporters of the Alliance for a Green Revolution in Africa (AGRA), are becoming important sources of agricultural development financing, and new official donors with growing aid programmes, such as Brazil, China and India, are also supporting the agricultural sector. Creating the conditions under which these resources can be applied effectively and efficiently to productive activities in rural areas is a priority task.
12. Private-sector investment, in particular, is essential for poverty-reducing long-term agricultural development. To attract private capital, significant public co-investment will be required; and important regulatory, legal and social issues will need to be addressed, including the safeguarding of farmers' (especially smallholders') land and resource rights. In this context, IFAD's support to governments and smallholders will be further strengthened through its 2008 Policy on Improving Access to Land and Tenure Security. In a number of countries, IFAD has pioneered the development of public-private partnerships to leverage investments and know-how from the private sector to realize the productive potential of smallholder farmers while reducing the risks for all of them by providing infrastructure and other public goods.

**The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action in the context of agriculture and rural development**

13. The 2005 Paris Declaration on Aid Effectiveness represents the current international consensus on the delivery and management of development cooperation, and according to the 2008 Survey on Monitoring the Paris Declaration, IFAD is already meeting many of its commitments under the declaration, to which it is a signatory. A more in-depth review of IFAD's performance against the monitoring indicators of the declaration is provided in section II E.
14. The need for increased aid effectiveness is particularly acute in the agricultural and rural development sector, where progress in implementing the Paris commitments has been challenged by the particular characteristics of the sector, above all the important role played by the private sector within it.<sup>12</sup> The Paris notion of "ownership", for example, is largely about government-led policy processes. Yet, such a notion of ownership is insufficient to respond to the development challenges in agriculture and rural development where private-sector operators are important decision makers to be considered; the role of the state in the sector is contested in a number of policy areas (for example provision of agricultural inputs); and the diversity and context-specificity of challenges calls for locally tailored solutions and processes that have poor rural people as their starting point.
15. Similarly, "alignment" in the Paris Declaration refers essentially to taking up government priorities and channelling aid resources through government planning and financial management systems. Experience shows that alignment is a two-sided process involving both internal alignment within the government system (around national, sector and decentralized policies and strategies) and external alignment by

<sup>10</sup> At the High-Level Conference on World Food Security: The Challenges of Climate Change and Bio-energy, in Rome, in June 2008, and the following month, at the Group of Eight members meeting in Hokkaido, Japan.

<sup>11</sup> According to an IFAD study (IFAD 2007), remittances have reached an estimated value of US\$300 billion a year, of which US\$100 billion go to rural areas. However, since the start of the global financial crisis, there are signs of a drop in the level of remittances to some developing countries.

<sup>12</sup> Special features of this sector include the role of the private sector, the role of non-governmental actors and the context-specificity and diversity of agricultural production systems. See OECD (2008a) for more detailed discussion on the difficulties in applying the Paris Declaration in agriculture.

donors. The formulation of joint assistance strategies and sector-wide approaches has significantly improved the alignment of aid with government policies and management systems in a number of countries. In Africa, the Comprehensive Africa Agriculture Development Programme process, as part of the New Partnership for Africa's Development initiative, increasingly provides a policy and investment framework for further alignment at regional and country level.

16. However, agricultural sector-wide approaches and programme-based approaches (of which there are relatively few) have focused on supporting the way public institutions mobilize and use resources in the agriculture sector, but have not been as effective so far in strengthening the public-private sector interface. They have also shown how hard it is to establish effective stakeholder coordination mechanisms reaching beyond ministries of agriculture and into areas of critical importance to agriculture and rural development, such as trade, infrastructure and justice. Furthermore, they reflect a bias towards public expenditure in agriculture; this is a problem because there is insufficient knowledge about the efficiency and effectiveness of public agricultural spending. Pressing challenges in the sector require policy formulation, market regulation and stakeholder coordination as well as direct spending by government, and the most significant public expenditures required (such as investment in public infrastructure) often lie outside the agriculture sector mandate.
17. Despite progress on "harmonization", there is a general concern that the amount of time and resources being devoted to the process "architecture" of sector-wide and programme-based approaches is imposing additional burdens on all national stakeholders jeopardizing the delivery of effective investments and services in rural areas. Furthermore, political statements on harmonization are not adequately backed by changing internal processes.<sup>13</sup>
18. The need to accelerate rural and agricultural development is great. The issues involved are not limited to present and future levels of ODA. They extend to how those resources can best be applied to achieving concrete results. New models of engagement are required that strengthen country systems and ownership, foster public-private and national-local partnerships, and stimulate private investment and activity (including production and investment by hundreds of millions of smallholders). The rural and agricultural sector, which is affected more than other sectors by these issues, has to be where real innovation occurs.

## **II. Development effectiveness**

### **Introduction and overall performance**

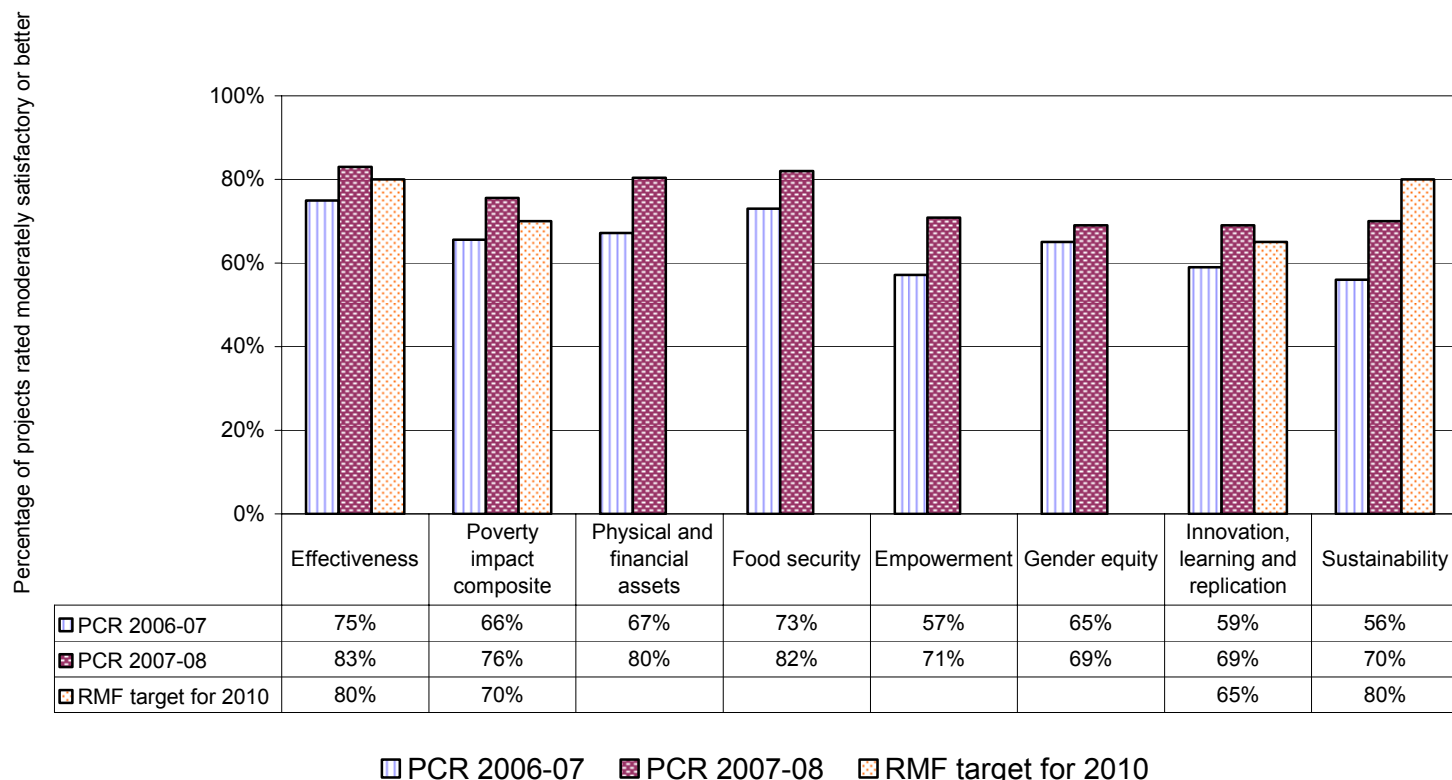
19. This section of the 2008 RIDE describes what IFAD is achieving "on the ground" against the issues that have to be dealt with globally if MDG-1 is to be achieved. The measure used is the performance of the programmes that IFAD supports and their contribution to rural development – principally based on assessments of completed projects, but also on reviews of ongoing ones. While the statistical basis for assessing trends is improving, results reported here are to be taken as indicative rather than conclusive.
20. Performance is improving across all key dimensions, and for three out of four indicators of the Results Measurement Framework (RMF) – project effectiveness; rural poverty impact; and innovation, learning and scaling up – performance is already above the targets set for 2010 (chart 1). All of the constituent indicators of the rural poverty impact measure (physical and financial assets, food security, empowerment and gender equity) show improvement. These results, which are based on internal assessments, are in line with the findings of the independent Office of Evaluation as reported in the latest Annual Report on Results and Impact of IFAD Operations (ARRI).

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<sup>13</sup> OECD (2008a).

Chart 1

**Performance of completed project portfolio against targets set in IFAD's Results Measurement Framework**



PCR = project completion report

21. Benchmarking IFAD's performance against other IFIs is not straightforward partly because of size and mandate differences, and partly because the evaluation methodologies employed by the other IFIs, though harmonized, are not identical. Keeping those caveats in mind, the data contained in the ARRI (shown below in table 1) indicate how well IFAD is doing relative to the performance of comparable organizations.

Table 1

**Benchmarking against agriculture and rural development operations of the World Bank and the Asian Development Bank**

(percentage of projects rated satisfactory)

|   | IFAD<br>(ARRI 2002-2007) | World Bank<br>(exit 2001-2005) <sup>a</sup> | Asian Development Bank<br>(approved 1990-1999) <sup>b</sup> |
|---|--------------------------|---|---|
| Outcome (project performance) – worldwide                                   | 86                       | 80  | -   |
| Project performance and sustainability in Asia and the Pacific <sup>c</sup> | 82                       | 79 <sup>d</sup>                             | 47  |
| Sustainability  | 48                       | 73  | 78  |

<sup>a</sup> Data from the World Bank's *Annual Review on Development Effectiveness 2006*.

<sup>b</sup> Data from the Asian Development Bank (AsDB) Operations Evaluation Department's *Annual Evaluation Report on the 2007 Annual Evaluation Review: The challenge of capacity development*, appendix 2, table A2.2 (Agriculture and natural resources projects approved in the 1990s).

<sup>c</sup> "Project success" as used at AsDB is a composite of relevance, effectiveness, efficiency and sustainability.

<sup>d</sup> This includes operations across all sectors and not merely agriculture and rural development operations.

22. According to the ARRI, the African Development Bank (AfDB)/IFAD joint evaluation on agriculture and rural development in Africa has produced the most comparable data available to date. Figures taken from the evaluation for AfDB and IFAD in Africa (table 2), indicate broadly similar performance, except for relevance and efficiency, in which IFAD scores higher. With regard to sustainability, where both organizations' performance was low in absolute terms, data from more recently completed projects (chart 4 below) indicate that IFAD is improving in this area.

Table 2

**Benchmarking against the agriculture and rural development operations of AfDB**  
(percentage of projects rated satisfactory)

|                        | <i>IFAD in Africa</i> | <i>AfDB</i> |
|------------------------|-----------------------|-------------|
| Relevance              | 89                    | 71          |
| Effectiveness          | 61                    | 63          |
| Efficiency             | 61                    | 52          |
| Overall poverty impact | 53                    | 55          |
| Sustainability         | 39                    | 35          |

23. The remainder of this section presents a more detailed analysis based on findings of 106 project completion reports (PCRs) reviewed between 2006-2008.<sup>14</sup> For purposes of comparative analysis, two-year moving averages (2006-2007 and 2007-2008) are used, based on 52 and 54 projects respectively.<sup>15</sup> Where relevant, the results of the 27 PCRs reviewed in the 2008 cohort (appendix III) have also been presented to provide the most up-to-date snapshot of performance. Details on the relevant performance measurement tools are provided in appendix IV. Assessments are presented under the following performance headings:<sup>16</sup>
- (a) **Project performance**, which assesses overall dimensions of project performance, i.e. relevance, effectiveness and efficiency;
  - (b) **Impact on rural poverty**, which focuses on the principal impact domains of IFAD-supported programmes: physical assets, financial assets, food security, environment and natural resource management, human assets, social capital and empowerment, and markets;
  - (c) **Overarching factors**, which analyses elements underpinning IFAD's contribution to long-term development, namely sustainability and ownership; innovation, replicability and scaling-up; targeting; and gender; and
  - (d) **Partner performance**, which examines the performance of IFAD and its partners in supporting the delivery of IFAD-supported programmes.

<sup>14</sup> Project completion reports are prepared by borrowers. The Programme Management Department conducts an arms-length assessment of the PCRs, which contributes to improving the consistency and reliability of the project ratings.

<sup>15</sup> Since the current approach to PCR assessments was introduced in 2006, the only way to present data for two two-year time frames (providing larger samples that generate more representative and reliable performance data) in this year's RIDE report was for them to overlap one year (thus both samples contain data from PCRs reviewed in 2007). From next year (given four years' use of the PCR assessment methodology), it will be possible to analyse data for two completely distinct two-year samples (2006-2007 and 2008-2009), providing a better basis for assessing performance trends.

<sup>16</sup> Assessments use the common IFI methodology, which rates performance on a scale of 1 to 6, with 1 being highly unsatisfactory and 6 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). The Office of Evaluation and IFAD follow the same evaluative methodology, allowing comparison between them.

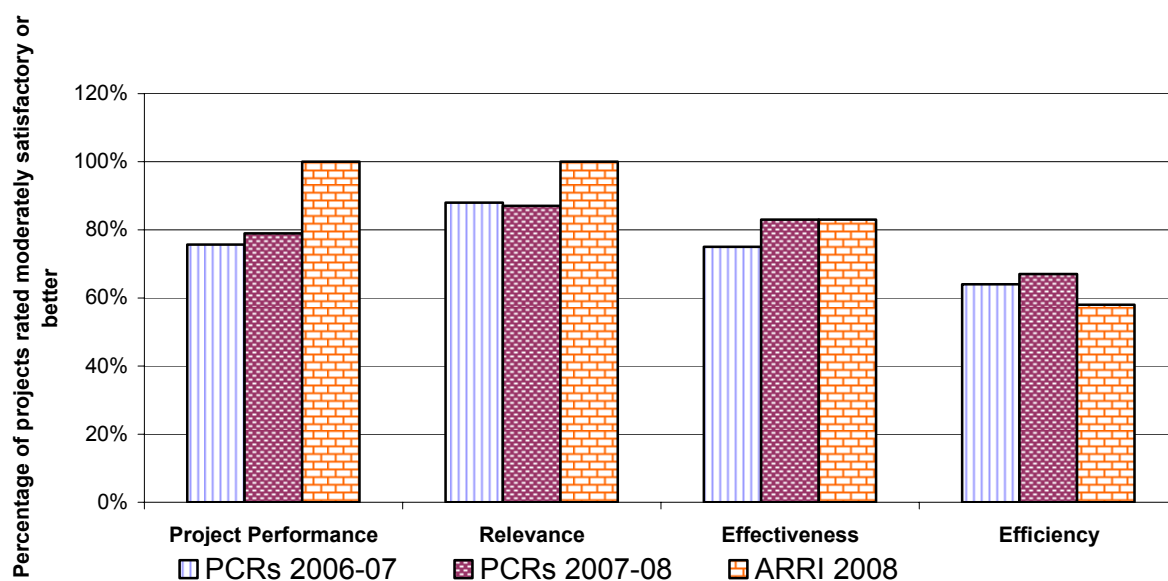
24. This section also presents Results and Impact Management System (RIMS) information on first-level outputs of the ongoing portfolio of 195 projects.<sup>17</sup> Second-level results of the RIMS on behavioural changes have also been selectively presented. While this data cast some light on the prospects for development impact of the “younger” project cohorts, these projects are clearly not at the stage where systematic impact analysis is meaningful.
25. The last part of this section reports on IFAD’s performance in living up to the commitments it made under the Paris Declaration. It mainly draws on the 2008 Survey on Monitoring the Paris Declaration by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD-DAC).

## A. Project performance

26. On a two-year moving average basis, the share of projects rated moderately satisfactory or better for overall performance rose from 76 per cent in 2006-2007 to 79 per cent in 2007-2008 (chart 2). ARRI ratings for 2007-2008 are higher than IFAD’s internal assessment results.<sup>18</sup> Among the indicators of project performance (relevance, effectiveness and efficiency), projects performed best on relevance (87 per cent with a moderately satisfactory or better performance), followed by effectiveness (83 per cent) and efficiency (67 per cent).

