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PORTFOLIO PERFORMANCE REPORT

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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

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PORTFOLIO PERFORMANCE REPORT

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ABBREVIATIONS AND ACRONYMS

ARRI	Annual Report on the Results and Impact of Operations Evaluated
CI	cooperating institution
COSOP	country strategic opportunities paper
CPM	Country Programme Manager
CPRs	common-property resources
FAO	Food and Agriculture Organization of the United Nations
FLM	Flexible Lending Mechanism
ICT	implementation coordination team
IMI	Initiative for Mainstreaming Innovation
M&E	monitoring and evaluation
PBAS	performance-based allocation system
PSR	project status report
RIMS	results and impact management system
UNOPS	United Nations Office for Project Services

SUMMARY

1. This portfolio performance report provides a strategic review and assessment of IFAD's portfolio of programmes and projects, particularly impact assessed against a range of development indicators. The report looks at the current composition of the portfolio, and at emerging issues, challenges and opportunities, and actions taken in response.

Highlights

2. The following are some of the portfolio highlights for 2004:
- USD 436 million in IFAD financing for 25 projects approved, with an additional USD 316 million mobilized from domestic resources and USD 176 million from non-domestic partners
 - 22 projects became effective
 - 27 projects completed
 - 192 projects ongoing at year-end, with IFAD financing of USD 2 822 million
 - USD 315 million disbursed, the highest ever
 - USD 33.3 million for 87 grants approved under the new grants policy
 - 85% of ongoing projects rated above or mostly on target
 - two-thirds of projects rated with a satisfactory performance by cooperating institutions

Portfolio Management

3. Portfolio performance improved in 2004, with loan approvals and disbursements at their highest levels for the past five years. The time required for programmes and projects to be declared effective is being reduced. As well, IFAD is improving its performance in effecting timely cancellation and closing of loans. Further improvements are needed in both areas, however, to ensure better use of financial resources.

4. The number of programmes and projects in the portfolio has declined in the past five years, with 140 projects completed against approval of 125. This underlines the need for a longer-term perspective in portfolio planning and an emphasis on renewing the portfolio.

5. The decline in cofinancing seen in 2002 and 2003 was reversed in 2004. Closer partnerships must be built with both donors and domestic financiers to consolidate this gain.

Supervision and Field Presence

6. There is a steady concentration of projects to fewer cooperating institutions. Implementation of the Field Presence Pilot Programme gained momentum by the end of the year. IFAD understands the need to take a holistic, integrated and coherent approach to cooperation arrangements for supervision, direct supervision, field presence and implementation support.

Portfolio Performance

7. Ratings by country programme managers showed overall improvement against all indicators in 2004. Ratings against implementation indicators showed strong availability of counterpart funds and good compliance with procurement procedures. Performance was relatively weak in the areas of disbursements, and monitoring and evaluation. Against impact indicators, performance was rated best for poverty focus and participation. Performance ratings for gender focus and achieving development objectives were lower relative to other indicators, but were better in 2004 than in 2003.

Portfolio Impact

8. Emerging issues in terms of the portfolio's impact on poverty reduction, and IFAD's response, are summarized as follows:

- Targeting has become more inclusive, particularly of vulnerable people. However, further work needs to be done to improve geographic targeting when disaggregated statistical data are lacking, and to ensure participation of the poorest and most disadvantaged people.
- Satisfactory results have been achieved in ensuring access to appropriate technology and improving agricultural production and productivity. However, the lack of adequate, appropriate technology in disadvantaged areas has not been fully addressed.
- Greater attention is being given to developing microenterprises, and to developing market linkages and processing facilities to reduce the disconnect between production and income. This focus needs to be maintained and expanded.
- Household food security programmes have had a positive impact. Access to microfinance has helped improve income and smooth out consumption, thus contributing to household food security.
- The degradation of natural resources is being addressed through lending and non-lending programmes, and through a partnership with the Global Mechanism and the Global Environmental Facility. However, IFAD's performance in this area needs to be strengthened.
- Gender issues have been addressed satisfactorily in most projects designed in recent years. There is a need to more fully integrate women into mainstream development activities, to be more strategic in promoting women's access to productive resources, and to influence the broader political and cultural context through partnerships and improved field presence.
- Performance has been strongest in the use of participatory approaches. The use of participatory methods has meant more democratic project design, and a better sense of ownership by project participants.

9. IFAD's focus has shifted towards a broader poverty reduction and empowerment agenda, leading the organization to achieve satisfactory results in addressing unequal power relations and strengthening organizations of the poor.

Innovation and Knowledge Management

10. IFAD needs to develop a knowledge management strategy that enables it to scale up successful innovations. Such a strategy needs to address: the attrition of knowledge within the project cycle; the knowledge required to support the organization's shift towards more policy-oriented and programmatic approaches; and the empowerment of rural poor people through access to knowledge.

Institution-Wide Initiatives

11. Satisfactory progress was made during the year in defining processes and activities required at the corporate and project levels to compile and aggregate information for the results and impact management system. More than 85% of projects that were required to report did so on time.

12. Among other institution-wide initiatives, progress has been generally satisfactory. Priority activities for 2005 should include:

- a review of the performance-based allocation system as planned, with possible improvement in how it functions
- implementation of the remaining field presence initiatives and a preliminary assessment of impact
- action following the study by the Office of Evaluation on direct supervision

New Operating Model

13. IFAD will change its business processes, or operating model, to achieve greater development effectiveness. This will include work to develop more results-based country strategic opportunities papers, which will be the core instruments for managing country programmes. The new operating model will also allow for:

- enhanced support at the country level
- improved quality assurance at both entry and implementation stages
- more flexible supervision arrangements
- better integration of supervision findings into knowledge and performance systems

I. INTRODUCTION

1. This portfolio performance report provides the Executive Board and senior management with an overview of the effectiveness of IFAD's portfolio in delivering results to its target group. It looks at: the current composition of the portfolio; emerging issues, challenges and opportunities; and the actions taken in response to these. This year's report has a new structure and provides a strategic review of the portfolio, particularly with respect to the assessment of its impact against a range of development indicators. The reporting structure is evolving and may undergo further changes.

2. This report takes full account of the findings of the various reports prepared by the Office of Evaluation, in particular, the Annual Report on the Results and Impact of Operations Evaluated in 2003 (ARRI 2003).¹ It also refers to the draft reports submitted by the independent external evaluation of IFAD, particularly the sections relating to portfolio performance. As these evaluation reports cover a longer period, the portfolio performance report has sometimes extended its coverage beyond 2004, the year under review.

3. This report has been restructured keeping in view the need to respond to the findings of ARRI 2003 on six impact domains (Chapter IV).² In addition, a number of actions have been undertaken since the release of the ARRI in September 2004, to improve the performance of the portfolio. Analytical work on portfolio management has been significantly deepened, and the portfolio management information system has been strengthened.

4. The ARRI's recommendations that greater priority be assigned to sustainability and to promotion of replicable innovations have been deliberated further and will become the principal features of IFAD's new operating model. A knowledge management strategy will be developed and adopted as a key part of this new model (paragraph 116). The new model will specifically focus on improving quality both at project entry and implementation stages. As part of the process to chart the future course of action, further reviews have also been undertaken on targeting, and the strategic direction for targeting has been outlined (paragraphs 44-45). A Global Environment Facility unit has now been made operational and this is expected to mainstream sustainable land management in IFAD's corporate, regional and country strategies (paragraph 78). In addition, a number of emerging challenges and constraints are being identified with respect to environmental and natural resource management and these will be used to develop appropriate strategies in the future (paragraphs 79-80).

Box 1: 2004 Portfolio Highlights

- IFAD financing of USD 436 million for 25 projects was approved in 2004, with an additional USD 316 million mobilized from domestic resources and USD 176 million from non-domestic partners
- The current portfolio stands at 232 projects and the year-end ongoing portfolio at 192 projects, with IFAD financing of USD 2 822 million
- 85% of ongoing projects are rated above or mostly on target
- Disbursements reached USD 315 million equivalent, a 3% increase in special drawing rights over previous years and the highest ever
- A new grant policy was implemented in 2004, and financing of USD 33.3 million was approved for 87 new grants
- Cooperating institution performance was rated satisfactory in almost two thirds of projects

¹ ARRI 2004 refers to the Annual Report on the Results and Impact of Operations Evaluated in 2003, Executive Board document EB 2004/82/R.6.

² Please see a Methodological Framework for Project Evaluation – Main Criteria and Key Questions for Project Evaluation, IFAD, document EC 2003/34/W.P.3.

5. IFAD is also increasingly aligning itself with broader institutional and economic contexts. Its participation in the harmonization process (paragraphs 157-159), its identification of policy influencing as a necessary aspect of its operations (paragraph 140) and the establishment of a Policy Division are the actions taken towards such realignments. All 15 initiatives under the Field Presence Pilot Programme have now been designed and their implementation is being expedited (paragraphs 153-156). While working towards a new operating model, IFAD will also develop an approach towards a country programme framework that will allow enhanced support (paragraph 177).

6. This report is based on many sources of information. Most quantitative information is derived from operations information management systems, mainly the project and portfolio management system and the loans and grants system. Qualitative information is derived mainly from supervision reports, project status reports, and mid-term and completion review reports. The divisional reviews have contributed significantly to this report. They have also generated useful lessons for the proposed revisions of the portfolio review guidelines and the strengthening of the portfolio management information system (paragraphs 174-176).

7. This report also incorporates preliminary results from the programmes and projects that are reported under the Framework for a Results and Impact Management System for IFAD-Supported Country Programmes, approved by the Executive Board in December 2003 (document EB 2003/80/R.6/Rev.1). While the system as a whole is expected to evolve during implementation, the response in terms of numbers of reports submitted by the programmes and projects is highly encouraging. Over time, the results will play an increasingly important role in assessing the impact of the portfolio. The preliminary results obtained in 2004 have been organized according to the domains that IFAD agreed for evaluating its programmes and projects (paragraph 3). This approach will be maintained in the future to allow for comparison between self-evaluation and independent evaluation exercises.

II. PORTFOLIO SIZE, COMPOSITION AND CHARACTERISTICS

A. The Loan Portfolio

Portfolio Management

8. As part of the annual review of portfolio performance for 2004, the size, composition and characteristics of both the loans and grants portfolios were analysed. The detailed findings are presented in Annex I.

9. In 2004, the Executive Board of IFAD approved 25 projects. This is at par with approvals in 2002 and 2003. Relative to longer term averages (1978-2004), the medium-term average (2000-2004) is higher for the two Africa regions and the Near East, North Africa and Central European States and Newly Independent States region, and lower for Asia and the Pacific region and Latin America and the Caribbean region. IFAD's financing for these projects was USD 436 million, the highest ever. With the new projects, the total number of projects approved by IFAD reached 676 and the amount approved is over USD 8.5 billion.

10. In the last five years, 140 programmes and projects have been completed against the approval of 125. As a consequence, the number of current programmes and projects declined and stood at 232 in 2004.³ The financing amount, however, increased from USD 3.3 billion in 2002 to USD 3.5 billion in 2004. Of the total current portfolio in value terms, the two Africa regions together account for 37%,

³ A list of programmes and projects in the portfolio at 31 December 2004, by division, appears in Annex III.

Asia and Pacific for 25%, and Latin America and the Caribbean, and the Near East and North Africa and Central and Eastern Europe and the Newly Independent States for 19% each.

**Table 1: Current Portfolio by Region
(USD million)**

Region	31 December 2002				31 December 2003				31 December 2004			
	No. of Proj.	% of Total	IFAD Fin.	% of Total	No. of Proj.	% of Total	IFAD Fin.	% of Total	No. of Proj.	% of Total	IFAD Fin.	% of Total
Western and Central Africa	48	20	580	18	51	22	609	18	47	20	570	16
Eastern and Southern Africa	47	20	642	20	49	21	699	21	49	21	753	21
Asia and the Pacific	53	22	879	27	46	20	809	24	47	20	875	25
Latin America and the Caribbean	47	20	633	19	44	19	642	19	42	19	651	19
Near East, North Africa and Central and Eastern Europe and the Newly Independent States	42	18	566	17	44	19	598	18	47	20	654	19
Total	237	100	3 299	100	234	100	3 357	100	232	100	3 502	100

Note: The current portfolio includes all projects that are approved and not closed. Cancelled projects are not included.

11. The portfolio is showing signs of ageing: over 30% of programmes and projects are more than five years old, and some 44% will be closed in the next two years. The portfolio renewal question has become serious and clearly calls for greater forward planning, particularly taking into account likely allocations under the performance-based allocation system (PBAS).

12. Twenty-two programmes and projects with IFAD financing of USD 343 million became effective in 2004. This leaves 40 projects that are yet to become effective, including 17 projects approved in December 2004. After peaking at 16.0 months in 2002, the average time elapsed between Board approval and effectiveness declined to about 15.1 months in 2004, a slight improvement.

13. During 2004, project completion and loan closing dates were extended for 34 projects. Of the 16 projects that were extended for the first time, 12 were extended following the procedure related to redefined implementation periods. For the projects that were extended in 2004, 14% of total disbursements occurred during the extended periods. Of the total disbursements in 2004, 17% were for the extended projects. Extensions thus constituted a meaningful portfolio tool.

14. Twenty-seven programmes and projects were completed in 2004. Overall, implementation periods are on the increase and time overrun has increased in recent years, although it continues to be lower than long-term averages. Of the programmes and projects completed in 2004, the average implementation period is 7.9 years, which is higher than both the medium-term (2000-2004) averages (7.2 years) and long-term (1978-2004) averages (6.9 years).

15. The amount of loan cancellations increased significantly from SDR 25 million in 2003 to SDR 41 million in 2004, largely as a result of the full cancellation of two loans. Overall, portfolio actions with respect to loan cancellations are on the increase. In combination with the enhanced disbursement rates, this has led to a lower proportion of cancellations at loan closing – about 15% in 2004, as compared to an average of 25% during 1988-1992 and 29% as late as in 1997. While this shows considerable improvement in the timeliness of resource deployment, there still exists scope for further improvements.

16. In terms of disbursements of loans, the increase achieved in 2003 was maintained in 2004 when disbursements reached USD 315 million, the highest ever. The overall disbursement profile shows significant maturity and consequently a more stable portfolio. Along with the improvement in

absolute performance, relative disbursement against the disburseable amount increased to 13% in 2004, effectively reversing the downward trend observed in 2003 (11%) and in 2002 (12%).

Cofinancing

17. Of the total amount approved for programmes and projects in 2004, USD 176 million was proposed to be cofinanced from non-domestic resources. Some USD 316 million of project costs will be financed through domestic resources. The significant increase in cofinancing, particularly domestic financing, has allowed IFAD to recover from declining levels of cofinancing over the last two years. With the additional funding mobilized in 2004, the total cumulative amount of resources leveraged by IFAD reached USD 23.7 billion. This indicates a leveraging factor of 2.8.

18. The significant leveraging effect of IFAD's resources implies a high degree of trust in the organization on the part of donor partners and domestic cofinanciers, and underscores the relevance of IFAD's assistance programme. In order to maintain these advantages, IFAD must:

- continue to adapt its overall development strategy and its intervention instruments in response to evolving knowledge and emerging demand
- manage partnerships strategically so that they contribute directly to the organization's mandate and objectives, and transaction costs are kept under control

Cooperating Institutions

19. At the end of 2004, 13 projects, or less than 7%, were directly supervised by IFAD and the remaining 178 were with various cooperating institutions (CIs).⁴ Among these, the United Nations Office for Project Services (UNOPS) has the largest share, with 60% of total ongoing projects. The World Bank is a distant second, with 12% of the projects. During 2004, dependence on UNOPS increased modestly, by about 5 percentage points. This has accelerated the gradual but steady concentration of the portfolio to two CIs.

B. The Grants Portfolio

New Policy on Grants

20. In December 2003, the Executive Board approved a new policy on grants for IFAD with two strategic objectives to:

- promote pro-poor research on innovative approaches and technological options in order to enhance field-level impact
- build the pro-poor capacities of partner institutions, including community-based organizations and NGOs

21. The new policy explicitly calls on IFAD to use grant resources to complement the loan programme and in the cases where they have a significant comparative advantage. It also increased the proportion of grant financing to the total approved programme of work from 7.5% to 10%.

22. The policy divides grant funds into two equal windows: global/regional and country specific grants,⁵ and further subdivides between large (greater than USD 200 000) and small grants. The

⁴ These figures do not include the grant-financed projects in Gaza and the West Bank, which are administered by IFAD.

⁵ Country-specific grants include some funds transferred to the programme development financing facility for activities previously financed from special operations facility grants, grants for environmental assessment, etc.

President of IFAD approves small grants, while large grants go to the Executive Board for approval. Administrative procedures to implement the new policy were adopted by the organization during 2004. The policy and associated procedures will be reviewed in 2005 and a paper will be presented to the Executive Board detailing experiences under the new policy.

23. The new policy promotes a more competitive process for grant selection. All proposals for grant financing are evaluated and selected according to a standard set of criteria that includes assessments of development impact, technical feasibility, value for money, management capability, innovation and learning. A separate technical review is done for each grant proposal, regardless of window or size.

Grants Approved in 2004

24. Grants were approved in 2004 for the amount of USD 33.3 million: USD 23.9 million under the global/regional window and about USD 9.4 million under the country window. About USD 26 million were for large grants and USD 7.6 million were for small grants. Consultative Group on International Agricultural Research (CGIAR) institutions accounted for USD 8.8 million. As a response to the desert locust crisis in West and North Africa, IFAD approved grant financing amounting to USD 1.5 million to the Food and Agriculture Organization of the United Nations (FAO) to develop a long-term preventive approach to locust infestation. In addition, four regional programmes were financed by grants in 2004 for the Latin America and the Caribbean region. Similarly, country-specific grant financing was approved by the Executive Board in conjunction with loan approvals for four projects in the Asia and Pacific region, and with one in the Near East and North Africa region. Grant financing in support of a local organization in the Pacific was also approved by the Board to help mainstream a rural development innovations programme. Large grants were approved to strengthen the capacity of the Rwandan Ministry of Agriculture in implementing a policy framework for agricultural and rural development that fosters economic development and reduces poverty. In the Comoros, grant financing was approved for a three-year programme to promote the institutional sustainability of the savings and credit union network established under a recently closed IFAD-financed project.

25. Small country-specific grants were approved to support farmer organizations in Western and Central Africa, to strengthen community responses to HIV/AIDS in Eastern and Southern Africa, and to maintain a country presence in Somalia through grants to NGOs. Grants in support of policy advocacy were made to international and regional NGOs, including Bread for the World and the All African Foundation.

26. Like the loans programme, IFAD's grants programme has a high leveraging factor – 1.4 in 2004. A number of grants leveraged the support of multiple donors, as well as that of governments.

Grants Approved before 2004

27. Grants approved before September 2004 followed the old procedures and designations. The portfolio performance report will continue to cover these grants until they are closed. In terms of value, 88% of this part of the grants portfolio belongs to research, training and other technical grants. There are 81 technical assistance grants in the current portfolio, 31 in favour of CGIAR institutions. Although the number of CGIAR technical assistance grants is less than half of the total, they account for approximately 50% of the value of technical assistance grants. Nearly half of the effective technical assistance grants (31) are scheduled to close at the end of 2005.

28. The current portfolio includes four project component grants valued at USD 1.67 million, which have disbursed USD 600 000, or 39%. It also contains some 57 NGO/extended cooperation programme grants valued at USD 4.5 million. Of these, nine (worth USD 700 000) are not yet effective. Almost half of the current portfolio (23 grants totalling USD 1.4 million) are to close in 2005, and by the end of 2007, all grants approved under the extended cooperation programme are to

close. Special operations facility financing, made available to countries borrowing on highly concessional terms to assist in project start-up activities, consists of 22 grants amounting to USD 1.7 million, supporting projects in 19 countries. All are effective and disbursing and expected to close by 2005.

III. PORTFOLIO PERFORMANCE: THE STATUS

29. Project status reports (PSRs) provide qualitative, contextual information regarding project performance and are the main building blocks for internal review. PSRs generate information on the progress made against various indicators that are used to assess the portfolio-at-risk.

Table 2: Project Status Report Ratings for Progress Indicators

Indicator	2003		2004	
	% Above/Mostly on Target ^a	Weighted Average	% Above/Mostly on target ^a	Weighted Average
Compliance with loan covenants	90	1.62	93	1.66
Availability of counterpart funds	92	1.59	90	1.57
Compliance with procurement procedures	94	1.54	94	1.57
Acceptable disbursement rate	74	1.99	77	1.90
Performance of monitoring and evaluation system	74	2.07	71	2.11
Timeliness of audits	85	1.81	85	1.81
Project management performance	85	1.83	84	1.87

^a Projects with a PSR rating of either 1 (above or on target); or 2 (mostly on target).

30. Overall, information available from sources other than PSRs generally supports the ratings against implementation performance and therefore the disconnect is low. The PSR ratings in 2004 show a mixed picture for implementation progress. Ratings for the compliance of procurement procedures, availability of funds, performance of project management, and the timeliness of audits are satisfactory. Ratings for the performance of the monitoring and evaluation (M&E) system are less than satisfactory and therefore constitute an area of concern. A relatively low PSR rating for disbursement indicates that this could be improved. Compliance with audit also needs more attention.

31. As a measure of project implementation performance, the PSR allows the Country Programme Manager (CPM) to assign an overall score, keeping in view the individual indicators related to progress in implementation. Between 2000 and 2003, the overall weighted average has been moving within a very narrow range of 2.09 to 2.14 and there was a modest improvement in 2004. The percentage of projects rated satisfactory – project above, on or mostly on target – went up significantly in 2004 and reached about 85%. The improvement in the aggregate score was brought about mainly by changes in the Western and Central Africa and the Latin America and the Caribbean regions.

Table 3: Project Status Report Ratings for Project Implementation Performance

Regions	2000		2001		2002		2003		2004	
	% ^a Sat.	W. Aver.	% ^a Sat.	W. Aver.	% ^a Sat.	W. Aver.	% ^a Sat.	W. Aver.	% ^a Sat.	W. Aver.
Western and Central Africa	64	2.15	62	2.21	65	2.19	64	2.31	85	1.94
Eastern and Southern Africa	68	2.17	68	2.20	65	2.24	72	2.26	73	2.23
Asia and the Pacific	76	2.18	84	2.22	76	2.22	91	2.02	89	2.00
Latin America and the Caribbean	84	1.78	80	1.83	90	1.81	77	1.91	84	1.81
Near East, North Africa and Central and Eastern Europe and the Newly Independent States	76	2.19	76	2.17	76	2.22	92	1.94	95	1.92
Total	73	2.09	75	2.12	74	2.14	79	2.10	85	1.98

^a Represents percentage of projects reporting performance above or on target (a score of 1) or mostly on target (2)
Note: Sat. = Satisfactory. W. Aver. = Weighted Average

32. The PSR ratings against impact indicators show satisfactory performance for poverty focus and beneficiary participation during implementation. The ratings for gender focus and the achievement of development objectives are lower.

Table 4: Project Status Report Ratings for Impact Indicators

Indicator	2003		2004	
	% Above/Mostly on Target ^a	Weighted Average	% Above/Mostly on Target	Weighted Average
Beneficiary participation	89	1.74	92	1.74
Service providers	88	1.92	88	1.88
Gender focus	83	1.94	85	1.88
Poverty focus	92	1.76	92	1.72
Development objectives	80	2.08	85	1.97

^a Represents projects with a PSR rating of either 1, above or on target; or 2, mostly on target.

33. The ratings for nine CIs show UNOPS as the best performing. However, its performance in terms of rating of 'minor/no problem', dropped from 74% in 2003 to 64% in 2004. Even more importantly, the aggregate average for all CIs dropped from 1.46 in 2003 to 1.55 and the 'minor/no problem' category from 63% to 51%.⁶ Given IFAD's almost unique arrangement for supervision, comparable standards are not available, but considering that 'minor/no problem' situations are reported for less than two thirds of the projects, there is clearly a need for review.

IV. PORTFOLIO IMPACT: EMERGING ISSUES, CHALLENGES AND RESPONSE

A. Targeting

34. Ensuring social equity by addressing the needs of the rural poor population has been the continuing concern of IFAD since it was established.⁷ The Fund reaches this category of people primarily by targeting geographic areas with high proportions of rural poor people. IFAD also recognizes the differences that exist within the broad category of the poor and has a particular, though not exclusive focus, on groups with special vulnerabilities. These include youth, lower castes, ethnic minorities, remote communities and other vulnerable people according to circumstance. Within these groups, rural poor women represent a major target. In general, IFAD is strong in geographic targeting.

⁶ Unlike project performance, which is rated on a four-point scale, CIs are rated using a three-point scale.

⁷ Please see the welcome address of the chairman of the Preparatory Committee of IFAD, Report on the First Session of the Governing Council, Rome 13-16 December 1977. Also Article 7.1 (i) of the Agreement Establishing IFAD.

It also considers social targeting relevant and necessary, although it is harder to do. Despite difficulties, IFAD-supported projects are successful in promoting the inclusion of the poor.

35. A number of factors affect targeting effectiveness. Over-emphasis on achieving quantitative targets is one such factor. It is important to ensure that the communities themselves play an active role in defining who benefits and how. Often, the 'poor' face entry barriers that result in exclusion. In Senegal, small farmers lacked resources such as land and access to credit and thus could not engage in tree planting. In India, the required amount of savings per month had to be significantly lowered to enable the poorest people to participate. In the Lao People's Democratic Republic, application of the 'user-pays full' principle meant that livestock disease control services did not reach the poorest members of the community. In the Gambia, loan sizes had to be significantly reduced to enable the poorest men and women to access credit.

36. IFAD's targeting approach has evolved over time. It now focuses less on exclusion of those assumed to be outside the target group (according to eligibility criteria that are difficult to apply) and more on inclusion of the poorer and the vulnerable. As IFAD experience in Burundi shows, targeting may involve two separate but related groups – the vulnerable and the poor. Measures that aim to help the vulnerable focus on their short-term needs (reintegration in productive activities and in social settings), whereas measures to help the poor more conventionally address their medium- to long-term development problems. Vulnerability is clearly an important consideration for including families in IFAD's target group. More inclusive targeting criteria are appropriate, where a resource such as a microwatershed needs to be managed in its entirety. Where feasible, IFAD-assisted programmes and projects require better-off households to contribute more in terms of 'beneficiary contribution' and thus introduce an element of social justice. Inclusive targeting is also appropriate where broad-based rural organizations represent entire communities rather than poorer households only.

37. In some situations, other principles take precedence over targeting. For example, while forming self-help groups, the application of the self-selection principle is essential in order to maintain and augment social capital, although this may not always lead to the inclusion of the poorest in these groups. Also, certain investments need to cater for a broad range of clientele, for example, IFAD strongly supported the expansion of banking services in the outer atolls in Tonga and the Maldives, which naturally benefited the better-off households as well. In other contexts, relatively better-off client segments are covered to ensure higher revenue, which is then used to cross-subsidize the market segments that involve the poorest people. In the Comoros, four local savings and credit schemes were established, and by supporting these IFAD strengthened the institutional framework in the country. Because of the lack of alternative financing institutions, however, members are not just the rural poor.

Box 2: Targeting and Building Community Institutions: Is There a Trade-Off?