Chart 2

### Project performance: Relevance, effectiveness and efficiency



27. **Relevance.** Key elements for the assessment of project relevance are alignment with the needs of the rural poor, the partner country’s development strategy, and the IFAD Strategic Framework, 2007-2010 and IFAD’s country strategy. The large majority of the completed projects (76 per cent) receive a rating of either satisfactory or highly satisfactory (i.e. ratings of 5 or 6). The ARRI found that 100 per cent of the projects were moderately satisfactory or better with regard to relevance in 2007. A similar level of performance is reported by PCRs reviewed in 2008 (92 per cent).
28. **Effectiveness** is defined as the extent to which a project’s stated objectives have been achieved in terms of physical targets, the percentage of the population reached and the degree to which they benefited. The percentage of completed projects with

<sup>17</sup> The RIMS provides information on three levels of results: (i) activities and outputs; (ii) changes in beneficiary behaviour, performance and sustainability of groups, institutions and infrastructure; and (iii) the impact of IFAD-financed operations on child malnutrition and household living standards.

<sup>18</sup> The ARRI rated 100 per cent of the projects reviewed in the latest one-year cohort as having moderately satisfactory or better overall project performance. The corresponding figure for PCRs reviewed in 2008 is 83 per cent.

moderately satisfactory or better effectiveness increased from 75 per cent in 2006-2007 to 83 per cent in 2007-2008. In the 2008 cohort of PCRs reviewed, more than 89 per cent of the projects were found to be moderately satisfactory or better. The ARRI assessment of 83 per cent is only slightly lower.

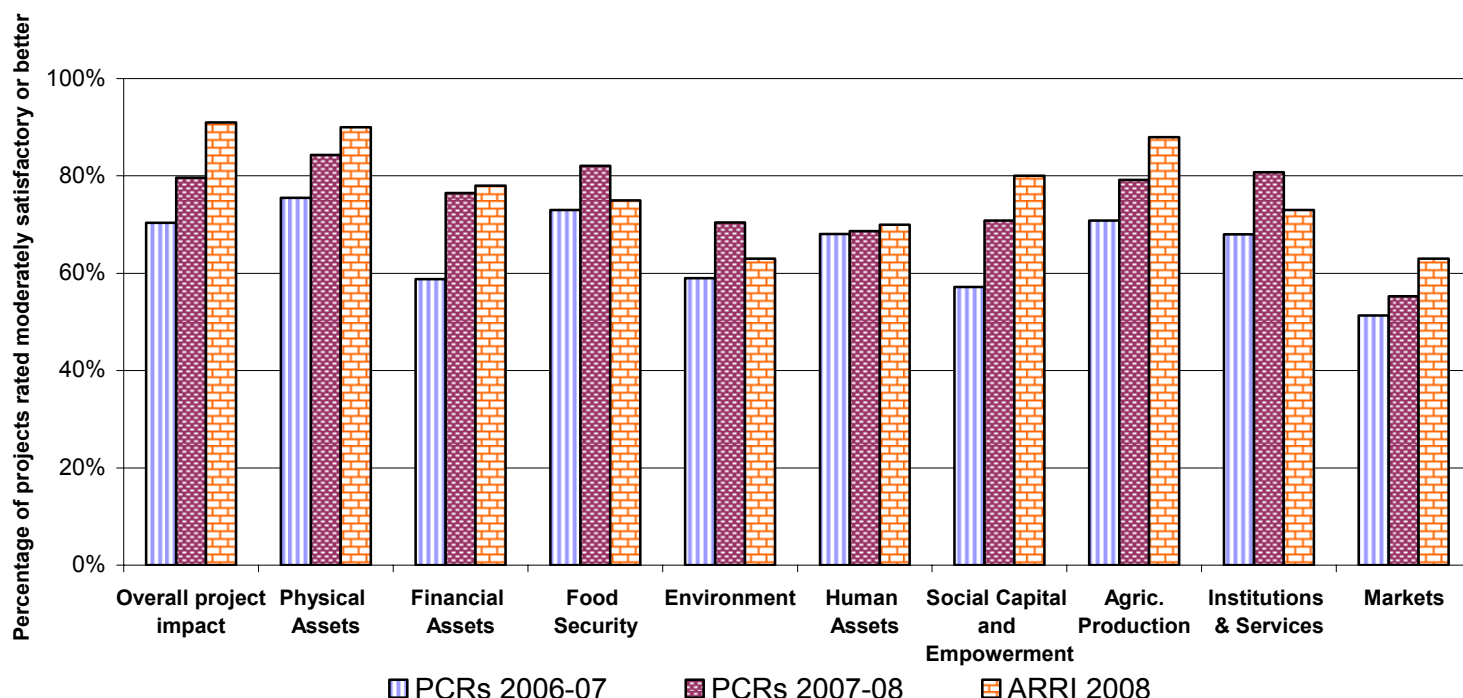
29. **Efficiency** is a measure of how economically project inputs are converted to outputs. Ratings on this indicator have improved modestly – from 64 per cent of projects with a satisfactory or better rating in 2006-2007 to 67 per cent in 2007-2008. The 2008 cohort of PCRs shows an identical performance on this indicator (67 per cent), while the ARRI reports lower performance (58 per cent).

## B. Impact on rural poverty

30. Impact on rural poverty is a composite measure of IFAD's contribution to changes in the lives of the poor. Its constituent indicators include physical assets, financial assets, food security, environment, human assets, social capital and empowerment, agricultural productivity, institutions and services, and markets (see the template for assessing project performance at completion in appendix V).
31. On a two-year moving average basis, the proportion of completed projects with moderately satisfactory or better overall rural poverty impact increased from 70 per cent in 2006-2007 to 80 per cent in 2007-2008 per cent (chart 3). ARRI ratings, at 91 per cent, are slightly higher than internal assessment results for 2007-2008. Mirroring this trend, average annual ratings also rose from 3.7 in 2006 to 4.2 in 2008. Improvement was achieved across all the constituent impact indicators. In the 2008 cohort, ratings for individual impact domains range from a low of 3.8 for markets to a high of 4.5 for food security. RIMS results for the ongoing portfolio are presented in appendix VI.

Chart 3

### Rural poverty impact





32. **Physical assets.** The most common activities undertaken by the 2008 PCR project cohort in relation to physical assets concerned improvements in irrigation, livestock production, access to technologies and housing conditions. Against this indicator, 87 per cent of the completed projects were rated moderately satisfactory or better. Among better-performing projects, beneficiary households strengthened their asset base and incomes as a result of improved access to, for instance, land, water, road infrastructure, microenterprise development and livestock development. RIMS reports show a wide range of physical assets being delivered, such as roads, irrigation schemes and health centres. Related RIMS data are presented below under the relevant impact domains.
33. **Financial assets.** On a two-year average basis, about 76 per cent of the projects completed in 2007-2008 have moderately satisfactory or better performance against the financial assets indicator, 83 per cent in the 2008 cohort alone. In terms of financial service provisioning, RIMS reports show the following direct effect of IFAD projects:
- Over 40,000 savings and credit groups with a total membership of 293,000 people: women constitute almost half of the members;
  - In about 5,300 of these groups, women are in leadership positions;
  - IFAD's current microfinance portfolio caters to about 7.3 million savers, 40 per cent of whom are women;
  - Collectively, members have saved US\$742 million;
  - About 4.8 million are active borrowers, and of these, 38 per cent are women; and
  - The total value of IFAD's gross loan portfolio is about US\$1.03 billion.
34. Indirectly, through the 122 microfinance institutions supported by IFAD financing and reported via the microfinance information exchange (MIX) using RIMS data, IFAD's support creates a much larger impact. In aggregate, these institutions:
- Reach over 20 million borrowers, 87 per cent of whom are women;
  - Have a gross loan portfolio of US\$4.6 billion; and
  - Serve over 4 million people with savings services valued at over US\$1 billion.
35. RIMS second-level results show a moderately satisfactory or better performance in terms of effectiveness of financial services in about 76 per cent of projects. As projects mature, the performance level is expected to improve further. In terms of overall financial viability, the 122 microfinance institutions report operational self-sufficiency<sup>19</sup> of 113 per cent and the portfolio at risk<sup>20</sup> of 2.5 per cent – a satisfactory performance indeed.
36. **Food security.** With 82 per cent of the completed projects rated as moderately satisfactory or better, this is one of the impact domains where IFAD-funded projects performed best in 2007-2008. Performance improved by about 9 percentage points over the previous period. If only the 2008 review result is considered, 87 per cent of projects are in the satisfactory range (with ratings of "4" or above) and 56 per cent (or 13 projects) are rated "5" or "6".

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<sup>19</sup> Operational self-sufficiency is obtained by dividing the financial revenue by a combined total of financial expenses, loan loss provision and operating expenses. It measures financial viability. The higher the percentage, the stronger and more sustainable the financial institution. The median value is reported here.

<sup>20</sup> This is measured by dividing the portfolio at risk for more than 30 days (outstanding balance of all loans with a payment over 30 days late) by the gross loan portfolio. The lower the percentage, the less risky and healthier the loan portfolio. The median value is reported here.

37. Since increased agricultural productivity can contribute significantly to food security, PCRs assess IFAD's performance in this outcome separately. Overall, about 79 per cent of projects from the 2007-2008 cohort report a positive contribution – an improvement of 8 percentage points over the earlier cohort. The 2008 cohort shows 91 per cent of the projects are moderately satisfactory or better. No project is rated as unsatisfactory or highly unsatisfactory.
38. The current portfolio has contributed to improving about 4 million hectares of land, constructing irrigation schemes that cover about 240,000 hectares, and setting up 242,000 structures for rainwater harvesting schemes. About 2.8 million people have been trained in crop production practices and about 900,000 in livestock production. More than half of these were women. Overall, 854,000 people now have access to technical advisory services (appendix VI).
39. Environment and natural resource management. Overall, IFAD's performance in contributing to a better environment is improving: 70 per cent of completed projects were rated as making a positive contribution in 2007-2008 compared with 59 per cent in 2006-2007.
40. RIMS results show that over 29,000 natural resource management groups have been formed with a membership of 307,000. Over 8,200 are led by women. More than 5,700 environmental management plans have been prepared at the community level, and about 524,000 people have been trained in managing natural resources.
41. In view of the challenges posed by global climate change, IFAD has extended the mandate of the Global Environment Facility (GEF) unit and renamed it the Global Environment and Climate Change (GECC) unit (effective May 2008). The GECC unit contributes to the environment agenda by executing projects funded by the GEF. IFAD/GECC unit's current GEF portfolio (US\$85 million) consists of 13 project grants (valued at US\$57 million) and 9 preparatory grants (valued at US\$1.3 million for the formulation of projects with a total value of US\$26 million). The total portfolio directly cofinances IFAD loans of about US\$392 million. These GEF grants are associated with five GEF programme frameworks approved between 2007 and 2008 including the IFAD-led US\$50 million Integrated Natural Resource Management in the Middle East and North Africa (MENA) Region. In addition, three new initiatives are under development related to land degradation, biodiversity, and climate change and forestry management.
42. **Human assets.** The most common activities undertaken by IFAD-funded projects in developing human assets include increased access to water, better sanitation and healthcare, and capacity-building among project beneficiaries. Performance in human assets development has been moderately satisfactory or better in about 70 per cent of completed projects in the 2007-2008 cohort – and in about 73 per cent in the 2008 cohort only. IFAD's investment in building human assets is relatively small, although the physical outputs financed are significant, including construction/rehabilitation of close to 3,700 school buildings and 4,200 health centres, and 122,000 drinking water systems. Since 1984, the partnership with the Belgian Survival Fund (which operates in sub-Saharan Africa) has produced very positive results, and represents an effective model for programmes that combine investments in the productive and social sectors.
43. **Social capital and empowerment.** IFAD projects have for several years been focused strongly on strengthening social capital and empowering the rural poor.<sup>21</sup> Of projects reviewed in 2007-2008, over 70 per cent show moderately satisfactory or better performance, up from 57 per cent in 2006-2007. Some 78 per cent of projects reviewed in 2008 show positive impact.

<sup>21</sup> For example, through adoption of participatory approaches in Western Africa, self-help group approaches in Asia, common interest groups in Eastern and Southern Africa, and emphasis on community-driven development approaches in Western and Central Africa and Latin America.

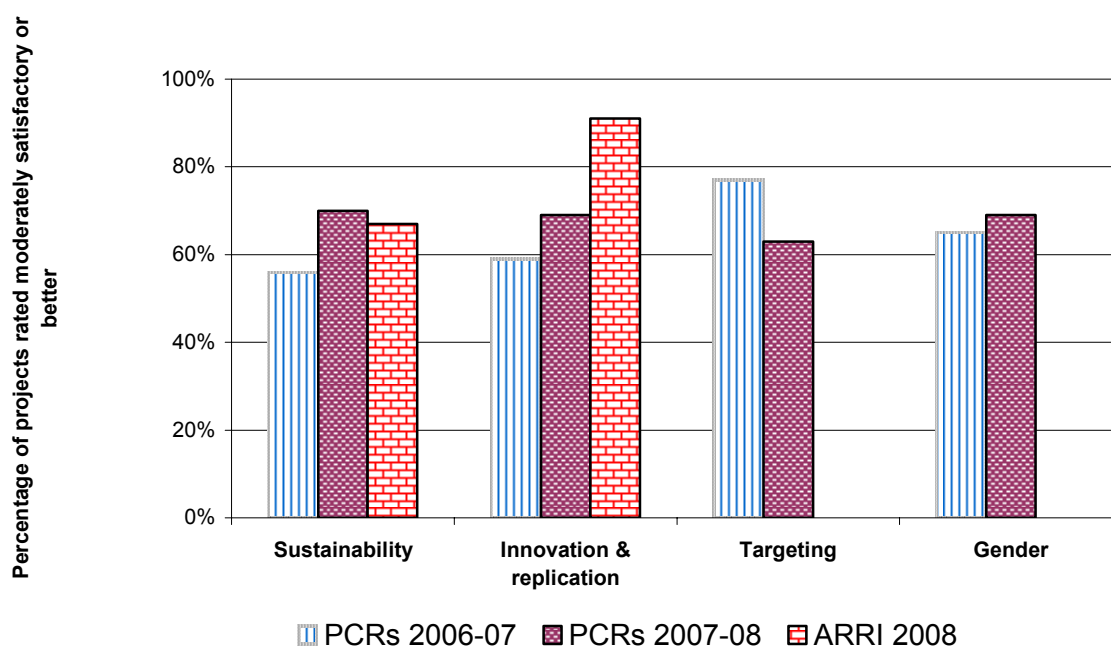
44. PCRs also assess project performance for “institutions and services”. In 2007-2008, 81 per cent of the projects were rated as moderately satisfactory or better, up from 68 per cent in 2006-2007. Strong performance in this area is reflected in the fact that 62 per cent of the total received ratings of “5” or “6”). The highest performing group of projects has helped national governments themselves to build their capacity to engage with poor rural people, either through the definition of national strategies or the strengthening of specific institutions servicing the rural areas.
45. Cumulatively over 60,000 community groups with a total membership of 755,000 individuals were formed by end-2007. Over half of the groups are mixed in terms of gender, and about 18 per cent are exclusively women’s groups. About 14,000 of these groups have women as their leaders. Similarly, close to 20,000 villages or communities have prepared action plans for village infrastructure development.
46. **Markets.** Performance has tended to be weak in this area. In the 2007-2008 cohort, only 55 per cent of the completed projects were moderately satisfactory or better. For 2008 alone, however, the proportion is 68 per cent. Among other things, market access is promoted through organizational and physical marketing infrastructure, establishment of market linkages, and construction or rehabilitation of rural roads (by end-2007, about 19,400 kilometres of roads had been constructed).

### C. Overarching factors

47. Completed projects are assessed against four overarching factors: sustainability and ownership of interventions; innovation, replicability and scaling-up; targeting; and gender.

Chart 4

#### Sustainability, innovation, targeting and gender



48. Results presented in chart 4 show that, in 2007-2008, projects performed best in terms of sustainability (70 per cent), followed by innovation and replication (69 per cent), gender (69 per cent), and targeting (63 per cent). In comparison with the 2006-2007 cohort, there are appreciable improvements in sustainability (14 percentage points) and innovation and replication (10 percentage points). On the other hand, performance in targeting deteriorated. The average ratings given to

completed projects for these overarching factors range from 3.7 for targeting to 4.2 for innovation and replication.