Under the Jharkhand Chattisgarh Tribal Development Programme (CTDP) in India, supported by IFAD and the World Food Programme (WFP), targeting is innovative and woven in the project design as well as in implementation. Selecting one of the poorest states of India and one of the most backward regions ensures first-stage targeting. At the next stage, village selection is done on the basis of poverty and predominance of tribals in the population. Targeting has benefited from one of the most commendable achievements of the programme: the formation of *gram sabhas* (village assemblies) in the notified natural villages. Once a village is selected, all households are targeted. This is because the programme adopts a watershed development approach. In this light, a study was carried out by IFAD in collaboration with WFP as part of the initiative for mainstreaming innovation (IMI). The major findings were:

- The programme is well targeted.
- As mandated by the appraisal report, scheduled tribes and scheduled caste households were in the majority in all villages, with the overall proportion for all the surveyed villages being 74%.
- The project appraisal report stipulates that at least one fourth of all members should be women. The project authorities in CTDP laid down the ‘thumb rule’ that half of the members should be women. The study team found that overall this indeed is the case.
- Women’s dynamism, and vibrancy is most evident in the self help groups. These have been empowering both the community and the women who are members.

38. Targeting effectiveness is also affected by violent social conflicts and natural disasters. This has been seen in recent programmes and projects in Central America, Colombia and Haiti, and also in some parts of Western and Central Africa. IFAD’s response clearly needs to be comprehensive and broad-based, requiring significant adjustments in terms of targeting.

39. IFAD programmes and projects use a wide variety of instruments to ensure effective targeting. The organization rarely imposes strict eligibility criteria on households; rather, it encourages rural people to define eligibility. Participatory rural appraisal studies in Rwanda showed that rural communities have a precise idea of the degree of need that determines four types of poverty within their communities, from vulnerability to the frontier of well-being. Based on this, communities were given the responsibility of identifying households for programme support in a transparent manner. In rural Burundi and Rwanda, community development committees have proved to be effective in selecting participants for programme activities, thus enhancing equitable distribution of opportunities for socio-economic advancement.

40. In the Syrian Arab Republic, participatory targeting was used as part of a semi-formal rural finance scheme known as *sandug*. One key aspect in the monitoring system is the tracking of the *sandug* outreach, disaggregated by socio-economic group and gender. Poor households are identified during a wealth-ranking exercise undertaken by local extension teams under village leadership and with community members. The information is then used by village committees to create modalities to increase the access of poor men and women to these services. So far, these modalities have included: (i) relaxing *sandug* membership eligibility criteria by decreasing the initial contribution; (ii) allowing the poorer to pay initial contributions in instalments; (iii) using *sandug* profits to guarantee access to credit by poorer groups; and (iv) relaxing lending terms.

41. IFAD emphasizes that programmes and projects should be built around an understanding of the priorities, constraints and opportunities of rural poor people and the organization has gained considerable experience in poverty analysis. The baseline survey undertaken in 2003 for IFAD’s Gender Plan of Action found that 75% of country strategic opportunities papers (COSOPs) and over 50% of project design documents contained a gender-sensitive poverty analysis. IFAD-supported work by the Consultative Group to Assist the Poor in Ghana has also contributed to refining poverty assessment methods. The Department for International Development (DFID)-financed Sustainable Livelihoods Diagnostic and Learning Trust Fund has worked to improve IFAD’s use of the

sustainable livelihoods approach, and in particular its use of poverty diagnostics in the early stages of project cycles. An IMI pilot project produced a practical tool for institutional analysis, which helps to identify ways in which to make the “rules of the game” more pro-poor.

42. Where practical and cost-effective, IFAD has used poverty-analysis instruments developed by sister UN institutions. For example, in Cambodia, China, India and the Lao People’s Democratic Republic, the vulnerability analysis and mapping methodology developed by the World Food Programme has been used extensively to identify poverty-stricken and food-insecure areas. In Viet Nam, the United Nations Development Programme human poverty index data has been used to identify target provinces.

The Way Forward

43. Overall, IFAD-assisted programmes and projects that use geography as the basis for targeting have performed well. The Fund has also been generally successful in targeting distinct social groups such as indigenous populations, ethnic minorities and people in remote and mountainous areas. On a selective basis, it has used intervention methodologies such as land titles and food aid to reach the poorest and most vulnerable. More often, it has resorted to calibrating instruments, such as loan ceilings to encourage resource allocations in favour of the poor.

44. However, IFAD realizes that the poorest people have not always benefited to the same extent as the less poor. It also realizes that there are weaknesses in the current system, such as the failure to provide targeting guidance and procedures. As an institution committed to ensuring social equity, IFAD considers the poor and most disadvantaged as its prime target group and plans to reach them through effective targeting and the use of appropriate instruments. A recent review and strategizing exercise outlined the following course of action for more effective targeting:

- Systematize and share IFAD’s approaches to targeting in view of the findings of the recent IMI pilot project on targeting.
- Make further progress in gender mainstreaming and targeting women by: (a) better identifying the needs of different categories of women; (b) guaranteeing continuity between design and implementation; (c) ensuring that sufficient resources are allocated to promote gender equality and the empowerment of women; (d) translating gender equity principles into loan covenants and other legal instruments; (e) scaling up policy dialogue on issues relevant to rural poor women, included in poverty reduction strategy papers; and (f) documenting and disseminating best practices.
- Systematize the use of poverty analysis at different stages of the project cycle, drawing on IFAD’s extensive experience in such analyses, the piloting of benchmark assessments, the recent experience with the sustainable livelihoods framework and institutional analysis, and work undertaken as part of the various regional gender programmes. Further capacity building for IFAD staff, consultants and partners will be needed, together with improved mechanisms to document, analyse and disseminate learning on poverty and institutional analyses.
- Improve the quality of baseline surveys to assess results and impact.
- Invest in country partnerships to monitor and communicate lessons learned on poverty-reduction processes, to improve design of future investments and policy dialogue.

45. In addition to the above, further work needs to be done on:

- geographic targeting, particularly the criteria for targeting communities when adequately disaggregated statistical data is unavailable

- field-testing and institutionalizing participatory methods to monitor processes of inclusion and exclusion
- becoming more effective in sharing IFAD's learning on how to promote inclusion of the poorer, and women.

B. Technological Improvements and Agricultural Production

46. In allocating its resources, in its early years IFAD was guided by the need to increase food production and improve the nutritional level of the rural poor. Enhancing agricultural production was thus a priority for IFAD. Over time, however, the role that poverty played in limiting households' access to food, despite abundant supply elsewhere, was understood and reducing rural poverty and ensuring household food security became IFAD's operational mandate.

47. However, a large number of the rural poor still depend directly or indirectly upon agriculture for their livelihoods. IFAD has therefore focused on enhancing the productivity of the agricultural sector through a variety of interventions. Overall, IFAD-assisted programmes and projects report significant increases in agricultural production, induced by a number of factors usually working in combination.

48. Financing of infrastructure to support improved agricultural production includes funds for irrigation, drainage, better flood control, and in situ soil and moisture control leading to multiple cropping and thus increased cropping intensity. Loan- and grant-financed projects have had good results through the introduction of new crops to promote diversification, and from high-yielding varieties. Low-cost crop-protection technologies including biological control, mixed cropping, and soil fertility protection have also contributed to improvements in production. Integrated farming systems, combined with appropriate soil and water conservation techniques, recycling of biomass, use of herbaceous legume fallows, and alley/hedgerow cropping are some of the cultivation techniques used. More recently, IFAD projects have introduced the concepts of marketability of output and diversification of risk, and helped to strengthen the vertical linkages within the commodity systems (e.g. fodder production, breed improvement).

49. Improved functional and institutional linkages between farmers as end-users, and field-level extension staff and researchers have led to improved farming techniques and increased production. Farmer training and exchange visits, such as the farmer field school approach piloted in Eastern and Southern Africa, have proved successful mechanisms for transferring technology. In Brazil, the Community Development Project for the Rio Gaviao Region is successfully transferring a number of technologies adapted to semi-arid conditions and the voluntary process of producer-to-producer technology dissemination has played a key role in mobilizing beneficiaries. Emphasis has been placed on the diffusion of cattle-feeding technology during the dry season and cassava cultivation technology.

50. Technologies to conserve and regenerate resources are important in order to promote the sustainable use of the natural resource base. The identification and dissemination of appropriate indigenous technologies also play an important role in this regard and the blending of new and traditional technologies has resulted in more economically and environmentally sustainable activities. In the Rural Development Project of the Mayan Communities in the Yucatan Peninsula in Mexico, for example, IFAD is supporting efforts to increase the productivity of traditional milpa by promoting crop rotation along with traditional slash-and-burn practices. Such type of technology blending has resulted in more economically and environmentally sustainable activities.

Box 3: How are Agricultural Development Strategies Implemented at the Grass Roots?

Ghana: Root and Tuber Development

In Ghana, high-yielding cassava varieties have been developed by several projects and this work will continue under the second phase of the Root and Tuber Improvement Programme, which is currently being formulated. Under the first phase, a nationwide system was put in place for the multiplication and dissemination of three improved varieties of cassava and five improved varieties of sweet potato; seven desirable local cultivars were sanitized and distributed; five additional cassava varieties were released in the early stages of multiplication; and work was continuing on several others. The programme had also developed and disseminated successful low-cost, crop-protection practices, including ways to control the weed *Imperata cylindrica* and the green mite *Mononychelus tanajoa*.

Egypt: Effective Extension

An impact survey for the Agricultural Production Intensification Project in Egypt, which contributed to establishing effective and well-trained extension services, showed that: (i) most crops cultivated by farmers were improved cultivars or hybrids; (ii) wheat crop yields had increased by 22% and maize crops by 93%; and (iii) overall average rates of adoption of extension recommendations in the project area was 76% compared to a rate of 47% estimated at project appraisal.

Uganda: Farmer Forums, Economic Interest Groups and Improved Technology

In Uganda, adoption, adaptation and dissemination of new and improved technologies have been promoted through subcounty farmer forums and economic interest groups. A 2004 baseline study in the district of Soroti indicates that 74% of farmers participating in the national agricultural advisory services' activities were aware of and had access to new and improved technologies, compared to 52% for other farmers, an indication of a positive and direct correlation between information about technologies and participation in the national agricultural advisory services. Evidence suggests that farmers are increasingly gaining access to information about the technologies, principally through exchange visits, tours, training workshops and farmer-to-farmer exchanges and learning. As at June 2003, the programme had disseminated a total of 51 technologies in the initial six "trail-blazing" districts, covering livestock, crops, and water conservation and harvesting.

51. The dissemination of high-yielding agricultural technology, on the other hand, is neither uniform nor always satisfactory. In less-endowed areas of Asia, for example, high-input technology has very limited applications and impact. Here, sustainable or regenerative agriculture, which either conserves and improves existing on-farm resources (nutrients, water and soils) or introduces new elements (e.g. nitrogen-fixing crops, agroforestry, water-harvesting structures and new predators) is being explored. As a result, a number of regenerative technologies are now available for upland and mountainous areas as well. IFAD is promoting these technologies in projects in India, Indonesia, Nepal and the Philippines. The traditional skills and wisdom of indigenous peoples are also greatly valued as they contribute to the sustainable management of the region's natural resources. In such systems, two- to threefold increase in yields have been achieved through community-wide adoption of resource-conserving technologies and practices.

52. Whether services for agricultural research and extension are effective in addressing the issues of resource-poor populations is a question that recurs with increasing frequency. Once again the issue is being tackled in different ways. In Ethiopia, considerable efforts have been made under the Agricultural Research and Training Project to establish and strengthen functional and institutional linkages between farmers as end-users, field-level extension staff and researchers. Over the past three years, the project has supported the establishment of farmer research groups at federal and regional research centres, which jointly conduct trials and evaluate results. In addition, farmers have been able to influence the agenda of agricultural research through elected representatives to the research-extension advisory councils established at federal, regional and research centre levels. In a number of other countries, recent projects have introduced the concept of service providers, who could be from any sector – private, public or voluntary. For example, the National Agricultural Advisory Services

Programme in Uganda has made substantial investments in establishing structures to articulate farmers' demands for services. All recent projects in India have opted for a range of service providers rather than just the regular government departments. In general, for service provisioning, IFAD is moving towards the establishment of a performance-based system, government or private. In Latin America, this approach has been put into practice by using innovative financing mechanisms such as competitive funds.

Lessons Learned and Emerging Issues

53. While IFAD has put significant emphasis on the participatory development of technology, it has not neglected the need to invest in developing new technologies through conventional research activities as well. For example, IFAD-funded research at the International Crops Research Institute for the Semi-Arid Tropics led to the development of a new variety, the world's first hybrid pigeon pea for resource-poor conditions.

54. In general, the linkage between grants and loans is viewed as a key opportunity for contextualization and widespread validation and diffusion of research outcomes.

55. In terms of emerging issues in agriculture, the portfolio review process highlights the following:

- progress has been limited in developing agricultural technologies for less favoured areas such as drylands and marginal, coastal, upland and mountainous areas
- in isolated cases, technological improvements have led to over-intensification of agriculture with unsustainable use of external inputs such as chemical fertilizers

C. Income and Assets

56. As stated, while agriculture remains a dominant sector for IFAD's assistance programme in most subregions and countries, it is also increasingly apparent that a very significant proportion of the poor derive their income from sectors outside of agriculture. Even if they are heavily dependent upon agriculture, increase in agriculture productivity does not benefit them directly as most of the poorest people tend to be landless agricultural labourers. Over the years, there has been some shift in resource allocation, but this reflects changes in sector definitions, at least in part, rather than actual reduction in the proportion of the resources allocated to agriculture.

Box 4: Rural Financial Services

In **Ethiopia**, the approach has been to support the emergence of self-managing and self-supporting organizations by providing key services. Of 23 microfinance institutions licensed by the Central Bank, 13 have successfully qualified for access to financial and institutional support under the Rural Financial Intermediation Programme after complying with stringent criteria. Over the past two years, these microfinance institutions have expanded their outreach from about 500 000 to 815 000 clients through, among other things, savings mobilization to the tune of USD 38 million in the aggregate. At the same time, plans are well under way to strengthen the regulation and supervision capacity of the Central Bank.

In **Armenia**, when it became clear that existing former state banks were unable or unwilling to meet the demand for financial services from the large number of small farms, a feasibility study for the establishment of a rural bank was conducted with the support of donor funds. The study recommended the progressive establishment of an agricultural cooperative bank, applying a bottom-up approach for the setting up of the governance structure. On this basis, the Agricultural Cooperative Bank of Armenia, a private bank, was born. This institution is widely acknowledged today as a model financial institution in transitional economies.

57. Regional strategies have paid substantial attention to off-farm and non-farm sectors and to developing microenterprises. IFAD also recognizes the value of the artisanal traditions of indigenous peoples and has emphasized reviving them to enable local populations to diversify production and strengthen cultural traditions. In this regard, activities have been supported in the Andean Region and in Central America.

58. IFAD-assisted projects have been generally successful in creating human and financial assets and the impact against this indicator is considered satisfactory. This is also the case with food consumption and income, which in turn has led to positive impacts on savings, livestock holding and housing conditions. However, in some instances, even when productivity at farm level has gone up, the impact on income has been low and not commensurate with the increase in production. While this anomaly reflects a number of factors acting at local level, the relatively low priority that IFAD accorded to processing and marketing activities is generally identified as the principal causal factor affecting the aggregate portfolio.

59. In recent years, IFAD has introduced a number of measures to address this problem. These include:

- more attention to forging upstream/downstream linkages between farmers, researchers, suppliers and markets
- technical assistance grants to promote improved commercial relations between smallholders producers and agricultural markets
- studies that generate solutions for increasing competitiveness and marketing of key commodities

Box 5: The Republic of Moldova: Are Smaller Loans More Effective in Creating Employment?

As part of ongoing efforts to track the impact of IFAD-financed project activities, regular surveys are being carried out to assess the performance of the loan portfolio under the Small Enterprise Development Fund (SEDF), which is targeted to small and medium-sized enterprises. The surveys show positive results achieved by SEDF lending, with borrowing firms' net sales increasing by some 97%, and net profits increasing by some 300% over the past several years. In an effort to ensure the reliability of the data collected, survey results were then validated against regular fiscal returns required by the government. Taken together, the financial data showed the overall positive impact of the SEDF loans, which led to improved business performance for borrowing firms, including an ability to accumulate capital and improve enterprise sales and profitability. Interestingly, the surveys indicated that smaller loan sizes were more effective in creating employment and generating sales (with far lower job creation costs and more significant increases in net sales for the smaller loans) while larger loans led borrowing firms to achieve slightly higher net profits. The surveys will be carried out on the same sample of firms over the life of the project, providing data on the performance of the SEDF window, and offering valuable lessons for the tailoring of future IFAD lending programmes in the Republic of Moldova to better meet local needs.

60. In view of the need to pay more attention to the marketing and processing aspects, a policy paper on private-sector development is under development for submission to the Executive Board in April 2005. Overall, the number of projects reporting marketing interventions is on the increase and as stated, recent projects have allocated far more resources to developing market linkages.

61. The key to the success of assisted small-scale enterprises was found to be the amount of support provided in terms of credit, training and advisory services. Microentrepreneurs who had received significant training and close backstopping, as well as credit, recorded above-average performances, for example in Senegal. This knowledge is now being used to design new projects.

62. IFAD has also been working on managing knowledge and learning related to marketing, rural enterprises and access to markets. In 2004, the Technical Advisory Division was involved in the following initiatives:

- a desk review of donor practices in “rural enterprise promotion” and “access to markets”, including a review of recent experiences with commodity and value-chains’ promotion
- a project to promote micro- and small-scale rural enterprise through pro-poor ecotourism
- under the broader Livelihood Development Programme funded by IFAD, in 2004, the International Network for Bamboo and Rattan focused on reaching the European market

63. Not all project completion reports have paid adequate attention to reporting the income effect of projects. A review of the project completion report guidelines will be undertaken during 2005 and suitable modifications incorporated. A similar information gap exists with respect to the impact on income distribution. This gap, however, is persistent in most development assistance programmes and thus not unique to IFAD. As the potential cost of generating this type of information can be unsustainably high, this cannot be made part of the project completion reporting system at this stage.

D. Household Food Security

64. Ensuring food security among the rural poor was a prime consideration in establishing IFAD. This focus has not changed and a quarter of total project resources, second only to the physical and financial assets domain, is being spent on this impact domain. Given that about 90% of projects report modest to substantial impact on food security, the achievement against this impact domain can be considered generally satisfactory.

Box 6: Improvement in Food Security in the North-Central Province in Sri Lanka

A participatory impact assessment of the North-Central Province Participatory Rural Development Project in Sri Lanka shows that towards the end of 2003:

- the annual rate of income increase for poor household beneficiaries was 9% above the baseline values
- about 71% and 85% (as against 45% and 65% in the baseline survey) of the families in the bottom five and top five deciles respectively take three meals a day throughout the year
- about 50% of the important income components of the family income were directly supported by the project

Participants had also mobilized a significant amount of savings, which would help them to achieve household food security by smoothening consumption.

65. IFAD adopts a multi-pronged approach in assisting households to ensure food security, using both direct and indirect measures. As an example, under small-scale irrigation schemes in the Oromia region of Ethiopia, the production of vegetables has improved dietary habits and improved family nutritional levels. Nearly 80% of families were found to be food-secure as a result of diversification into higher-value crops and increased productivity. The number of children attending school and the frequency of visits to health centres had also risen. Similarly, in the United Republic of Tanzania as a result of crop-related activities, the food shortage situation had been reduced by 51%. Evaluations in Burkina Faso showed that coverage of household cereals needs had improved significantly. This was mainly driven by yield increases to the tune of 25%.

66. Similar outcomes have been observed in Eastern and Southern Africa as well. For example, the completion survey of the recently closed Mara Region Farmers Initiative Project in the United Republic of Tanzania showed that the proportion of rural households in the region which were still partly dependent on food aid at some point during the year was less than 7%, as compared to 25%

before the project. The findings were borne out by statistics showing that the channelling of food aid to the region by the Government and NGOs had been phased out. Likewise, in Peru, the Management of Natural Resources in the Southern Highlands Project has enabled at least 20,000 families to move from a situation of chronic food insecurity to one in which they are rural producers with increased financial and physical assets, increased food security, and even surplus production.

67. Among the indirect measures, increased income has played a major role in enhancing the food security levels of poor households. While extensive cross-sectional data are not available, indicative assessments suggest that the effect of microfinance on consumption smoothing and thus ensuring food security during lean periods is substantial. At the household level, the enhanced status of, and increased awareness among women has been identified as the single largest contributor to the food and nutrition security of individual household members. Given IFAD's involvement and success in these areas, its contribution to household food security is significant.

68. Various lessons regarding food security have emerged from assessments and evaluations. A drop in food security in post-project situations has sometimes been observed, especially when food-for-work constituted a part of the project's instruments. In some cases, the substitution of food crops by cash crops has a disempowering effect on women and can cause a reduction in household food security. It has been observed that additional outputs and/or incomes are allocated first to food security and family well-being, before they are used for productive investments. This last lesson has significant implications for the sustainability of rural income, as it means that more time is required for local capital accumulation.

E. Rehabilitation of the Environment in Marginal Areas

69. Since poverty, resource degradation and high birth rates feed upon one another in a synergistic manner,⁸ the extent to which IFAD's programmes contribute to sustainable land and water management, and to the rehabilitation of the environment are important indicators for evaluation of its performance. As IFAD frequently operates in marginal areas, where resource degradation may be severe, moving forward against this indicator of development poses a serious challenge. For example, in Western and Central Africa, the pressures on natural resources are rising quickly throughout the region as the population increases to levels that can no longer be sustained by traditional practices like shifting cultivation, capture fisheries and uncontrolled grazing. Fallow periods are being abandoned, juveniles account for a growing share of fish catches and herd performances are increasingly compromised by overgrazing. The resulting degradation of land and water resources is a reality in many areas of the region.

70. About 550 million hectares of land are degraded in Asia and the Pacific region, where an estimated 1 320 million people (39% of the region's population) live in areas prone to drought and desertification. In many countries, allocation of scarce water resources among competing sectors is emerging as a serious issue. In the Near East and North Africa region, natural resource constraints are even more serious and where appropriate IFAD-financed projects strive to address this issue.

71. IFAD's work on arresting the degradation of natural resources and regenerating them has focused mainly on enhancing community awareness and capacity to deal with the diminishing productivity of natural resources. This has generated valuable knowledge that will enrich future interventions. However, it is also becoming clear that project performance is weakest in this area and the impact is varied. Some of the strategies IFAD has adopted to address this issue are discussed below.

⁸ Dasgupta, P. 2001. Human Well-Being and the Natural Environment. Oxford University Press. p. 117.

72. In many parts of the world, the rural poor rely heavily on common-property resources (CPRs) available through open-access systems for their livelihood. These resources are almost always open to anyone and everyone, without regulation or restrictions, and as a result, many rangelands, waterbodies and forests are heavily degraded or suboptimally used, due to lack of or improper investment in infrastructure and yield enhancement.

Box 7: Cooperatives in Rangeland Management: Experience from Morocco

The interim evaluation of the Morocco Livestock and Pasture Development Project in the Eastern Region - Phase I found that the project's assistance to the establishment of cooperative rangeland management associations had been a considerable success. The project set up 44 cooperatives instead of the 33 initially anticipated, with almost 8,600 members. The interim evaluation identified two main impacts of the project assistance to the establishment of cooperatives:

- an increased beneficiary knowledge and awareness of the importance of collective action, through cooperative work, in the rehabilitation and improved productivity of the natural resource base that constitutes the basis of their livelihoods, and better ownership by beneficiaries of appropriate technical and managerial practices
- a contribution to local institution building based on available social capital (lineage and kinship networks) to the extent that the cooperatives had become a new locus of power, prized not only for what they actually contributed but also because they were deemed worthy of investment for symbolic promotion.

The interim evaluation also found that the method of organization selected was well suited to the particular features of the area and had allowed rights-holders to make their voices heard.

73. IFAD is therefore experimenting with a range of approaches to enhance poor people's access to CPRs and to improve the productivity of these resources in a sustainable manner. This is done mainly by social fencing, which involves an intense participatory process to create awareness of the risks of inaction in the community, and then to assist it to develop and enforce environmentally sound management practices. In addition, integrated watershed management concepts have been introduced and improvements have been made in managing shifting cultivation fields. Because the concept of integrated natural resource management fits well with indigenous peoples' holistic approaches to development, efforts have also been made to identify and disseminate indigenous systems of natural resource management.

74. In recent years, there has been an increasing trend towards devolution of control over natural resources from central governments to local communities. Devolution, however, has emphasized the sustainability of resources to be used by all, rather than poverty reduction through the securing of livelihoods for the poor. Ensuring equitable access to natural resources is an area in which IFAD projects are actively involved. The Fund is also becoming increasingly aware of some of the unintended impacts of project interventions. For example, in Guinea improved road access has led to increased logging. Through IFAD's Administrative Procedures for Environmental Assessment, work is ongoing to ensure that such (adverse) impacts are identified and mitigation measures are incorporated into project design. Emphasis is being put on strengthening the necessary local capacity (human resource, policy and institutional aspects) to effectively implement the recommended measures.

75. Open access is not the only problem. In Burundi, the extended conflict has caused considerable damage to the natural resource base. Established resource management practices have been abandoned as farmers' families flee the violence. Forestry resources have been unsustainably exploited by diverse groups, such as rebels, soldiers and civilians. IFAD projects in Burundi attempt to redress the situation, sponsoring community development committees that channel peoples' interest and demand for rehabilitating soil and water conservation infrastructure.

76. Depending upon the need, IFAD is introducing non-lending instruments to arrest environmental degradation and regenerate it. In Burkina Faso, IFAD continues to play a key role in coordinating donor support to follow-up activities to the Convention to Combat Desertification (CCD) through the National Council for Environmental Management. In the Niger, a project to support the national action plan to combat desertification is being implemented with financing through an Italian grant. In Asia, IFAD is supporting the International Centre for Research in Agroforestry with a grant aimed at testing institutional mechanisms for recognizing and rewarding IFAD target groups for the environmental services they provide.

77. In addition, IFAD is working closely with the Global Mechanism (GM), the International Land Coalition and the Global Environmental Facility (GEF) to arrest the degradation of natural resources, in particular land. In 2004, a joint programme of activities with the GM was established to ensure that CCD principles are more closely integrated in the IFAD portfolio. In the spirit of continued support to the implementation of the CCD, the April 2004 Executive Board approved the first-phase grant of USD 1.25 million for the GM.

78. In 2003, IFAD was identified as a GEF specialized executing agency with direct access to GEF resources under the newly established operational programme on sustainable land degradation. In October 2004 the IFAD/GEF unit was established. This unit aims at facilitating a paradigm shift in IFAD's portfolio towards integrated sustainable land management and the enhancement of ecosystem functions as one means to achieve sustainable rural poverty alleviation and consolidating IFAD's role in land degradation, including mainstreaming sustainable land management, into the IFAD corporate, regional and country strategies. Since the establishment of the unit, the IFAD/GEF portfolio has gained momentum with the identification and continued development of a number of new initiatives.

79. The following are some of the lessons learned so far by IFAD in relation to the environment and natural resource management (NRM):

- NRM is more sustainable when beneficiaries engage in managing resources and maintaining structures. Strong local institutions are a prerequisite for equitable NRM.
- Conservation technologies do not always lead to quick increases in yield and cash returns. This is a disincentive for the poor to adopt and maintain them.
- Indigenous knowledge is directly tied to the sustainable use and maintenance of a healthy ecosystem. Further efforts are needed to document innovative approaches to sustainable land management, including traditional sustainable farming systems and best practices, and to design projects that blend traditional and new technologies.
- Rural women have specific knowledge of local resources and processes. They also have gender-specific NRM responsibilities and are experienced natural resource managers. NRM activities need to take account of this knowledge and experience and build upon it.
- IFAD needs to strengthen collaboration with other agencies on publications and other means of disseminating information on sustainable land and water management approaches and to undertake relevant studies.

80. IFAD also faces constraints in this area. Firstly, while it carries out the vast majority of its interventions at the micro level, NRM and environmental issues are also affected very significantly by economic, social and political factors at the macro levels. Secondly, the main beneficiaries of projects are usually farmers with smallholdings, but in some regions, more land is under the management of large owners and commercial farms. The ecological fate of the entire ecosystem thus depends mostly on the decisions of the large landowners and commercial enterprises, regardless of the support provided to small farmers for sustainable NRM.

F. Gender Equality and Empowerment of Rural Poor Women

81. Since poverty is not gender neutral and women suffer from discrimination that affects pay, as well as access to land, credit, technology, education and health services, gender equality has always been a key concern in programme and project design. The Fund's commitment was strengthened by the approval of the Gender Plan of Action 2003-2006 in April 2003. Last year's progress report on the project portfolio reported on findings from the baseline survey that provided benchmark data related to the plan of action's indicators and set targets. Assessment of progress against these targets will be undertaken in the planned mid-term review of the plan of action. This report contains qualitative information on processes and activities under the plan, in addition to analysing detailed ratings from the PSRs.

82. **Strategic focus.** Most projects designed during the reporting period reflect IFAD's three-pronged gender approach, which combines economic empowerment, strengthening of women's decision-making roles, and measures to improve their well-being. Within this general framework, region- and country-specific approaches are developed to redress gender imbalances and improve women's status.

83. **Impact achievement in the project cycle.** Gender performance can be assessed through the ratings provided by individual CPMs (based on supervision and other project-related reports). These are useful to illustrate regional trends from one year to the next and to indicate areas of relative strength and weakness.

84. As in 2003, women's participation in project decision-making is relatively weak: 24% was considered to be "substantially below target". Women's participation in project activities is considered to be generally adequate (50%) or above target (21%).⁹ Relative to other items, policy dialogue on gender issues and supervision are rated as weaker areas.

85. The prerequisites of gender-sensitive design established by IFAD's gender plan of action are regularly applied in technical review of projects. A checklist developed on the basis of the prerequisites is available in all IFAD languages. In 2004, designers paid more attention to operational measures that ensure equal opportunities to women and men. It is still too early to assess the impact of improved design following introduction of the gender plan of action. However, experience across the regions shows that when gender-mainstreaming measures – and not just the principles – are clearly spelled out in design, echoed in the loan agreement, and upheld in IFAD's interactions with projects and CIs, gender-sensitive implementation is more likely.

⁹ It is noteworthy that regarding the projects' impact in relation with the Millennium Development Goals (MDGs), ARRI 2004 states that "data suggest that the projects made their strongest contribution in respect of the third MDG (gender equality and women's empowerment)."

Box 8: Gender Training Activities

- The Regional Programme to Consolidate Gender-Mainstreaming Strategies in IFAD-Financed Projects of Latin America and the Caribbean organized a Workshop on Gender Mainstreaming and Exchanging Experiences on Rural Development (Argentina) and a Seminar on Gender Equity and Natural Resources Management (Guatemala);
- The Western and Central Africa Division trained and sensitized project staff on gender mainstreaming; participants came from Cape Verde, Chad, Ghana, Guinea, Mali, Mauritania, the Niger and Senegal.
- In Central and Eastern Europe and the Newly Independent States, a subregional workshop on “Gender Analysis in Rural Development” was organized in the Republic of Moldova.

86. Gender specialists frequently take part in design missions, and sometimes also in COSOPs (for example, in Albania, Ecuador and Panama). The regional grants specifically geared to gender equality and women’s empowerment in the Near East and North Africa, Central and Eastern Europe and the Newly Independent States, Latin America and the Caribbean, Western and Central Africa, and Asia and the Pacific provide, among other things, training and technical assistance to project staff and implementers.

87. **Policy and partnerships.** IFAD continues to report regularly to the United Nations on progress in gender mainstreaming and to participate in the Interagency Network on Women and Gender Equality. At the request of the UN Secretariat, IFAD submitted a report on its contribution to the Beijing Platform of Action in view of the upcoming Ten-Year Review which will take place in March 2005. The International Land Coalition is also collaborating with IFAD on an initiative with women’s NGOs in Southern Africa on access to land and water. Partnerships with the United Nations Development Fund for Women have been established in South Asia and in Western and Central Africa. As part of the activities to launch the International Year of Microcredit 2005, a round table on “Empowering Women through Microcredit” was co-organized at UN headquarters in November 2004 by IFAD and the UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.

88. **Learning and innovation.** IFAD has made considerable progress in generating, capturing and sharing knowledge on gender and development through its gender web site. A gender section has also been created on IFAD’s poverty portal, currently in a pilot phase. Furthermore, an internal gender knowledge bank has been created to store and share information on IFAD’s gender work. As a general communication tool, a fact sheet on rural women has been produced. The IMI pilot phase initiative on targeting under demand-driven approaches specifically addressed the issue of targeting women and yielded important lessons, as well as showing how approaches and mechanisms for gender-mainstreaming can usefully be applied to socio-economic targeting as well.

89. **Accountability and monitoring.** It is expected that the mid-term review of the gender plan of action, planned for 2005, will provide quantitative data related to the benchmarks set by the baseline survey. The results and impact management system (RIMS) anchor indicator related to chronic malnutrition is considered by IFAD as an important measure of women’s status, given the high correlation between the two.

90. Overall, the plan of action and the IFAD-wide collaboration which led to its approval, appear to be contributing to more gender-sensitive design and implementation, and to greater attention to gender issues in IFAD communication and policy work. It is also increasingly clear that:

- responsibilities for monitoring and reporting on the gender plan of action need to be clarified
- greater continuity between design and implementation is necessary to more fully integrate women into mainstream development activities, to be more strategic in promoting women's access to productive resources and community management, and to influence the broader political and cultural context through partnerships and improved field presence.

91. **Emerging issues.** A number of operational issues have been identified during the portfolio review process. Firstly, men still tend to capture a high proportion of opportunities, including for training. Secondly, while income earned by women has gone up, the improvement in their participation in decision-making is relatively modest. Thirdly, emphasis must be put on reducing women's drudgery, particularly where the introduction of income-generating activities is adding workload. In addition, women suffer from a range of health-related risks. Some interventions traditionally treated as 'social' need to be treated as 'economic'. These include the provision of drinking water, planting fuelwood and fodder plants, etc.

G. Innovative Participatory Approaches

92. Historically, IFAD has relied heavily on the social capital that exists among the poor in empowering them and enabling them to access other forms of capital and to influence the terms of their engagement with governmental and non-governmental institutions, including markets. Not surprisingly, project performance has been strongest in this area (ARRI 2004).

93. Innovative participatory approaches, usually followed by the creation and/or strengthening of poor peoples' organizations, form the basis on which existing social capital is augmented and productively used. Such applications are sometimes direct and instrumental. For example, irrigation structures and systems are often the single most important non-performing capital assets of the small farmer. Making these investments perform better on the basis of robust farmer management is key to any intensification strategy and to long-term sustainability of the infrastructure. Realizing this, many smallholder irrigation schemes, working in collaboration with local NGOs, have facilitated the creation of water users associations. This has resulted in multiple benefits to the rural poor.

94. Some of the lessons learned are listed below:

- Groups fulfil social needs and build social capital, and if these cater for women, they often lead to significant empowerment. But group formation is not an end in itself, groups should act as scaffolding that supports economic and social activities.
- Groups perform a number of useful functions. For example, in rural finance programmes they assist the financial institutions in screening borrowers, create peer pressure for timely repayments, provide a collective and thus a stronger personality enhancing the confidence of members, provide a communication channel, and make extension efforts more cost effective.
- Groups that have been started with access to savings services as an entry point, as opposed to access to credit, have achieved far more sustainability as shown by the self-help groups in India.
- While group-run enterprises sometimes offer significant benefits, this is not the principal reason behind forming groups. Groups should have a purpose beyond acting as an immediate instrument for project deliveries. When this element is missing, groups quickly disintegrate, as observed in Ghana.

- The involvement of NGOs is crucial in building social capital, but as was observed in Sri Lanka, community-based organizations can act as an honest broker for undertaking social mobilization and promoting community participation.

Box 9: Community-Driven Development – Western and Central Africa’s Way

In 2004, the Western and Central Africa Division’s analytical work on community-driven development featured:

- a stock-taking exercise that took a closer look at five projects in the region and culminated in a discussion paper entitled “IFAD Approach to community-driven development in Western and Central Africa”
- an informal workshop to review the lessons learned in community-driven development in IFAD-supported projects in the region
- participation in the International Conference on Local Development in Washington, DC, held in June and animation of one of its parallel sessions, on the role of producer organizations

In addition to providing public goods and services, community-driven development programmes and projects mainly address governance issues, promoting constructive interaction between three types of institutional agents: public-sector agents (local governments, sectoral departments), for profit and non-profit private-sector agents (corporate enterprises, producer organizations, farmer and trade organizations, and NGOs), and community-based organizations (village development committees, watershed management organizations, water users associations).

95. While progress has been made in approaches to participation, more work needs to be done. As noted by ARRI 2004, while beneficiaries have been involved in identifying needs and in implementing activities, they have been involved less in developing strategies and solutions. The use of participatory methods has meant more democratic project design, and a better sense of ownership by participating beneficiaries.

96. IFAD has also been introducing institution-wide processes to enable the application of participatory processes. For example, the revised procurement guidelines now has a section on procurement procedures to be applied in activities that are community-driven. The direct supervision process has allowed IFAD to deepen the application of participatory processes and generate valuable lessons. The Field Presence Pilot Programme will add to the organization’s capacity to engage with project participants on more regular basis and thus make project processes more participatory.

H. Enhanced Institutional Capacity

Demand Side: Socio-Economic Organization of the Poor

97. In recent years, IFAD’s portfolio has shifted towards a broader poverty reduction and empowerment agenda. This shift mainly reflects the realization that the individual and collective capabilities of the poor need to be increased in order to enable them to access economic opportunities and basic social services, and that unequal power relations need to be addressed by building institutions of the poor that foster and strengthen their voices. Furthermore, local institutions need to be empowered if impacts are to be self-sustaining. Thus capacity building in terms of the development of institutions is an important feature of IFAD-financed projects. We have also learned that strengthening existing organizations adds value to traditional governance systems for sustainable development. This reinforces the role of communities in the decision-making process and in negotiating or bargaining with other parties (local or national authorities, private sector, or international and national development institutions). Social organizations also allow the rural poor to exploit potential opportunities and to interact with external partners.

98. As many governments of developing member countries are decentralizing, IFAD's emphasis on building the organizations of the poor fits in with government policies.

Box 10: Farmers' Organizations in Western and Central Africa

Ten Western African countries initiated a grant programme for capacity strengthening of the West Africa Farmers' Organization Network (ROPPA) and national member platforms. IFAD's contribution includes support to the implementation of an information and communication strategy; training in management, policy design and negotiation; and the design of national action plans for poverty reduction. By developing coordination and elaborating common positions, the programme aims to strengthen farmer organizations' positions in agricultural policy dialogue and increasing their power of negotiation as representatives of major stakeholders. ROPPA's potential in representing the interests of smallholder farmers was demonstrated by its involvement in the debate and formulation of the agricultural agendas of the Economic Community of West African States and the New Partnership for Africa's Development.

In response to the demand voiced by farmer's organization representatives from Cameroon, Central African Republic and Chad, IFAD is supporting the development of a network of farmers' organizations, similar to ROPPA.

99. The organizations of the poor have taken various forms:

- water users associations as sustainable users' organizations capable of taking over responsibility for maintenance and operation of local irrigation systems
- farmers' organizations that represent broad-based agendas affecting the agricultural sector
- community associations
- producers' associations that help producers become more competitive and able to benefit from economies of scale and break monopolistic markets
- second-tier organizations such as federations, which may eventually formalize as microfinance and/or livelihood promotion institutions
- broad-based community institutions that deal with issues beyond microfinance and women's empowerment and involve management of local natural resources

Box 11: Malawi: Water Users Associations

While the majority of expenditure under the Malawi Smallholder Flood Plains Development Programme has been on irrigation infrastructure, the greatest achievement has been the establishing and strengthening of rural organizations. Working in collaboration with a local NGO, water users associations have prepared their constitutions, elected committee representatives and been registered as non-profit making organizations. Moreover, all water users associations have raised money from their members and paid for applications of the land lease and water rights permits. The land lease titles of schemes are in process. The formation of the associations has promoted confidence in their members and strengthened their commitment. Clarity about water rights has also meant that the schemes have some recourse if villages closer to water sources begin abstracting water. Under the 11 schemes, water users associations' membership has reached 5 670 men and women, thus strengthening the livelihood coping strategy of their families, or more than 25 000 people.

100. The functions they perform are many:

- maintenance of the assets created
- social audits, under which communities participate in the identification, implementation and reception of civil works, as well as final payments to contractors
- transparency enhancement

101. IFAD is increasingly involved in areas with internal conflict. Regarding participation in rehabilitation projects, experience in Latin America and the Caribbean shows that the success of projects designed during internal political conflict directly depends on the willingness of local actors

to jointly participate in rural development and poverty-reduction efforts, and in the reconstruction of the region's social fabric. Projects designed under these circumstances should include specific mechanisms to facilitate consensus-building between opposing local political factions, sometimes by restoring institutions at local level. These actions have significant human rights implications.

102. Social organizations are instrumental in empowering indigenous populations by assisting governments to implement enabling legislation. The scheduled areas in India and the ancestral domains in the Philippines are examples of this. There are also cases, however, where communities and local organizations do not participate in important decisions, such as the Community-Initiated Agriculture and Resources Management Project in Belize. Here, it is important to improve staff abilities to understand and conduct social analysis and to practice participatory planning, if the project's objectives are to be achieved. This is particularly important in a multi-ethnic setting.

Decentralization

103. IFAD's assistance programmes in many countries have been gradually moving towards a more competitively based provisioning of services, and away from an allocation of resources to various governmental or para-statal institutions as an entitlement. In Cambodia, for example, IFAD is assisting the government in developing and formulating policies and legislation in the area of privatization of veterinary services.

Box 12: Decentralization in Viet Nam

IFAD projects in Viet Nam have successfully decentralized a range of management functions down to district level, based on district government structures. More recently, decentralization is being promoted through the commune people's committee as the legitimate representative body at the communes. Interventions have been carried out through the existing structures rather than creating project-specific structures. For example, the Ha Tinh Development Project has gone to considerable lengths in decentralizing implementation responsibility to concerned implementing agencies, and there are now clear procedures for the different levels of implementation.

The main impediment to effective decentralization has been the lack of capacity at lower administrative levels to perform key management functions, particularly financial management functions, including decentralized budgetary and financial control mechanisms. In this light, future interventions from IFAD will emphasize building capacity in these critical areas. In addition, there are some areas that can be considered for further simplification. Furthermore, procedures for pre-feasibility and approval of infrastructure schemes could be significantly modified and reduce delays.

104. In addition, in line with the increasing emphasis on decentralization, IFAD is according high priority to enhancing the capacity of the local authorities and local communities to plan and implement their own development programmes. As a result, in many countries, state budgetary resources, traditionally administered by centralized institutions, are being transferred to the governments of states, regions, or municipalities. Decentralization is usually accompanied by a process of social mobilization that helps to elicit the participation of the most disadvantaged and gives them a voice, thus enhancing the relevancy of the interventions and building local capacity in the long run. In some cases, the process of decentralization has also led to assistance to the government departments in re-engineering process.

105. Realizing that conventional and development banking systems were unable to serve the poor, IFAD has emphasized the importance of appropriate microfinance institutions. Its efforts have paid rich dividends as exemplified by the success of microfinance services such as the self-help groups in India and the financial services associations in Western Africa.

106. Despite significant gains made in enhancing the access of the rural poor to the microfinance services, there are a number of issues that need addressing. In Gambia, for example, the IFAD-assisted project has helped to set up a Microfinance Department at the Central Bank to ensure that the village banks comply with prudential rules. However, while the village banks are the only financial institutions to have an extensive outreach and a focus on the financial needs of the poor, their effectiveness and sustainability is compromised by operations that continue to provide loans at subsidized rates.

107. Overall, in many countries decentralization has created an enabling environment for participatory and effective implementation of the poverty-reduction programmes. There are, however, important issues that need addressing. These relate to governance, prevention of rent seeking, and enhancement of accountability. IFAD's approach historically has been to socially mobilize people in tandem with decentralization and devolution exercises, so that the rural poor are aware of their authority and responsibility and make their representatives accountable to them. This essentially implies development of an accountability framework that is biased in favour of the grass roots. This, in turn, can be achieved only by building the organizations of the poor.

I. Knowledge Management, Innovation and Replication

108. As an institution with a challenging mandate of rural poverty reduction, to be achieved essentially by playing a catalytic role, IFAD needs to manage its intellectual resources in a way that helps it to innovate and to scale up successful innovations. Over time, the organization's approach in this area has worked well. For example, IFAD has been closely associated with most innovations in microfinance – be it the Grameen Bank, or self-help groups or financial services associations and it continues to encourage contextual innovations in promoting microfinance institutions and scaling them up.

109. As a development agency with financing as the principal instrument for its assistance programme, IFAD necessarily relies on scouting for local innovations to take them to the next level of experimentation and then scaling them up. In its early years, such scouting exercises were relatively easy, less competitive, and cost-effective. Over time, as other institutions adopt similar approaches, finding an innovation that is worth scaling up entails greater effort. Moreover, IFAD is spending more time in mainstreaming the innovations. This reduces the time spent at the grass roots and in turn the quality and quantity of innovations identified.

Box 13: Knowledge Management through Networks

Regional networks have started playing an important role in managing knowledge in IFAD-assisted projects. So far four networks have been supported by regional divisions: FIDAMERICA (an internet-based network of organizations in Latin America and the Caribbean), Knowledge Networking for Rural Development in Asia/Pacific Region (ENRAP), FIDAFRIQUE (an Internet-based network of organizations and projects dedicated to fighting rural poverty in Western and Central Africa) and KARIANET in the Near East and North Africa and Central and Eastern European and the Newly Independent States.

FIDAMERICA is an early example of such networks. It aimed to promote and facilitate communication and learning processes in order to improve the effectiveness and efficiency of poverty-reduction initiatives supported by IFAD in the region. It is a pioneer in the region in the exchange of information and dissemination of lessons learned and has conducted several electronic conferences; promoted internet-based facilities and systems, such as a website and monthly electronic newsletter, electronic mail lists and electronic conferencing facilities. Other key activities and outputs are biannual region-wide workshops on knowledge and innovation for poverty reduction; technical assistance to projects; and technical, methodological and logistical support to a new network of rural grass-roots organizations working with IFAD projects.

110. The need to strengthen learning processes to become more innovative and engage in capturing and disseminating local knowledge, has been highlighted both in divisional portfolio review reports and in various evaluation reports. A number of initiatives are ongoing and some have started giving results. The development of regional networks is of particular interest from the point of view of knowledge management, including scouting for innovations.

111. Innovations have been introduced in financing instruments as well. For example, IFAD's assistance programme in El Salvador has started formally incorporating migrants and their potential contributions in project design frameworks. In India, it is not only loans that have been extended directly to a development bank under government guarantee, entire project resources have also been channelled to a member-based organization.

112. In spite of the difficulties, there is evidence of innovative ideas being replicated either by other donors or by governments. On tenurial arrangements, the examples of leasehold forestry in Nepal, the oxbow lakes in Bangladesh, and the *dongar pattas* (land deeds) among the tribal people in Orissa (India) are some of the highly successful examples in Asia. In Panama, IFAD's approach to addressing the needs of indigenous groups (i.e., collective land titling, participation in decision-making, decentralization, etc.) has been adopted by the Government as an instrument for reducing poverty. The successful results of the Rural Enterprise Projects in Dominica, and Saint Lucia have been recognized and replication is taking place in members of the Organization of Eastern Caribbean States. Similarly, governments and other international organizations consider the approaches applied in post-conflict situations as good models.

Box 14: Remittances: Innovative Source of Development Financing

The global flow of remittances has been increasing rapidly and reached about USD 93 billion in 2003. Latin America and the Caribbean is the main recipient, receiving approximately 32% or about USD 30 billion. Demographically, most remittances go to rural areas and many recipients are women. IFAD thus began to view remittances as a possible tool to cofinance productive projects, e.g. the PRODERNOR project in El Salvador. However, during implementation, it was found that remittances often arrive with purposes stipulated by the "remitter" without reference to the needs of the recipient community. In this light, the Latin American and Caribbean Division, under the Rural Development Project for the Central Region, El Salvador, started collaborating with Salvadoran migrant communities in the United States of America. Under this arrangement, the associations cofinanced construction of a community complex to expand the education centre and develop a high school programme.

Based on the Salvadoran experience, the division has begun to formally incorporate migrant associations and their potential contributions in the design frameworks of the Reconstruction and Rural Modernization Programme in El Salvador and the Market Strengthening and Livelihood Diversification in the Southern Highlands Project in Peru.

113. Another example is in Azerbaijan, where water users associations set up on pilot farms, distributing water, managing water infrastructure, collecting water charges and mediating cooperation on water issues among their members, have now been replicated throughout the country. The experience with the financial services association approach to microfinance acquired in Benin has been sufficiently positive to justify its replication in other countries in the region.

114. Overall, IFAD-assisted programmes and projects possess a substantial degree of innovative elements and they have been replicated to a fair extent. However, given that IFAD needs to play a catalytic role, the current rate of success should be increased significantly, particularly in view of the following facts:

- The efficiency of the knowledge management process with respect to the projects IFAD has financed tends to be low due to the inherent structural deficiency arising from the

separation of the supervision function from the design function. This implies significant attrition of knowledge both ways, upward and downward. There is also less motivation among the CIs to encourage horizontal sharing of knowledge at local level as knowledge management is not one of the ‘deliverables’.

- The emphasis put on validation, sharing, and dissemination of existing knowledge has been less than desirable. This is partly cultural, and partly structural; the fact that the division of work in IFAD is geographical (country allocation) rather than thematic tends to limit exchanges.

Development of a Knowledge Management Strategy

115. With respect to knowledge management, it is also noteworthy that IFAD is steadily moving towards a programmatic approach and away from a project approach. This means putting emphasis on improving micro-macro linkages, taking a longer-term view for exploiting strategic opportunities at the country/subregional and regional levels, building partnerships for policy influences, and using multiple instruments including grants. Since this approach is relatively new, IFAD’s ability, especially in terms of the knowledge required to effectively implement such an approach is relatively limited.

116. IFAD is working to develop a knowledge management strategy as part of the new operating model, emphasizing the further development of the regional networks and the networks being managed by the Global Mechanism and the International Land Coalition. These networks will use external partners to manage network resources and will also facilitate scouting for innovations. They will operate on a decentralized basis and would constitute an important ingredient of ‘extended IFAD’.

Box 15: Managing Knowledge Using Learning Notes

Learning notes were introduced as a means to systematically address recurrent project design issues, and improve the overall quality of project designs. Initially, the Technical Advisory Division developed ‘guidance notes’ and piloted them in early 2004 with CPMs and consultants during the project formulation process. These have been further refined and renamed “learning notes”. The notes contribute to institutionalizing the process of learning from operational experience, with lessons distilled, validated and systematically fed back into the project formulation.

Eighteen draft learning notes have been prepared and each includes examples of best practices from recent project designs. They will be updated regularly based on evolving experience.

117. Knowledge management processes will also involve partnerships beyond the networks – through knowledge that is generated through the research process. But such an arrangement needs to cater to IFAD’s target group. The loss of knowledge due to the attrition of the individual consultants could be tackled by developing strategic partnerships with capable institutions. For example, in Eastern and Southern Africa, the knowledge management strategy is built upon a range of initiatives related to capacity building, training and thematic exchange; and the division is currently supporting, or working to develop, a number of targeted thematic networks that bring together policy makers and practitioners, project coordinators, and farmers’ groups and organizations.

118. In 2005, IFAD will start taking stock of the ongoing knowledge management activities – such as the regional networks, the rural poverty portal, and in-house knowledge capture processes such as the information resource centre – and develop a knowledge management strategy as part of the new business model. Knowledge management will then form an inherent part of the regional and country strategies. Overall, the knowledge management strategy is expected to contribute significantly to promoting replicable innovations.

119. The knowledge management process thus instituted will be fully resourced to allow for an efficient flow of knowledge, including generation, validation, storage and diffusion. The knowledge management strategy so developed will necessarily make strategic choices about the type of knowledge to be managed, which will be guided by the overall strategic objectives of the organization. Overall, the knowledge management strategy is expected to contribute significantly to promote replicable innovations.

Using the Initiative for Mainstreaming Innovation as a Platform for Launching Longer-Term Strategy for Innovations

120. In 2004 IFAD launched the Initiative for Mainstreaming Innovation (IMI) with the goal of enhancing IFAD's capacity to promote innovations that will have a positive impact on rural poverty. The preparatory phase of this three-year initiative is now over. The results obtained so far are very encouraging and a main phase has been approved by the Executive Board for implementation (document EB 2004/83/R.2). IFAD will vigorously pursue the expected results of the IMI, as described below.

Box 16: The IMI Preparatory Phase: Process and Output

The IMI preparatory phase selected and financed eight small projects:

- Innovative Approaches to Targeting in Demand-Driven Projects
- Scaling up Innovative Small Stock Management Practices
- Microfinance Information Exchange Pilot Initiative
- Linking Land and Water Governance
- The Rural Poverty Portal
- Partnering for Market Access and Market Development,
- Private-Sector Development and Partnerships
- Institutional Analysis Guidelines and Training Modules

121. **Strengthen innovation in IFAD operations.** IFAD will promote innovation in and through country and regional programmes, including policy dialogue and engagement to create a richer, stronger and better coordinated pipeline of innovations that feeds the loan and grant programme, with more innovators associated at all stages by:

- building new partnerships with public- and private-sector innovative organizations
- designing tools for improved analysis of the risk of innovations
- strengthening the implementation of innovations, which includes: bridging design and implementation of projects; providing decentralized backup support for the more difficult to implement and innovative projects; and 'twinning arrangements' for project management units

122. The IMI will further contribute to making the voices of the poor, leading policy institutes, and innovative development centres heard at the IFAD policy level. The IMI will also strengthen the policy role and impact of the Field Presence Pilot Programme.

123. **Learning and sharing lessons on innovation.** IFAD will approach learning – particularly on innovation – in a more structured way, strengthen learning across organizational units, remove the barriers that surround learning from mistakes, and create more space for learning by staff. This activity will focus on capturing learning from rural development programmes, communicating and promoting IFAD-supported innovations, and developing IFAD expertise in areas of innovation that are strategic for the organization's leadership role.

124. **Changing organizational culture and practices for innovation.** This will involve focusing on culture-change, testing new work arrangements, and providing incentives for staff for innovative performance.