49. **Sustainability** has been a continuing area of concern for IFAD, as indeed it has for all development institutions. IFAD has introduced a wide array of measures during design and implementation to address sustainability, including rigorous attention during quality assurance (QA) and quality enhancement (QE), better articulation with national objectives and institutions within the framework of the results-based country strategic opportunities programmes (COSOPs) and insistence on national and local ownership. On an annual basis, sustainability has improved from 48 per cent in 2006 to 77 per cent in 2008 (compared with 67 per cent reported in the ARRI). The ARRI supports the view that sustainability is rising<sup>22</sup>, but neither independent evaluations nor self-assessments give grounds for complacency. It is becoming increasingly clear, however, that individual projects cannot on their own ensure sustainability (for example, by avoiding overambitious project design or by carefully selecting implementing agencies): stronger country leadership and management capacity in the agricultural and rural development sector are also essential.
50. **Innovation and replication.** This composite indicator was rated as moderately satisfactory or better in 59 per cent of the cases in the 2006-2007 cohort and 69 per cent in the 2007-2008 cohort of projects, it being understood that so-called "follow-up projects" are not designed to lead to innovations but to consolidate the achievements of a previous phase. If innovation is taken separately, the share of projects rated between "4" and "6" is high at 72 per cent in 2008. Performance has also improved in terms of replication – from 60 per cent in 2007 to 80 per cent in 2008 (with the ARRI showing an even better performance).
51. **Targeting.** In contrast to the general trend of improvement, performance of completed projects in targeting deteriorated: projects with moderately satisfactory or better ratings fell from 77 per cent in 2006-2007 to 63 per cent in 2007-2008 – although as many as 40 per cent of the projects received a rating of "5". Among projects that were rated poorly, targeting mechanisms were found to be weak or inappropriate for reaching the most vulnerable or the poorest (who are often located in the least fertile or more isolated areas that were served by the weakest institutions). Application of the IFAD Policy on Targeting, approved in 2006, is helping to address these issues comprehensively at design and is expected to translate into improved performance of completed projects in coming years. Ratings for targeting for projects currently under implementation are much higher than those for completed projects (see paragraph 91), suggesting that the issue is coming under control.
52. **Gender.** The share of completed projects rated moderately satisfactory or better has increased from 65 per cent in 2006-2007 to 69 per cent in 2007-2008, and to 70 per cent in the 2008 cohort. This is a comparatively high average and is strongly influenced by the large share (52 per cent) of projects rated "5". For ongoing projects, two factors stand out: first, the RIMS is generating significant gender-disaggregated data; and, second, women's participation in IFAD-financed programmes is substantial, not only in activities related to microfinance, but also in those related to natural resource management (appendix VI). Following implementation of IFAD's Gender Plan of Action 2003-2006: mainstreaming a gender perspective in IFAD's operations, IFAD has confirmed its commitment to gender mainstreaming by issuing guidelines in June 2008 for integrating gender concerns into the Fund's business processes. A major knowledge product published in 2008 was the World Bank/IFAD/FAO *Gender in Agriculture Sourcebook* targeting development practitioners.

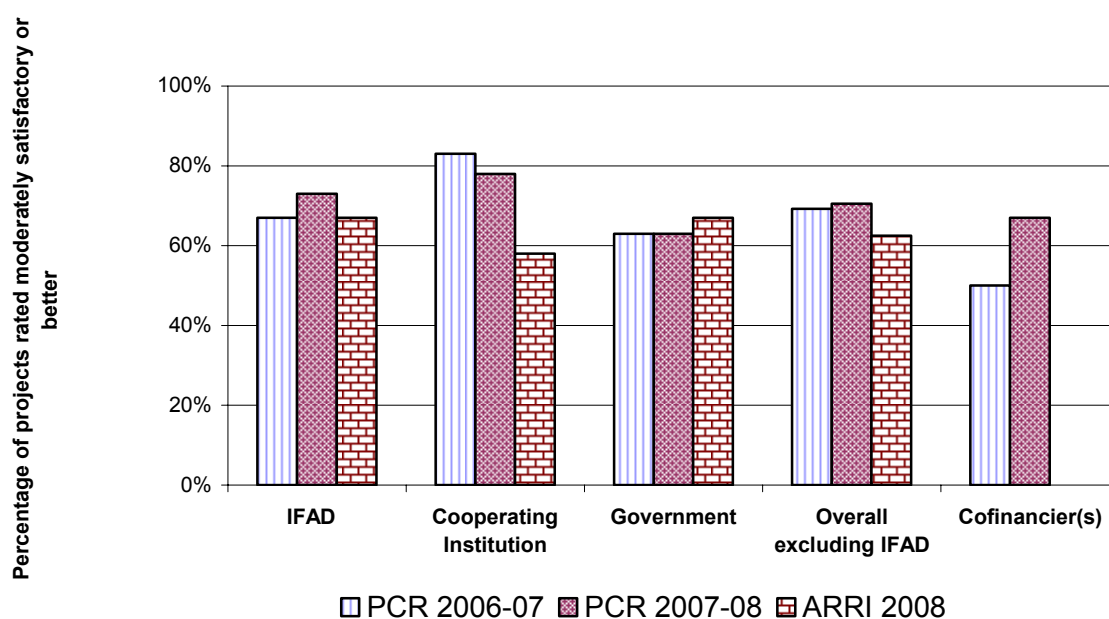
<sup>22</sup> As measured by the likelihood of sustainability, RIMS reporting on ongoing projects found moderately satisfactory or better performance in the following: savings and credit group formed/strengthened, 86 per cent; financial institutions involved, 88 per cent; roads constructed, 71 per cent; natural resource management groups formed, 62 per cent; community groups formed, 80 per cent; and health centres built, 88 per cent.

## D. Partner performance

53. The performance of partners is crucial to project impact. Governments received ratings in 63 per cent of the cases in 2006-2007, and performance remained at the same level in the 2007-2008 cohort. Overall performance of cooperating institutions has deteriorated over time – from 91 per cent moderately satisfactory or better in 2006 to 76 per cent in 2008. According to internal assessments, IFAD's own performance has improved: from 67 per cent moderately satisfactory or better in 2006-2007 to 73 per cent in 2007-2008. The ARRI, however, rates IFAD's performance lower, with the qualification that comprehensive changes introduced recently under IFAD's Action Plan for Improving its Development Effectiveness may not have greatly benefited the projects evaluated. It is expected that IFAD's performance will improve as direct supervision and country presence gain traction.

Chart 5

### Partner performance



## E. Progress in implementing the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action

54. Overall, the performance of completed projects is improving and on track to reach RMF targets for 2010, although the situation with regard to targeting, efficiency and sustainability requires, and is receiving, close attention. IFAD's objective is not only to have successful projects but also to contribute to improved overall aid effectiveness at country level. A critical dimension of this is its support to the global aid effectiveness agenda.
55. IFAD participated in the Third High-Level Forum on Aid Effectiveness (HLF-3), and through the partnership with the Global Donor Platform for Rural Development supported the initiative to include the agriculture sector in the agendas of both the parallel civil society organization (CSO) meeting and the HLF-3 itself. Furthermore, it supported the strong participation of CSOs in consultations leading up to, as well as during, the HLF-3.
56. Table 3 provides information – drawn from the OECD-DAC 2008 Survey on Monitoring the Paris Declaration – on the indicators of the Paris Declaration that apply to donors, and compares IFAD's situation with that of the total of multilateral and bilateral donors.

57. IFAD is performing well on most of the Declaration's partnership commitments: its performance is, in several cases, better than that of other IFIs and the United Nations as a whole. It receives high scores for strengthening capacity by coordinated support, for making use of countries' public financial management and procurement systems, and for carrying out joint missions and joint country analyses. It scores less well on use of common procedures – largely because IFAD works exclusively in the rural development and agricultural sectors, and these are precisely the areas where, as is noted above, broad programmatic approaches are weakest.

Table 3

**IFAD results from the 2006 OECD-DAC Survey on Monitoring the Paris Declaration**

| <i>Indicator</i>   | <i>IFAD</i> | <i>All donors</i> |
|--|-------------|-------------------|
| <b>3. Aid flows are aligned on national priorities</b> (percentage)<br>Percentage of aid flows to the government sector that is reported on partners' national budgets   | 48          | 48                |
| <b>4. Strengthen capacity by coordinated support</b> (percentage)<br>Percentage of donor capacity development support provided through coordinated programmes consistent with partners' national development strategies  | 78          | 60                |
| <b>5a. Use of country public financial management systems</b> (percentage)<br>Percentage of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these | 57          | 45                |
| <b>5b. Use of country procurement systems</b> (percentage)<br>Percentage 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  | 81          | 43                |
| <b>6. Strengthen capacity by avoiding parallel implementation structures</b><br>Number of parallel project implementation units per country  | 35*         | 1601*             |
| <b>7. Aid is more predictable</b> (percentage)<br>Percentage of aid disbursements released according to agreed schedules in annual or multi-year frameworks  | 42          | 46                |
| <b>8. Aid is untied</b><br>Percentage of bilateral aid that is untied  | -           | 88                |
| <b>9. Use of common arrangements or procedures</b> (percentage)<br>Percentage of aid provided as programme-based approaches  | 28          | 46                |
| <b>10. Encourage shared analysis</b>   |             |                   |
| a. Joint missions (percentage)<br>Percentage of field missions that are joint  | 70          | 20                |
| b. Joint country analytical work (percentage)<br>Percent of country analytical work, including diagnostic reviews, that are joint  | 73          | 42                |

Source: 2008 Survey on Monitoring the Paris Declaration, Appendix C (Tables C1, C2, C14, C15, C29, C31). Data reported are for 2007 for all 54 countries that took part in the survey, as sourced from OECD and presented at Accra.

\* These figures are absolute numbers rather than percentages, and thus are not comparable.

58. The following section summarizes the progress made in – and the ongoing initiatives to further improve – IFAD's performance in each of the three areas where the Accra Agenda for Action calls for accelerated improvement, namely: strengthening country ownership; building more effective and inclusive partnerships for development; and delivering and accounting for development results.
59. **Strengthening country ownership.** In line with its Strategic Framework and the format for results-based COSOPs, both introduced in 2006, all IFAD-financed country-level initiatives flow from country ownership and alignment. Furthermore, country partners have regular opportunities to exercise strategic ownership of IFAD-financed initiatives through the annual COSOP implementation reviews, which together with the recently introduced country programme management team (CPMT) mechanism, and client/partner survey, help to promote more inclusive and broader consultation processes with CSOs and other decentralized actors, and in turn contribute to building their capacities.

60. Successful development depends largely on a government's capacity to implement its policies and manage public resources through its own institutions and systems. According to the 2008 survey, IFAD is higher than other IFIs with regard to the use of countries' public financial management systems; is second among all donors on use of national procurement systems; and is making more use of mainstream country structures to manage the programmes it finances compared with the 2006 survey.
61. Reducing the transaction costs of delivering and managing aid is one of the key thrusts of the aid effectiveness agenda. In this respect, the Accra Agenda reaffirms the Paris Declaration commitment to provide 66 per cent of aid (by 2010) as programme-based approaches (currently it is estimated that only 44 per cent of aid is being delivered this way). Widespread efforts are under way to simplify procedures and adopt common arrangements, and IFAD is committed to actively engage in them to the extent that its own policies and limited in-country presence permit. The planned evaluation of IFAD's sector-wide approach policy by the Office of Evaluation in 2008/2009 should provide opportunities to reshape IFAD's policies and operational procedures in a way that permits more efficient delivery within programme-based arrangements.
62. **Building more effective and inclusive partnerships for development.** Partnership is one of the key principles of engagement within the Strategic Framework, and as a consequence is embedded in IFAD's work at project, country programme, regional and international levels. At the country level IFAD is involved in a variety of donor coordination mechanisms, and partnerships with CSOs and research or academic institutions in all the countries it operates in. These include poverty reduction strategy and sector-wide approach policy (or sector-wide approach policy-like) processes, donor round tables, thematic working groups, etc. In all the eight One United Nations pilot countries, IFAD is involved in the common analysis of development needs, the formulation/revision of the United Nations Development Assistance Framework, and better integration of its country programmes therein.
63. Using a variety of different approaches, including decentralization of IFAD staff and establishment of CPMTs, IFAD has strengthened its engagement with country-level development processes. Client governments and other partners are responding very positively to the more frequent interaction with IFAD, and the benefits to country portfolio performance are increasingly evident. This is reflected, on the one hand, in the growing share of cofinanced operations and, on the other, in the high shares of joint missions and joint country analytic work reported in the 2008 Survey on Monitoring the Paris Declaration.
64. **Delivering and accounting for development results.** Support to harmonization with and strengthening of countries' results management systems is a major objective for IFAD. As noted above, annual reviews of results-based COSOPs and CPMTs are mechanisms for bringing a wide range of partners (client government, donors, CSOs, private sector, etc.) together to plan and assess the impact of development programmes and adjust them as necessary. At the project level, strong emphasis is placed on ensuring deeper beneficiary participation/involvement in intervention targeting, activity planning, implementation, and monitoring and evaluation (M&E). To complement these efforts, IFAD supports the initiative by the OECD-DAC Joint Venture on Managing for Development Results (MfDR) to establish communities of practice in Africa, Asia and the Pacific, and Latin America as model cases of South-South cooperation and peer-to-peer learning on MfDR approaches.
65. As in other IFIs, and as revealed in the latest annual Common Performance Assessment System meeting (hosted by IFAD in Rome) the most pressing challenge is to move beyond internal promotion of MfDR towards strengthening MfDR in the developing country institutions that have the key leadership and management roles under the Paris Agenda.

66. IFAD is reviewing its ongoing support for MfDR capacity-building at country level, and plans to intensify efforts focused on agricultural and rural development programming and management in conjunction with findings on best practices emerging from regional communities of practice. This will go beyond IFAD's principal engagement to date: improving project-level planning, M&E; and strengthening IFAD's own country programme development and management at the country level – through improved planning and RMFs in COSOPs, and systematic client and partner feedback on country programme performance.

### **III. Organizational effectiveness and efficiency**

67. Current and future development effectiveness “on the ground” is affected by many variables external to IFAD. But how IFAD organizes itself to reach its objectives makes a difference. Since 2007, and as an Action Plan deliverable, IFAD's overall organizational development has evolved within the framework of MfDR: focusing planning, performance monitoring and resource use within IFAD itself on achieving better country-level development results, and on becoming more efficient in the process. In 2008, IFAD formally shifted to a results-based budgeting framework to ensure alignment of resource allocations with priority development effectiveness and efficiency needs.
68. The thrust towards providing a better internal platform for delivering development results in IFAD is organized around eight corporate management results (CMRs) or objectives, achievements against which are monitored regularly for proactive management at every level of the organization (further details on IFAD's corporate planning and performance management system are provided in appendix VII):

#### **Operational corporate management results**

- Better country programme management (CMR 1)
- Better project design (loans and grants) (CMR 2)
- Better implementation support (CMR 3)
- More strategic international engagement and partnership (CMR 8)

#### **Institutional support corporate management results**

- Improved resource mobilization and management (CMR 4)
- Improved human resource management (CMR 5)
- Improved risk management (CMR 6)
- Increased administrative efficiency (CMR 7)

69. The remainder of this chapter presents an account of IFAD's performance with respect to organizational effectiveness and efficiency and covers each of the CMRs.

#### **A. Operational corporate management results**

70. IFAD's operational CMRs focus on the management of activities that bear directly on IFAD's development effectiveness: country programmes, projects, partnerships and advocacy. Much of this dimension of IFAD's work has undergone major reform within the framework of the Action Plan. Results are beginning to appear at the level of development effectiveness as implementation support improves (supported by the shift to direct supervision and stronger country presence and country programme management). The effect of strengthening the project design process will soon become apparent as recently designed projects enter into implementation and start to report under the RIMS. These improvements are in turn underpinned by the implementation and mainstreaming of IFAD's strategies for innovation and for knowledge management driven by an interdepartmental core team headed by the Vice-President.



71. Primarily geared towards increasing development effectiveness, learning and knowledge management activities in IFAD are making available state-of-the art thematic knowledge and lessons drawn both from IFAD's experience and from the experience of the broader development community. Knowledge capture and sharing processes have been strengthened by systematic reporting on lessons learned from project design, quality reviews, project supervision and interim reviews, project completion reviews and evaluation reports. Other instruments include IFAD-assisted regional networks (FIDAFRIQUE, FIDAMERICA, ENRAP, KariaNet), IFAD-wide thematic groups, communities of practice, occasional publications and regional division newsletters.

### **Better country programme management – CMR 1**

72. In 2008, a new process to assure quality "at entry" of COSOPs was introduced to ensure more rigour in the design of COSOPs, and more systematic attention to the Paris commitments.<sup>23 24</sup> The process relies on both internal and external review mechanisms.
73. Eight of the COSOPs prepared in 2008 underwent the QA process, and all of them were rated satisfactory against the two at-entry country programme-related indicators of the RMF.<sup>25</sup> Given that the QA process for COSOPs is still new, and that few programmes have so far been involved, caution should be exercised in interpreting these results. From 2009, all COSOPs will be subject to the QA process, providing a more solid basis for assessing performance, and a critical mass of experience to draw upon to improve the process itself.
74. In connection with the launch of the QA process, a comprehensive review of all results-based COSOPs approved in 2006/2007 was carried out, which brought to light substantive issues that need to be addressed. The adoption of results-based COSOPs has contributed to the quality of country programmes, for example, with respect to participatory design, alignment with country priorities and identification of partnership opportunities. This positive trend is corroborated by data on donor cofinancing, which rose appreciably from 1:0.28 (i.e. US\$0.28 of donor cofinancing for every United States dollar of IFAD financing) in the Sixth Replenishment period (2004-2006) to 1:0.45 over the three years up to mid-year 2008.<sup>26</sup> More attention, however, is required in such areas as the formulation of goals and outcomes, and identification of measurable outcome indicators within the COSOP results framework. The recommendations of this review will inform the revision of the COSOP guidelines planned for 2009.
75. As part of its commitment to mutual accountability (one of the Paris commitments) IFAD has launched regular client and partner surveys to obtain in-country perceptions of the performance of IFAD's ongoing country programmes.<sup>27</sup> The results of the survey inform the two "during implementation" country programme-related indicators of the RMF. The results are encouraging; for both indicators 95 per cent of the country programmes were rated moderately satisfactory or better. Average scores (on a scale of 1 to 6) across all countries assessed are relatively high: 4.62 for harmonization;

<sup>23</sup> Responsibility for QA at entry for COSOPs has been absorbed (at no additional cost) by the Office of the Assistant President, Programme Management Department (PMD), and thus is at arms-length from the operational divisions responsible for developing COSOPs.