V. RESULTS AND IMPACT MANAGEMENT SYSTEM

A. Introduction

125. Following approval by the Executive Board of the Framework for a Results and Impact Management System for IFAD-Supported Country Programmes (document EB 2003/80/R.6) in December 2003, the organization began work on mainstreaming results and impact management within existing projects, project design processes and headquarters reporting systems. The results indicators are classified into first-level results (those associated with physical progress) and second-level results (generally reflective of change in behaviour or sustainability). Reporting on two impact indicators is mandatory for all projects – prevalence of child malnutrition and household asset index. Other impact indicators that may be selected depending on the project, include measures related to female literacy, drinking water, health and sanitation.¹⁰ The system as a whole is expected to evolve as experience is gained during implementation, which may call for some modification of the proposals in the original framework.

126. Since the Board's approval of the framework, IFAD has focused on defining processes and activities required at project level to obtain data on results indicators, and at the corporate level to compile and aggregate RIMS information. So far, experience points to the importance of the establishment of effective M&E processes and procedures. In order for the system to function, RIMS indicators need to form part of regular M&E processes at project level. Greater emphasis will need to be placed on supporting project M&E systems in general and in the gathering and analysis of RIMS indicators in particular.

B. Process

127. **Implementation coordination team.** An IFAD inter-departmental RIMS implementation coordination team (ICT) was established in early 2004. Representatives from each of the Programme Management Department's divisions and staff from the External Affairs Department, the Finance and Administration Department and the Office of Evaluation meet regularly to facilitate the mainstreaming of RIMS. The ICT has defined procedures associated with RIMS and assists staff and project management teams in implementing the framework at the project level. To that end during 2004, the ICT drafted operational guidelines for headquarters staff. A companion document for project management teams is envisaged for 2005 and will include advice on implementing impact assessment surveys and reporting requirements for second-level indicators. The ICT constitutes an important learning centre both with regard to RIMS implementation and to the design of more responsive M&E systems at the project level.

128. Also in 2004, the ICT agreed on the questions to be included in the standard RIMS impact assessment surveys. A tool to facilitate the data analysis from the impact surveys has been prepared, which allows for easy entry of survey data and includes pre-defined reports for the anthropomorphic measures and the household asset index (which is based upon logarithms employing principal component analysis). A pilot benchmark survey using the RIMS questionnaire was carried out in Senegal in 2004. Tests of asset data using principal component analysis to determine wealth/poverty quintiles are quite promising, but the methodology needs to be tested in more projects across a wider range of countries to ensure that it meets our requirements.

¹⁰ See Annex II for a complete list of indicators.

Box 17: Retrofitting RIMS

Introducing the RIMS requirement in a participatory manner is one of the main challenges of the system, particularly for projects that have been ongoing for some time. A structured approach that allowed for feedback from project teams was necessary in order to meet reporting requirements. As a first step, IFAD suggested to the project management team indicators relevant to the project and for which data is likely to be available from existing M&E systems. Research was undertaken to establish targets at appraisal. The collected data was entered onto an electronic form and sent to the project to update annual programme of work and budget targets and annual results. Project management teams returned the updated forms to IFAD by mid-January and the data was entered into the project portfolio management system.

One of the difficulties of trying to retrofit RIMS particularly for the more mature projects has been to obtain data by project year. Significant research work was undertaken by project staff to correlate previous years' planning and reporting to the new requirements. Project management units were encouraged to report on an annual basis but in some cases this has not been feasible. It is hoped that all future reporting will be on an annual results that can more readily be compared to other years and to the annual programme of work and budget targets.

129. Outreach to CIs and other partners. Implementation of RIMS was introduced at the April 2004 annual meeting between IFAD and UNOPS and at a number of IFAD/UNOPS regional meetings. Discussions have also taken place between IFAD and other CIs to introduce RIMS requirements and determine how best the CIs can provide support. UNOPS is the CI for 70% of the projects covered in this year's RIMS report. The system was also discussed during the two project implementation workshops held this year. The Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty Alleviation Projects, an important partner in Latin America, has been actively engaged in helping develop processes to mainstream RIMS into project management.

C. Reporting

130. CPMs and project management teams agreed on RIMS indicators for which projects would report in 2004 and onwards. In order to facilitate reporting, project management teams were provided with an electronic form on which to report. Targets for the annual programme of work and budget were identified and where possible cumulative appraisal targets were estimated. Project teams were requested to provide data on a project-year (rather than calendar-year) basis. Project management teams returned the forms to IFAD including values for actual results.

131. Leaving aside three projects under force majeure, reports were expected from 78 projects. Disbursements for these projects range from as high as 75% of the original loan, to as low as 3%, with an average of just over 25% as at end 2004 – implying a relatively immature status of the projects. Of the 78 projects, reports were received from 70, or about 90%. This is a very positive outcome in the light of the fact that for most projects RIMS is a 'retrofit'.

D. Results

132. Reporting on results has been organized according to the impact domains that IFAD accepted for evaluating its projects (see ARRI, 2003 and 2004). This will allow for convergence between self-evaluation and independent evaluation exercises. This analysis, however, does not include results for which it was impossible to determine a level of detail consistent with the ARRI domains. As stated earlier, a revision of the indicators is foreseen so that an adequate level of detail is reported. Because results indicators tend to overlap categories or be applicable to more than one, supplemental information on the indicator (e.g., gender, type or sector) or associated component was used to establish the best "fit" with the independent evaluations.

133. In addition, the indicators have been placed in a cause/effect hierarchy to demonstrate the potential results chain within each domain cluster. Reporting in this first year is from relatively young projects and focuses on first-level results. As more information becomes available, second-level results and impact will be integrated into the reporting system. In later years, annual portfolio performance reports will describe IFAD's contribution to the development impact including the Millennium Development Goals, using the selected project indicators as a basis.

134. For each domain, the results reported for 2004, are shown in tables and a rating assigned in relation to the annual programme of work and budget targets for 2004. Projects which met or exceeded the targets were rated as "achieved"; those which met 70% of the target were rated as "mostly met"; and those below 70% were rated as "below". About 60% of the "below" ratings are from projects that have been under implementation for two or less years. The aggregate (1999-2004) results reported are also shown in the tables (Annex III). Indicative results show a more satisfactory performance in the 'empowerment' domain (75% of the annual programme of work and budget target achieved), followed by development of human assets (65%), food security (65%), and physical and financial assets (60%). These results also confirm the relatively weak achievements in the area of improvements in natural resource management (50%).

135. About half of the projects reporting results for 2004 provided gender disaggregated information. This is encouraging, but greater efforts need to be made in the future. The most readily available information was in the rural financial services area, which showed a high degree of participation by women.

136. As stated, these results are of indicative nature at this stage. IFAD Management plans to improve the reporting format to encourage greater specificity and to ensure that only incremental results are reported.

E. Challenges and the Way Forward

137. As expected, the first year has underscored both the challenges and the importance of the implementation of the RIMS framework. In 2005, IFAD will:

- establish RIMS and associated indicators as an integral component of project M&E systems for projects that are yet to become effective, and strengthen results reporting and management in existing project management teams
- work to explicitly integrate results into annual planning frameworks, at the project level through the annual programme of work and budget process, as well as within IFAD to improve direct supervision and follow-up missions
- finalize methodology for impact assessment surveys, and complete four pilot impact surveys in the first half of 2005; training materials geared towards project staff will also be developed
- elaborate guidelines and a sourcebook on measuring second-level results
- define reporting methodology that better links project results to outcomes, objectives and goals
- explore linkages between IFAD project results/impact and national processes
- review the first-level indicators to weed out inconsistencies, eliminate duplication, etc. During this review, new indicators may be introduced and less useful indicators removed from the system

- improve data collection methods, storage (including information technology [IT] support) and reliability of data

VI. INSTITUTION-WIDE PROCESSES INITIATED FOR PORTFOLIO QUALITY IMPROVEMENT

138. Since its establishment, IFAD has moved way from being a funding institution relying almost entirely upon other institutions for the design, implementation and supervision of its projects, to an institution that has built capacity in a number of areas, including development of corporate and regional strategies, country strategies and programmes, and projects. It is currently piloting a supervision process that internalizes the supervision function and a field presence programme that enables it to engage more directly with field operations. This process is accompanied by a broadening of IFAD's mandate and its strategic objectives.

139. The institutional framework agreed at its establishment, the modifications brought about later, and the evolution that IFAD is now undergoing have significant bearings on its portfolio performance. The emphasis on using projects as the principal instruments for its assistance programme meant a customized approach to its investments. The insistence on the use of participatory techniques for project planning and implementation further reinforces such customization and requires that the M&E system is also customized. These factors introduce diversity, which defies standardization. Continued reliance for supervision of an overwhelming proportion of the projects on a variety of CIs, with differing mandates and performance standards, undoubtedly accentuates the variability further. In this milieu, day-to-day interactions become less frequent. Portfolio management in IFAD thus needs to be strategic, with a very strong emphasis on achieving coherence in its programme.

Box 18: Policy Platform in the Latin America and the Caribbean Region

The Latin American and Caribbean Division has been implementing a technical assistance grant for the Southern Cone Common Market (MERCOSUR) involving Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay. The second phase of the grant is:

- influencing subregional, agricultural and rural development policies to combat poverty and mitigate the potential negative effects of MERCOSUR
- helping reinforce IFAD's impact on its target population by engaging them in policy dialogue with member governments in order to achieve a favourable macroeconomic and institutional environment
- disseminating best practices to practitioners, IFAD staff and policy-makers by linking with other development agencies, donors and multilateral financial institutions

This grant is assisting the rural poor to mobilize their productive capacities and providing them with greater bargaining power vis-à-vis the market, the state, and other civil society organizations.

140. IFAD has undertaken a number of initiatives in recent years to strategically guide its programme development and portfolio management activities. The strategic framework was formulated for the period of 2002-2006 and proposes a fairly broad-based development approach, recognizing the heterogeneous nature of the poor, the multiplicity of their sources of livelihood, and the need to reach them using multiple instruments. In response to the need to be selective and focused, another layer of strategies was added at regional levels. In addition, policy influencing was identified as a necessary aspect of IFAD's assistance programme to the countries and was covered substantively in the country strategies. To address this, and to articulate the concerns of the rural poor in international forums, a division for policy was created.

Direct Supervision

141. As reported in the last portfolio review report, direct supervision has enabled IFAD to acquire hands-on experience with the complex issues of project implementation. It has also allowed the organization to undertake initiatives and promote innovations, and it has been found to be an efficient way to correct problems in a timely manner which might otherwise have had serious negative consequences on project implementation and performance. Above all, direct supervision has allowed IFAD to adapt project designs without waiting for the mid-term reviews.

142. The direct supervision instrument has also contributed to reinforcing communication between governments and IFAD and has enabled staff members to better understand the interrelationships between the principal agricultural/rural development subsectors and their relative priorities in the national context. This in turn has helped IFAD to enhance its engagement with the borrowing governments and with other partners.

143. Given the pilot nature of the direct supervision instrument, the annual portfolio review process has prioritized this initiative and had tried to assess its performance. Reviews show that there is growing tension between the allocation of staff time and financial resources among directly supervised projects, and the fulfilment of other responsibilities of CPMs, regional divisions and the Programme Management Department. The issue has been addressed in a decentralized and flexible manner, but to a certain extent in a compartmentalized way. There are also indications that the learning management process with respect to direct supervision could have been managed more effectively by encouraging the sharing of the lessons learned both horizontally and vertically.

144. IFAD's Office of Evaluation has already initiated the process of evaluating the impact of the direct supervision process and the findings are expected to be available during 2005.

Flexible Lending Mechanism

145. In view of the decentralization of public administration that began in the mid-1990s and the consequent need for capacity-building investments requiring a longer-term commitment than the average project duration, the Executive Board approved the Flexible Lending Mechanism (FLM) in 1998. In general FLM projects represent:

- a continuing and evolving design process
- a longer, phased loan period
- specification of clearly defined preconditions or 'triggers' for proceeding to the subsequent implementation phase

146. As at the end of 2004, IFAD had 18 programmes and projects financed under the FLM¹¹. The regional breakdown of these now stands at: five approved for Western and Central Africa; three for Eastern and Southern Africa; six for Asia and the Pacific; three for Latin America and the Caribbean; and one for the Near East and North Africa. All but one (the last approved, for the Indonesian East Kalimantan Programme, in December 2002) have become effective. Disbursements from the 17 effective loans stood at SDR 45.0 million, or almost 20% of the FLM committed loan financing.

147. Three programmes (in Cape Verde, Mali and Rwanda) have been approved for second phases, two of them approved in 2004 – the Rural Poverty Alleviation Programme in Cape Verde and the Umutara Community Resource and Infrastructure Development Project in Rwanda. In Cape Verde the

¹¹ Twenty FLMs were approved by the Executive Board, however, in 2003 the Board agreed to change the status of the loan for Bhutan from FLM to a "regular" loan, and in 2004 an FLM-financed programme in Lebanon was cancelled.

review found that institutional arrangements to carry out programme activities both at the national and (five) island levels have been put in place. Use of the FLM in this instance has been effective, in that the mechanism encouraged programme stakeholders to focus greater attention on implementation effectiveness and on ensuring a continuously evolving process of design based on experience. The active engagement of IFAD staff in the FLM process allowed for greater learning from this innovative implementation experience.

148. In Rwanda, after a difficult first phase, the project went through a major evaluation and redesign at the end of 2003 which has already led to improvements in project performance. The President's Memorandum approved by the Executive Board in September 2004 outlined the project redesign, including: streamlining the project from five to three components; extending the project area from four to all eight districts in Umutara province; revising loan categories and percentages of expenditures and the harmonizing the FLM loan with a follow-up loan (Umutara Twin); and adjusting the triggers for proceeding from the second to the third phase.

Performance-Based Allocation System

149. Following the Governing Council's resolution at its twenty-fifth session to design and implement an explicit and transparent Performance-Based Allocation System (PBAS), in September 2003, the Executive Board approved "The Structure and Operation of a Performance-Based Allocation System" (document EB 2003/79/R.2/Rev.1). Following this, the Board approved rural-sector policy performance criteria in December 2003. By the end of June 2004, a number of activities were undertaken to comply with the time-bound deliverables. These included:

- development of country performance methodology
- actual performance assessment by the respective country teams
- review of the performance assessments at various levels
- consultations with countries on selective basis, given the time constraints

150. Following the decision of the December 2004 Executive Board, further consultations were held with countries and their country scores and allocations were disclosed on 15 January 2005.

151. Overall, significant achievements were made in 2004 in terms of implementing PBAS. As reported to the Board in September 2004, however, the system remains subject to continuing evolution in the light of experience and, in particular, involves creation of an operational system that translates design principles into mechanisms for producing country performance assessments and allocations (document EB 2004/82/R.30).

152. In addition to providing a resource allocation framework, the PBAS has also encouraged staff members and government officials to analyse rural sector policy issues more systematically and identify possible areas for IFAD's assistance. It has also changed the focus of portfolio performance assessment from the project to the country level, making analyses more holistic.

Field Presence Pilot Programme

153. The Field Presence Pilot Programme was approved by the Executive Board in December 2003, in the light of IFAD's lack of formal representations in the borrowing countries. It aims to help IFAD realize its vision and strategic framework objectives by strengthening and integrating four inter-related dimensions: project implementation, policy dialogue, partnership building, and knowledge management. The Field Presence Pilot Programme is to be implemented over three years, with 15 initiatives and an approved budget of USD 3 million.

154. In terms of expected outputs, while all initiatives mention implementation support, policy dialogue, partnership building, and knowledge management, emphases placed on individual elements

are quite different. For example, the initiative in the Congo prioritizes post-conflict and puts significant emphasis on portfolio activation and policy dialogue. Other initiatives, such as that for Sudan, aim to assist the Government in improving its capacity to steer reforms negotiated with various stakeholders. Similarly, the Viet Nam initiative professes to connect the voices of the poor with national policies and programmes. The initiatives proposed for Egypt, Ethiopia, Nigeria, the United Republic of Tanzania and Yemen treat policy influencing as the most important element, principally by improving coordination and encouraging commonality in approaches for poverty reduction.

155. The initiatives for Senegal and Uganda prioritize partnership building but put emphasis on policy influencing. For many other initiatives, notably Bolivia, China, Haiti, Honduras and India, implementation support is of priority. Overall, emphasis on knowledge management is high and effective linkage with existing networks such as the regional hubs and communications networks have received emphasis.

156. Overall, the Field Presence Pilot Programme has progressed well in terms of the need assessment, identification, and proposal development. Progress in setting the proposals up has taken more time than expected, largely because of IFAD's desire to find the right partners. IFAD will expedite implementation and it expects all initiatives to be in place by the middle of 2005.

Harmonization

157. IFAD's approach to harmonization and alignment is driven by several, parallel perspectives. Firstly, as a small institution it recognizes the need to interact with both programme recipients and other donors to put forward IFAD's specific rural poverty reduction agenda and to learn and incorporate experience and best practices. Secondly, IFAD operations consistently respond to government priorities and therefore need to respond to policies and strategies as reflected in national poverty reduction strategies. This also includes close coordination with governments to identify and respond to in-country initiatives concerning harmonization of processes and procedures, such as procurement. Finally, the principles being established under the High-Level Forum on Harmonization and IFAD's participation in the Multilateral Development Banks' Round Table on Harmonization have allowed for an institution-wide strategic response to be developed.

158. The multilateral development banks' round table initiatives have provided input into several IFAD initiatives already approved by the Executive Board, the "Guidelines on Project Audit (for Borrower's Use)" and the "Guidelines for Procurement of Goods, Works and Services", April 2003 and December 2004 respectively. Specific input and support has been received from the World Bank, the Asian Development Bank and the Inter-American Development Bank. Further, ongoing initiatives include RIMS, which is now operational and where links with the Multilateral Development Bank working group on managing for development results is envisaged. Secondly, Executive Board approval of IFAD's performance-based allocation system, in itself a product of intensive dialogue and harmonization with multilateral development banks and member countries has further benefited from the initiation and involvement in the multilateral development bank technical group on PBAS, which met for the first time in January 2005 at the Asian Development Bank.

159. IFAD has been involved in several aspects of the preparations for the Second High-Level Meeting on Aid Effectiveness, in addition to commenting on the draft documentation, e.g. the Report on Aid Effectiveness and the draft Paris Declaration. In attending the regional workshops (Dar-es-Salaam) and the recent Organisation for Economic Co-operation and Development/Development Assistance Committee workshop on results-based aid allocation (Paris, December 2004) IFAD emphasized the need to ensure that national ownership and national systems become the 'centre of gravity' for the exercise and that detailed technical harmonization is clearly seen within the

perspective of the overall objectives of the Millennium Development Goals achievement. IFAD's involvement in the Global Donor Platform for Rural Development has also reflected this position.

Responding to Crises

160. As a development agency dedicated to reducing rural poverty, IFAD's instruments are of medium- to long-term nature. In other words, it does not have suitable instruments to assist in immediate relief and rehabilitation. This is not to say, however, that IFAD does not respond to calamities, either natural or man-made. As poor people are more vulnerable than others to these calamities, given their limited coping capabilities, they need swift and substantive support, especially in rebuilding their livelihoods and enhancing their ability to cope with future crisis.

Box 19: Combating HIV/AIDS by Building Partnerships

In sub-Saharan Africa, particularly in the Eastern and Southern Africa region, IFAD has forged partnerships with governments, civil society organizations and NGOs to work with rural communities on livelihood development as a means of combating the HIV/AIDS epidemic. The strategy for HIV/AIDS was developed in 2001 with the following key areas of activity:

- information, education and communication programmes related to HIV/AIDS
- poverty-reduction and livelihood-security programmes adapted to the conditions being created by HIV/AIDS
- support for socio-economic safety nets, with special emphasis on support to orphans and to households fostering orphans
- support for food-security and nutrition-related innovations or adaptation of existing practices
- support for integrated HIV/AIDS workplace programmes.

It is expected that these projects will enable IFAD to generate lessons and develop best practices and will become effective vehicles to guide the mainstreaming of HIV/AIDS in the organization's regular programme. Key lessons will be adopted in the design of IFAD's loan and grant-financed programmes and projects.

The principal partners include the Belgian Survival Fund, the Governments of Germany and Japan. At country level, implementation partners of activities are mainly governments and NGOs.

161. Given the threat that HIV/AIDS poses, IFAD has a focused attention on it. Its strategy for Eastern and Southern Africa is now well-developed. It also has been addressing this issue in Western and Central Africa and now in Asia.

162. In response to urgent calls for the containment of recent invasions of desert locusts in Northern and Western Africa, USD 3.0 million was approved by the Executive Board in December 2004 for a technical assistance grant to FAO for control of desert locusts. The aim of this partnership with FAO and others is to assist the affected countries – and especially vulnerable farming communities – to face future threats in a sustainable and environmentally acceptable way by exploiting new knowledge and innovative technology.

163. In the face of the immense loss of life and livelihoods among the coastal communities in Asia due to the tsunami that hit countries towards the end of 2004, IFAD has initiated a well coordinated move to assist the affected communities. At the time of writing this report, IFAD has completed preliminary dialogue with member governments in need of assistance and is engaged in needs assessment and exploring ways to promptly provide its assistance.

VII. CONCLUSIONS AND RECOMMENDATIONS

Current Portfolio

164. The analyses undertaken of the current portfolio allow a number of often interrelated conclusions to be derived. These are presented below.

165. **Portfolio management.** The portfolio performance, as measured in terms of the amounts approved and disbursed, indicates an improvement in 2004. In addition, there has been some improvement in 2004 in declaring projects effective. Given that it still takes an average of 15 months to declare a project effective from the date of approval, there is a need for further improvement. In terms of effecting timely cancellation at loan closing, the average for recent years (2000-2004) is lower than the long-term (1978-2004) average, but it is slightly on the increase lately. Moreover, about 15% of net commitments are being cancelled at loan closing and this suggests a need for further improvement. Enhanced performance against these two parameters will help reduce the amount of resources that are unnecessarily tied.

166. **Strategic planning.** In the last five years, 140 projects have been completed against the approval of 125. Thus, the number of projects in the portfolio has declined. This has helped to stabilize the current portfolio and accord more priority to implementation. However, it also shows that the planning framework for the portfolio needs to encompass activities beyond approvals and take a longer-term perspective that encompasses project completion and cancellations.

167. **Financing.** The drop in cofinancing witnessed in 2002 and 2003 in terms of the amount mobilized has been reversed in 2004 and IFAD has partially regained the high leverage effect that its resources have achieved historically. This gain needs to be further consolidated by building closer partnerships not only with donors, but also with domestic financiers. With the approval of the grants policy, complementarity with loan programmes is expected to improve and grant instruments are expected to sharpen country programmes as well.

168. **Supervision and field presence.** The concentration of projects to a few CIs is slowly but steadily increasing. After expedited design work but a somewhat sluggish execution, the Field Presence Pilot Programme has now gained speed in terms of implementation. The issues related to cooperation arrangements for supervision, direct supervision, field presence and implementation support are intricately linked and need to be addressed in a holistic, integrated and coherent manner.

Portfolio Performance

169. The ratings done by the CPMs reveal a number of factors that are relevant to portfolio performance management. These are:

- Among the implementation progress indicators, M&E and the disbursements rates are the worst performing and availability of counterpart funds and compliance with procurement procedures are the best performing. Overall, performance has improved significantly in 2004.
- Against the impact indicators, performance is rated best for poverty focus and beneficiary participation. Scores for gender focus are relatively low but acceptable. Overall, there has been improvement against all indicators in 2004, when compared to 2003.

Portfolio Impact

170. The emerging issues are in terms of impact of the portfolio on reducing rural poverty and IFAD's response is summarized as follows:

- While ensuring social equity continues to drive IFAD's approach, over time, targeting has become more inclusive, particularly in terms of including the vulnerable. IFAD realizes that further work needs to be done on geographic targeting when adequately disaggregated data is lacking, in sharing the knowledge it has gained, and above all ensuring that the poorest and most disadvantaged participate in their own development.
- IFAD's achievements in terms of disseminating appropriate technology and improving agricultural production and productivity can be considered as satisfactory. The issue of lack of adequate appropriate technology for less endowed areas, however, has not been fully addressed. Over-intensification of agriculture with the attendant risks of severe environmental hazards is another area that needs careful monitoring.
- Since a significant proportion of the rural poor derive their income outside of agriculture, IFAD has been paying increasing attention to the development of microenterprises. More attention is also being paid to developing market linkages and processing facilities to reduce the disconnect between production and income. These strategic thrusts need to be maintained and coverage expanded. The policy paper on private-sector development is also expected to contribute towards this.
- The impact of IFAD's programmes on household food security is positive: directly through increased food production, enhanced income and a diversified food basket; and indirectly through increased awareness and the elevated status of women. Microfinance, apart from assisting to increase income, is also helping to smoothen consumption and thus improve household food security. Some issues that need attention include the potential drop in the household food security, post-project, especially when wage employment opportunities decreases.
- The degradation of natural resources is a concern for many geographical regions of the world. While IFAD is trying to address this issue through lending and non-lending programmes, including institutions and instruments such as the Global Mechanism and the Global Environmental Facility, the organization's performance in this area needs further strengthening. It has generally succeeded when it has accorded priority to this issue, and this forms a basis on which to base future actions.
- Most projects designed in recent years contain elements of the three dimensions of IFAD's gender approach: economic empowerment; decision-making; and improvement of women's well-being. The achievement, overall, is satisfactory. It is also being realized, however, that there is a need to ensure greater continuity between design and implementation, to more fully integrate women into mainstream development activities, to be more strategic in promoting women's access to productive resources and to community management, and to influence the broader political and cultural context through partnerships and improved field presence.
- Given IFAD's heavy reliance on using the social capital that exists among the poor in empowering them and enabling them to access other forms of capital, its performance is strongest in the area of participatory approaches. A number of useful lessons have been learned and recent institution-wide initiatives such as the direct supervision instrument and the Field Presence Pilot Programme will make project processes even more participatory.
- Over time, IFAD's focus has shifted towards a broader poverty reduction and empowerment agenda. This has led the organization to address the issues of unequal power relations and building the organizations of the poor. Generally, the achievements so far are satisfactory, and progress has also been made among particular social groups, such as indigenous and tribal people and women. Dealing with institutions on the 'supply side' is also an important aspect of IFAD's work, particularly in the context of decentralization.

171. As an institution with a challenging mandate of rural poverty reduction, to be achieved essentially by playing a catalytic role, IFAD needs to have command over the required intellectual resources. In other words it needs to effectively manage knowledge that can help it to innovate and then to scale up successful innovations. While IFAD has been associated with a number of innovations in the past, it needs to strengthen this process. Overall, there is a need to develop a knowledge management strategy that addresses:

- the issues related to the high level of ‘attrition’ of knowledge within the project cycle processes
- “missing knowledge”, in view of IFAD’s shift towards more policy-oriented and programmatic approaches
- empowerment of the poor by giving them access to required knowledge

Results and Impact Management and Other Institution-Wide Initiatives

172. In 2004, IFAD focused mainly on defining processes and activities required at the corporate and project levels to compile and aggregate RIMS information. Expectedly, the first year has underscored both the challenges and the importance of the implementation of the RIMS framework. Overall, progress made in 2004 is satisfactory, especially in the light of the fact that RIMS is a ‘retrofit’.¹² This momentum needs to be maintained in 2005.

173. Among other institution-wide initiatives, progress made has been generally satisfactory. Priority activities should include:

- a review of PBAS as planned, and improvements in the mechanics in the light of the lessons learned
- expediting of the implementation of the remaining field presence initiatives and a preliminary assessment of the programme’s impact
- drawing lessons from the Office of Evaluation’s study on direct supervision, in particular, developing a comprehensive and coherent vision about field-level engagements, synthesizing experiences related to the cooperation arrangement for supervision, direct supervision, field presence and partnership building

Portfolio Review Process

174. In view of the need to take a more strategic view of the portfolio, the portfolio review process was significantly strengthened and the coverage of this by the portfolio performance report was substantially widened in 2004. However, there is a need for further improvements in the day-to-day management of the portfolio, accompanied by an even more rigorous review process and reporting mechanism. In this light, portfolio review guidelines will be revised in the first half of 2005 so that the review process can be strengthened in the second half of the year. In addition, the project completion review guidelines will be reviewed and revised.

175. Overall, the review process in the Programme Management Department will be significantly strengthened to generate an evidence-based comprehensive learning system. In the longer term, such a process should allow for lessons and course corrections to become far more internally based, where external processes are used mainly for validation. These lessons then will feed back into the portfolio strategy development process.

176. While the above will help improve portfolio performance in terms of “throughputs”, assessment of outputs and impact will require a different set of instruments. Through time, the RIMS results will

¹² Over 85% of the projects have responded on time.

play an increasingly important role in assessing the impact of the portfolio. For the current review of year 2004, out of necessity, this impact assessment was heavily based on the reviews, assessments and evaluations undertaken by various units of IFAD. The RIMS will be accorded a very high priority in 2005 and thereafter.

New Operating Model

177. A review of the prevailing external and internal environments calls for IFAD to change its business processes, or operating model. This change is necessary to achieve greater development effectiveness; it will include work to develop more results-based COSOPs that focus on country programmes and involve both project and non-project activities. The new operating model will also allow enhanced support at the country level and prioritize improving quality assurance at both entry and implementation stages. Changes to allow for greater flexibility in supervision arrangements and better integration of supervision findings into knowledge and performance systems are also envisaged. The new operating model requires the development and deployment of human resources with the requisite skills to conduct, among other things, policy dialogue and manage partnerships.

PORTFOLIO SIZE, COMPOSITION AND CHARACTERISTICS

A. The Loan Portfolio

Approvals

1. In 2004, the Executive Board of IFAD approved 25 projects, at par with the approvals in 2002 and 2003 and also in line with the average number of approvals in the last five years. Approval for Asia and the Pacific region went up to six, which helped to correct the drop that the region had encountered in 2002 and 2003. Approvals for Western and Central Africa (WCA) dropped significantly in 2004 but enhanced approvals in 2002 and 2003 enabled this region to maintain its long-term average. In the last five years the share of both the WCA and Eastern and Southern Africa (ESA) in the total number of projects approved has increased. Relative to longer term averages (1978-2004), the five year averages are thus higher for these two regions and lower for the Asia and the Pacific and Near East, North Africa, Central European States and Newly Independent States (NENACEN).

Table 1: Number of Loans and Projects Approved in the Last Five Years

Region	2000	2001	2002	2003	2004	Total for 2000-2004		Total for 1978-2004	
						No.	%	No.	%
Number of Projects									
Western & Central Africa	7	5	6	7	4	29	23	149	22
Eastern & Southern Africa	5	6	4	5	5	25	20	125	18
Asia & Pacific	6	6	5	4	6	27	21	168	25
Latin America & Caribbean	4	4	3	4	4	19	15	118	17
Near East, North Africa & CEN	5	3	7	5	6	26	21	116	17
Total	27	24	25	25	25	126	100	676	100
Amount of Financing (USD million)									
Western & Central Africa	84	74	71	85	50	363	18	1 490	17
Eastern & Southern Africa	73	102	61	74	93	403	20	1 524	18
Asia & Pacific	128	107	97	93	128	553	28	2702	32
Latin America & Caribbean	64	69	52	74	75	334	17	1 370	16
Near East, North Africa & CEN	61	40	75	77	91	357	18	1 434	17
Total	410	392	356	404	436	2 011	100	8 520	100

Note: Figures as at Board Approval. Fully cancelled projects not included.

2. For the 25 projects IFAD financing amounted to USD 436 million, bringing the total amount of IFAD financing to over USD 2 billion during the period 2000-2004. A comparison of figures in Table 1 shows that the shares of WCA and ESA in value terms are somewhat lower than that of the number of approvals. In other words, average loan size per project for these two regions is smaller – a factor reflective mostly of demography and absorptive capacity. Despite this, their share in terms of amount has also increased in the last five years. NENACEN also shows an increase in the more recent period. As a consequence, the share of Asia and the Pacific declined but it continues to maintain its significant lead over all other divisions.

3. With the addition of 25 projects in 2004, the total number of projects approved by IFAD has now reached 676 and the amount approved to over USD 8.5 billion.

Current Size of Portfolio

4. A review of the number of projects approved and completed shows that in the last eight years 214 projects were approved against completion of 211, implying a strong tendency towards parity between the two (Appendix Table I). As a consequence, the current number of projects has remained

ANNEX I

stable. The amount of IFAD financing, however, is slowly increasing, implying an average loan size that is gradually growing.

Table 2: Current portfolio by region (USD million)

Region	31/12/2002				31/12/2003				31/12/2004			
	No. of Proj.	% of Total	IFAD Fin.	% of Total	No. of Proj.	% of Total	IFAD Fin.	% of Total	No. of Proj.	% of Total	IFAD Fin.	% of Total
Western & Central Africa	48	20	580	18	51	22	609	18	47	20	570	16
Eastern & Southern Africa	47	20	642	20	49	21	699	21	49	21	753	21
Asia & Pacific	53	22	879	27	46	20	809	24	47	20	875	25
Latin America & Caribbean	47	20	633	19	44	19	642	19	42	19	651	19
Near East, North Africa & CEN	42	18	566	17	44	19	598	18	47	20	654	19
Total	237	100	3 299	100	234	100	3 357	100	232	100	3 502	100

Note: The current portfolio includes all projects that are approved and not closed. Fully cancelled projects are not included.

Age of Portfolio

5. With over 30% of the projects with an average age of over five years, the portfolio is showing signs of aging (Appendix Table II). Even more importantly, as can be seen from the following table, with 54 and 29 projects scheduled to be completed in 2005 and 2006, respectively, some 44% of the total portfolio of projects. Given that the average approval rate has been about 10% of the portfolio in recent years, a 22% completion rate will have a very significant effect upon the portfolio size. While some extensions are certainly likely in 2005 as well as in 2006, in essence, the portfolio renewal question has become serious – not only from the perspective of introducing new learning into the design processes but also from the point of view of maintaining enough interventions and instruments. This clearly requires forward planning on an urgent basis, particularly with regard to country allocations under the PBAS.

Table 3: Number of Projects by Completion Year

Completion Year	PA	PF	PI	PL	PN	Grand Total	% of Total	Cumulative %
2005	9	10	11	8	16	54	29	29
2006	2	7	6	10	4	29	15	44
2007	3	4	2	3	5	17	9	53
2008	3	6	5	4	4	22	12	65
2009	7	3	6	3		19	10	75
2010	3	4	3	1	5	16	8	83
2011	7	4	2	2	2	17	9	92
2012	3	2	1	1	2	9	5	97
2013	-	1	1	1	-	3	2	98
2014	-	-	2	-	-	2	1	99
2015	1	-	-	-	-	1	1	100
Grand Total	38	41	39	33	38	189	100	

Data does not include three projects (Zimbabwe, 2 and Côte d'Ivoire, 1) which remain open due to *force majeure*.

Effectiveness

6. Twenty-two projects with IFAD financing of USD 343 million became effective in 2004. This leaves at the end of 2004, 40 projects that are yet to become effective, 17 of which have already been through the loan signing process. The relatively large cohort of projects yet to become effective can be attributed mainly to the larger (17) number of approvals in December 2004.

7. After peaking at 16 months in 2002, the average time elapsed between the Board Approval and effectiveness declined in 2004. The current average of about 15.1 months, however, is above long-term historic averages. IFAD will continue to work towards shortening the period to effectiveness, however, the circumstances surrounding the time taken for effectiveness tend to be varied and not

always amenable to generalisation. Firstly, projects are becoming more policy-oriented and thus the attending conditions are on the increase. Secondly, the institutional arrangements proposed for project implementation, while being innovative and more effective from the perspective of building the organisations of the poor, need a longer preparatory phase. Thirdly, demand for more transparency in conducting the business of government is on the increase and has led to involvement of more stakeholders in the approval and ratification process and consequently the delays.

Table 4: Average Time Elapsed Between Board Approval and Effectiveness

Region	2000	2001	2002	2003	2004	Average	
						2000-2004	1978-2004
Western & Central Africa	11.1	14.9	19.6	13.3	15.8	14.8	13.6
Eastern & Southern Africa	12.1	11.5	18.5	10.8	16.6	14.4	12.0
Asia & Pacific	8.1	12.6	14.2	14.2	7.3	12.3	8.7
Latin America & Caribbean	20.5	18.5	12.6	33.2	16.3	21.0	16.7
Near East, North Africa & CEN	13.1	14.0	15.5	10.2	16.8	13.7	11.3
Total	13.1	14.6	16.0	15.8	15.1	15.0	12.2

Project and Loan Extension

8. During 2004, project completion and loan closing dates were extended for 34 projects. Expectedly, disbursements for the extended projects were below projections, averaging about 68% of the net loan amount by the completion date originally foreseen. Extensions are seen as an important portfolio management tool, granted in cases where implementation activities were slow to start but for which clear improvement has been evident in the year under review. For the 34 extended projects, 14% of total disbursements occurred during the extended periods. Of the total disbursements in 2004, 17% were for the extended projects. Extensions were thus a meaningful and justifiable portfolio action.

9. Of the 16 projects that were extended for the first time, 12 were extended following procedures adopted in January 1999 regarding restated implementation periods (that is, counting down the project implementation period from the date of loan effectiveness). These extensions are of a purely technical nature and thus do not represent a portfolio management action per se. Of the 22 remaining projects, no further extensions are likely to be approved for six of the projects as diminishing returns to disbursements rates will begin to set in any future extensions. In limited cases, an extension has been granted in order to ensure an ongoing country presence, or as a mechanism for continuity between projects, or to work on exit strategy.

Project Completions

10. Twenty-seven projects were completed in 2004. As can be seen from the table below, the actual duration of the projects has gone up in 2004 when compared to 2003. Consequently, time over-runs also increased. Of the projects completed in 2004, the actual project implementation period is 7.9 years, which is higher than both the recent medium term (7.2 years for the projects completed during 2001-2003) and long term averages (6.9 years for those completed during 1983-2004). The period for which projects are extended, or the time overruns, however, continues to remain below historical averages.

Table 5: Projects Completed

	2000	2001	2002	2003	2004	1978-2004
Number of Projects	32	24	29	28	27	432
Expected Projects Duration (Y*)	5.9	5.3	5.6	5.9	5.8	5
Period of Extension (Y)	1.2	1.7	1.4	1.7	2.0	2
Actual Projects Duration (Y)	7.1	7.0	7.0	7.6	7.9	7
Average Time Overrun (%)	21	31	25	29	35	38
<u>Extended Projects:</u>						
Number	27	21	23	22	23	348
Percentage	84	88	79	79	84	81

Y = years

11. Emphasis both on the rigorous application of participatory techniques as well as on building capacity of the local institutions have significantly affected the implementation period in recent years. As such, IFAD's historical commitment to serve the most remote areas and poorer target groups imply longer project implementation.

Cancellations

12. The amount of loans cancellations increased significantly from SDR 25 million in 2003 to SDR 41 million in 2004. Over half of the cancellations were reported in NENACEN region as a result of the cancellations of loans to Egypt and Lebanon.

Table 6: Loan Cancellations
(SDR million)

Region	2000	2001	2002	2003	2004	Total 2000-2004	
						No.	%
Western & Central Africa	42	4	9	10	3	65	35
Eastern & Southern Africa	13	5	8	5	5	31	17
Asia & Pacific	19	4	15	8	8	46	25
Latin America & Caribbean		5	2	1	2	8	4
Near East, North Africa & CEN	20	4	9	1	23	34	18
Grand Total	93	22	44	25	41	184	100

13. Overall, the portfolio management actions with respect to loan cancellations are on the increase. In tandem with the enhanced disbursement rates, this has led to lower proportion of the cancellations at the loan closings - about 15% in 2004 as compared to an average of 25% during 1988-92 and 29% as late as in 1997 (Appendix Table III). While this signifies remarkable improvement in the timeliness in improving the deployment of resources, there still exists scope for bringing further improvements in freeing up of resources even earlier.

Suspensions

14. The incidence of suspension went down from four countries with eight loans in 2003 to three loans in one country at 31 December 2004 (Appendix Table IV).

Disbursements

15. In terms of disbursements of the loans (in US Dollars using historic exchange rates), the upward lift achieved in 2003 was not only maintained in 2004 but pushed forward. In dollar terms, this increase to USD 315 million may be in part attributable to the decline in the USD against the SDR, however, disbursements in 2004 in SDR terms reached about SDR 212 million or a 3% increase over 2003. Of the more than USD 315 million disbursed in 2004, about USD 141 million (45%) was

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for countries in Sub-Saharan Africa. In recent years, disbursements in other regions fluctuated somewhat, a phenomenon which may be associated with the relative size, age and type of projects financed within the regional portfolios.

Table 7: Total Disbursements under Regular and Special Programmes
(USD million, historic)

Region	2000		2001		2002		2003		2004	
	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%
Western & Central Africa	44	15	38	13	37	14	50	17	62	20
Eastern & Southern Africa	47	16	57	19	49	18	57	20	73	23
Asia & Pacific	83	29	98	33	86	32	79	27	73	23
Latin America & Caribbean	51	18	63	21	51	19	47	16	49	16
Near East, N. Africa & CEN	61	22	45	15	45	17	56	19	58	18
Total	285	100	300	100	269	100	289	100	315	100

Note: Amt = amount disbursed. % = share of the region in total annual disbursement.

16. Along with the improvement in the absolute performance, the relative disbursement against the amount disbursable increased to 13% in 2004 (Appendix Table V)¹³, reversing the downward movement observed in 2003 (11%) and 2002 (12%). While this is a positive sign that again demonstrates the ability of portfolio performance to rebound and achieve more acceptable performance levels, it is still too early to detect a convincing trend.

17. The disbursement rates under the loans approved on intermediate terms has declined steadily in recent years in contrast to disbursement rates under ordinary terms which improved remarkably in 2004 after significant declines in preceding two years.

Table 8: Loan Disbursement by Lending Terms
(current USD million)

Lending Terms Category	2000		2001		2002		2003		2004	
	Amt	% of Disb	Amt	% of Disb	Amt	% of Disb	Amt	% of Disb	Amt	% of Disb
Highly concessional	194	17	212	17	221	13	242	12	268	13
Intermediate	57	21	51	21	38	12	38	11	28	9
Ordinary	31	15	33	17	23	11	24	8	32	12
Total	283	18	296	17	281	12	305	11	328	13

Note: Amt equals amount disbursed. % of Disb equals proportion of amount disbursed against total amount available for disbursements. Amount available for disbursement equals loans that have reached effectiveness (excludes closed loans) as at end of reporting year minus cumulative disbursement from previous year.

Co-financing

18. In terms of co-financing mobilised for the projects initiated by IFAD, the year 2004 was productive. Of the total amount approved for financing in 2004, USD 176 million was proposed to be co-financed. Of this, 163 million was firmly committed.

¹³ Disbursable amounts calculated in terms of current US Dollars, hence comparisons with historic amounts are not possible.

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Table 9: Project Financing by Source

Source of Funding	2000		2001		2002		2003		2004	
	Amt	% of Total	Amt	% of Total	Amt	% of Total	Amt	% of Total	Amt	% of Total
IFAD	410	40	392	41	356	46	404	57	436	47
Co-financing	276	27	262	27	138	18	125	18	176	19
Domestic	327	32	302	32	275	36	184	26	316	34
Total	1 012	100	956	100	770	100	713	100	929	100
Leveraging factor	2.47		2.44		2.16		1.77		2.13	

19. The significant increase in co-financing, particularly in domestic financing has allowed IFAD to recover from a declining trend in co-financing. Over the years, financing from domestic resources has increased significantly. Contributions from government make up the largest share of this financing, however, the growing diversity of domestic financing partners' points towards a broad set of domestic stakeholders. Besides the government, domestic financiers in 2004 included: beneficiaries (USD 40 million), domestic financing institutions (18 million), local governments (USD 3 million), local NGOs (2 million) and proceeds from a debt swap (USD 5 million in Viet Nam).

Table 10: Sources of Domestic Financing (USD million)

	2000	2001	2002	2003	2004	Total
Beneficiaries	57	42	53	46	40	238
Domes. Fin. Inst.	93	26	12	32	18	182
Government (Local)	11	88	52	12	3	165
Government (National)	165	100	127	90	247	728
Government Non-fiscal	-	38	30	5	5	79
Other Domestic	0	9	1	0	2	13
Total	327	302	275	184	316	1 404

Note: Government non-fiscal includes financing from debt swaps, HIPC resources, etc.
Other domestic includes local NGOs, local private sector, etc.

Table 11: Cofinancing by Cofinancier Type*
(Year ending 31 December 2004)

Cofinancier	CI-Initiated Projects						IFAD-Initiated Projects					
	1978-2004		2001-2003		2004		1978-2004		2001-2003		2004	
	Amt USD m	% of	Amt USD m	% of	Amt USD m	% of	Amt USD m	% of	Amt USD m	% of	Amt USD m	% of
Bilateral	616	15					529	20	68	15	14	8
Multilateral	3 547	84	82	100			1 859	71	324	73	77	44
NGO	10	0					14	1	0	0		
Other ^{a/}	57	1					209	8	51	11	86	49
Total	4 230	100	82	100		100	2 611	100	444	100	176	100

*Differences in figures are due to rounding

a/ Of the 25 projects in the current portfolio with co-financing 'to be determined', (TBD) equivalent to about USD 149 million, about USD 64 million (43%) has been secured (figure includes USD 5.3 million in savings from reformulations). At present the financing gap for the current portfolio stands at about USD 85 million.

Note: the "Other" category includes financing under basket or similar funding arrangements, financing from private sector resources or financing that may not have been confirmed at Board approval.

20. As can be seen from the tables presented above, the amount co-financed from sources external to the country fluctuates significantly from year to year. This is not unnatural given that the partnership opportunities are determined by a large number of factors such as commonality in development strategy and geographical overlap of the operating area among partners, preference of

the borrowing governments for resource blending etc. Some variations in the level of co-financing can also be discerned among the regions as well (Appendix Table VI). Once again, a number of factors affect this, the principal being the ‘density of donors’ present. For example, according to IEE findings, in Sub-Saharan Africa, the ratio of co-financing would exceed 35%.

21. With the additional funding in 2004, the total amount of resources mobilised by IFAD reached USD 23.7 billion (Appendix Table VII). Of this, IFAD’s financing constitutes USD 8.5 billion, or only about 36% of the total resources mobilised. This implies a leveraging factor of 2.8, an impressive ratio by any standard.

22. A very high leveraging effect of IFAD’s resources implies a very high level of trust placed on IFAD by donor partners as well as the domestic co-financiers. This underscores the high level of relevance of IFAD’s assistance programme. These factors will continue to offer an opportunity for IFAD but also pose certain challenges:

- i. IFAD needs to keep on adapting its overall development strategy as well as its intervention instruments in response to the evolving knowledge and emerging demand; and
- ii. IFAD must manage partnerships strategically so that they contribute directly to IFAD’s mandate and strategic objectives and transaction costs are kept under control.

Distribution of Portfolio by CI and Project supervision

23. At the end of 2004, of the projects that were to be supervised, 13 or 7% were directly supervised by IFAD and the rest or 178 were with various cooperating institutions¹⁴. Among these, UNOPS with 117 projects has the largest (61 % of the total) share. The World Bank is a distant second with 23, or 12% of the projects. Of the remaining, CAF, AFESD and BOAD have the largest number with 12, eight and eight projects, respectively.

24. With nine CIs but an overwhelming concentration of portfolio with only two (76% of the amount financed), the supervision arrangements can be considered both as highly diversified and highly concentrated. During 2004, dependence on UNOPS has increased modestly, by about 5 percentage points, while it has remained the same with the World Bank. This maintains and in fact accelerates the gradual but steady increase in concentration of portfolio to two CIs (Appendix Table VIII).

B. The Grants Portfolio

Grants Approved in 2004

25. In its 80th session held in December 2003, the Executive Board approved a new policy on grants for IFAD. The new policy is driven by two strategic objectives.

- promoting pro-poor research on innovative approaches and technological options to enhance field-level impact; and
- building pro-poor capacities of partner institutions, including CBOs and NGOs.

26. The new policy explicitly calls on IFAD to use grant resources to complement the loan programme and to be used in cases where grants have a significant comparative advantage over loans as financing instruments. It increases the proportion of grant financing to the total approved programme of work from 7.5% to 10%.

¹⁴ Figures do not include grant financed project in the Gaza Strip that is directly administered by IFAD.

27. Under this policy the grant funds were divided into two equal windows: Global/Regional and Country grants¹⁵, and further sub-divided between large (greater than USD 200 000) and small grants. Approval of small grants rests with the President of IFAD while large grants are submitted to the Executive Board for approval. Administrative procedures to implement the new policy were adopted by IFAD during 2004. A review of the policy and associated procedures will take place in 2005.

28. A central feature of the new policy was the promotion of a more competitive process for the selection of grants. Proposals (regardless of the window or size) for grant financing are evaluated and selected using a standard set of criteria – including assessments of development impact, technical feasibility, value for money, management capability, innovation and learning. A separate technical review is made for each grant proposal regardless of window or size.

29. The new grant policy envisages an even distribution between two windows. Grants approved in 2004 show the following distribution.

Table 12: Distribution of Grants by Category in 2004
(USD million)

Window	Large		Small		Total	
	Number	USD m	Number	USD m	Number	USD m
Regional/Global	18	20.7	30	3.2	48	23.9
Country Specific Grants	6	5.0	33	4.4	39	9.4
Total	24	25.7	63	7.6	87	33.3

30. IFAD's partnership with CGIAR institutions continued in 2004 with large grants under the global/regional window. This amounted to USD 8.8 million, benefiting six institutions. Under the same sub-window, an additional USD 4.6 million was approved to support four other non-CGIAR centres, in areas such as micro-finance and water. Grant resources were also made available to the Global Mechanism and International Land Coalition. As a response to the desert locust crisis in West and North Africa, IFAD approved grant financing (Appendix Table IX) amounting to 1.5 million to FAO to develop a long-term preventive approach to locust infestation.

31. In addition, four regional programmes were financed in 2004 for the Latin America and Caribbean: (i) to promote financial and economic development in rural areas through the participation of the migrant community (remittances). (ii) to support the regional unit for technical assistance (RUTA); (iii) to establish a regional network for research on medicinal plant development and to transfer the technology to small farmers; and (iv) to continue funding for PREVAL which works to strengthen regional capacity for monitoring and evaluation.¹⁶

32. Country specific grant financing was approved by the Executive Board in conjunction with the loan approvals of four projects in the Asia and Pacific region and one project in the Near East and North Africa Region. The grant financing will mainly be used for local capacity building and to enhance policy dialogue through the participation of poor people. Grant financing was also approved by the Board in support of a local organisation to help mainstream a rural development innovations programme in the Pacific. Large grants were approved to strengthen capacity of the Ministry of Agriculture (Rwanda) in implementing a policy framework for agricultural and rural development that fosters economic development and reduces poverty. In the Comoros, grant financing was approved for a three-year programme to promote the institutional sustainability of the savings and credit union network (MECK) established under a recently closed IFAD-financed project.

¹⁵ Includes some funds transferred to PDFF for activities previously financed from SOF grants, grants for environmental assessment, etc.

¹⁶ PREVAL is considered one of the non-CGIAR institutions.

Box 1: Using Grant Instruments to Build Sustainable Institutions

Further development of microfinance operations is a priority for IFAD in the Comoros. As a result, IFAD approved a USD 350 000 grant in 2004 to promote the institutional sustainability of the MECK network through support to the Savings and Credit Union Network.

Under the IFAD-financed Support to Economic Grass-Roots Initiatives Project, which was completed in 2004, twelve savings and credit associations were established. Known by their French acronym as MECKs (*mutuelles d'épargne et de crédit Ya Komor*), these have some 22 000 members and have succeeded in mobilizing over USD 9.4 million in savings. The Savings and Credit Union Network was established and officially recognized by the Government in August 2003 and operates independent of the Government. The IFAD grant is provided directly to the network in order to help achieve sustainability of the individual MECKs and the network itself. During the grant implementation period, the network will begin developing an approach for ensuring the gradual absorption of its operating costs by member MECKs.

33. Small country-specific grants have been approved to support farmer organisations in various countries in Western and Central Africa, to strengthen community responses to HIV/AIDS for two countries in Eastern and Southern Africa, and to maintain a country presence in Somalia through grants to NGOs. In addition, grants in support of policy advocacy were made to international and regional NGOs, including Bread for the World, the All African Foundation and the Indigenous People's Forum.

34. As noted, the level of co-financing is high for IFAD-financed loan projects. The grants programme also maintains this distinguishing feature as shown by a leveraging factor of 135% the grants programme approved by IFAD in 2004 (Appendix Table IX). A number of them have leveraged multiple donors and have involved the governments as well in meeting costs. A case in point is the Regional Unit for Technical assistance (RUTA) which has involved the World Bank, DFID, FAO, IFPRI, IICA, IDB and the national governments.

Ongoing Grants Portfolio

35. Grants approved before the September 2004 followed the old procedures and designations for grants. The Portfolio Performance Report will continue to report on the status of this part of the grant portfolio until these earlier grants are closed. The grant portfolio by recipient type is shown in the following table.

Table 13: On-going Grants Portfolio

	Current Portfolio a/		Effective Portfolio			
	Number	Amount	Number	Approved	Disbursed Amount	Percent
CGIAR	31	28 527	24	22 574	10 823	48%
Research Non-CGIAR	51	27 958	51	27 958	11 746	42%
Component	4	1 670	4	1 670	646	39%
NGO	57	4 474	48	3 780	2 399	63%
SOF	22	1 655	22	1 655	1 004	61%
Total	164	64 283	149	57 637	26 618	46%

a/ Current portfolio includes grants approved, not closed.

36. **Research, training and other technical assistance grants (TAGs).** The largest share of the grant portfolio (accounting for about 88% in value terms) of the current portfolio is for research, training and other technical grants. There are 82 TAGs in the current portfolio, 31 made in favour of

CGIAR institutions. Although the number of CGIAR TAGs is less than half of the non-CGIAR TAGs, they account for 50% of the value of TAGs. Twenty-four (valued at USD 23 million) of the CGIAR TAGs are effective while all 50 (USD 28 million) of the non-CGIAR TAGs have been declared effective. By the end of 2004, disbursements had reached 48% for the CGIAR TAGs and 42% for the non-CGIAR TAGs. Close to half (31) of the effective TAGs are scheduled to close at the end of 2005.

37. **Component grants.** The current portfolio includes four project component grants valued at USD 1.67 million, that have disbursed USD 0.65 million, or 39%. The closing dates for these grants are the same as that of the loans for the same project, however, one grant (for MAFF in Albania) is almost 100% disbursed and will effectively close in 2005. In future component grants will be funded from the country-specific window.

38. **NGO-ECP grants.** NGOs are no longer limited to funding under the NGO/ECP allocation but can access resources through either of the present grant windows. Twenty-eight NGO/ECP grants (USD 2.04 million) closed in 2004 and disbursed to date about 90% of the original allocation¹⁷. The current portfolio contains some 57 NGO/ECP grants valued at USD 4.5 million. Of these, nine (USD 0.7 million) are not yet effective. Almost half of the current portfolio (23 grants totalling USD 1.4 million) will close in 2005, and by the end of 2007, all grants approved under ECP will have closed.