<sup>24</sup> For the sake of clarity, it should be noted that IFAD operates two separate QA mechanisms for at-entry reviews of COSOPs and projects. Responsibility for managing COSOP QA lies with the Office of the Assistant President, PMD and for project QA, with the Office of the Vice-President. The abbreviation "QA" is used in referring to both systems.

<sup>25</sup> The two country programme-related indicators of the RMF are: (i) percentage of country programmes rated moderately satisfactory or better for (projected) contribution to: increasing the incomes, improving the food security; and bringing about the empowerment of poor rural women and men; and (ii) percentage of country programmes rated moderately satisfactory or better for adherence to the aid effectiveness agenda.

<sup>26</sup> Cofinancing levels are susceptible to significant variation depending on the nature and scale of the projects. Therefore, observing data over longer time frames (three years or more) produces more stable results and reliable analysis.

<sup>27</sup> In each country, the survey was sent to a range of stakeholders familiar with IFAD (representatives of government agencies and of the development community, including United Nations agencies, civil society and/or the private sector). Replies were received from 315 respondents across 22 countries.

4.77 for empowerment; 4.84 for food security; 4.87 for incomes; 4.91 for country ownership; and 5.10 for alignment. The lower score on harmonization (also noted above in paragraph 56) may be explained by the fact that a minor portion of IFAD's portfolio is delivered through programme-based approaches, which are relatively uncommon in the agricultural sector.

76. Annual results-based COSOP implementation reviews – which are key to promoting country ownership, accountability and learning – are taking place on time. Few such reviews have been completed in full as yet, and besides noting that a number of different approaches have been tried, it is too early to assess experience with this process. One of the main challenges involves the effective use of various sources of evidence (client surveys, RIMS data, project systems, etc.) in establishing a coherent system for monitoring and managing country programme performance.
77. IFAD's **country presence** has been significantly strengthened. Key changes include: development and issuance of internal guidance for planning, programme implementation, financial management, monitoring and reporting; signing of a framework agreement with the United Nations Development Programme (UNDP) and imminent finalization of a similar agreement with FAO; signing of host country agreements with the governments of Colombia, the United Republic of Tanzania and Viet Nam, and accreditation of country programme managers in Colombia, Viet Nam and, soon, in the United Republic of Tanzania; full integration of the country presence budget into IFAD's overall budgetary framework; and increased IT support, connectivity, and enhanced access to IFAD's corporate information resources.
78. Country presence staff have contributed significantly to the design of COSOPs and projects, and have participated in numerous supervision missions and mid-term reviews. Direct involvement of country-level staff has enhanced the quality of design and implementation support and has increased efficiency, for example, in terms of reducing the delays in declaring projects effective. IFAD's country presence has also contributed to: sharing knowledge, mainly through interproject exchanges, and in some cases by promoting South-South exchange; and enhancing partnership and policy dialogue, for example, by increasing IFAD's engagement in United Nations' country teams.

#### **Better project design (loans and grants) – CMR 2**

79. **Characteristics of new projects entering the portfolio.** In the year to end-June 2008, the Executive Board approved 32 investment projects for a total of US\$517 million. Of this, US\$178 million was approved for sub-Saharan Africa. These approvals were complemented by external cofinancing worth US\$431 million and domestic financing of US\$297 million. For every single United States dollar of IFAD financing, over US\$1.4 was invested by international and national partners (the corresponding average figure over the three-year period up to end June 2008 was US\$1.12).
80. **Quality at entry.** One of the critical factors contributing to the probability of project success is project design, therefore, providing a stronger management framework in this area is a major institutional objective. During 2007-2008, guidelines were issued for project design, QA and QE. Early in the course of design, projects are subject to the **QE process**. Six key success factors are used to assess project quality and maturity, with a view to providing relevant guidance to the project preparation team in the subsequent stages of project preparation. The focus at this stage is principally on: implementation readiness; risk analysis; targeting; and sustainability.
81. The newly-instituted project QA process operates under the leadership of the Vice-President, at arms-length from operations. Projects are assessed just before scheduled negotiation and presentation to the Executive Board. In 2008, 30 projects were reviewed by the new system. Results with respect to the at-entry project-related RMF indicators (i.e. percentage of projects rated moderately satisfactory or better, "4" or above on a scale of 1 to 6) and corresponding average ratings are as follows: 87 per

cent for effectiveness in thematic areas (average rating: 4.5); 87 per cent for projected impact on poverty measures (average rating: 4.6); 83 per cent for innovation, learning and scaling up (average rating: 4.4); and 80 per cent for the sustainability of benefits (average rating: 4.4). Among the constituent indicators under poverty impact, project QA results show moderately satisfactory or better performance in 89 per cent of the projects for women's empowerment, 87 per cent for social capital and empowerment, and 86 per cent each for food security and physical/financial assets. These results suggest that IFAD is already by and large on track for meeting the 2010 RMF targets for projects at-entry.

82. The project QA process found that about 10 per cent of projects reviewed required substantive changes, necessitating rescheduling of their presentation to the Executive Board. The remaining 90 per cent were either ready to proceed with minor changes (30 per cent) or would be subject to additional assurance/further modifications or reviews during implementation (60 per cent). Most of the areas requiring further improvement identified by the QA correspond with other assessments emanating from the QE process, and the performance reviews of ongoing and completed projects. These include over-ambitious and complex designs, and weaknesses with respect to: arrangements for M&E; sustainability of institutional arrangements; financial management; and risk assessment.
83. From an operational perspective, the new project QA process is clearly adding value. Its broad recommendations to simplify project design, strengthen project design documents (including logical frameworks), and give more systematic attention to risk are being followed up. Given the possibility that the new QA and QE systems may delay or eliminate projects that are not adequately designed, the total number of projects worked on at any one time has expanded to guarantee an adequate stock of reserve projects.

#### **Better implementation support – CMR 3**

84. **Size and characteristics of the investment portfolio under implementation.** With the completion of 28 projects and extension of 23 projects in the year up to end-June 2008, the total number of projects in the current portfolio stands at 225, for an approved investment amount of US\$3.7 billion. Of this, 194 projects are effective, for an approved amount of US\$3.2 billion.<sup>28</sup> With the approval of 94 grants, the current portfolio of grants stands at 298 for a total value of US\$268 million.
85. During 2007-2008, 39 projects became effective, an increase of 34 per cent compared with 2006-2007. The number of projects awaiting effectiveness has been reduced to 31 in June 2008 from 38 in June 2007, and the time elapsed from Executive Board approval to effectiveness fell to 12.9 months in 2007-2008 from 14.7 months in 2006-2007. The improvement is largely attributable to the increased focus on implementation readiness during project design.
86. Of the 194 effective projects, 101 (or 52 per cent, up from 17 per cent in the previous year) were directly supervised by IFAD. Among IFAD's cooperating institutions, the United Nations Office for Project Services was responsible for supervising the largest share of projects (26 per cent), followed by the World Bank with 9 per cent.
87. **Direct supervision.** Strong project implementation is fundamental to project impact. IFAD does not implement projects, its country partners do. Improving the quality and intensity of support to those partners is one of IFAD's highest priorities, and this has been the rationale for one of the most important changes in operations under the Action Plan: taking direct responsibility for the project supervision process.
88. With most new projects approved under direct supervision arrangements and the conversion of 87 cooperating institution-supervised projects to direct supervision, the portfolio of directly supervised projects increased very substantially during the period

<sup>28</sup> The projects yet to be declared effective are taken out of the current portfolio when calculating the portfolio of effective projects.

and had reached 129 projects by June 2008.<sup>29</sup> The management and capacity challenges of this shift are considerable, and IFAD has implemented training and other capacity-building measures, including intensive supervision training for nearly 200 staff. It has also developed and improved relevant systems and procedures on, for example, loan disbursements, and a harmonized and upgraded format for project supervision reporting.

89. Indications of the positive results of direct supervision are visible even at this early stage. Overall, the quality of performance analyses, especially in the case of problem projects, has improved and divisions have started identifying problems that were not reported earlier by the cooperating institutions. This has allowed earlier identification and resolution of performance-related risks that otherwise would be detected only at completion. Similarly, IFAD's engagement in the field with the client governments and other stakeholders has improved significantly. As a result, nearly all client governments have shown preference for direct supervision by IFAD. With the widespread introduction of direct supervision, portfolio management in IFAD is in a state of transition, as is portfolio performance (which direct supervision is specifically targeted at improving).
90. **Projects and grants performance.** Tracking loan and grant performance, and taking corrective action where necessary, are at the heart of IFAD's portfolio management. The following assessment is based on the project status reports (PSRs)<sup>30</sup> of 195 ongoing projects. With the change in the PSR format and application of greater rigour in assessing the performance of the ongoing portfolio – which mainly depends on the increased information made available through direct supervision – year-on-year comparisons of PSR ratings are at best indicative.
91. Measured in terms of the percentage of projects rated moderately satisfactory or better ("4" or above on a scale of 1 to 6) results across the "during implementation" project-related indicators of the RMF are as follows: poverty focus (93 per cent), targeting (88 per cent), empowerment (85 per cent), women's empowerment (85 per cent), replication (82 per cent) and sustainability (83 per cent).
92. Taking other key dimensions into account, the strongest areas of performance are: compliance with loan covenants and procurement guidelines (90 per cent each), quality of beneficiary participation (90 per cent) and effective targeting (88 per cent). Areas where projects are performing less well are: disbursement rate (68 per cent), M&E (73 per cent), counterpart funds (79 per cent) and innovation (79 per cent). Existence of an effective exit strategy is rated as satisfactory in only 71 per cent of the projects. In terms of overall ratings for implementation progress and achievement of development objectives, 85 per cent of projects report satisfactory performance. Project supervision undertaken by cooperating institutions was assessed as moderately satisfactory or better in only 77 per cent of the projects, dropping from 84 per cent last year.
93. For the portfolio of grants,<sup>31</sup> performance indicators include disbursements, quality of technical reports and innovation. The grant portfolio is rated at about 90 per cent satisfactory for both implementation progress and achievement of development objectives. Performance with respect to financial reporting is not as strong. The improved overall performance of the grant portfolio is the result of greater attention to the supervision of grants, and the closure of many non-performing grants.

<sup>29</sup> This figure includes projects both "approved but yet to become effective" and "effective".

<sup>30</sup> In monitoring the performance of individual projects in the ongoing portfolio, IFAD uses the PSR. This instrument was substantially revised in 2008 in order to cater to the additional information needs of direct supervision and the RMF (appendix IV).

<sup>31</sup> The grants status reports are used for assessing the performance of grants. These reports are similar to PSRs and follow the same rating system.

94. **Portfolio at risk and pro-activity.** At the end of June 2008, IFAD's portfolio contained 33 projects (or 17 per cent of the total) defined as "actual problem" projects. In addition, five projects (or 2.5 per cent) were deemed "potential problem" projects.<sup>32</sup> With respect to the previous year, both ratios remain unchanged. Of the 32 projects reported as actual problem projects in last year's Portfolio Performance Report, eight have been closed, and 12 have graduated to not-at-risk status. This represents a proactivity rating of 63 per cent. Of the projects that continue to be actual problem projects, 23 per cent have reported some reduction in the risk level. Of the 13 projects remaining in the actual problem category, seven projects (or 22 per cent) are classified as chronically at risk: that is, classified as actual problem projects for three or more consecutive years. The percentage of problem projects deemed to be chronically at risk has dropped by 30 per cent. Of the 33 actual problem projects at the end of June 2008, 20 are "new" problem projects (i.e. not included earlier in the category), and 11 are at a very early stage of implementation.
95. The key problems arising from the review of the ongoing portfolio include: the implementation readiness of new projects remains an issue; a more effective early warning system is needed (as many projects falling into the actual problem category were not reported as potential problem projects in earlier years);<sup>33</sup> and the level of proactivity needs to be increased as problem resolution is not systematic and many problem projects therefore continue being problem projects.

#### **More strategic international engagement and partnership – CMR 8**

96. Promoting a more conducive global environment for pro-poor development is essential for the achievement of IFAD's goals. IFAD has a role to play in helping to create such a global environment through its knowledge of the challenges faced by poor rural people, and in the strong relationships it has established with the organizations that represent them (e.g. farmers' organizations). It does this primarily by: facilitating and financing participation and advocacy by representatives of the rural poor in international policy discussions; engaging in international policy dialogue and advocacy; and supporting knowledge generation and knowledge-sharing on rural poverty and food security among researchers, policymakers and civil society groups.
97. IFAD is seeking to strengthen its capacity to better plan and measure its effectiveness in this area. Improvements will be introduced from 2009 onwards, and in preparation for this a comparative review of experience with advocacy M&E was carried out in 2008.<sup>34</sup> Performance reporting for this CMR, therefore, continues to be in the form of a selective review of key initiatives, and observed immediate results.
98. Appendix VIII reports some of the main initiatives of 2008 in more detail; overall, it shows that there has been important work in each of the three areas of focus listed above. IFAD has participated actively in high-profile international policy events such as: the Sixteenth Session of the United Nations Commission on Sustainable Development; the High-Level Conference on World Food Security; the Challenges of Climate Change and Bio-energy; and, the HLF-3 (more detail is provided on this in section II E). In 2008, IFAD became the co-chair of the Global Platform for Rural Development, and is co-chairing (with the United Kingdom's Department for International Development) the task force working on the reform of the Consultative Group on International Agricultural Research (CGIAR). Furthermore, IFAD has contributed to preparation of the Comprehensive Framework for Action in response to

<sup>32</sup> IFAD's project at risk assessment methodology classifies projects into three categories: actual problem, potential problem, and not at risk. The "actual problem" projects are those that received a rating of 1, 2 or 3 in one of the two main indicators of implementation performance and progress towards development objectives. The identification of "potential problem" projects is based on a rating of 1, 2 or 3 against five of the 11 risk flags. The remaining projects are regarded as not being "at risk".

<sup>33</sup> The World Bank reports a similar issue in its Annual Review for Development Effectiveness.

<sup>34</sup> Assessing the results and outcomes of global advocacy presents a major challenge that is also faced by other organizations. A review commissioned by IFAD stated that M&E in the area of advocacy and partnerships is still relatively underdeveloped, and that there are no blueprints or established best practice standards, especially with respect to corporate level performance monitoring.

the food price crisis, and is part of the United Nations group on MDG-1 in Africa. It has also been actively engaged in the processes of the United Nations Framework Convention on Climate Change, contributing to a coordinated United Nations policy position. In supporting these processes and events, IFAD has worked closely with FAO and the World Food Programme (WFP). Moreover, in 2008, the three Rome-based agencies conducted a joint forward-planning exercise to strengthen their partnership further in a number of areas.

99. IFAD plays a special and important role in supporting civil society advocacy organizations, such as rural producers' organizations and indigenous peoples' organizations, to enable them to play a more effective part in international policy discussions, including through the Farmers' Forum initiative. Finally, IFAD has continued its support to research networks by strengthening partnerships through the CGIAR, seeking to ensure that the problems facing impoverished rural women and men are adequately researched, and that lessons are shared with policymakers and CSOs. The strategic partnership forged with the International Food Policy Research Institute for the development of innovative policies on climate change mitigation and market access is of particular note.

## **B. Institutional support corporate management results**

100. The immediate tools for raising development effectiveness are those encompassed by CMRs 1, 2, 3 and 8. The extent to which these can be pursued adequately and within a stable environment depends on focused and successful management of IFAD's human and financial resources. IFAD must maximize the resources that are effectively at its disposal (CMR 4). It must manage human resources well to support key processes across the organization (CMR 5). It must manage risk (CMR 6), and it must improve administrative efficiency (CMR 7).

### **Improved resource mobilization and management – CMR 4**

101. To make a concrete impact on rural poverty, IFAD must mobilize resources and ensure that they are adequately focused on achieving results. The dramatic commodity price increases in 2007-2008 brought agriculture back to centre stage, highlighting the need for overall financial increases to the sector. IFAD took active part in the international response to the food crisis by addressing the short-term needs through a reallocation of funds from existing loans and grants (US\$200 million) and by seeking support for medium- to long-term needs through its Eighth Replenishment negotiations. In this context, bold programme priorities and financial scenarios commensurate with the new challenges faced within the agriculture and rural development sector were put forward.
102. IFAD's task goes beyond resource mobilization for its own programme, and it has actively contributed to and supported key global initiatives to address the situation, including: the High Level Task Force on the Global Food Security Crisis and the Comprehensive Framework for Action; FAO's Initiative on Soaring Food Prices; WFP's US\$755 million food aid appeal; and the European Union's proposed US\$1 billion-special financing facility for rapid response to soaring food prices.
103. In September 2008, IFAD and the European Commission signed a new EUR 67.5 million contribution agreement to finance projects and programmes to be implemented by the CGIAR system. With this new contribution, the total funding assured by the European Commission through IFAD to the CGIAR system amounts to EUR 112.5 million (US\$157 million). The overall objective of this programme is to reduce food insecurity and poverty through pro-poor agricultural development, specifically through the delivery of global public goods in the area of agricultural research. In addition, approximately US\$8.9 million was received in supplementary funds for thematic and technical assistance initiatives between January and September 2008. Of this, approximately US\$7.9 million was received from bilateral and multilateral organizations, and the balance of US\$1 million was received from the Bill & Melinda Gates Foundation to design the business plan for the IFAD-WFP Weather Risk

Management Facility, which is aimed at increasing the availability of weather risk management instruments.