39. **Special Operations Facility (SOF).** SOF financing was made available to countries borrowing on highly concessional terms to assist in project start-up activities. Beginning in 2004, activities to assist in project start-up are financed from PDFF resources and thus no SOFs have been approved since 2003. The current SOF portfolio is made up of 22 grants (USD 1.7 million) supporting projects in 19 countries, all are effective. Present disbursements account for 61% of these grants. Most of these grants should close or be fully disbursed by end of 2005.

The Way Forward

40. While the revised policies for grants expand the scope and the size of the programme and eventually the potential impacts, it also implies heavier workload, not only among operational units of Programme Management Department but also in the supporting units such as OL and FC/L. Quite clearly there is a need to commit additional resources to ensure the timely support for grant processing and implementation. Adequate resources and arrangements (both human and financial) for supervision need to be directed towards the grant portfolio.

¹⁷ It is expected that this percentage will rise later in the year as it is the Fund's practice to hold back the equivalent of 5% of the grant until financial statements and audits are received.

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Appendix Table I: Approved and Completed Projects, 1997 - 2004

Year		PA	PF	PI	PL	PN	Total
1997	Approved	2	4	10	6	8	30
	Completed	6	4	10	6	3	29
1998	Approved	7	5	7	5	5	29
	Completed	4	2	6	4	3	19
1999	Approved	7	7	6	5	5	30
	Completed	9	2	5	1	6	23
2000	Approved	7	5	6	4	5	27
	Completed	8	6	5	8	5	32
2001	Approved	5	6	6	4	3	24
	Completed	3	5	5	3	8	24
2002	Approved	6	4	5	3	6	24
	Completed	6	7	10	3	3	29
2003	Approved	7	5	4	4	5	25
	Completed	4	3	11	7	3	28
2004	Approved	4	5	6	4	6	25
	Completed	8	5	5	6	3	27
Total	Approved	45	41	50	35	43	214
	Completed	48	34	57	38	34	211
Percent Completed/approved		107%	83%	114%	109%	79%	99%

Appendix Table II: Age of the Portfolio

	PA	PF	PI	PL	PN	Total	Disbursed	% of Total	Cumulative %
Not signed	1	5	5	6	6	23	0%	10	10
Not effective	7	1	3	3	3	17	0%	7	17
less than 1 year	6	8	3	1	4	22	4%	10	27
1 year to less than 2	7	2	5	4	4	22	9%	10	36
2 years to less than 3	3	6	8	3	3	23	22%	10	46
3 years to less than 4	8	5	5	7	6	31	34%	13	60
4 years to less than 5	3	6	3	4	5	21	53%	9	69
5 years to less than 6	8	5	8	4	3	28	54%	12	81
6 years to less than 7	2	4	5	6	5	22	58%	10	90
7 years to less than 8	2	1	2	1	3	9	67%	4	94
8 plus years		6		3	4	13	75%	6	100
Total	47	49	47	42	46	231		100	

Note: Data does not include grant financed project in Gaza Strip (PN).

**Appendix Table III
Loan Cancellations 1981-2004**

Year	All Closed Loans			Closed Loans with Cancellations				
	No. of loans	Total net commitment (SDR m)	No. of loans	% of all closed	Net Commitment (SDR m)	Total Disbursement (SDR m)	Total Cancellation (SDR m)	Cancellation as % of Net Commitment
1981	1	9						
1983	3	30	1	33	5	0	5	98
1984	1	39		0				
1985	3	30	1	33	12	11	1	9
1986	8	106	2	25	30	27	3	11
1987	9	94	5	56	63	62	2	3
1988	11	109	7	64	53	38	15	28
1989	27	308	19	70	161	122	39	24
1990	20	189	16	80	131	100	32	24
1991	20	199	19	95	193	146	47	24
1992	22	183	19	86	174	128	46	26
1993	25	183	21	84	156	127	28	18
1994	20	178	17	85	157	118	39	25
1995	10	90	8	80	55	42	13	24
1996	17	113	15	88	92	73	18	20
1997	19	140	17	89	108	77	32	29
1998	21	149	19	90	136	114	22	16
1999	27	167	27	100	167	144	23	14
2000	25	201	24	96	196	158	38	19
2001	20	190	15	75	123	109	14	11
2002	13	88	11	85	71	62	9	12
2003	35	304	30	86	258	221	37	14
2004	27	177	25	93	164	139	25	15
Total	384	3 275	318	83	2 504	2 017	487	19

Notes:

1. Only loans approved in SDR included.
2. Net amount refers to original amount minus cancellations which took place before project completion.

**Appendix Table IV
Loans Suspended during 2000 to 2004**

Country		Reporting year				
		2000	2001	2002	2003	2004
Comoros	Number of loans					
	Days suspended					
Congo	Number of loans					
	Days suspended					
Haiti	Number of loans		2		3	
	Days suspended		60		794	
Niger	Number of loans					
	Days suspended					
Paraguay	Number of loans				1	
	Days suspended				120	
Central African Republic	Number of loans	1	1	1		
	Days suspended	180	180	540		
Sierra Leone	Number of loans	2				
	Days suspended	26				
Togo	Number of loans	1	2	2	1	
	Days suspended	16	692	1 412	1 066	
Zambia	Number of loans			4		
	Days suspended			64		
Zimbabwe	Number of loans	3		3	3	3
	Days suspended	417		990	2 070	3 150
Total	Number of loans	7	5	10	8	3
Total	Number of Countries	4	4	5	4	1
Total	Days suspended	639	932	3 006	4 050	3 150

Note: Days refer to cumulative number of consecutive days in suspension based on a 360-day year.

Appendix Table V
Amount Disbursable, Disbursed, and Remaining Undisbursed^{a/}
(USD million at Current Exchange Rate)

	Amount disbursed	Cumulative disbursement as at previous year	Total loans that became effective	Amount Disbursable	Undisbursed balance at year end	Disbursed as % of disbursable
2000						
Highly Concessional	194	2 707	3 824	1 117	922	17
Intermediate	57	942	1 213	272	215	21
Ordinary	31	338	539	201	170	15
Total	283	3 987	5 576	1 589	1 307	18
2001						
Highly Concessional	212	2 768	4 052	1 284	1 072	17
Intermediate	51	952	1 195	242	191	21
Ordinary	33	352	546	194	161	17
Total	296	4 072	5 793	1 721	1 424	17
2002						
Highly Concessional	221	2 885	4 632	1 748	1 527	13
Intermediate	38	970	1 293	322	284	12
Ordinary	23	373	588	216	193	11
Total	281	4 228	6 513	2 285	2 004	12
2003						
Highly Concessional	242	3 335	5 335	2 000	1 758	12
Intermediate	38	1 085	1 442	356	318	11
Ordinary	24	426	726	300	276	8
Total	305	4 847	7 503	2 656	2 351	11
2004						
Highly Concessional	268	3 881	5 912	2 030	1 762	13
Intermediate	28	1 223	1 523	300	272	9
Ordinary	32	490	758	268	236	12
Total	328	5 594	8 192	2 598	2 270	13

^{a/} Net of cancellations

Note: % of Disb equals proportion of amount disbursed against total amount available for disbursements. Amount available for disbursement equals loans that have reached effectiveness (excludes closed loans) as at end of reporting year minus cumulative disbursement from previous year.

Appendix Table VI: Project Financing by Source
(USD '000)

Region	2000	2001	2002	2003	2004
A. IFAD					
PA	83 863	73 544	70 628	84 851	49 785
PF	73 278	101 770	61 432	74 430	92 513
PI	127 506	107 411	97 141	93 477	127 929
PL	64 042	69 193	51 680	74 000	74 998
PN	61 096	40 015	75 346	76 832	91 244
Grand Total	409 785	391 933	356 226	403 591	436 469
B. Cofinancing					
PA	111 650	18 151	17 586	30 740	25 934
PF	93 056	156 598	13 989	59 460	87 326
PI	51 656	73 530	63 136	2 439	4 660
PL		9 191	5 000	21 995	19 992
PN	19 615	5 000	38 647	10 235	38 287
Grand Total	275 977	262 470	138 360	124 870	176 199
C. Domestic Financing					
PA	38 160	131 864	86 202	33 956	17 878
PF	39 461	60 581	16 012	23 985	138 579
PI	176 019	60 541	87 877	58 892	38 261
PL	47 417	24 078	17 204	28 005	43 693
PN	25 640	24 938	67 871	39 243	77 723
Grand Total	326 696	302 001	275 166	184 080	316 134
Total Financing					
PA	233 672	223 558	174 416	149 547	93 594
PF	205 795	318 950	91 433	157 875	318 419
PI	355 181	241 482	248 155	154 808	170 851
PL	111 459	102 463	73 884	124 001	138 683
PN	106 351	69 953	181 864	126 310	207 255
Grand Total	1 012 458	956 405	769 751	712 541	928 802

Appendix Table VII: Amount Leveraged as Co-financing*
(1978-2004)

Region	Cofinancing	% of project	Domestic	% of project	IFAD	% of project	Project
PA	1 343	36	933	25	1 490	40	3 766
PF	1 222	34	817	23	1 524	43	3 563
PI	1 968	24	3 368	2	2 702	34	8 038
PL	808	26	903	29	1 370	44	3 081
PN	1 501	28	2 356	45	1 434	27	5 291
Total	6 841	29	8 376	35	8 520	36	23 738

Note: Amounts in USD million as at Board approval.

* Differences in figures are due to rounding

Appendix Table VIII
Allocation of Portfolio by Cooperating Institutions

Cooperating Institution	2000			2001			2002			2003			2004		
	No. of projects	IFAD Amt USD m	% of Amt	No. of projects	IFAD Amt USD m	% of Amt	No. of projects	IFAD Amt USD m	% of Amt	No. of projects	IFAD Amt USD m	% of Amt	No. of projects	IFAD Amt USD m	% of Amt
AfDB	5	44	2	3	21	1	2	14	1	3	24	1	1	10	0
AFESD	14	187	7	11	149	5	11	149	6	9	124	4	8	112	4
AsDB	6	100	4	6	100	4	4	74	3	4	60	2	2	39	1
BCIE	4	43	2	4	54	2	4	54	2	3	42	1	4	56	2
BOAD	9	102	4	11	129	5	10	121	4	10	116	4	8	91	3
CAF	15	178	7	14	166	6	13	154	6	14	194	7	12	166	6
CDB	4	18	1	4	18	1	5	22	1	4	20	1	3	17	1
IFAD*	13	190	♣	14	224	8	14	224	8	15	227	8	14	208	7
UNOPS	105	1409	56	114	1577	57	112	1588	59	111	1611	58	117	1769	63
World Bank	24	261	10	27	329	12	24	308	11	24	354	13	23	355	13
Total	200	2537	100	208	2766	100	199	2709	100	197	2771	100	192	2822	100

* Includes grant-financed project in the Gaza Strip administered by IFAD, which is not part of the directly supervised pilot.

Appendix Table IX: EB Grants for 2004

Grant name	Recipient/Country	IFAD Financing	Cofinancing	Cofinancier	Total
Project for developing and disseminating stress-tolerant maize for sustainable food security in East, West and Central Africa - Phase II	International Maize and Wheat Improvement Centre (CIMMYT)	1 300 000	405 000	Rockefeller Foundation	1 705 000
Programme for empowering Sahelian farmers to leverage their crop-diversity assets for enhanced livelihood strategies	International Plant Genetic Resource Institute (IPGRI)	1 300 000	0		1 300 000
Diversification of small holder farming systems in West and Central Africa through cultivation of indigenous trees - Phase II	World Agroforestry Centre (ICRAF)	1 200 000	1 510 000	ICRAF DFID USAID NARS & DGDC (Belgium)	2 710 000
Programme for developing sustainable livelihoods of agro pastoral communities of West Asia and North Africa	International Centre for Agricultural Research in the Dry Areas (ICARDA)	1 300 000	3 663 000	AFESD ICARDA NARS IFPRI	4 963 000
Programme for saving freshwater resources with salt-tolerant forage production in marginal areas of the West Asia and North Africa Region	International Centre for Biosaline Agriculture (ICBA)	1 350 000	2 365 000	AFESD Others	3 715 000
Programme for strengthening the regional capacity for monitoring and evaluation of rural poverty-alleviation projects in Latin America and the Caribbean (PREVAL) - Phase III	Centre for the Study and Promotion of Development (DESCO)	850 000	330 000	DESCO & others	1 180 000
TAG through the UNOPS for the remittances and rural development programme in Latin America and the Caribbean	Latin America and the Caribbean	1 000 000	4 700 000	IDB Others	5 700 000
Grant to the GM of the UNCCD in those countries experiencing serious drought and/or desertification, particularly in Africa for support to resource mobilization for and implementation of action programmes and related initiatives	Global Mechanism (GM)	1 250 000	0		1 250 000
Programme for improving livelihoods in rural West and Central Africa through productive and competitive yam systems - Phase II	International Institute of Tropical Agriculture (IITA)	1 500 000	1 431 000	IITA Others	2 931 000
Programme for overcoming poverty in coconut-growing communities: coconut genetic resources for sustainable livelihoods	International Plant Genetic Resource Institute (IPGRI)	1 000 000	3 391 000	AsDB NARS IPGRI Others	4 391 000

Grant name	Recipient/Country	IFAD Financing	Cofinancing	Cofinancier	Total
Programme for managing rice landscapes in the marginal uplands for household food security and environmental sustainability	International Rice Research Institute (IRRI)	1 190 000	430 000 377 000 810 000	RRI Others	2 000 000
Programme for building strategic coalitions and promoting innovation and learning in rural finance	Consultative Group to Assist the Poor (CGAP)	1 200 000	0		1 200 000
Regional Water Demand Initiative	International Development Research Centre (IDRC)	1 200 000	847 318 1 479 975 2 327 295	IDRC CIDA	3 527 295
Programme to strengthen the secure access of the rural poor to land and related support services	International Land Coalition (ILC)	900 000	0		900 000
TAG through the UNOPS for the regional programme in support of a medicinal plants development network in Argentina, Brazil, Paraguay and Uruguay	Argentina, Brazil, Paraguay and Uruguay	1 000 000	300 000	Governments	1 300 000
TAG to Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama for the Regional Unit for Technical Assistance (RUTA) - Phase VI	Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama	1 230 000	2 894 000 1 759 000 570 000 615 000 315 000 88 000 1 558 000 7 839 000	World Bank DFID FAO IFPRI IICA IDB Governments	9 069 000
Development of a preventive and environmentally safe approach to a desert-locust control methodology	FAO	1 500 000	1 300 000 225 000 1 525 000	Italy Others	3 025 000
Mainstreaming of rural development innovations programme in the Pacific	Foundation of the Peoples of the South Pacific International (FSPI)	2 000 000	104 700 303 800 408 500	FSPI Others	2 408 500
Support of the savings and credit union network capacity-building programme	Savings and Credit Union Network of the Union of the Comoros	350 000	0		350 000
Strengthening implementation of the Rwanda agriculture strategy and action plan	Ministry of Agriculture of Rwanda	400 000	0		400 000

Appendix Table X: Projects Directly Supervised by IFAD

Region	Country	Project/Programme Name	Lending Terms	Project Type	Board Approval	Loan Signing	Loan Effectiveness	Project Status
PA	Benin	Microfinance and Marketing Project	HC	Credit and Financial Services	22/04/1998	03/07/1998	04/05/1999	Ongoing
PA	Gambia, The	Rural Finance and Community Initiatives Project	HC	Credit and Financial Services	02/12/1998	18/02/1999	14/07/1999	Ongoing
PA	Mali	Sahelian Areas Development Fund Programme	HC	Flexible Lending Mechanism	02/12/1998	19/02/1999	14/10/1999	Ongoing
PF	Uganda	District Development Support Programme	HC	Rural Development	10/09/1998	11/02/2000	24/05/2000	Ongoing
PF	Zambia	Smallholder Enterprise and Marketing Programme	HC	Rural Development	09/12/1999	16/02/2000	07/11/2000	Ongoing
PF	Zimbabwe	Smallholder Irrigation Support Programme	HC	Irrigation	02/12/1998	17/02/1999	14/09/1999	Ongoing
PI	Bangladesh	Agricultural Diversification and Intensification Project	HC	Agricultural Development	29/04/1997	29/05/1997	04/12/1997	Closed
PI	India	Jharkhand-Chattisgarh Tribal Development Programme	HC	Rural Development	29/04/1999	13/03/2001	21/06/2001	Ongoing
PI	Indonesia	Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas	HC	Flexible Lending Mechanism	04/05/2000	21/06/2000	31/01/2001	Ongoing
PL	Brazil	Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East	O	Credit and Financial Services	03/12/1998	10/10/2000	21/12/2000	Ongoing
PL	Dominican Republic	South-Western Region Small Farmers Project - II	I	Rural Development	03/12/1998	19/01/1999	05/04/2000	Ongoing
PL	Peru	Development of the Puno-Cusco Corridor Project	O	Research/Extension/Training	04/12/1997	07/12/1999	17/10/2000	Ongoing
PN	Armenia	North-West Agricultural Services Project	HC	Agricultural Development	04/12/1997	05/12/1997	14/04/1998	Closed
PN	Gaza and the West Bank	Participatory Natural Resource Management Programme	HC	Rural Development	23/04/1998	07/05/1998	01/02/2000	Ongoing
PN	Sudan	North Kordofan Rural Development Project	HC	Rural Development	28/04/1999	14/07/1999	14/06/2000	Ongoing

Notes:

HC = highly concessional	PA = Africa I
I = intermediate	PF = Africa II
O = ordinary	PI = Asia and the Pacific
	PL = Latin America and the Caribbean
	PN = Near East and North Africa

RESULTS AND IMPACT MANAGEMENT SYSTEM

A. Introduction

1. Following Executive Board approval of the “Framework for a Results Management System for IFAD-Supported Country Programmes” (EB 2003/80/R.6) in December 2003, the Fund began implementing activities associated with mainstreaming results and impact management within existing projects, project design processes and headquarters reporting systems. In brief, the RIMS framework calls for the selection of indicators to measure and report on project results and impact. The results indicators are classified into 1st level results (those associated with physical progress) and 2nd level results (generally reflective of change in behaviour or sustainability). Reporting on two impact indicators are mandatory for all projects – prevalence of child malnutrition and household asset index. Other impact indicators that, depending on the project, may be selected include measures related to female literacy, drinking water, health and sanitation.¹⁸ The system as a whole is expected to evolve as experience is gained during implementation, which may call for some modification of the proposals contained in the original framework.

2. Since the Board’s approval of the framework, IFAD has focused on defining processes and activities required at project level to obtain data on results indicators and at the corporate level to compile and aggregate RIMS information. Thus far, experience points to the critical importance of the establishment of effective M&E processes and procedures in order for the system to function. RIMS indicators need to form part of regular monitoring and evaluation (M&E) processes at project level. Greater emphasis will need to be placed in supporting project M&E systems in general and in the gathering and analysis of RIMS indicators in particular.

3. **Sequencing of RIMS.** As noted in documents EB 2003/80/R.6 and EB 2004/82/INF.7, implementation of RIMS will be sequenced depending on the point the projects have reached within the project cycle. Reporting on RIMS indicators for 2004 is required only for those approved projects that were effective and had not reached their midterm point by 1 January 2004. These projects are required to report on 1st level results until midterm, after which the full system will be adopted, including the carrying out of midterm impact assessments and reporting on 2nd level indicators. For projects that have been approved but for which start-up workshops have not yet been held, indicators and processes will be discussed and adopted at the time of the workshops. The full system will be applied for projects under design, with integration of RIMS indicators both in project logframes and in the design of project M&E systems.¹⁹

B. Processes

4. **Implementation Coordination Team** An IFAD inter-departmental RIMS Implementation Coordination Team (ICT) was established in 2004. Representatives from each of PMD’s divisions and staff from EAD, FAD and the Independent Office of Evaluation meet regularly to facilitate the mainstreaming of RIMS. There were 22 minuted meetings of the ICT during 2004. ICT has defined procedures associated with RIMS and assists staff and project management teams in implementing the framework at the project level. To that end during 2004, the ICT drafted operational guidelines for headquarters staff. A companion document for project management teams is envisaged for 2005 and will include advice on implementing impact assessment surveys and reporting requirements for 2nd level indicators. The ICT constitutes an important learning centre both with regard to RIMS implementation and to the design of more responsive M&E systems at the project level.

¹⁸ See Attachment 1 for a complete list of indicators.

¹⁹ Attachment 2 sets out RIMS related activities throughout the project cycle.

Box 1: Impact Benchmark Survey in Senegal

The proposed RIMS methodology for impact assessment was pilot tested at the occasion of the benchmark survey for the Agricultural Development Project in Matam (PRODAM II), Senegal in November – December 2004. The survey covered 30 village clusters randomly selected in the project area. In each cluster, 30 households were randomly sampled. One woman of each household was interviewed and her children measured and weighed. In total 900 households were covered.

The survey questionnaire was translated into the most widely spoken local language in the upper valley of the Senegal river (pular) where the project is located. The equipment necessary for the measurement of children anthropometric indicators (measuring Board and uniscales) were kindly lent by the WB financed National Nutrition Programme. The survey was organized by the project team with technical support of two consultants and IFAD HQ staff . The actual field work was carried out by nine teams of two surveyors each, one man and one women as well as three supervisors. The supervisors were the M&E officers of the project. All received training prior to the launching of the survey including a background orientation on RIMS and an introduction to the impact assessment methodology, including sampling methodology.

The enumerator training consisted of two days of classroom-style work and one day of field-testing (in three nearby villages not included in the sample). A number of technical questions related to the questionnaire were raised and the following debate was lively and instructive particularly regarding cultural aspects to be taken into consideration when interviewing women. The field work and data collection in the field lasted 10 days and no major problems were encountered. Data entry and analysis will be carried out in January 2005. The experience of this survey will be used to refine the RIMS methodology and inform any needed adaptations in future application of the benchmark methodology. Based on lessons learnt, four additional pilots in other regions will be carried out in the first half of 2005.

5. Also in 2004, the ICT agreed upon the questions to be included in the standard RIMS impact assessment surveys. A tool to facilitate the data analysis from the impact surveys has been prepared that allows for easy entry of survey data and includes pre-defined reports for the anthropometric indicators and the household asset index (which is based upon principal component analysis). A pilot benchmark survey using the RIMS questionnaire was carried out in Senegal in 2004 (see box). Tests of asset data using principal component analysis to determine wealth/poverty quintiles are promising; however, the methodology needs to be tested in more projects across a wider range of countries to ensure that it meets IFAD requirements. Four additional pilots are planned for 2005.

6. **Outreach to Cooperating Institutions and Other Partners.** Implementation of the RIMS was introduced at the April 2004 annual meeting between IFAD and the United Nations Office for Project Services (UNOPS) and at a number of IFAD/UNOPS regional meetings. Discussions have also taken place between line staff of IFAD and cooperating institutions (CIs) to introduce RIMS requirements and determine how best the CIs can provide support. UNOPS is the CI for 70% of the projects covered in this year's RIMS report. RIMS was introduced at the two project implementation workshops held this year. PREVAL, an important partner in Latin America, has been actively engaged in helping develop processes to mainstream RIMS into project management. IFAD participated in the Second International Roundtable on Managing for Development Results, held in Marrakech, Morocco, in February 2004, at which five core principles were adopted. IFAD's approach to results management is fully consistent with these principles. In addition, the ICT met with a representative of the Technical Working Group on Managing for Development Results of the Development Assistance Committee (DAC). IFAD plans to participate to the extent possible in future DAC initiatives related to results and impact.

C. Reporting

7. CPMs and project management teams agreed on the RIMS indicators for which the project would report in 2004 and onwards. In order to facilitate reporting, project management teams were provided with an electronic form on which to report. Targets for the annual programme of work and budget were

identified and where possible cumulative appraisal targets were estimated. Project teams were requested to provide data on a project (rather than calendar) year basis. Project management teams returned the completed forms to IFAD including values for actual results and to the extent possible included values for years prior to 2004.

8. The RIMS framework recognizes that appraisal targets may not be the best measure of project performance and that 'real time' project performance is best judged against APW&B targets. For many projects, the demand driven nature of the interventions has meant that appraisal targets are not readily identifiable or comparable. Some projects have explicit targets, others do not –aggregation of appraisal targets is therefore not very meaningful at early stages of implementation. Although appraisal targets may be useful to judge performance at completion, they are of limited value for this year's report.

D. Projects for 2004

9. Eighty two projects were expected to report on RIMS indicators this year. Three projects will not be reporting this year due to *force majeure* – in Côte d'Ivoire, Gaza Strip and Grenada, while reporting on the two Umutara projects in Rwanda was combined, leaving a total of 78. A list of the projects is found in Attachment 4. The projects represent about 60% of the IFAD financing for IFAD-initiated projects in the reference period.²⁰ The breakdown of the projects by region and project type is shown in the table below:

Table 1: Number of Projects included in RIMS Framework, 2004

Project Type	PA	PF	PI	PL	PN	Total	% of projects
Agricultural Development	1	3	7	4	8	23	29%
Credit and Rural Financial Services	1	1	1		1	4	5%
Fisheries	1					1	1%
Flexible Lending Mechanism	5	2	5	2	1	15	19%
Irrigation			1			1	1%
Marketing		3				3	4%
Research, Extension and Training	2			4		6	8%
Rural Development	10	4	5	4	1	24	31%
Settlement					1	1	1%
Grand Total	20	13	19	14	12	78	100%

a/ Percentages may not total due to rounding.

10. The weights of each of the regional divisions, in terms of number of projects included, reflects the relative age of the regional portfolios. During the next three years, more than 50% of the projects from PF, PL and PN are scheduled to be completed. (Issues associated with the age of the portfolio are discussed in the Main Report, para 11). The distribution of projects by type reflects the ongoing portfolio except for credit and livestock types which are underrepresented. While these project types may be somewhat under-represented, the activities associated with these types of projects are not. Some sixteen projects measure livestock related activities and, almost one half are involved in the provision of some type of rural financial service. The large number of FLM projects is due to the lengthy implementation period for these projects and because the FLM was introduced in 1998.

11. Loans to about 85% of the projects were made on highly concessional terms, only slightly more than the highly concessional share of the current portfolio which stands at 80%. The remainder of the RIMS projects are evenly divided between intermediate and ordinary term projects, very similar to the current portfolio which stands at 11% and 9% respectively. In terms of implementation period, the projects have been effective for an average of just over two and three-quarters years, however,

²⁰ Only IFAD-initiated projects are required to report on RIMS indicators. The reference period corresponds to the Board approval dates (December 1997 to December 2003).

somewhat more than 50% have been effective for less than three years and 31% for less than two. The breakdown of projects since effectiveness is shown in the Table 2 below.

Table 2: Projects by effectiveness period and average disbursements

Range	No. of Projects	Per cent of Total	Average Disbursement
Less than two years	24	31%	10%
2 to less than 3 years	17	22%	23%
3 to less than 4 years	25	32%	32%
4 to less than 5 years	8	10%	48%
5 or more	4	5%	40%

12. Disbursements for the 78 projects range from a high of 75% of the original loan to as low as 3%. Average disbursement for the 78 projects stood at just over 25% as at end 2004, meaning that the projects covered in this first year are “young”. It is expected that results from the lower disbursing projects would be modest and will mainly be associated with low cost (but high value) activities such as group formation, training, etc. Conversely for higher disbursing projects, it may be difficult to “fit” the RIMS indicators into an existing M&E system and thus these too may have reported on relatively few indicators.