104. Equally important as mobilizing resources is ensuring that they are available in a fashion relevant to country conditions. IFAD has brought its interest rates in line with the World Bank reference rate by adopting the London Interbank Offered Rate (LIBOR) as its reference rate for loans on ordinary and intermediate terms. Changes in the formula for IFAD's performance-based allocation system have focused the system more on rural conditions by using rural population instead of total country population as the population factor.
105. IFAD's own resource management system has been more focused on supporting the achievement of country-level results. Results management tools introduced in 2007 have been fully mainstreamed. Means for escalating performance issues and risks have been strengthened in collaboration with the Enterprise Risk Management (ERM) Committee. Executive management has been made more effective through the integration of performance reporting on resources, results and risks. Enhancement of the corporate key performance indicators (KPIs) was supported through the addition of new KPIs, and the refinement or retirement of existing ones. In 2008, IFAD became a member of the Common Performance Assessment System (COMPAS) initiative.<sup>35</sup> Participation in this initiative will be particularly useful for sharing lessons and best practices in MfDR, not least by drawing upon the close communication between the COMPAS group and the Multilateral Organization Performance Assessment Network.
106. In 2008, IFAD also introduced results-based budgeting, ensuring that the results-to-activity linkage in the MfDR system is extended to resource allocation, underpinning coherence and alignment among results, activities and budgets. Within an approach that focuses on achieving results rather than operating according to ex ante budget allocations, decentralized budget management and reporting have been strengthened by: IT system improvements; development of user-friendly analytical tools; revisions to the procedures for decentralized budget management; and systematic use of the performance management system to provide the improved accountability framework necessary in a context of greater budget flexibility.

#### **Improved human resource management – CMR 5**

107. IFAD's key operational resource for achieving its development objectives is its workforce, strengthening the capabilities and management of which is imperative.
108. Although human resource (HR) management reform is one of the last Action Plan deliverables to be put in place, there has been some progress in 2007-2008 and more to come in the future. The International Civil Service Commission's Global Staff Survey on Recruitment and Retention ranked IFAD second in the whole United Nations system based on staff recommendations as a good place to work. In mid-2008, a repeat internal staff survey was conducted. The results provide an overall picture of progress made in the effectiveness of the management of IFAD from the staff perspective since 2006-2007. Encouraging headline messages are that over 75 per cent of the questions show improvement. In particular, the staff engagement index<sup>36</sup> has improved from 66 per cent to 69 per cent. However, the results relating to feedback on HR policy and practice show little improvement from a low base.
109. The improvements required to make a step change in the quality and rigour of HR management in IFAD are now clearly defined and agreed, and effective leadership at the corporate and divisional level has been mobilized. Leadership within the HR function has also been strengthened by the arrival of a new Director of the Human Resources Division and new senior HR professionals in 2008.

<sup>35</sup> A common performance assessment system implemented by a group of IFIs including: the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Islamic Development Bank and the World Bank.

<sup>36</sup> The staff engagement index is the combined scores of six questions within the staff survey, focusing on the level of staff engagement.

110. There have been improvements in the way new staff are recruited and inducted (the time to fill professional positions has, however, remained unchanged at approximately 140 days). Assessment testing has been introduced for most professional staff recruitment and a formal corporate induction programme is in place to introduce staff to IFAD's work, focusing on the importance of knowledge management. As a direct consequence of these successful events, IFAD has rolled out presentations across the organization on its operating model and priorities for delivery.
111. In 2008, the near tripling of the training budget has provided a unique opportunity to revisit many aspects of IFAD's approach to learning and development, and broaden the number and coverage of training programmes offered. To enable this, IFAD changed its learning and development model to maximize the value from each dollar spent. Most importantly, the overall training programme has been designed in a more coherent and focused manner, aimed at effectively responding to the results of the 2006 global staff survey and managers' 360-degree evaluations completed in early 2008.
112. To operate effectively, IFAD needs to align its workforce with its highest priority work. A mapping exercise of the IFAD workforce (staff and consultants) completed in mid-2008 shows that 48 per cent work in the Programme Management Department (PMD). Movement of staff out of and across IFAD is at a low level, with a turnover of less than 5 per cent. Rotation is also low at less than 2 per cent. IFAD has developed a proposal to implement a voluntary staff separation programme in 2009 and 2010, which will be discussed with the Executive Board in December 2008.
113. A people strategy for strengthening HR alignment and management has been developed, which will ensure that IFAD: has the right workforce structure and profile to meet its objectives; has an open and empowering culture that supports the core values and corporate mission; enables all staff to realize their potential through training and learning; and is supported by the right people systems, tools and processes.
114. A cornerstone of the new strategy is the medium-term organizational workforce mapping exercise currently in progress and due to be completed in 2008, which will determine "the what" and "the where" of IFAD's HR assets in relation to the objectives of the Eighth Replenishment.

#### **Improved risk management – CMR 6**

115. The overriding thrust of this CMR is the establishment and operation of an effective system for ERM. In 2008, the ERM Committee – under the chairmanship of the Vice-President – has focused on strengthening awareness of and capabilities to manage risk and on embedding risk management in existing management processes. Activities completed in 2008 include the development of an ERM policy (presented to the Executive Board in September 2008), and the launch of an ERM intranet site. Key ongoing activities include the development of a corporate risk profile, an accountability framework and an internal control framework.
116. Measures have been taken to address control weaknesses and mitigate risk exposure within existing processes and systems, such as: the QA of project design (mentioned above); specialized training on project supervision; and more rigorous and direct follow-up of audit reports by regional divisions.
117. Building on the favourable external QA of IFAD's internal audit function completed in 2007, further steps were taken in 2008 to continue improving the quality and independence of the internal audit function, in line with evolving best practice, including providing Audit Committee members with access to internal audit reports.
118. Notwithstanding progress on many fronts, the timely implementation of internal audit recommendations poses a major challenge. Performance in closing internal audit recommendations has not been as strong as last year, partly because of delays in rescheduling recommendations that had been put off until the introduction of the



capital budget in 2008, and the need to cancel outdated recommendations. A thorough review of all pending recommendations is being carried out as a matter of high priority.

#### **Increased administrative efficiency – CMR 7**

119. Increasing administrative efficiency is a critical factor in improving operational results, and for several years has been a key policy governing the management of IFAD's budget. In the context of a rapidly expanding programme of work (at an annual average rate of increase of 10 per cent) and in spite of recent major price inflation, IFAD's budgeted efficiency ratio will reach 15.8 per cent in 2009, improving from the benchmark level of 17.1 per cent in 2006. At the same time, the share of the budget dedicated to operations has increased, rising to 63 per cent in 2009, from 57 per cent in 2006.
120. In the Finance and Administration Department (FAD), for example, staffing is being curbed in both absolute and relative terms. Between 2006 and 2008, the percentage of total IFAD staff deployed in FAD has fallen from 38.2 per cent to 33.1 per cent, while that of PMD increased from 35.5 per cent to 37.3 per cent.
121. Notwithstanding the growth in operations, direct supervision, country presence and associated support services, expenditure under the administrative budget has been reduced in real terms (by 4.5 per cent in 2008), meaning more services for less. A vital challenge for the future is containment of administrative costs in the context of a major projected rise in the programme of work and the activities required to support this. There are limits to the opportunities for cost reduction within existing systems, particularly given the absolute requirement of high service quality. This suggests that the moment is arriving for reflection on the nature of the services offered and the way they are supplied. Part of this reflection must involve alignment of services with actual requirements, given the increasing capacity of many country partners in financial management, and part must involve a major commitment to process streamlining underpinned by an effective accountability framework and a robust IT infrastructure. In preparation for this, capacities are being developed in collaboration with the IFI budget network for improved unit-cost analysis, and for linking cost to results of particular operations within an internal and external benchmarking framework.

## **IV. Conclusions**

122. The RIDE is a comprehensive management report on IFAD, based on information that IFAD's management for development results system and third-party assessments capture about its development and organizational effectiveness. In 2008, the RIDE received favourable reviews. It was found that the report represented a model, or possible way forward, in terms of multilateral self-reporting, because of its broader scope compared with the development effectiveness reports of most other multilateral organizations.<sup>37</sup> IFAD's experience is that the RIDE is also helpful as a monitoring tool for management purposes, and looking to the future, it may yield even more value through higher integration with IFAD's corporate planning process.
123. IFAD's mandate remains highly relevant, more so in the context of the recent food price crisis. Data from all sources show that, overall, IFAD's performance continues to improve. Budget data show that improved development effectiveness is also being achieved more efficiently on the basis of tighter planning, financial and HR management and monitoring. The key question, however, is how well IFAD is doing relative to the vital problems of smallholder livelihood systems that emerged so clearly and dramatically in 2007-2008: agricultural productivity and food security; climate change and natural resource management; market linkages; and national capacities for leadership and management of development in the agriculture sector. In the context of the global economic downturn, finding the right answers at the right price to these issues is essential to consolidating and improving progress against the MDGs.

<sup>37</sup> OECD (2008b) and DANIDA (2008).

124. In the area of agricultural productivity and food security, IFAD projects perform well. With regard to environment and natural resource management, IFAD has done poorly in the past, triggering a major drive for improvement, internally and with external partners such as the GEF. This effort is paying off, but these gains need to be consolidated and further improved on, and the upgrading this year of the Global Environment and Climate Change Unit is clearly an important step in this direction.
125. The area of market linkage has proved more problematic, as the Office of Evaluation has highlighted. Part of the issue is that older projects did not address market issues systematically; better performance can be expected as newer project cohorts developed within an expanding commitment to better market access for smallholders are evaluated at completion. "Market issues" stand for a broad range of challenges that beset agricultural development activities in the interface with the private sector.
126. Unlike in the social sectors, agricultural sector development is principally about the development of private-sector producers and investors (of all sizes, but particularly small-scale) within a framework of more effective public institutions and policies and strong farmers' and producers' organizations. At the Accra HLF-3, it was recognized that neither developing governments nor donors had been good at addressing private sector concerns. IFAD has been making progress in this area, through rural finance, public-private partnerships for technology development and dissemination, and, very promisingly, value chain development. Given the critical importance of the private sector, IFAD will have to do even more, including the exploration of new support instruments and partnerships better attuned to the nature of private-sector organization and operation. IFAD is focusing on development in agriculture that is about the growth of smallholder productivity, including through influencing private-sector actors to create a framework for production and employment that better serves the poor. IFAD is not interested in supporting the corporate private sector per se, but rather in creating the conditions for more productive smallholder agriculture.
127. An issue that has emerged in the review of project performance is the weakening of performance in closed projects with respect to targeting. The reasons for this are not yet clear, and they may be linked to the increased significance of community development projects and projects in marginal areas, where discriminatory targeting may be counterproductive or of less material importance (compared, for example, with high-potential areas where social differentiation is greater). Targeting is fundamental to IFAD's mandate, and irrespective of the performance being achieved in projects currently under implementation, great care is required to ensure that promotion of private investment in rural areas does not inadvertently result in exclusion or marginalization of the rural poor and most vulnerable.
128. With the strengthening of the managing for development results process and the need to make sure that targeting works, the necessity for stronger project-level M&E systems increases. IFAD has been doing much to strengthen project M&E. But it is still not strong, and this situation is far from unique to IFAD, suggesting that there are fundamental issues to be solved at the level of national capacity for development management. Working in close collaboration with national institutions, IFAD will further reinforce M&E systems at the project level (and, as a consequence, the RIMS). IFAD will also improve the results frameworks of its own country programmes and projects, placing greater emphasis on the robustness of the logical causal chain and the consistency of monitoring requirements with national institutional capacities and priorities.

129. The RIDE for 2007 concluded by stressing the vital importance of the Paris Agenda for sustainable and cumulative development, and the need to ensure that IFAD is fully part of that evolving story. The results of the 2008 OECD-DAC survey show that IFAD is doing well against most indicators compared with other development agencies, both multilateral and bilateral. IFAD has also made progress in raising the sustainability of project achievements, which hinges on effective integration of programmes into national systems, priorities and resource allocations.
130. Performance should improve further as IFAD increases its direct engagement in supervision and project implementation through country presence: the keys to effective country-level partnerships. However, the Accra HLF-3 rightly raised the bar higher for all development partners, arguing that alignment with country policies and strategies, and harmonization with donors are good, but not enough unless they are anchored in effective leadership and management of development processes and programmes by solid national institutions. The challenge for IFAD, like others, is to go beyond strong projects, to well-managed country programmes that support not only the immediate achievement of agricultural and rural development goals, but also the ability of country partners to direct, manage and sustain them. The sound performance of the IFAD portfolio in reinforcing "institutions and services" (see paragraph 43) suggests that IFAD has promising foundations on which to build.
131. It is clear that IFAD has made great efforts to improve the organization and performance of its country programme operations and that this is paying dividends that will grow in the future. Successive ARRIIs show this, as does the RIDE. Supporting and deepening this thrust, and ensuring that IFAD's resources are focused as much as possible on the value it adds to development processes will mean continuing the reform process initiated under the Seventh Replenishment through the Action Plan, with a strong focus on internal management and efficiency. Here, as on the programme side of operations, the issue is not only about doing things better, but also about doing the **right** things.
132. To ensure that the reform process initiated under the Action Plan continues and effectively responds to the above imperatives, new organizational arrangements for promoting sustained institutional change have been put in place. A Change and Reform Management Team (CRMT), comprising key managers from across the organization, guides and provides oversight of the reform efforts. The CRMT is led by the Executive Director, Change and Reform, who heads a small change and reform function in the Office of the President.

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

### I. Introduction

1. In line with the decision taken by the Executive Board at its December 2006 session,<sup>38</sup> this document contains the comments of the Office of Evaluation (OE) on the second Report on IFAD's Development Effectiveness (RIDE), for consideration by the Evaluation Committee at its current session. These comments will be annexed to the RIDE and also considered by the Executive Board at its December 2008 session.
2. As OE's comments on the first RIDE<sup>39</sup> in 2007 make clear, OE particularly welcomes the integration of the Portfolio Performance Report (PPR) into the RIDE. The merging of the two reports helps streamline reporting by Management to the Evaluation Committee and the Executive Board on the Fund's development effectiveness, while also reducing governing body transaction costs. In general, as with the first RIDE, this year's edition is well written and a useful contribution to promoting accountability and reporting on results.

### II. General Comments

3. Section II on development effectiveness largely includes the type of data and information previously found in the stand-alone PPR. However, the integration of the wealth of information from the PPR into the RIDE has limited the space devoted to answering the "why factor". Therefore, while section II systematically details results across the main criteria used by OE in its evaluation methodology, more attention could be devoted in the future to outlining the causes of satisfactory or less satisfactory performance. This would be an important source of "lessons learned" for ongoing and future country strategy development and project design and implementation.
4. Section IV on conclusions is well prepared, providing a succinct account of the main issues found in the document. However, in some instances the section mixes conclusions and recommendations (e.g. paragraphs 127 and 130); good practice suggests that these would best be "disentangled" in future editions. OE made a similar comment on last year's RIDE.<sup>40</sup>
5. The RIDE recognizes in paragraph 2 that the greatest challenges to achieving the first Millennium Development (MDG1) are in sub-Saharan Africa. This is consistent with the findings contained in this year's Annual Report on Results and Impact of IFAD Operations (ARRI), which underscore that the performance of IFAD operations in the two sub-Saharan regions (Eastern and Southern Africa, and Western and Central Africa) is weaker than in the other three regions in which IFAD operates. Concerted efforts will be required in the future for IFAD to make a more effective contribution to reducing rural poverty in these two regions.
6. OE welcomes the increase in the number of IFAD staff deployed to the Programme Management Department, from 35.5 per cent of total IFAD staff in 2006 to 37.3 per cent in 2008. At the same time, however, the question arises whether this marginal increase is commensurate with the exponential increases in functions and responsibilities discharged by the department, including direct supervision and implementation support, strengthened country presence, wider engagement in policy dialogue and donor harmonization, greater attention to portfolio management, and so on.

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<sup>38</sup> See document EB 2006/89/R.9, Report of the Chairperson on the forty-sixth session of the Evaluation Committee.

<sup>39</sup> See document EC 2007/50/W.P.5, paragraph 7.

<sup>40</sup> Ibid. paragraph 6.

7. The RIDE discusses results achieved in three broad areas, namely relevance, development effectiveness, and organizational effectiveness and efficiency. Although the discussion of each area on its own is interesting and useful, the report could be further enhanced by the inclusion, as an opening paragraph in the section on conclusions, of some sort of a "storyline" outlining in an integrated manner the most salient messages in each year's RIDE. Currently, the conclusions contain a robust synthesis of the main sections in the document, without providing a transversal view of its main message(s).
8. The discussion on relevance (section I) is useful as a prologue to the report. It does a good job of explaining the current international development context and the many changes occurring in relation to MDG1, e.g. the food price crisis, the Paris Declaration on Aid Effectiveness, and so on. However, the chapter could include a wider account of how IFAD fits into the context, especially the measures used by the Fund to respond to the challenges posed by the external environment.

### III. Specific comments

9. OE welcomes the efforts made to **strengthen country presence** (see paragraph 77). Evaluations repeatedly underline that a stronger and better-resourced country presence is an important characteristic of IFAD's operating model, allowing the Fund to enhance its development effectiveness. It is noted that a framework agreement for country presence has been signed with the United Nations Development Programme and that another such agreement will shortly be finalized with the Food and Agriculture Organization of the United Nations. In this regard, opportunities for similar collaboration with international financial institutions should be actively explored because, inter alia, of their role in replicating and scaling up successful innovations promoted under the Fund's operations.
10. Under the eighth corporate management result – more strategic international engagement and partnership – it is useful to underline that the joint IFAD and African Development Bank (AfDB) evaluation on agriculture and rural development in Africa is a key initiative for strengthening the partnership between the two organizations, both among the most important multilateral players in these sectors in Africa. Among other issues, the evaluation is expected to identify possible future synergies and complementarities between the two organizations. This evaluation will be concluded in 2009 and presented to the Evaluation Committee and Executive Board during that year.
11. On **innovation and replication** (paragraph 50), the relatively high performance may not entirely capture the need to invest greater efforts in replication and scaling up, areas that recent country programme evaluations (e.g. Ethiopia and Pakistan) have shown need improvement. This requires more systematic attention and greater resource allocations to policy dialogue and knowledge management, including lesson learning and partnership strengthening, which are essential components of IFAD's innovation promotion capability. The ongoing corporate-level evaluation on this topic, which will also be presented to the Evaluation Committee and the Executive Board in 2009, will treat the topic thoroughly and generate recommendations to assist the Fund in moving forward in this important area.
12. The results reported on **gender** (paragraph 52) need special attention, especially as the emerging results from the joint evaluation with the AfDB show a comparatively low performance of IFAD operations in Africa in promoting gender equity and women's empowerment. The planned corporate-level evaluation on the topic, to start in 2009, ought to provide a rigorous assessment of performance on gender issues.
13. The RIDE includes a good discussion of **impact on rural poverty** (see paragraphs 30-46). However, the section also includes data that is at the output level – rather than at the impact level - in the results chain framework (see for example,

paragraphs 45-46). Given the definition of impact adopted, this may need reconsideration in the future to ensure a coherent analysis of rural poverty impact. Alternatively, the chapter title could be suitably modified. As such, the presentation of data generated by the Results and Impact Management System for some selected critical output areas adds to the richness of the report and traces the causal chain, and therefore should be retained in future.

14. As outlined in paragraph 1 of the executive summary, the document is also a vehicle for reporting on performance against the indicators in IFAD's **Results Measurement Framework**. While reference to results against these indicators is made in various parts of the document (see, for example, paragraph 92), a summary table pulling together the results of the portfolio at entry, during implementation and at completion could further enhance the reader-friendliness of the document.
15. The RIDE is the only instrument that the governing bodies have to access information on the performance of the **ongoing portfolio** (see paragraphs 91-92). However, it may be useful to include data on the performance of the ongoing portfolio from previous years in future editions of the document, thus providing readers an indication of any possible trends in performance.
16. The document includes a sound section on discussing the portfolio at risk (see paragraphs 94-95). In future, consideration should be given to developing indicators and reporting on "**portfolio excellence**", which could be used as a benchmark for ongoing operations and for learning from good practices embedded in such operations.
17. OE will launch a **new evaluation manual** in early 2009. The manual was discussed at the Evaluation Committee meeting in early December, which described OE's evaluation processes and methodology as "state of the art". The new manual will have implications for IFAD's overall self-evaluation system (e.g. the introduction of a wider definition of project relevance, one that goes beyond assessing the alignment of project objectives), which Management may wish to consider when preparing future editions of the RIDE in order to further harmonize the self-evaluation and independent evaluation functions at IFAD.

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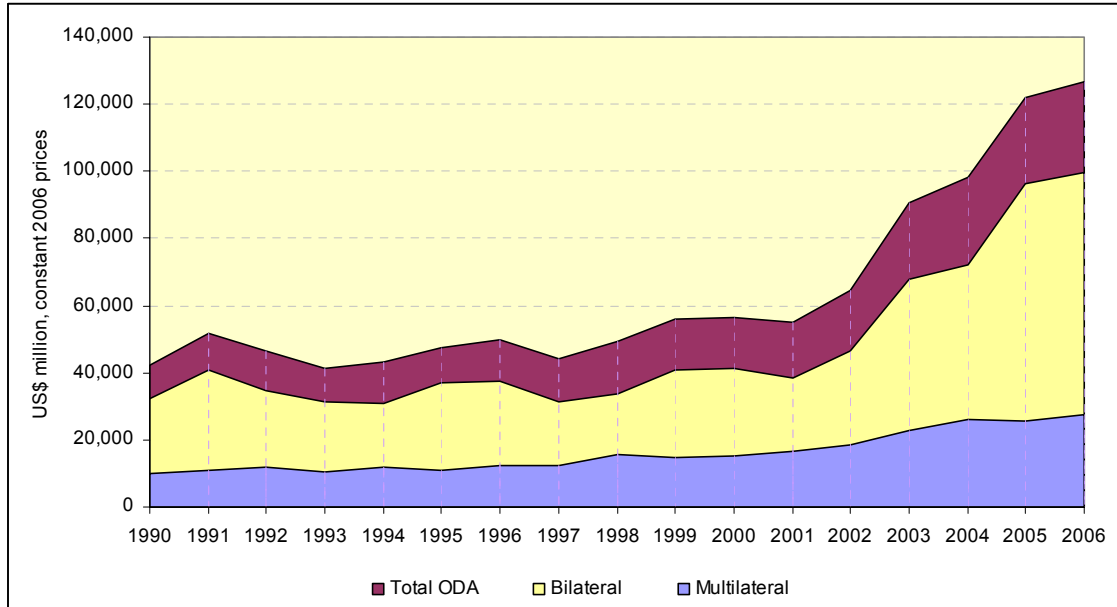
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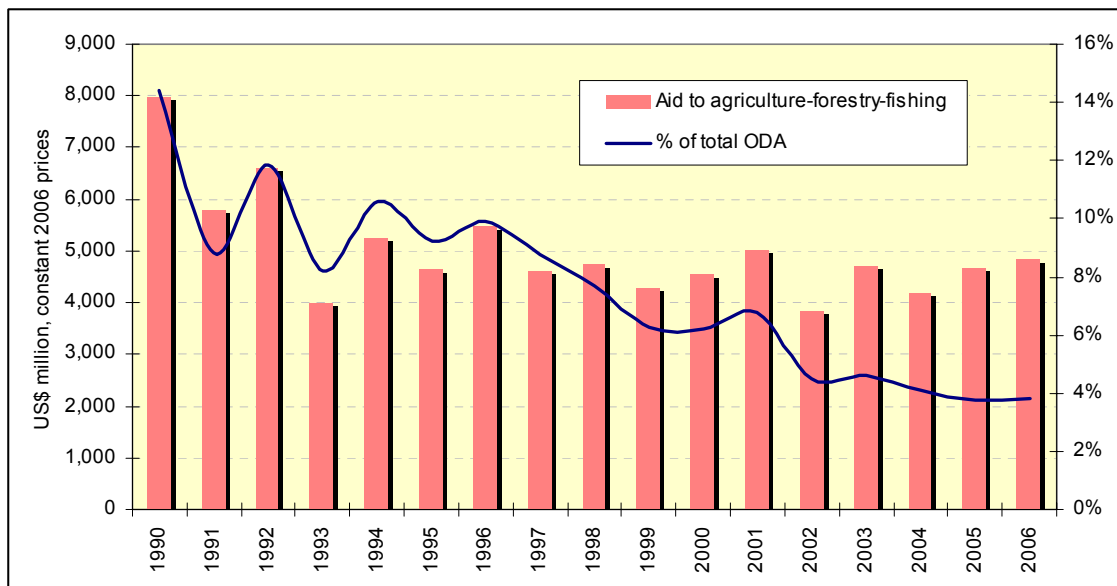
# ODA Commitments

Figure 1  
**Total ODA commitments, 1990 to 2006**



Source: OECD-DAC, CRS online statistics (extracted on 10/09/2008).

Figure 2  
**Total ODA commitments to agriculture, forestry and fishing, 1990 to 2006**



Source: OECD-DAC, CRS online statistics (extracted on 10/09/2008).



## List of project completion reports reviewed in 2008

| <i>SN</i>    | <i>Region</i> | <i>Country</i> | <i>ID Number</i> | <i>Loan Number</i> | <i>Project Name</i>            | <i>EB Approval date</i> | <i>Loan Effectiveness</i> | <i>Project Completion date</i> | <i>Loan Closing date</i> | <i>Amount disbursed (SDR)</i> |
|--------------|---------------|----------------|------------------|--------------------|--------------------------------|-------------------------|---------------------------|--------------------------------|--------------------------|-------------------------------|
| 1            | PA            | Benin          | 1028             | 470                | Microfinance and Marketing     | 22-Apr-98               | 04-May-99                 | 04-May-99                      | 03-Jul-07                | 9 149 882                     |
| 2            | PA            | Gambia, The    | 1100             | 486                | Rural Finance<br>LACOS         | 02-Dec-98               | 14-Jul-99                 | 14-Jul-99                      | 31-Dec-06                | 6 437 344                     |
| 3            | PA            | Ghana          | 1124             | 503                | REP II                         | 29-Apr-99               | 14-Jan-00                 | 14-Jan-00                      | 31-Dec-06                | 7 604 036                     |
| 4            | PA            | Guinea         | 1117             | 487                | Village Communities            | 02-Dec-98               | 30-Nov-99                 | 30-Nov-99                      | 31-Dec-05                | 4 764 988                     |
| 5            | PA            | Niger          | 1139             | 705                | PDSFR                          | 14-Dec-06               | 08-Jun-01                 | 08-Jun-01                      | 30-Jun-07                | 723 390                       |
| 6            | PA            | Senegal        | 1102             | 489                | AGF to Combat Desertification. | 02-Dec-98               | 01-Sep-99                 | 01-Sep-99                      | 31-Mar-07                | 5 849 128                     |
| 7            | PA            | Senegal        | 1156             | 546                | Village Org & Mgmt. 2          | 06-Dec-00               | 16-Jul-01                 | 16-Jul-01                      | 31-Mar-09                | 10 697 940                    |
| 8            | PF            | Angola         | 492              | 403                | Northern Region Foodcrops      | 06-Dec-95               | 02-Jan-97                 | 02-Jan-97                      | 30-Jun-07                | 6 554 388                     |
| 9            | PF            | Eritrea        | 365              | 365                | Eastern Lowlands Wadi Dev      | 05-Dec-94               | 01-Mar-95                 | 01-Mar-95                      | 30-Sep-06                | 8 271 919                     |
| 10           | PF            | Ethiopia       | 1011             | 438                | Special Country Prog. II       | 05-Dec-96               | 11-Feb-99                 | 11-Feb-99                      | 30-Jun-07                | 13 784 537                    |
| 11           | PF            | Lesotho        | 1022             | 481                | Mountain Areas Agric Dev       | 10-Sep-98               | 21-Feb-00                 | 21-Feb-00                      | 30-Sep-06                | 6 324 351                     |
| 12           | PF            | Malawi         | 1047             | 471                | Smallholder Flood Plains       | 23-Apr-98               | 27-Nov-98                 | 27-Nov-98                      | 31-Mar-07                | 8 682 435                     |
| 13           | PF            | Mozambique     | 1005             | 432                | Family Sector Livestock        | 04-Dec-96               | 12-Feb-98                 | 12-Feb-98                      | 31-Dec-06                | 12 758 100                    |
| 14           | PF            | Tanzania       | 1086             | 511                | Participatory Irrigation       | 08-Sep-99               | 18-Feb-00                 | 18-Feb-00                      | 30-Jun-07                | 12 550 000                    |
| 15           | PF            | Uganda         | 1060             | 482                | District Development           | 10-Sep-98               | 24-May-00                 | 24-May-00                      | 31-Dec-06                | 9 426 695                     |
| 16           | PI            | Bangladesh     | 1074             | 472                | Aquaculture Development        | 23-Apr-98               | 08-Dec-98                 | 08-Dec-98                      | 31-Dec-06                | 11 506 813                    |
| 17           | PI            | Cambodia       | 1106             | 513                | Agric. Dev. to Seila           | 08-Sep-99               | 16-Feb-00                 | 16-Feb-00                      | 30-Sep-06                | 5 979 360                     |
| 18           | PI            | India          | 432              | 379                | Mewat Area Development         | 12-Apr-95               | 07-Jul-95                 | 07-Jul-95                      | 30-Jun-05                | 9 544 940                     |
| 19           | PI            | Indonesia      | 1024             | 458                | P4K - Phase III                | 04-Dec-97               | 09-Jul-98                 | 09-Jul-98                      | 30-Jun-07                | 3 041 670                     |
| 20           | PL            | Colombia       | 520              | 426                | Rural Micro-enterprise         | 11-Sep-96               | 30-Jun-97                 | 30-Jun-97                      | 30-Jun-07                | 9 944 876                     |
| 21           | PL            | Costa Rica     | 371              | 371                | Agricultural Dev. Nicoya       | 05-Dec-94               | 16-Feb-98                 | 16-Feb-98                      | 31-Dec-06                | 3 399 999                     |
| 22           | PL            | El Salvador    | 1069             | 465                | PRODERNOR                      | 04-Dec-97               | 21-May-99                 | 21-May-99                      | 31-Dec-06                | 12 795 372                    |
| 23           | PN            | Armenia        | 1177             | 561                | Agricultural Services          | 26-Apr-01               | 26-Sep-01                 | 26-Sep-01                      | 31-Mar-06                | 12 350 000                    |
| 24           | PN            | Georgia        | 1035             | 450                | Agricultural Development       | 30-Apr-97               | 13-Aug-97                 | 13-Aug-97                      | 31-Dec-05                | 4 318 228                     |
| 25           | PN            | Romania        | 1052             | 485                | Apuseni Development            | 10-Sep-98               | 05-Nov-99                 | 05-Nov-99                      | 30-Jun-07                | 12 400 000                    |
| 26           | PN            | Syria          | 363              | 363                | Jebel al Hoss Project          | 06-Sep-94               | 19-Jan-95                 | 19-Jan-95                      | 28-Feb-07                | 5 193 397                     |
| 27           | PN            | Syria          | 482              | 393                | Coastal/Midlands Agricult      | 06-Dec-95               | 07-Jul-96                 | 07-Jul-96                      | 30-Jun-07                | 8 465 634                     |
| <b>Total</b> |               |                |                  |                    |                                |                         |                           |                                |                          | <b>222 519 422</b>            |

## Tools for measuring portfolio performance and project outputs

### A. Project completion reports

1. The 27 PCRs reviewed in 2008 for assessing portfolio performance cover the universe of projects completed during the review period (appendix II). These were approved by the Executive Board between 1993 and 2000 and most closing dates fall between 30 June 2006 and 30 June 2007. The bulk of projects, however, consist of those that became effective between 1998 and 1999. This cohort covers a wide range of projects in a range of sub-sectors, with total net IFAD disbursements of US\$358 million. The assessment template used is presented in appendix V.
2. Since the use of PCRs in assessing IFAD's corporate performance began only from the review year 2005-2006, information is available for three cohorts of completed projects reviewed in 2006, 2007 and 2008. Most comparative analyses use two year moving averages, viz, 2006-2007 and 2007-2008, with 52 and 54 completed projects, respectively. The results of 2008 review of 27 projects have also been presented. While a two-year average provides a robust measure of performance, the 2008 figure provides a latest indicative trend.

### B. Results and impact management system

3. Implementation of the RIMS commenced following its approval by the Executive Board in December 2003 (EB 2003/80/R.6/Rev.1).
4. During 2007, IFAD issued the *Handbook for First and Second Level Indicators* to assist project managers and staff in the reporting of RIMS first- and second-level results. It clarifies the definitions of indicators, and suggests approaches for their measurement. The clarification of the indicators has resulted in a slightly revised list of indicators – redundancies have been eliminated and a few have been dropped. Most importantly, where suitable, a household-centred formulation of the indicators was introduced to provide a better measure of project outreach.
5. A rating-based approach for reporting second-level results was introduced. The RIMS second-level results look at the extent to which project activities were successful in reaching their expected results - assessment of effectiveness - and at the extent to which the benefits of project initiatives are likely to be sustainable after the end of project support - assessment of sustainability. IFAD encourages projects to honestly assess second-level results taking into consideration all available information. Negative results should be used to identify corrective actions and therefore increase the likelihood that development objectives will be achieved.
6. The ratings are to be derived by using a mix of evidence, gathered through qualitative and/or quantitative methodologies. Projects choose the most suitable method for measuring second-level results based on local context and characteristics, including that of existing monitoring and evaluation systems and secondary data sources. The rating-based approach also better aligns RIMS reporting with self-assessment and evaluation processes.
7. For the year 2007, a total of 129 projects provided RIMS data on first-level indicators and 36 projects provided assessments of second level results. As in earlier years, about 25 per cent more projects reported this year than in the previous. About 87 per cent of reports due (140) were received, the same percentage as last year. The projects reporting first level indicators cover about two-thirds of the ongoing portfolio.