13. Of the 78 projects, reports were received from all but eight, meaning that 90% of the projects have begun the process of establishing RIMS into their own systems. It is a very positive outcome that in this first year, even projects with little to report made the effort to return the forms.²¹ Results were reported by 65 projects (83% of the projects covered; 53 projects reported results for 2004). Not all projects report on the indicators selected each year. Reporting on RIMS indicators will follow the sequence of project implementation, e.g., the initial stages of project implementation are taken up with activities related to laying the foundation for achieving results in subsequent years and have few results to report in the early years. The projects that provided 2004 results reported on an average of 14 indicators per project.

E. Results

14. Reporting on results has been organised along the domains of impact that IFAD has accepted for evaluating its projects (see ARRI report 2003). In order to do so, the data was reviewed to eliminate obvious inconsistencies or inaccuracies. In addition, efforts were made to “clean” the data (to remove differences in nomenclature between IFAD headquarters and project management teams) to facilitate comparisons and aggregate reporting. This analysis does not include results for which it was impossible to determine a level of detail consistent with the ARRI domains. As stated earlier, a revision of the indicators is foreseen so that an adequate level of detail is reported. The indicators were assigned to one of the six domains of impact. Because results indicators tend to overlap categories or be applicable to more than one, supplemental information on the indicator (e.g., gender, type or sector) or associated component was used to establish the best “fit” with ARRI.

15. The indicators have been placed in a cause/effect hierarchy to demonstrate the potential results chain within each domain cluster. Reporting in this, the first year is from relatively “young” projects and focuses on first-level results, i.e., at the lower end of the chain. As more information becomes available, second-level results and impact will be integrated into the reporting system. In later years, annual progress reports will describe IFAD’s contribution to the Millennium Development Goals, using the selected project indicators as a basis.

²¹ Reference to RIMS or reporting on specific indicators is not contained in the Legal Agreements of any of these projects.

16. For each domain, the results reported for 2004²² are shown in tables and a rating assigned in relation to the APW&B targets for 2004. Projects which met or exceeded APW&B targets were rated as “Achieved”; those which met 70% of the target were rated as “Mostly met” and those below 70% were rated as “Below”. About 60% of the “Below” ratings are from projects that have been under implementation for two or less years. The relatively large percentage of “Below” ratings among these younger projects may be explained by the normal “teething” problems associated with setting up a management unit and may also indicate a reliance on optimistic appraisal targets in setting APW&Bs in the early years. Due to difficulties in “retrofitting” RIMS indicators into project M&E systems, many projects had difficulty in identifying APW&B targets for the RIMS indicators (shown as shown as “No target reported”). The aggregate (1999-2004) results reported are also shown in the tables. Care should be taken in analysing these results as some projects did not report results from previous years, while others may have reported cumulative results as for 2004 (issue of incrementality). In addition, without data on 2nd level and impact indicators, it is premature to draw conclusions from the data, and therefore too much interpretation of the data should be avoided.

17. It is expected that the results reported in 2004 can be used as a basis for the further development of reporting systems. This year has pointed to difficulties with incrementality and the need for specificity in terms of gender, sector or type (of infrastructure, groups, etc.). IFAD plans to improve the reporting format to encourage greater specificity and to ensure that only incremental results are reported.

Physical and Financial Assets

18. In 2004, forty-nine projects reported results for an average of almost seven indicators within this domain. The table below sets out the results indicators most closely associated with increases in physical and financial assets. Whilst the training activities implemented could also be counted under human capital development, the training under this category is specific to the accumulation or retention of physical or financial assets. The figure for trainers trained includes extension agents, and will clearly have a multiplier effect for the project areas as a whole, not just for IFAD beneficiaries. In this category, rural financial services activities are expected to contribute to improved financial assets for rural poor households. In 2004, more than 1 million people were considered active borrowers under IFAD-supported programmes in some 22 projects, and in projects where the data was disaggregated by gender, women borrowed at a rate of more than 2:1 over men. More than twice that, 2.6 million people in 2004, are active savers, participating through 19 projects. The proportion of women to men savers is on the order of 1000:1.

19. Projects reported implementation of a variety of infrastructure projects in support of improvements to the physical and financial asset base. Seventeen projects reported support to smallholder irrigated agriculture in the form of rehabilitation/construction of close to 7 300 ha. Smallholder farmers often live far from market centres. The rehabilitation of roads and construction of storage and market centres are critical to helping level the “playing field” for these farmers. Interest groups were mostly formed by users of infrastructure or by producers. Wealth creation for many IFAD beneficiaries is through livestock and therefore activities in support of improved animal production are considered part of this domain, and include the distribution of animals (also of improved breeds), the provision of animal health services, training of para veterinarians and construction of animal water points.

²² Projects report on a project year basis and thus may overlap calendar years, however, using the same methodology to determine calendar year should eliminate year on year double counting. The calendar year was estimated as from date of effectiveness and the project year.

20. Training in productive skills, veterinary and enterprise development were undertaken by 20 projects in 2004. Of the projects specifying training by gender, about 10% more men were trained than women. Within this domain, the groups formed as reported by 19 projects included water users associations and other user groups, producer groups and rural financial services groups. In future years, better reporting in terms of gender disaggregation will be sought as well as definitions of the type of groups formed, for this and other domains.

Table 3: Results in Support of Physical and Financial Assets

Indicator	2004 Result	2004: Number of projects			Cumulative Result (1999-2004)
		Achieved	Mostly Met	Below No target reported	
Enterprises operating after 3 years	9			1	9
Savings mobilized	a/	5	3	1	a/
Active savers	2 654 007	10	6	5	4 107 354
Men	156 798	3	4	3	258 074
Women	1 668 400	7	2	2	3 020 471
Jobs generated by small & medium enterprises					160
Market facilities constructed/rehabilitated	53			1	54
Enterprises established/strengthened	2 312	10	2	4	6 260
Roads constructed/rehabilitated	1 239	4	4	6	1 860
Processing facilities established	52	1		3	59
On-farm storage facilities constructed/rehabilitated	58	1			135
Incremental crops planted	50			1	50
Farmers adopting project recommended technologies	22 973				73 624
People accessing project tech. advisory services	2 210			1	2 210
Farmers working on rehabilitated/new schemes	9 540	1	2	1	16 852
Irrigation schemes constructed/rehabilitated	7 279	6	3	3	11 306
User groups formed/strengthened	305	3	2	3	352
Small farmers reporting increased herd sizes	357			1	357
Animal water points improved/constructed	197	1			224
Animals vaccinated	1 391 040	1	2		4 393 498
Animals distributed	1 820	1	1	6	3 233
Gross loan portfolio (value)	a/	3	3	6	a/
Active borrowers	1 086 140	3	6	19	1 380 700
Men	95 156	1	4	9	183 133
Women	219 602	2	2	10	413 045
Groups with women in leadership posts	979	3	5	2	1 208
People belonging to groups	126 524	2	3	1	143 748
Interest groups formed/strengthened	2 016	3	2	3	2 401
Groups formed/strengthened	979	3	2	1	1 039
People trained	27 328	3			44 773
Men	38 298	6	7	9	49 714
Women	34 702	6	3	7	46 369
Community workers, volunteers trained	81	1	1	1	223
Trainers trained	4 887			2	21 138
		77	57	89	88

a/ Figures for "savings mobilised" and "gross loan portfolio" not included because different currencies used for reporting.

b/ Numbers of men/women may not total to aggregate due to some projects not reporting separately by gender.

21. The APW&B targets were mostly met or achieved for about 60% of the indicators. Not surprising, about 60% of the indicators that fell below the APW&B targets were found in projects that were implemented for two or less years, and 50% of the indicators for which no APW&B estimates were made came from this "younger" group of projects.

Development of Human Assets

22. Twenty-seven projects reported on an average of three indicators within this domain. Infrastructure to improve living conditions in rural communities has been supported in projects across all regions. The projects completed include schools, clinics, drinking water supply and sanitation schemes. These are generally defined by the community themselves as the priority intervention to improve village/community life. These results are directly relevant to the achievement of MDGs, in the areas of health, drinking water and sanitation. User groups formed under this domain were in support of drinking water infrastructure. Training and demonstrations were provided to men and women in the areas of health, sanitation and nutrition; and midwife training was sponsored for women. Projects also provided literacy training to men and women, totalling more than 60 000 people during 2004.

Table 4: Results that Support Development of Human Assets

Indicator	2004: Number of projects					Cumulative Result (1999-2004)
	2004 Result	Achieved	Mostly Met	Below	No target reported	
People with access to improved sanitation	1 293	1				2 548
Households served by wells	3 442	1			1	3 442
Functioning infrastructure	3 692	1				3 692
Clinics built/rehabilitated	250	6			2	250
Wells (drinking water) drilled/dug	570	2	1	4	2	592
People attending literacy classes	60 019	10		3	10	68 002
Schools built/rehabilitated	840	5	1	6	3	916
Demonstrations held on farmers' land	14			1		14
People belonging to groups	67 118		1			67 118
User groups formed/strengthened	401	2	1	2		401
People trained a/	31				1	3 393
Men	10 500		1			22 326
Women	4 661		2	2	2	10 578
Community workers, volunteers trained	90			1		144
Trainers trained	10	1				7 902
		28	7	19	21	

a/ Numbers of men/women may not total to aggregate due to some projects not reporting separately by gender.

23. Comparisons of results with APW&B targets show a similar trend to that of the indicators in the Physical and Financial Assets domain. Results for 65% of indicators mostly met or achieved APW&B targets. While only two indicators were below APW&B targets for projects implemented for two or less years, the figure jumps to almost 70% when projects implemented for three years are included. Of those for which AWP&B figures were not available, about 50% were from projects implemented for two or less years.

Social Capital and People's Empowerment

24. Increases in social capital are difficult to quantify. Group formation and resulting action plans can be considered as proxy measures for social capital at village/community level. IFAD projects are assisting communities to develop action plans through training and group formation activities that lead to the eventual realisation of the community projects. An important indication of grass-roots empowerment is the inclusion of the action plans in local government planning, some 529 community developed action plans were included in formal local government plans in 2004. Groups counted under this domain are community based organisations, more than 15 000 of which were formed in 2004. Women form a significant percentage of the membership in many of these groups. Social capital formation is also furthered by increases in trained community workers in areas counted under this domain such as community development and community organisation.

ANNEX II

Table 5: Social Capital and People's Empowerment

Indicator	2004 Result	2004: Number of projects				Cumulative Result (1999-2004)
		Achieved	Mostly Met	Below	No target reported	
Community action plans incl. in local govt plans	529	1	1	3	3	1 147
Village/community action plans prepared	395	5			2	1 150
Groups with women in leadership posts	119	1				308
People accessing project tech. advisory services	6 817	1	1			35 040
Women on management committees	8			1		48
Groups formed/strengthened	15 215	34	6	8	8	27 558
People belonging to groups	16 821	4	6	2	5	83 564
People trained	1 339		1	3	1	5 918
Men	6 244	2	3	3	2	19 307
Women	17 547	2	1	5		46 383
Community workers, volunteers trained	3 195	3	1	2	3	5 834
Trainers trained	2 015	2	4			5 595
		55	24	27	26	

25. Seventy-five per cent of the APW&Bs targets set were reached, the highest for any of the domains. As in the other domains, projects with the fewest years of implementation tend to be less able to meet planning targets than older projects. Targets were reached for close to 90% of the indicators in projects that had been implanted for four or five years.

Food Security

26. It is difficult to separate increases in food security from improvements in financial and physical assets. Results indicators under this heading are largely focused on improvements in agriculture (and poultry) and should contribute to an increase in food secure households. The results chain would begin with training and dissemination events, leading to the eventual increase in production/yield and improvements in the availability of food. The results reported from three projects show that close to 35 000 farmers reported increases in production or yields in 2004, about one-third of those who accessed some form of project technical advisory services. Training counted under this domain includes farmer field schools, training in production techniques and horticulture.

Table 6: Food Security (Production, Income and Consumption)

Indicator	2004 Result	Number of projects				Cumulative Result (1999-2004)
		Achieved	Mostly Met	Below	No target reported	
Farmers reporting production/yield increases	34 619	1	1		1	91 888
Farmers using purchased inputs	33 137	1	1	2	1	46 988
Incremental crops planted	261	3		2		261
Farmers adopting project recommended technologies.	3 600		1	1		4 586
People accessing project tech. advisory services	101 888	4	4	3		152 321
Farmers participating in research trials	76	2				331
Demonstrations held on farmers' land	6 803	4	5	7	3	19 182
Extension/dissemination events	2 969	2	1	2	1	5 056
Groups formed/strengthened	1 092			1	1	1 092
Animals distributed	1 950	1		1		1 950
People belonging to groups	54 982		1	1	3	55 638
People trained	9 670	1		2	3	20 176
Men	78 511	8	3	8	6	78 511
Women	75 174	8	4	6	6	75 174
People trained: men	78 511	8	3	8	6	82 933
People trained: women	75 174	8	4	6	5	76 445
Community workers, volunteers trained	178	1	1			733
Trainers trained	768	2	2			1 252
		38	24	36	24	

ANNEX II

27. About 65% of indicators were mostly met or achieved within this domain, and as in the case in the other domains, the bulk of the projects which did not meet APW&B targets were from projects with three years of implementation or less – about 75%.

Environmental and Communal Resource Base

28. Improvements in natural resource management will provide rural poor people with more secure tenure over natural resources, an important consideration in fragile environments. In 2004, more than 450 000 ha of common property resources were improved through the combined efforts of individuals, communities and users groups due to interventions from two IFAD projects. Positive environmental effects are also expected to come about from land improvements (including through soil and water conservation) and better water harvesting techniques. Interest groups were formed in relation to promote more sustainable use of range lands, forests and fisheries, and training in this regard was provided to more than 150 000 men and women in 2004.

Table 7: Results in Support of the Environment and Communal Resource Base

Indicator	2004 Result	Number of projects			Cumulative Result (1999-2004)
		Achieved	Mostly Met	Below No target reported	
HH w/security of tenure over natural resource	2 549			2	7 556
Fisherfolk with access to resource base	50				50
Comm. Property Res. under imprv'd mngmnt practices	453 247	1		2	453 247
Land improved including SWC, etc.	1 599	1		3	15 586
Cisterns/water harvesting structures constructed	1 211	1	1	2	1 608
Resource management plans enacted	1 474	1	1	1	1 474
Farmers adopting project recommended technologies	300				2 371
Fishing ponds established/improved	4			1	7
Animals distributed	11			1	11
Demonstrations held on farmers' land	62		1		62
Interest groups formed/strengthened	530	3		1	530
People belonging to groups	5 041	1		3	5 041
People trained	1 680	1		1	1 680
Men	5 959	4		1	7 492
Women	2 001	3		1	2 170
Trainers trained	36		1		440
		15	4	19	16

29. Results under this domain fared the worst, with only 50% of APW&B targets met. While only two projects in this domain reported on results in 2004 beyond the third year, in both cases targets were exceeded.

Pro Poor Institutions, Policies and Regulatory Framework

30. Four projects reported enabling policies promulgated in support of a more pro-poor policy framework. Changes in the regulatory framework were in the areas of marketing, cooperatives, taxation and rural financial services.

Sustainability

31. As almost all indicators reported were from the first level, it is premature to report on sustainability of project interventions. In future years, sustainability of interventions will be measured through second level indicators and through achievement of impact. In the area of rural financial services, organisational sustainability will be measured by key operating ratios, while groups functioning beyond three years will provide a measure of the sustainability of those groups and similarly maintenance of infrastructure beyond three years will indicate a measure of sustainability.

Gender

32. Projects were requested to disaggregate indicators by gender where appropriate. About half of the projects reporting results for 2004 provided gender disaggregated information which is encouraging, however, greater efforts will be made in the future. More information regarding gender balances within group management and leadership positions would be of particular interest. The most readily available information was in the rural financial services area, which showed a high degree of participation by women.

F. Implementation Issues

33. This first year has underscored both the challenges and importance of implementation of the RIMS framework. IFAD staff and project management teams have worked hard to meet this challenge and to suggest modalities for improving the processes and overall framework. While recognising the importance of demonstrating the impact and effectiveness of IFAD projects, there are some questions regarding the utility of simply aggregating results. The data needs to be interpreted in the light of individual project achievements and in the context of the overall project M&E system. Project management teams and implementing partners need to make better use of M&E data (including the RIMS indicators) to enhance project performance. The recent impetus under RIMS provides an opportunity to enhance project M&E and improve overall project management.

34. CPMs and project management teams are beginning to explore how this information can support the present project management and supervision processes, e.g., project results data can be used as the starting point for supervision. Other challenges that will be taken up in 2005 include:

- Establishment of RIMS and associated indicators as an integral component of project M&E systems for projects yet to become effective and strengthen results reporting and management in existing project management teams;
- Work to explicitly integrate results into annual planning frameworks --,at the project level through the annual programme of work and budget process as well as within IFAD to better direct supervision and follow-up missions.
- Finalisation of methodology for impact assessment surveys, including the completion of four pilot impact surveys in the first half of 2005. Training materials geared towards project staff will also be developed;
- Elaboration of guidelines/sourcebook on measuring 2nd level results;
- Define reporting methodology that better links project results to outcomes, objectives and goals;
- Exploration of linkages between IFAD project results/impact and national processes;
- Review of 1st level indicators to weed out inconsistencies, eliminate duplication, etc. (e.g. community management groups counted in some cases as “groups formed: CBO’s”). During this review, new indicators may be introduced and less useful indicators removed; and
- Improve data collection methods, storage (including IT support) and reliability of data.

**Appendix Table I: RIMS Indicators
Indicators of Impact**

MDG	RIMS Indicator of Impact
Goal 1: Eradicate extreme poverty and hunger	
	Households with improvement in household assets ownership index, based on additional assets (productive assets, improved housing, etc.)*
	Reduction in the prevalence of child malnutrition*
Goal 2: Achieve universal primary education	
	Net enrolment ratio in primary education
Goal 3: Promote gender equality and empower women	
	Literacy rate (by gender)
	Ratio of literate females to males
Goal 6: Combat HIV/AIDS, malaria and other diseases	
	Reduction in the incidence of infectious disease (HIV/AIDS, malaria, tuberculosis)
Goal 7: Ensure environmental sustainability	
	People with access to improved sanitation
	People with sustainable access to an improved source of water (drinking water)

* The two anchor indicators of impact to be used for all IFAD projects.

Note: Indicators to be disaggregated by gender where relevant.

**Appendix Table IA: Indicators of Results
(Indicators to be disaggregated by gender, where relevant)**

Activity Clusters	First-Level Results	Second-Level Results
All clusters	Number of persons receiving project services (direct, total project)	Number of households (HHs) that have improved food security (e.g. reduction in length of lean/hungry season, increased number of meals a day)
Smallholder agriculture development	Number of persons trained, by gender and sector Number of farmers using purchased inputs	Ha of incremental crops grown (cereals, forage, fruit, legumes, vegetables, roots and tubers) Number of farmers adopting technology recommended by project Number of farmers reporting production/yield increases
Rural financial services	Number of active savers Value of savings mobilized Number of active borrowers Value of gross loan portfolio (loans outstanding – loans written off)	% of portfolio at risk (outstanding balance of overdue loans) % of operational self-sufficiency % of operating cost/loan portfolio % of outstanding loans/agents (staff productivity)
Small-scale fisheries development	Number of fishermen using purchased inputs Number of fishermen trained in new technologies Number of fishing ponds established/improved	Number of fishermen with secure access to resource base Number of fishermen adopting technology recommended by project (by gender) Number of fishing ponds operational after three years
Rural infrastructure development	Ha of irrigation schemes rehabilitated/constructed Number of farmers working on rehabilitated/new schemes Number of user groups/associations (WUAs, etc.) formed Km of roads constructed/rehabilitated	% of days of water delivery/required Number of HHs served by wells Number of functioning infrastructure, schools, health centres Number of farmers with secure access to water
Smallholder livestock development	Number of animals distributed – restocking Number of animals vaccinated (by type) Number of dipping facilities constructed/rehabilitated Number of water points improved/constructed	Number of small farmers reporting increased herd sizes Number of small farmers reporting production/yield increases
Marketing, storage and processing	Number of on-farm (household) storage facilities constructed/improved Number of marketing facilities constructed/rehabilitated Number of processing facilities established	Number of functioning marketing, storage and/or processing facilities
Institutional development (policy change, organizational change)	Number of interest groups formed by type Number of enabling policies promulgated, by sector Number of projects supporting decentralized processes	Number of groups with women leaders Number of projects where new/changed pro-poor legislation or regulations are enforced at the local or national levels
Research, extension and training for agricultural production	Number of farmers participating in research trials Number of demonstrations held on farmers' land Number of people accessing technical advisory services facilitated by project Number of research-for-development extension/dissemination events attended by target HHs	Number of farmers adopting technology recommended by project (by gender)
Rural community development	Number of community management groups formed/strengthened Number of people belonging to groups, by types of groups Number of groups with women in leadership positions Number of village/community action plans (CAPs) prepared Number of community projects implemented (by type)	Number of groups operational/functional, by type Number of women on management committees Number of CAPs included in local government plans Number of community projects functional, by type
Rural enterprises development	Number of people trained in productive skills Number of enterprises established/strengthened	Number of enterprises operating after three years Number of jobs generated by small and medium enterprises
Human capital development for rural households	Number of community workers, volunteers trained Number of people attending literacy classes Number of people trained in health, sanitation, nutrition Number of schools/clinics built/rehabilitated Number of wells drilled/dug for drinking water	Number of community workers still operational (for literacy, health, water, sanitation and education, see impact indicators)
Natural resources management	Number of trainers trained by gender and type Number of people trained by gender and type Number of cisterns/water harvesting structures constructed Land improved, including through SWC measures Number of resource management plans enacted	Number of HHs provided with long-term security of tenure of natural resources, including land and water Ha of common property resources (under improved management practices)
Management and coordination	% disbursement of IFAD loan	

RIMS and the Project Cycle

Project Cycle	Action ^{23/}	Responsibility ^{24/}	Remarks
COSOP	✓ Logframe, goal and objective levels, incorporates RIMS impact/results indicators.	CPM	<ul style="list-style-type: none"> The anchor indicators should appear in all COSOPS.
Inception	✓ Project logframe includes measures of results at output, objective and goal levels (preliminary RIMS indicators).	Mission In-country stakeholders CPM	<ul style="list-style-type: none"> Subsequent logframes build upon previous phase(s). The anchor indicators should be selected. <i>Guide for Project M&E</i> should be used throughout project cycle.
Formulation	<ul style="list-style-type: none"> ✓ More detailed project logframe reflects agreed upon measures of results (including RIMS indicators) at output, objective and goal levels. ✓ Results emphasised during stakeholder workshops, in discussions with government. 	In-country stakeholders Mission CPM	<ul style="list-style-type: none"> Elements of project M&E system described in “means of verification” column. In-house endorsement of RIMS indicators by PDT, TRC and OSC.
Appraisal	<ul style="list-style-type: none"> ✓ Targets incorporated in revised logframe, including for RIMS indicators. ✓ Impact assessments (benchmark, mid-term and completion) provided for in project costs 	In-country stakeholders Mission CPM	<ul style="list-style-type: none"> The 1st level targets are usually estimates of physical progress and may be derived from cost estimates. Impact normally expressed as a change (%) in a benchmark. Design of M&E system takes into account management for results and impact, and adequate funding is provided
Loan Negotiations	<ul style="list-style-type: none"> ✓ Results and impact statement, linked to the proposed results/impact indicators, incorporated in loan agreement. ✓ Assurances received on the specific RIMS indicators appearing in the final design document. ✓ RIMS indicators and estimated appraisal targets entered into PPMS, including number of households/persons expected to benefit. 	Legal Officer Loan Officer CPM Rep. of the Borrower Programme Assistant	<ul style="list-style-type: none"> Sections 8.01-8.06 of the General Conditions cover reporting. Loan agreements will make reference to reporting on ‘agreed framework (or RIMS) indicators’. Letter to the Borrower should flag importance of reporting on RIMS indicators and include list of those selected.
Start-up	<ul style="list-style-type: none"> ✓ Logframe reviewed, APW&B defined, including targets. ✓ RIMS reporting format completed (targets) ✓ Results-based monitoring and information system put in place – processes and IT. ✓ Benchmark assessment(s) completed. ✓ APW&B targets for 1st level RIMS indicators entered into PPMS. 	Stakeholders Project staff Programme Assistant	<ul style="list-style-type: none"> Letter of appointment for CIs will flag importance of reporting on RIMS indicators and include list of those selected. IT systems need to be structured so as to respond to the requirements of results/impact management. Benchmarks describe poverty status at the beginning of project implementation and may be phased as activities commence in different project areas. Technical assistance may be required to conduct the benchmark assistances, including support for sampling, questionnaire preparation, data entry, etc.

^{23/} Assumes full in-country stakeholder involvement in the selection of indicators, through workshops and other participatory methods.

^{24/} Primary responsibility for each activity.

Project Cycle	Action ^{23/}	Responsibility ^{24/}	Remarks
Project implementation (pre mid-term)	<ul style="list-style-type: none"> ✓ Logframe reviewed in the light of actual achievements, APW&B targets defined. “Actuals” vis-à-vis 1st level results reported to IFAD annually.. ✓ Reported results validated by supervision missions. ✓ Annual and cumulative results analysed in the project status reports (PSRs) – reasons for positive or negative. ✓ Actual values and current APW&B targets for RIMS indicators entered into PPMS. 	Project staff Stakeholders CI CPM Programme Assistant	<ul style="list-style-type: none"> • Most projects will begin to report first-level results as of the second year of the project. • Reports on the achievement of targets will serve to guide supervision and follow-up missions. • Progress reports should include a more qualitative discussion of results – including lessons learned..
Project implementation (mid-term)	<ul style="list-style-type: none"> ✓ Midterm impact assessment completed, using same methodology as for benchmark assessment. ✓ Reported results validated by MTR mission. ✓ Logframe reviewed in the light of actual achievements and findings of mid-term. APW&B targets. “Actuals” vis-à-vis 1st level and 2nd level results, interim values for impact indicators reported to IFAD annually. ✓ Annual and cumulative results, including preliminary indications of impact, analysed in the PSRs – reasons for positive or negative. ✓ Actual values and current APW&B targets for RIMS indicators (1st, 2nd and interim impact) entered into PPMS. 	Project staff CI/MTR mission Stakeholders Project staff CPM Programme Assistant	<ul style="list-style-type: none"> • Mid-term assessment should take place before the mid-term review so that their findings can be used to guide decisions on future project activities and outputs. • 2nd level results will begin to become apparent and should be reported upon.
Project implementation (post mid-term)	<ul style="list-style-type: none"> ✓ Logframe reviewed in the light of actual achievements and APW&B targets defined. “Actuals” vis-à-vis 1st level and 2nd level results included in annual progress report. ✓ Reported results validated by supervision missions. ✓ Annual and cumulative results analysed in the PSRs – reasons for positive or negative. ✓ Actual values and current APW&B targets for RIMS indicators entered into PPMS. 	Project staff Stakeholders CI CPM Programme Assistant	<ul style="list-style-type: none"> • Focus of reporting will be on 2nd level results and thus more qualitative.
Completion	<ul style="list-style-type: none"> ✓ Completion impact assessments carried out using the same methodology as for benchmark and MTR assessments. ✓ Project Completion Report includes information – original target and actual achievements – on all RIMS indicators. ✓ Final PSR summarises impact and physical progress achievement. ✓ Actual values and current APW&B targets for RIMS indicators entered into PPMS. 	Project staff CPM Programme Assistant	<ul style="list-style-type: none"> • Information from completion assessment will be used to demonstrate impact of the project vis-à-vis stated objectives and MDGs.