Table 1

**RIMS reporting compliance**

| <i>Region</i> | <i>Due</i> | <i>Received</i> | <i>Not reported</i> | <i>of which</i>                 |                         |
|---------------|------------|-----------------|---------------------|---------------------------------|-------------------------|
|               |            |                 |                     | <i>Effective &lt; 1.5 years</i> | <i>Problem projects</i> |
| PA            | 38         | 34              | 4                   |                                 | 1                       |
| PF            | 26         | 23              | 3                   |                                 |                         |
| PI            | 35         | 29              | 6                   | 3                               | 1                       |
| PL            | 22         | 16              | 6                   | 4                               | 4                       |
| PN            | 28         | 27              | 1                   |                                 |                         |
| Total         | 149        | 129             | 20                  | 7                               | 6                       |

|               |    |  |
|---------------|----|--|
| <b>Legend</b> | PA | Western and Central Africa Division      |
|               | PF | Eastern and Southern Africa Division     |
|               | PI | Asia and the Pacific Division            |
|               | PL | Latin America and the Caribbean Division |
|               | PN | Near East and North Africa Division      |

8. About two-thirds of the projects that did not report were either effective for less than 1.5 years or classified as 'problem projects' under the Performance-Based Allocation System. In this light and given that RIMS is 'retro-fitted' to projects already under implementation, compliance with RIMS reporting requirements can be considered as highly satisfactory.
9. Efforts to collect or establish baseline data have also improved. Baseline data was reported by about two-thirds of projects effective since 1 January 2005. The baseline data is drawn from RIMS benchmark surveys, secondary surveys (e.g. UNICEF MICS surveys, World Bank DHS surveys, government sources) or from larger baseline surveys. It is anticipated that the availability of baseline data will contribute to better project management and also provide evaluations with essential information from which to judge impact. As RIMS data is dependent on project monitoring and evaluation (M&E) systems, indeed most should be drawn directly from such systems, improvements to project M&E systems are a necessary condition for better reporting under RIMS. IFAD project designs and early implementation support need to focus on establishing functioning M&E systems, which will allow project managements to submit timely and accurate reports in compliance with RIMS.
10. The results contained in this paper are based on those reported under the RIMS system for 2007. These results were submitted by two-thirds of the projects in the ongoing portfolio (as at 31 December 2007), and can therefore be considered as representative of the portfolio as a whole. On that basis the performance reported by the 129 projects which had reported performance under RIMS were extrapolated to achieve the performance on portfolio-wide basis. The extrapolation factor was obtained by calculating the ratio between the amounts of financing of the reporting projects against the total portfolio. As such, the extrapolation factor is relatively small and the extrapolated results therefore can be considered generally representative.

### C. Country programme issues sheet

11. Over the last few years, the format for the country programme issues sheet (CPIS)\* has been revised to reflect essential elements of the country programme. Because a critical mass of results-based COSOPs have now been approved, a section summarizing the country programme's progress with respect to achieving targets and risks and mitigation strategies was included this year. The CPIS also includes a section for rating the country programme with respect to four key indicators measured under the results measurement framework: increased incomes, improved food security, empowerment and aid effectiveness.

**D. Project status report**

12. The project status report (PSR) was also streamlined in 2008, focusing on rating implementation performance, identifying key risks and defining agreed follow-up actions. This format better caters to the needs of direct supervision and the RMF. The PSR is an integral part of the documentation for direct supervision, and provides managers with a snapshot of project implementation performance. The indicators contained in the PSR have been grouped into four quadrants: fiduciary aspects, implementation progress, outputs and outcomes and sustainability. In line with the CMR, this year's PSR introduced ratings for project progress in increasing physical/financial assets, improving food security, and innovation and learning. Six indicators are included in the quadrant on sustainability. Altogether 195 PSRs were reviewed and analyzed as part of the portfolio review and in writing this report.

## Template for assessing project performance at completion

### Project performance

- Relevance**
- Was the project relevant to the needs of the rural poor?
  - Was the targeting approach appropriate to the country context and was it effective?
  - Was the project relevant to IFAD strategic objectives?
  - Was the project relevant to national development strategies?
- Effectiveness**
- To what degree were the stated objectives met?
  - What percentage of the project's physical targets was met?
  - What percentage of the target population was reached? To what degree did they benefit?
  - Was the project participatory and did it meet the stated needs of stakeholders?
  - Include problems that may have arisen from poor design or implementation.
- Efficiency**
- If re-estimated EIRR is presented, how does it compare to expectations at design phase? At mid-term review?
  - Were timetables adequately met?
  - Were there any cost overruns?
  - Also note if any cost-/time-saving measures were/could have been taken.

### Partner performance

- IFAD**
- How well designed/monitored/implemented was the project?
  - Was IFAD flexible in dealing with changes in project environment, including amendments to the loan agreement?
  - Were any measures taken to adjust the project in response to inadequacies in the original design or changes in the implementation environment?
  - Relationship between IFAD and other partners?
- Cooperating institution (CI)**
- Were CI reports filed in a timely manner?
  - Were CI reports from supervision missions adequate? Were the recommendations relevant?
  - How frequent were the supervision missions?
  - Was the skill mix of the supervision teams appropriate?
  - Was there continuity in terms of staff provided by the CI?
- Government**
- Did government contribute to project design?
  - Did government comply with covenants of the loan agreement?
  - Did government follow up on the recommendations of donors and support missions?
  - Was counterpart funding provided as agreed?
  - Were national policies and institutions supportive of the project?
  - Performance of Project Management Unit - how responsive and effective was it?
- NGO/others**
- Opinion of end-users is important.
  - Timeliness of service delivery, adherence to schedules and contracts.
- Cofinancier(s)**
- Were the committed funds provided in full and as agreed?
  - Were there any issues regarding harmonization: reporting structures, special requirements, support missions?
  - Were the cofinanciers flexible where necessary?
  - Were there any conditions set on cofinancing?
  - Relationship between cofinancier and other partners.
- Combined partner performance**
- As a whole, how did they do?
  - How well did they work together?

### Rural poverty impact

Measures impacts that can be directly attributable to the project (comparing before and after). This information can be qualitative or quantitative. Rate each domain, if information not mentioned not relevant, or not assessable, say so. Rating should also be based on sustainability.

- Physical assets**
- Did households' physical assets (land, water, livestock, tools, etc.) change?
  - How secure is this change (e.g. legally secure entitlement, to land, secure source of water/grazing areas, etc.)?
  - Did other household assets (houses, bicycles, radios, etc.) change?
  - Did infrastructure improve/increase?
- Financial assets**
- Did household financial assets (savings, debts, etc.) change?
  - Did household access to financial services (credit, insurance, etc.) change?
  - Was there any increase in income? Income diversification? Increased employment?

|   |  |
|---|--|
| <b>Food security</b>                      | <ul style="list-style-type: none"> <li>▪ Did children's nutritional status change?</li> <li>▪ Did household food security change?</li> <li>▪ Did the frequency of food shortages change?</li> <li>▪ Include increases in access to food and home production changes.</li> </ul>  |
| <b>Environment</b>                        | <ul style="list-style-type: none"> <li>▪ Note: If there is no impact, rating would not be provided.</li> <li>▪ Did the status of natural resource base (land, water, air, forest, pasture, fish stocks, biodiversity, carbon emissions, etc.) change?</li> <li>▪ Were potential environmental problems analysed? In other words, was environment discussed in agricultural expansion/intensification; in infrastructure development; in forest activities?</li> </ul>  |
| <b>Human assets</b>                       | <ul style="list-style-type: none"> <li>▪ Were there changes in access to water?</li> <li>▪ Did the project improve access to basic health and disease prevention?</li> <li>▪ Did the incidence of HIV infection change?</li> <li>▪ Were there any changes in maternal health and mortality?</li> <li>▪ Did the project lead to an increase in school enrolment? – note gender differences</li> <li>▪ Were there any changes in women's and children's workloads?</li> <li>▪ Did the project lead to any improvements in adult literacy?</li> </ul> |
| <b>Social capital and empowerment</b>     | <ul style="list-style-type: none"> <li>▪ Did rural people's organizations and institutions change?</li> <li>▪ Did social cohesion and the self-help capacity of rural communities change?</li> <li>▪ Did gender equity and/or women's conditions change?</li> <li>▪ Did rural people feel empowered vis-à-vis local and national public authorities and development partners?</li> <li>▪ Do rural people play a (more effective) role in decision-making?</li> </ul>   |
| <b>Agricultural productivity</b>          | <ul style="list-style-type: none"> <li>▪ Did farming technology and practices change?</li> <li>▪ Did agricultural production change (area, yield, production mix, etc.)? Consider also agriculture and livestock activities.</li> </ul>  |
| <b>Institutions and service providers</b> | <ul style="list-style-type: none"> <li>▪ Did rural financial institutions change?</li> <li>▪ Did local public institutions and service provision change?</li> <li>▪ Did national/sectoral policies affecting the rural poor change?</li> <li>▪ Were there other changes in institutions and policies?</li> </ul>   |
| <b>Markets</b>                            | <ul style="list-style-type: none"> <li>▪ Did rural people's access to markets (transport, roads, storage, communication facilities, etc.) change?</li> <li>▪ Did rural people's ability to work with and benefit from markets change?</li> </ul>   |
| <b>Rural poverty impact</b>               | The overall impact on the rural poor. A weighted average, general view of project impact. But NOT an arithmetic calculation. Consider project objectives.  |

### Overarching Factors

|   |  |
|---|--|
| <b>Innovation</b>                               | <ul style="list-style-type: none"> <li>▪ Were there any innovative aspects to the project? Innovations can be completely new, new to the country, new to the region, or new to the target population</li> </ul>  |
| <b>Replicability and scaling up</b>             | <ul style="list-style-type: none"> <li>▪ What potential exists for replication (at national level or in other countries)?</li> <li>▪ Scaling up: Can the project be expanded beyond the target area/population?</li> <li>▪ What is the potential to apply project (or specific components) to national development policies, projects, plans?</li> <li>▪ Are any of the above already taking places?</li> </ul>  |
| <b>Innovation, replicability and scaling up</b> | <ul style="list-style-type: none"> <li>▪ This will be an overall/combined rating of both to meet IFAD criteria. The above can be used for discussion; this rating will be used for the overall evaluation.</li> </ul>  |
| <b>Sustainability and ownership</b>             | <ul style="list-style-type: none"> <li>▪ Has the project taken reasonable steps to mitigate the risks from natural disasters?</li> <li>▪ Did the project recognize any risks to sustainability (i.e. commodity prices) and taken measures to mitigate impacts?</li> <li>▪ How vulnerable is project continuity to political/economic change? In other words, are there any institutional or capacity issues that could/should have been addressed to ensure sustainability?</li> <li>▪ Are project impacts sustainable beyond project interventions (can they continue without external financing/support)? What is the level of local ownership?</li> <li>▪ What is the level of local capacity to ensure continued operation and maintenance?</li> </ul> |
| <b>Gender</b>                                   | <ul style="list-style-type: none"> <li>▪ Did women's situation (workloads, access to credit, healthcare, primary education, literacy) change?</li> <li>▪ Increased social capital (women's groups, cooperatives, etc.)?</li> <li>▪ Increased income and employment?</li> <li>▪ Was the project designed to specifically target the needs of women?</li> <li>▪ Disaggregate gender from other impact domains and rate based on impact only to women.</li> </ul>   |

### Overall performance

Based on performance indicators, impact and overarching factors, rate the project as a whole.

## Cumulative performance by 31 December 2007 against selected RIMS first level indicators

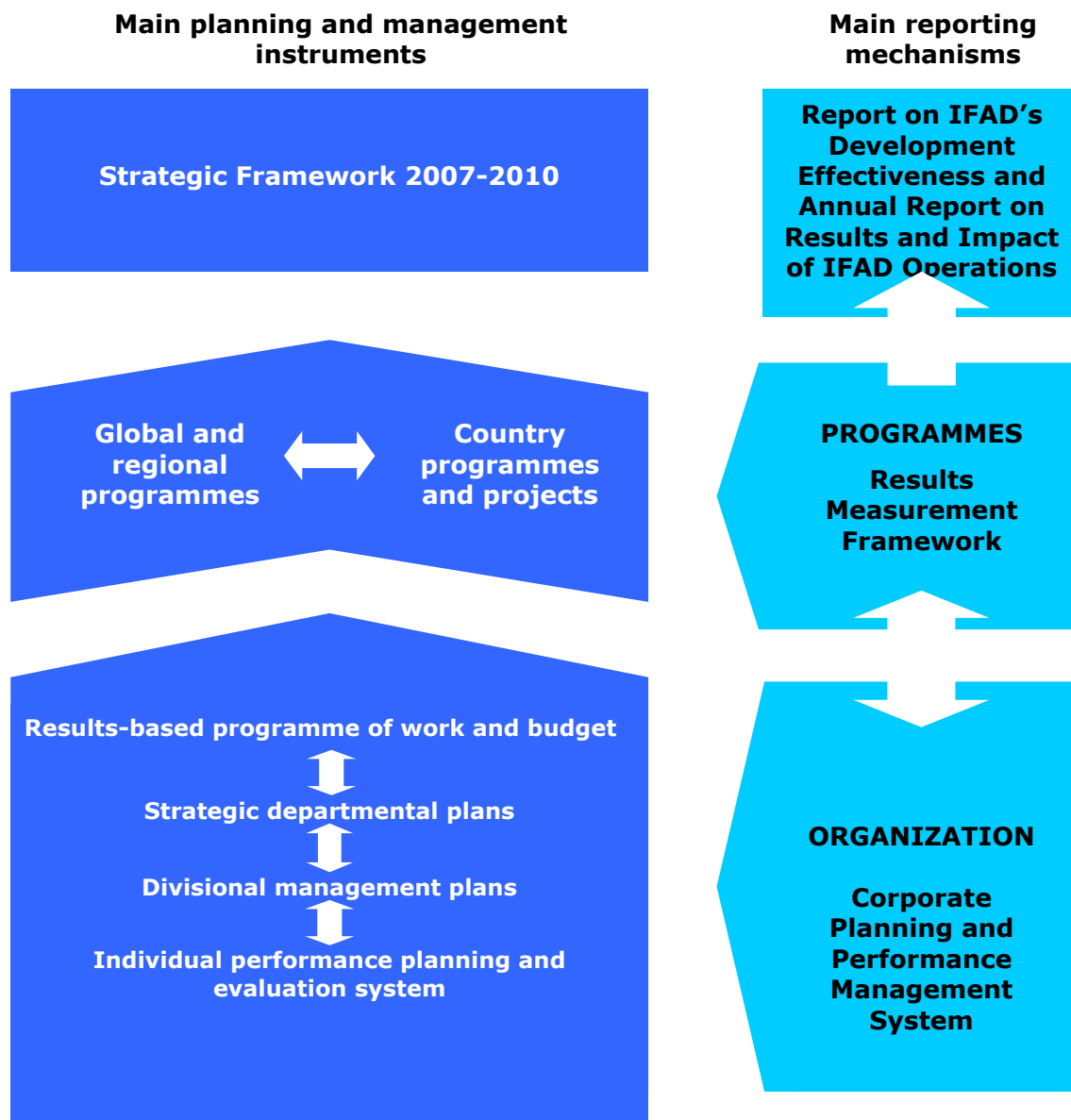
| <i>ARRI impact domains</i> | <i>Strategic Framework objective</i> | <i>Indicator</i>  | <i>Unit</i> | <i>Value reported by RIMS reports received</i> | <i>Value extrapolated to the entire portfolio</i> |
|----------------------------|--------------------------------------|---|-------------|--|---|
| Human                      | Social                               | Drinking water systems  | number      | 43 414   | 121 808   |
| Human                      | Social                               | Health centres  | number      | 4 172  | 5 955   |
| Human                      | Social                               | Schools constructed/rehabilitated                                       | number      | 2 465  | 3 263   |
| Human                      | Policy/ilnst.                        | People trained in community management topics                           | number      | 219 881  | 318 290   |
| Human                      | Policy/ilnst                         | Men   | number      | 51 940   | 75 432  |
| Human                      | Policy/ilnst                         | Women   | number      | 148 389  | 218 480   |
| Human                      | Policy/ilnst                         | Mixed   | number      | 19 552   | 24 378  |
| Human                      | Tech                                 | People trained in crop product. practices and technologies              | number      | 1 535 130                                      | 2 795 054   |
| Human                      | Tech                                 | Men   | number      | 616 034  | 1 088 719   |
| Human                      | Tech                                 | Women   | number      | 775 203  | 1 382 842   |
| Human                      | Tech                                 | Mixed   | number      | 143 893  | 323 492   |
| Human                      | Tech                                 | People trained in livestock production and technologies                 | number      | 493 542  | 912 341   |
| Human                      | Tech                                 | Men   | number      | 169 344  | 309 999   |
| Human                      | Tech                                 | Women   | number      | 253 680  | 513 705   |
| Human                      | Tech                                 | Mixed   | number      | 70 518   | 88 637  |
| Human                      | NRM                                  | People trained in NRM   | number      | 351 698  | 524 197   |
| Human                      | NRM                                  | Men   | number      | 234 747  | 352 087   |
| Human                      | NRM                                  | Women   | number      | 73 910   | 114 631   |
| Human                      | NRM                                  | Mixed   | number      | 43 041   | 57 479  |
| P/F assets                 | Fin                                  | Active borrowers)   | number      | 3 551 267                                      | 4 817 959   |
| P/F assets                 | Fin                                  | Men   | number      | 2 184 218                                      | 2 960 092   |
| P/F assets                 | Fin                                  | Women   | number      | 1 336 814                                      | 1 816 554   |
| P/F assets                 | Fin                                  | Mixed   |             | 30 235   | 41 314  |
| P/F assets                 | Fin                                  | Value of gross loan portfolio   | US\$        | 752 163 111                                    | 1 032 372 798                                     |
| P/F assets                 | Fin                                  | Value of savings mobilized  | US\$        | 535 302 744                                    | 742 487 224                                       |
| P/F assets                 | Fin                                  | Voluntary savers (total)  | number      | 7 290 965                                      | 9 954 437   |
| P/F assets                 | Fin                                  | Men   | number      | 4 370 362                                      | 5 983 437   |
| P/F assets                 | Fin                                  | Women   | number      | 2 910 209                                      | 3 967 141   |
| P/F assets                 | Fin                                  | Mixed   | number      | 10 394   | 3 858   |
| P/F assets                 | NRM                                  | Land under irrigation scheme constructed/rehabilitated                  | ha          | 176 517  | 239 614   |
| P/F assets                 | Market                               | Roads constructed/rehabilitated   | km          | 9 591  | 19 392  |
| Social                     | Policy/ilnst                         | Community groups/formed strengthened                                    | number      | 39 563   | 60 045  |
| Social                     | Policy/ilnst                         | Community groups/formed w/women in leadership positions                 | number      | 8 868  | 13 617  |
| Social                     | Policy/ilnst                         | People in community groups  | number      | 754 958  | 1 124 348   |
| Social                     | Policy/ inst                         | Men   | number      | 215 299  | 336 067   |
| Social                     | Policy/ilnst                         | Women   | number      | 137 801  | 205 482   |
| Social                     | Policy/ilnst                         | Mixed   | number      | 401 858  | 582 799   |
| Social                     | NRM                                  | NRM groups/formed strengthened  | number      | 18 303   | 29 132  |
| Social                     | NRM                                  | NRM groups/formed w/ women in leadership positions                      | number      | 5 367  | 8 210   |
| Social                     | NRM                                  | People in NRM groups  | number      | 188 479  | 306 882   |
| Social                     | NRM                                  | Men   | number      | 106 374  | 172 663   |
| Social                     | NRM                                  | Women   | number      | 59 774   | 99 722  |
| Social                     | NRM                                  | Mixed   | number      | 22 331   | 34 498  |
| Social                     | Fin                                  | Savings and credit groups formed strengthened                           | number      | 24 848   | 35 430  |
| Social                     | Fin                                  | Savings and credit groups formed w/women in leadership positions        | number      | 3 245  | 5 252   |
| Social                     | Fin                                  | People in savings and credit groups                                     | number      | 208 774  | 292 977   |
| Social                     | Fin                                  | Men   | number      | 94 739   | 134 073   |
| Social                     | Fin                                  | Women   | number      | 89 165   | 126 356   |
| Social                     | Fin                                  | Mixed   | number      | 24 870   | 32 548  |
| Social                     | Policy                               | Village/community action plans prepared                                 | number      | 13 201   | 19 826  |
| Environment                | NRM                                  | Environmental management plans formulated                               | number      | 3 783  | 5 733   |
| Environment                | NRM                                  | Land under improved management practices ha                             | number      | 1 937 325                                      | 3 996 298   |
| Environment                | NRM                                  | Rainwater harvesting systems constructed/rehabilitated                  | number      | 145 469  | 241 508   |
| Food                       | Tech                                 | People accessing technical advisory services facilitated by the project | number      | 554 395  | 853 503   |
| Food                       | Tech                                 | Men   | number      | 194 796  | 319 487   |
| Food                       | Tech                                 | Women   | number      | 117 245  | 202 039   |
| Food                       | Tech                                 | Mixed   | number      | 242 354  | 331 978   |

## Managing for development results at IFAD: an integrated system

1. IFAD’s approach to MfDR brings programme and organizational performance together into an integrated and coherent system of planning, monitoring and accountability (see figure 1). The aim is principally to ensure that IFAD’s human and financial resources are aligned with and support achievement of its strategic priorities.

Figure 1

IFAD’s MfDR system



2. The strategic objectives set out in IFAD’s Strategic Framework 2007-2010 are at the apex of the system, and they constitute the point of reference for the design and implementation of IFAD’s assistance to client countries and partners. Country programme and project performance in achieving the strategic objectives is tracked at entry, during implementation and at completion through the results measurement framework, which includes measures and targets for 2010 as agreed with IFAD’s Executive Board.



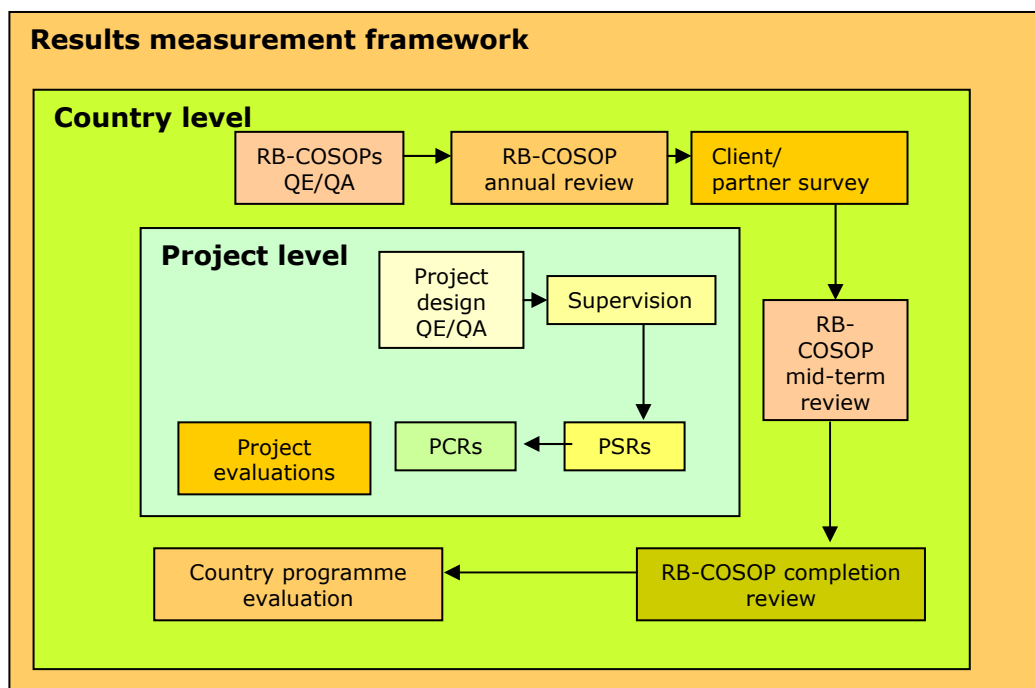
3. The capacity of programmes to achieve the strategic objectives is in turn sustained through organizational-level results known as corporate management results (CMRs), which are managed within the corporate planning and performance management system (CPPMS).

**Using MfDR to achieve improved results at the country level**

4. At the country level IFAD's main planning and monitoring instrument is the results-based country strategic opportunities programme (results-based COSOP). It is the core instrument for managing the alignment of IFAD's programme of work of loans and grants with the organization's strategic objectives, and for learning and accountability within country programmes. It also promotes stronger alignment and synergy among individual loan-financed or grant-financed projects (including those at regional and global level), the operational activities of other donors, and countries' national development strategies. In this way the results-based COSOP supports the Paris Declaration's principles of alignment and harmonization.
5. As of 2008, results-based COSOPs are subject to a process of quality enhancement and assurance at the design stage. To support proactive management for results by country programme management teams at country level, reviews of results-based COSOPs will take place annually, at mid-term and at completion. To contribute to the reviews, client/partner surveys will be made each year to gauge clients' and partners' perceptions of IFAD's performance. The surveys support the Paris Declaration principle of accountability and further develop the sense of ownership of the process at the country level. Upon completion of the country programme there will be a self-assessment of performance through results-based COSOP completion reviews (starting from 2011) and there will be an independent assessment by IFAD's Office of Evaluation (OE) through country programme evaluations. Capturing lessons learned and integrating them into new and/or ongoing programmes will be a critical feature of these reviews. IFAD's new strategy for knowledge management underpins this feature.
6. At the project level, the quality enhancement (QE) and quality assurance (QA) processes will strengthen the quality of project design.
7. Project status reports (PSRs) and supervision reports will provide self-assessed data for measuring and monitoring project performance during implementation. Self-assessment of project performance at completion is made through project completion reports (PCRs). These are in turn complemented by project evaluations that OE conducts on a sample basis. IFAD's Results and Impact Measurement System supports reporting on projects' outputs and impact.

Figure 2

**The results measurement framework and its constituent country-level and project-level planning and monitoring tools**



8. The recently developed strategies on innovation and knowledge management are catalysts for improvements in the quality of programme design and implementation. The strategies complement each other, and both have the aim of increasing IFAD's capacity to identify and promote innovative solutions and to learn from development practice. Consequently, they reinforce the impact of the organization's development programmes.
9. Closely connected is IFAD's work on policy analysis and advocacy. Although IFAD's most direct impact on helping people overcome poverty is delivered at country level, a conducive and enabling environment at global and regional levels is also essential to maximizing the impact of country-level activity. Whenever possible, IFAD seeks to inform and influence that environment, often through the global and regional grant-funded programmes it supports.
10. The Report on IFAD's Development Effectiveness (RIDE) and OE's Annual Report on Results and Impact (ARRI) give an account of IFAD's overall programme performance every year. They are IFAD's principal external accountability tools.

**Using MfDR to improve management of IFAD's resources, internal processes and policies**

11. Among the many factors that can affect a development organization's achievement of results at the country level, internal performance management has a large role to play. Strengthening the monitoring and management of IFAD's internal performance, over which it has direct control and full accountability, is fundamental to enhancing its contribution to country-level results. Towards this end, the organization set up the corporate planning and performance management system (CPPMS). The CPPMS provides an organization-wide framework to:
  - focus and manage IFAD's work and align it with its corporate strategic objectives; and
  - ensure coherence between IFAD's country-level activities and the management of its budget, human resources, internal processes and policies
12. At its core is a set of corporate management results (CMRs). The CMRs are derived from IFAD's Strategic Framework 2007-2010 and reflect what IFAD intends to

improve on within the organization in the medium term in order to achieve its strategic objectives. The CMRs serve as the basis for focusing human and financial resources directly controlled by IFAD towards increasing programme quality, and ultimately towards enhancing development impact. They are defined as:

- **operational CMRs**, which comprise:
  - better country programme management
  - better project design (loans and grants)
  - better implementation support
  - more strategic international engagement and partnership.
- **institutional support CMRs**, which comprise:
  - improved resource mobilization and management
  - improved human resource management
  - improved risk management
  - improved administrative efficiency

13. The CPPMS also includes:

- (a) key performance indicators for tracking progress towards CMRs;
- (b) management plans to track departmental and divisional contributions to CMRs and lower-level management results; and
- (c) processes for identifying and managing risks affecting achievement of the CMRs.

14. The system includes quarterly reviews known as performance conversations. They take place at senior management, departmental and divisional levels and review progress towards CMRs by means of key performance indicators and a 'traffic light' system. They also review risks (as part of IFAD's enterprise risk management<sup>41</sup>). The system has links to the budget through the results-based programme of work and budget, as well as to the corporate risk register and the individual performance plans and evaluations of all staff members through the performance evaluation system (PES).

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<sup>41</sup> IFAD ERM policy was presented to the Executive Board in September 2008 (EB 2008/94/R.4)

## Summary of key initiatives carried out under CMR 8 “more strategic international engagement and partnership”

### **Participating, coordinating, and leading policy-making events.**

15. **Food prices.** The food price spike of 2007/2008 spurred immediate, resolute and coordinated responses by the development community at large, to which IFAD made a major contribution through impact analysis and advocacy efforts, working very closely with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) in particular. At IFAD’s Governing Council in February 2008 a round table on the impact of rising prices on smallholders in low-income agriculture-based countries was co-organized by IFAD and FAO. It brought together country representatives, experts and benefited from the participation and valuable inputs of representatives of farmers’ organizations in understanding the potential impact of higher food prices on poor rural people.
16. IFAD, FAO, and WFP worked together to produce a paper on the food crisis for a meeting of the United Nations Chief Executives Board in April 2008, where agreement was reached on the need for urgent action to provide developing country farmers with support for the next harvest. Subsequently, IFAD also provided substantive inputs to the Comprehensive Framework for Action (CFA), which was adopted by the High Level Task Force on the Global Food Crisis in July 2008 and is globally acknowledged as the basis for coordinating regional and national efforts to improve food security.
17. **Climate change.** IFAD contributed substantially to the High-Level Conference on Food Security and the Challenges of Climate Change and Bioenergy hosted by FAO in June 2008 as well as to a series of international events and summits related to climate change, including the first session of Ad Hoc Working Group on Long-term Cooperative Action at Bangkok, Thailand, the Conference of the Parties 13 at Bali, and the fourth session at Poznan, Poland.
18. At its Governing Council in February 2008, IFAD organized two Round Tables on "Climate change and the future of smallholder agriculture: How can the rural poor people be part of the solution to climate change?" and on "Bio-fuel expansion: Challenges, risks and opportunities for rural poor people". The outcomes of these meetings led to a paper presented at the United Nations Commission on Sustainable Development (UNCSD) in May 2008, which contributed to strengthen the agriculture and rural development perspective within the global policy debate on climate change.
19. **Land.** The issue of land access has become more acute as a result of a number of global trends, including the sharp rise in food prices and expansion of bio-fuel production. IFAD co-organized an ECOSOC preparatory session on "Land and Vulnerable People in a World of Change." It also co-organized a panel discussion during the high-level segment of ECOSOC on "Bio-fuels, Sustainable Livelihoods, and the Rural Poor." At the UNCSD, IFAD helped to organize a panel for the thematic discussion on land issues and co-sponsored, with the International Land Coalition, a workshop on "Growing Insecurity: Land and Vulnerable People – Towards an Action Agenda to Strengthen Poor People’s Access to Land." The above efforts were usefully served by IFAD’s new policy on Improving Access to Land and Tenure Security.
20. **Gender.** Furthermore, at the 16<sup>th</sup> session of the UNCSD IFAD co-organised a side event with Women Organising for Change in Agriculture and Natural Resources and Heifer International to launch the establishment of the Network of Women Agriculture Ministers and Leaders. The aim of this network will be to strengthen advocacy on gender within international policy discussions on agriculture.

### **Facilitating participation and advocacy by representatives of the rural poor**

21. **Farmers' Organizations.** The second global meeting of the Farmers’ Forum was held in Rome in February 2008 gathering 70 farmers’ organization representatives from all over the world to discuss themes such as: access to land; policy processes regarding

smallholder agriculture; and, climate change. Several initiatives to strengthen farmers' organizations' capacities are at advanced preparation stage. A EUR 5 million programme to be financed by the European Commission (EUROPEAID) will provide support to four African regional farmers' organization networks to strengthen the capacity of small farmers' organizations in African countries, and their regional and Pan-African networks, to influence policies and support programmes affecting agriculture, rural development and food security. A number of IFAD grant-financed programmes will be presented to the Executive Board in December 2008 to strengthen farmers' organizations and rural youth organizations' capacities to better engage with markets and policy-making process across different regions.

### **Supporting knowledge generation and sharing**

22. **Rural Poverty Report.** During 2008 five regional consultations were held to collect views from various stakeholders (policymakers, donors, project staff, organizations of poor rural people etc.), identify priority challenges and solutions from the standpoints of rural poor people, and draw lessons for replication and up-scaling. The reports of these consultations, including prioritized challenges and relevant case studies, will be integrated into the RPR to bring out poor rural people's perspectives, restate the centrality of agriculture to achievement of the Millennium Development Goals and demonstrate that poor rural people and smallholder farmers can help solve global
23. **Gender.** Two key publications on gender were widely publicized in 2008. The book "Polishing the Stone: A Journey through the promotion of gender equality in development projects", published by IFAD in 2007, was presented at the Annual Meeting of the Society for the Advancement of Socio-Economics that took place at the University of Costa Rica, 21-23 July 2008. The "Gender in Agriculture Sourcebook", produced by FAO, IFAD and the World Bank was launched in Rome on the International Day of Rural Women (15 October 2008). The publication is considered an important step towards revitalizing attention to gender equality in the agricultural sector, and providing new ideas and examples to guide practitioners in ensuring that new attention to agriculture is infused with up-to-date knowledge on gender issues.