Projects Complying with RIMS

Region	Country	Project Name	Lending Terms	Project Type	IFAD Approved Financing (USD '000)	Board Approval	Loan Effectiveness	Disbursement
PA	Benin	Roots and Tubers Development Programme	HC	RURAL	13 114	03-May-00	23-Jul-01	34%
PA	Benin	Participatory Artisanal Fisheries Development Support Programme	HC	FISH	10 009	06-Dec-01	19-Feb-03	4%
PA	Burkina Faso	Rural Microenterprises Support Project	HC	RURAL	9 376	28-Apr-99	14-Jul-00	35%
PA	Cape Verde	Rural Poverty Alleviation Programme	HC	FLM	9 245	08-Sep-99	14-Jul-00	36%
PA	Chad	Food Security Project in the Northern Guéra Region - Phase II	HC	RURAL	11 674	03-May-00	12-Dec-01	19%
PA	Ghana	Rural Financial Services Project	HC	CREDI	11 002	08-Sep-99	14-Jul-00	38
PA	Ghana	Rural Enterprises Project - Phase II	HC	RSRCH	11 245	05-Sep-02	19-Jun-03	9%
PA	Guinea	Programme for Participatory Rural Development in Haute-Guinée	HC	FLM	14 015	09-Dec-99	18-Jan-01	13%
PA	Mali	Sahelian Areas Development Fund Programme	HC	FLM	21 949	02-Dec-98	14-Oct-99	33%
PA	Mauritania	Poverty Reduction Project in Aftout South and Karakoro	HC	RURAL	11 327	12-Sep-01	31-Oct-02	14%
PA	Mauritania	Maghama Improved Flood Recession Farming Project Phase II	HC	RURAL	10 128	05-Sep-02	23-Jul-03	7%
PA	Niger	Rural Financial Services Development Programme	HC	FLM	11 789	03-May-00	08-Jun-01	18%
PA	Nigeria	Community-Based Agricultural and Rural Development Programme	HC	RURAL	29 900	12-Sep-01	31-Jan-03	9%
PA	Sao Tome and Principe	Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme	HC	FLM	9 974	26-Apr-01	25-Feb-03	23%
PA	Senegal	Village Management and Development Project	HC	RURAL	9 488	04-Dec-97	09-Aug-99	37%
PA	Senegal	Village Organization and Management Project - Phase II	HC	RURAL	13 671	07-Dec-00	16-Jul-01	44%
PA	Senegal	Agricultural Development Project in Matam - Phase II	HC	RURAL	12 508	10-Apr-03	01-Nov-03	10%
PF	Ethiopia	Rural Financial Intermediation Programme	HC	CREDI	25 690	06-Dec-01	06-Jan-03	25%
PF	Kenya	Central Kenya Dry Area Smallholder and Community Services Development Project	HC	AGRIC	10 919	07-Dec-00	01-Jul-01	22%
PF	Madagascar	Upper Mandrare Basin Development Project - Phase II	HC	RURAL	12 590	07-Dec-00	07-Aug-01	45%
PF	Mozambique	PAMA Support Project	HC	MRKTG	22 783	08-Dec-99	07-Sep-01	28%
PF	Mozambique	Sofala Bank Artisanal Fisheries Project	HC	RURAL	18 000	12-Sep-01	02-Sep-02	19%
PF	Rwanda	Umutara Community Resource and Infrastructure Development Project	HC	FLM	15 927	04-May-00	05-Dec-00	29%
PF	Rwanda	Smallholder Cash and Export Crops Development Project	HC	MRKTG	16 263	11-Dec-02	19-Sep-03	14%
PF	Tanzania	Rural Financial Services Programme	HC	FLM	16 342	07-Dec-00	12-Oct-01	24%
PF	Tanzania	Agricultural Marketing Systems Development Programme	HC	MRKTG	16 345	06-Dec-01	04-Oct-02	25%
PF	Uganda	Area-Based Agricultural Modernization Programme	HC	RURAL	13 220	08-Dec-99	20-May-02	30%
PF	Zambia	Forest Resource Management Project	HC	AGRIC	12 633	09-Dec-99	26-Jun-02	36%
PF	Zambia	Smallholder Enterprise and Marketing Programme	HC	RURAL	15 937	09-Dec-99	07-Nov-00	46%
PI	Bangladesh	Sunamganj Community-Based Resource Management Project	HC	FLM	21 973	12-Sep-01	14-Jan-03	7%
PI	Bangladesh	Microfinance and Technical Support Project	HC	CREDI	16 298	10-Apr-03	20-Oct-03	13%
PI	Cambodia	Community-Based Rural Development Project in Kampong Thom and Kampot	HC	AGRIC	9 994	07-Dec-00	29-Mar-01	55%
PI	China	Qinling Mountain Area Poverty-Alleviation Project	HC	AGRIC	28 990	08-Dec-99	14-Aug-01	34%
PI	China	West Guangxi Poverty-Alleviation Project	HC	AGRIC	30 434	07-Dec-00	21-Mar-02	40%
PI	India	Jharkhand-Chattisgarh Tribal Development Programme	HC	RURAL	23 000	29-Apr-99	21-Jun-01	8%
PI	India	National Microfinance Support Programme	HC	FLM	21 961	04-May-00	01-Apr-02	31%
PI	India	Livelihood Security Project for Earthquake-Affected Rural Households in Gujarat	HC	FLM	19 996	23-Apr-02	04-Nov-02	10%
PI	Indonesia	Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas	HC	FLM	23 520	04-May-00	31-Jan-01	40%
PI	Korea DPR	Upland Food Security	HC	AGRIC	24 442	07-Dec-00	26-Apr-01	57%
PI	Laos	Oudomxai Community Initiative Support Project	HC	AGRIC	13 414	23-Apr-02	19-Sep-02	29%
PI	Mongolia	Rural Poverty-Reduction Programme	HC	RURAL	14 806	05-Sep-02	09-Jul-03	13%
PI	Nepal	Western Uplands Poverty Alleviation Project	HC	FLM	20 297	06-Dec-01	01-Jan-03	4%
PI	Pakistan	Southern Federally Administered Tribal Areas Development Project	HC	IRRIG	17 154	07-Dec-00	24-Jul-02	13%
PI	Philippines	Western Mindanao Community Initiatives Project	HC	RURAL	15 540	23-Apr-98	25-Mar-99	40%
PI	Philippines	Northern Mindanao Community Initiatives and Resource Management Project	HC	RURAL	14 805	06-Dec-01	01-Apr-03	13%
PI	Sri Lanka	Matale Rural Economic Advancement Programme	HC	AGRIC	11 707	03-Dec-98	15-Dec-99	51%

Region	Country	Project Name	Lending Terms	Project Type	IFAD Approved Financing (USD '000)	Board Approval	Loan Effectiveness	Disbursement
PI	Viet Nam	Rural Income Diversification Project in Tuyen Quang Province	HC	RURAL	20 906	06-Dec-01	21-Aug-02	18%
PL	Bolivia	Management of Natural Resources in the Chaco and High Valley Regions Project	HC	RSRCH	12 042	13-Sep-00	22-Aug-03	6%
	Dominican Republic	South Western Region Small Farmers Project Phase II	I	RURAL	12 000	03-Dec-98	05-Apr-00	66%
PL	El Salvador	Reconstruction and Rural Modernization Programme	HC	AGRIC	20 000	06-Dec-01	23-Dec-02	11%
PL	Guatemala	Rural Development Programme for Las Verapaces	I	FLM	15 004	08-Dec-99	06-Sep-01	21%
PL	Haiti	Food Crops Intensification Project - Phase II	HC	AGRIC	15 357	03-Dec-98	05-Sep-01	16%
PL	Haiti	Productive Initiatives Support Programme in Rural Areas	HC	FLM	21 695	23-Apr-02	20-Dec-02	4%
PL	Honduras	National Fund for Sustainable Rural Development Project (FONADERS)	HC	RURAL	16 500	08-Dec-99	03-Jul-00	70%
PL	Honduras	National Programme for Local Development (PRONADEL)	HC	RURAL	20 000	26-Apr-01	05-Oct-01	23%
PL	Peru	Puno Cusco Corridor Dev.	O	RSRCH	18 923	04-Dec-97	17-Oct-00	37%
PL	Uruguay	Uruguay Rural	O	AGRIC	14 000	07-Dec-00	04-Sep-01	23%
PN	Albania	Mountain Areas Development Programme	HC	AGRIC	13 667	09-Dec-99	20-Jul-01	75%
		Pilot Project for the Development of Mountain Agriculture in the Watershed Province of Oued Saf Saf	I	AGRIC	12 502	06-Dec-01	18-Feb-03	7%
PN	Azerbaijan	Rural Development Programme for Mountainous and Highland Areas	HC	AGRIC	9 000	13-Sep-00	01-Jul-01	33%
	Bosnia and Herzegovina	Livestock and Rural Finance Development Project	HC	AGRIC	12 000	26-Apr-01	17-May-02	26%
PN	Egypt	West Noubaria Rural Development Project	I	STLLM	18 485	23-Apr-02	09-Apr-03	6%
PN	Georgia	Rural Development Programme for Mountainous and Highland Areas	HC	AGRIC	8 000	13-Sep-00	04-Sep-01	37%
PN	Macedonia	Agricultural Financial Services Project	HC	CREDI	8 044	14-Sep-00	28-May-02	38%
PN	Morocco	Rural Development Project in the Mountain Zones of Al-Haouz Province	I	AGRIC	18 028	07-Dec-00	22-Jan-02	16%
PN	Sudan	North Kordofan Rural Development Project	HC	RURAL	10 485	28-Apr-99	14-Jun-00	68%
PN	Sudan	South Kordofan Rural Development Programme	HC	FLM	18 024	14-Sep-00	12-Feb-01	47%
PN	Syria	Idleb Rural Development Project	HC	AGRIC	17 551	11-Dec-02	13-Nov-03	8%
PN	Tunisia	Agropastoral Development and Local Initiatives Promotion Programme for the South-East	O	AGRIC	18 746	05-Sep-02	08-Apr-03	17%
Projects for which results not available due to force majeure								
PA	Côte d'Ivoire	Small Horticultural Producer Support Project	HC	RURAL	11 174	04-May-00	11-Sep-01	
PL	Grenada	Rural Enterprise Project	I	RURAL	4 194	26-Apr-01	03-Oct-02	
PN	Gaza and the West Bank	Rehabilitation and Development Project - Phase II	G	CREDI	2 953	05-Sep-02	04-Apr-03	
PF	Rwanda	Umutara: disbursement percentage includes both loans (537 and 573)						

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Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amt Disb. (SDR m)	% Disb. (31/12/04)	Project Comp. Date
Africa I						
Benin	Microfinance and Marketing Project	22/04/1998	9.15	6.89	75%	31/12/2005
Benin	Roots and Tubers Development Programme	03/05/2000	9.75	3.30	34%	30/09/2008
Benin	Participatory Artisanal Fisheries Development Support Programme	06/12/2001	7.85	0.34	4%	31/03/2011
Burkina Faso	Rural Microenterprise Support Project	28/04/1999	6.95	2.43	35%	30/09/2007
Burkina Faso	Community-Based Rural Development Project	04/05/2000	8.55	3.25	38%	30/06/2007
Burkina Faso	Community Investment Programme for Agricultural Fertility	11/09/2003	8.80	0.00	0%	31/12/2011
Burkina Faso	Sustainable Rural Development Programme	02/12/2004	10.70	0.00	0%	
Cameroon	National Microfinance Programme Support Project	09/12/1999	8.05	1.04	13%	30/06/2007
Cameroon	Community Development Support Project	23/04/2002	9.50	1.57	17%	30/06/2010
Cameroon	Roots and Tubers Market-Driven Development Project	10/04/2003	9.60	0.52	5%	30/09/2012
Cape Verde	Rural Poverty Alleviation Programme	08/09/1999	6.95	2.51	36%	30/09/2009
Chad	Food Security Project in the Northern Guéra Region Phase II	03/05/2000	8.25	1.60	19%	31/12/2009
Chad	Kanem Rural Development Project	10/04/2003	9.50	0.00	0%	
Congo	Rural Development Project in the Plateaux, Cuvette and Western Cuvette Departments	21/04/2004	8.05	0.00	0%	31/12/2011
Congo, D.R.	Agricultural Revival Programme in Equateur Province	21/04/2004	10.00	0.00	0%	
Côte d'Ivoire	Marketing and Local Initiatives Support Project	11/09/1996	7.25	2.77	38%	31/03/2004
Côte d'Ivoire	Rural Development Project in the Zanzan Region	10/09/1998	8.30	3.20	38%	30/09/2005
Côte d'Ivoire	Small Horticultural Producer Support Project	04/05/2000	8.30	0.55	7%	30/09/2009
Gambia, The	Rural Finance and Community Initiatives Project	02/12/1998	6.60	4.47	68%	30/06/2005
Gambia, The	Participatory Integrated-Watershed Management Project	21/04/2004	4.85	0.00	0%	
Ghana	Root and Tuber Improvement Programme	04/12/1997	6.55	6.31	96%	31/03/2005
Ghana	Upper-East Region Land Conservation and Smallholder Rehabilitation Project - Phase II	29/04/1999	8.30	5.66	68%	31/03/2005
Ghana	Rural Financial Services Project	03/05/2000	8.20	3.13	38%	31/03/2008
Ghana	Northern Region Poverty Reduction Programme	06/12/2001	9.75	0.66	7%	31/03/2010
Ghana	Rural Enterprises Project - Phase II	05/09/2002	8.50	0.79	9%	30/06/2011
Guinea	Fouta Djallon Local Development and Agricultural Rehabilitation Programme	04/12/1996	6.95	4.44	64%	30/06/2006
Guinea	Village Communities Support Project	02/12/1998	5.00	4.63	93%	30/06/2005
Guinea	Programme for Participatory Rural Development in Haute-Guinée	09/12/1999	10.20	1.34	13%	31/03/2011
Guinea	Sustainable Agricultural Development Project in the Forest Region	05/09/2002	9.40	0.48	5%	30/09/2012
Guinea	Support to Rural Development in North Lower Guinea Project	18/12/2003	9.95	0.00	0%	31/12/2005
Mali	Zone Lacustre Development Project - Phase II	17/04/1996	8.65	6.56	76%	31/03/2009
Mali	Sahelian Areas Development Fund Programme	02/12/1998	15.65	5.23	33%	31/12/2009
Mauritania	Poverty Reduction Project in Aftout South and Karakoro	12/09/2001	8.80	1.19	14%	30/09/2009
Mauritania	Maghama Improved Flood Recession Farming Project Phase II	05/09/2002	7.60	0.57	7%	31/12/2012
Mauritania	Oasis Sustainable Development Programme	17/12/2003	7.90	0.00	0%	30/06/2011
Niger	Rural Financial Services Development Programme	03/05/2000	8.80	1.56	18%	
Niger	Project for the Promotion of Local Initiative for Development in Aguié	11/12/2002	7.60	0.00	0%	30/09/2009
Nigeria	Roots and Tubers Expansion Programme	09/12/1999	16.70	3.19	19%	31/03/2010
Nigeria	Community-Based Agricultural and Rural Development Programme	12/09/2001	23.80	2.14	9%	
Nigeria	Community-Based Natural Resource Management Programme - Niger Delta	11/12/2002	11.35	0.00	0%	

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Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amt Disb. (SDR m)	% Disb. (31/12/04)	Project Comp. Date
Sao Tome and Principe	Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme	26/04/2001	7.95	0.78	10%	31/03/2015
Senegal	Village Management and Development Project	04/12/1997	6.90	2.59	37%	31/12/2006
Senegal	Agroforestry Project to Combat Desertification	02/12/1998	5.85	3.62	62%	30/06/2005
Senegal	National Rural Infrastructure Project	09/12/1999	5.40	3.54	66%	31/03/2005
Senegal	Village Organization and Management Project - Phase II	07/12/2000	10.70	4.73	44%	30/09/2008
Senegal	Agricultural Development Project in Matam - Phase II	10/04/2003	9.15	0.93	10%	31/12/2011
Sierra Leone	Rehabilitation and Community-based Poverty Reduction Project	18/12/2003	5.90	0.00	0%	
Total: Africa I	47 Projects		418.45	98.50	24%	

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Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amt Disb. (SDR m)	% Disb. (31/12/04)	Project Comp. Date
Africa II						
Angola	Northern Region Foodcrops Development Project	07/12/1995	9.00	6.46	72%	31/12/2005
Angola	Northern Fishing Communities Development Programme	04/12/1997	5.30	3.21	61%	31/12/2005
Burundi	Rural Recovery and Development Programme	28/04/1999	14.75	7.44	50%	30/09/2006
Burundi	Transitional Programme of Post Conflict Reconstruction	09/09/2004	11.30	0.00	0%	
Eritrea	Eastern Lowlands Wadi Development Project	05/12/1994	8.55	8.00	94%	31/03/2006
Eritrea	Gash Barka Livestock and Agricultural Development Project	23/04/2002	8.10	1.16	14%	31/03/2009
Ethiopia	Southern Region Cooperatives Development and Credit Project	02/12/1993	12.60	8.68	69%	30/06/2005
Ethiopia	Special Country Programme - Phase II	05/12/1996	15.65	10.50	67%	30/06/2005
Ethiopia	Agricultural Research and Training Project	10/09/1998	13.65	4.58	34%	30/09/2005
Ethiopia	Rural Financial Intermediation Programme	06/12/2001	20.15	5.09	25%	31/03/2010
Ethiopia	Pastoral Community Development Project	11/09/2003	14.40	1.68	12%	30/06/2009
Ethiopia	Agricultural Marketing Improvement Programme	02/12/2004	18.20	0.00	0%	
Kenya	Eastern Province Horticulture and Traditional Food Crops Project	02/12/1993	7.90	3.06	39%	31/12/2005
Kenya	Central Kenya Dry Area Smallholder and Community Services Development Project	07/12/2000	8.45	1.82	22%	30/09/2008
Kenya	Mount Kenya East Pilot Project for Natural Resource Management	11/12/2002	12.70	0.39	3%	30/09/2011
Kenya	Southern Nyanza Community Development Project	18/12/2003	10.90	0.78	7%	30/09/2011
Lesotho	Sustainable Agricultural Development Programme for the Mountain Areas	10/09/1998	6.35	5.21	82%	31/03/2006
Lesotho	Sustainable Agriculture and Natural Resource Management Programme	02/12/2004	6.80	0.00	0%	
Madagascar	North-East Agricultural Improvement and Development Project	17/04/1996	8.05	6.54	81%	31/12/2005
Madagascar	Upper Mandrare Basin Development Project - Phase II	07/12/2000	9.85	4.43	45%	30/09/2008
Madagascar	Rural Income Promotion Programme	18/12/2003	10.15	0.00	0%	31/12/2012
Malawi	Smallholder Flood Plains Development Programme	23/04/1998	9.25	7.80	84%	30/06/2006
Malawi	Rural Livelihoods Support Programme	12/09/2001	10.70	0.66	6%	30/09/2013
Mauritius	Rural Diversification Programme	29/04/1999	8.20	2.80	34%	30/06/2006
Mozambique	Niassa Agricultural Development Project	20/04/1994	8.80	8.49	97%	31/12/2005
Mozambique	Family Sector Livestock Development Programme	04/12/1996	13.45	11.44	85%	30/06/2006
Mozambique	PAMA Support Project	08/12/1999	16.55	4.62	28%	30/09/2007
Mozambique	Sofala Bank Artisanal Fisheries Project	12/09/2001	14.00	2.71	19%	30/09/2008
Mozambique	Rural Finance Support Programme	17/12/2003	6.65	0.00	0%	
Rwanda	Umutara Community Resource and Infrastructure Development Project	04/05/2000	11.85	5.01	42%	31/12/2010
Rwanda	Umutara Community Resource and Infrastructure Development Twin Project	06/12/2001	9.40	1.11	12%	31/12/2007
Rwanda	Smallholder Cash and Export Crops Development Project	11/12/2002	12.30	1.70	14%	30/09/2010
Rwanda	Rural Small and Microenterprise Project - Phase II	11/09/2003	10.65	0.41	4%	30/06/2011
Swaziland	Lower Usuthu Smallholder Irrigation Project - Phase I	06/12/2001	11.90	0.68	6%	31/03/2012
Tanzania	Participatory Irrigation Development Programme	08/09/1999	12.55	10.13	81%	31/03/2006
Tanzania	Rural Financial Services Programme	07/12/2000	12.80	3.09	24%	31/12/2010
Tanzania	Agricultural Marketing Systems Development	06/12/2001	12.95	3.19	25%	31/12/2009
Tanzania	Agricultural Services Support Programme	02/12/2004	17.05	0.00	0%	
Uganda	Vegetable Oil Development Project	29/04/1997	14.35	2.90	20%	31/12/2005
Uganda	District Development Support Programme	10/09/1998	9.50	8.27	87%	30/06/2006
Uganda	Area-Based Agricultural Modernization Programme	08/12/1999	9.60	2.83	30%	30/06/2008
Uganda	National Agricultural Advisory Services Programme	07/12/2000	13.70	0.82	6%	31/12/2008
Uganda	Rural Finance Services Programme	05/09/2002	13.90	0.68	5%	31/03/2011

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Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amt Disb. (SDR m)	% Disb. (31/12/04)	Project Comp. Date
Zambia	Smallholder Enterprise and Marketing Programme	09/12/1999	11.55	5.27	46%	31/12/2007
Zambia	Forest Resource Management Project	09/12/1999	9.15	3.31	36%	30/06/2008
Zambia	Rural Finance Programme	02/12/2004	9.25	0.00	0%	
Zimbabwe	Smallholder Dry Areas Resource Management Project	02/12/1993	10.00	5.01	50%	31/12/2004
Zimbabwe	South Eastern Dry Areas Project	13/09/1995	7.15	2.91	41%	30/06/2003
Zimbabwe	Smallholder Irrigation Support Programme	02/12/1998	8.65	0.89	10%	31/12/2007
Total: Africa II						
49 Projects		548.65	175.78	32%		

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Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amt Disb. (SDR m)	% Disb. (31/12/04)	Project Comp. Date
Asia and the Pacific						
Bangladesh	Aquaculture Development Project	23/04/1998	15.00	9.84	66%	30/06/2006
Bangladesh	Smallholder Agricultural Improvement Project	29/04/1999	13.65	9.29	68%	31/03/2006
Bangladesh	Sunamganj Community-Based Resource Management Project	12/09/2001	17.55	1.15	7%	31/03/2014
Bangladesh	Microfinance and Technical Support Project	10/04/2003	11.90	1.58	13%	31/12/2010
Bangladesh	Microfinance for Marginal and Small Farmers Project	02/12/2004	13.40	0.00	0%	
Bhutan	Second Eastern Zone Agricultural Programme	08/09/1999	6.95	5.10	73%	30/06/2008
Cambodia	Agriculture Productivity Improvement Project	11/09/1996	3.30	2.73	83%	31/12/2005
Cambodia	Agricultural Development Support Project to Seila	08/09/1999	6.35	5.83	92%	31/03/2006
Cambodia	Community-Based Rural Development Project in Kampong Thom and Kampot	07/12/2000	7.85	4.28	55%	31/03/2008
Cambodia	Rural Poverty Reduction Project in Prey Veng and Svay Rieng	18/12/2003	10.85	1.11	10%	30/06/2011
China	Wulin Mountains Minority-Areas Development Project	10/09/1998	21.10	5.78	27%	30/06/2005
China	Qinling Mountain Area Poverty-Alleviation Project	08/12/1999	21.00	7.05	34%	30/09/2007
China	West Guangxi Poverty-Alleviation Project	07/12/2000	23.80	9.55	40%	31/03/2008
China	Environment Conservation and Poverty-Reduction Programme in Ningxia and Shanxi	11/12/2002	21.95	0.00	0%	
China	Rural Finance Sector Programme	21/04/2004	9.95	0.00	0%	
India	Rural Women's Development and Empowerment	05/12/1996	13.30	4.56	34%	30/06/2005
India	North Eastern Region Community Resource Management Project for Upland Areas	29/04/1997	16.55	2.34	14%	31/03/2006
India	Jharkhand-Chattisgarh Tribal Development Programme	29/04/1999	16.95	1.28	8%	30/06/2009
India	National Microfinance Support Programme	04/05/2000	16.35	5.03	31%	30/06/2009
India	Livelihood Security Project for Earthquake-Affected Rural Households in Gujarat	12/09/2001	11.65	1.14	10%	31/12/2009
India	Orissa Tribal Empowerment and Livelihoods Programme	23/04/2002	16.05	0.68	4%	31/03/2013
India	Livelihoods Improvement Project in the Himalayas	18/12/2003	27.90	0.00	0%	31/12/2012
Indonesia	P4K - Phase III	04/12/1997	18.25	14.62	80%	31/03/2005
Indonesia	Post-Crisis Programme for Participatory Integrated Development in Rainfed Areas	04/05/2000	17.50	7.07	40%	31/03/2009
Indonesia	East Kalimantan Local Communities Empowerment Programme	11/12/2002	15.10	0.00	0%	
Indonesia	Rural Empowerment for Agricultural Development Programme in Central Sulawesi	02/12/2004	22.65	0.00	0%	
Korea, D.P.R.	Uplands Food Security Project	07/12/2000	19.15	10.90	57%	30/06/2006
Kyrgyzstan	Agricultural Support Services Project	23/04/1998	5.90	4.48	76%	30/06/2005
Laos	Xieng Khouang Agricultural Development Project - Phase II	03/12/1998	4.95	4.73	95%	30/06/2005
Laos	Oudomxai Community Initiative Support Project	23/04/2002	10.80	3.02	28%	31/03/2010
Mongolia	Rural Poverty-Reduction Programme	05/09/2002	11.20	1.48	13%	30/09/2010
Nepal	Poverty Alleviation Project in Western Terai	11/09/1997	6.55	5.11	78%	15/07/2005
Nepal	Western Uplands Poverty Alleviation Project	06/12/2001	15.60	0.65	4%	31/03/2014
Nepal	Leasehold Forestry and Livestock Programme	02/12/2004	7.15	0.00	0%	
Pakistan	Dir Area Support Project	11/09/1996	11.35	5.50	48%	30/06/2006
Pakistan	Northern Areas Development Project	11/09/1997	10.75	4.47	42%	30/06/2005
Pakistan	Barani Village Development Project	03/12/1998	11.15	6.34	57%	30/06/2007
Pakistan	Southern Federally Administered Tribal Areas Development Project	07/12/2000	13.40	1.86	14%	30/09/2008
Pakistan	North-West Frontier Province Barani Area Development Project	26/04/2001	11.15	0.61	5%	30/06/2009
Pakistan	Community Development Programme	18/12/2003	15.25	1.00	7%	30/09/2011
Philippines	Western Mindanao Community Initiatives Project	23/04/1998	11.00	4.41	40%	31/12/2004
Philippines	Northern Mindanao Community Initiatives and Resource Management Project	06/12/2001	11.60	1.47	13%	30/06/2009

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Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amt Disb. (SDR m)	% Disb. (31/12/04)	Project Comp. Date
Sri Lanka	Matale Regional Economic Advancement Project	03/12/1998	8.35	4.26	51%	30/06/2005
Sri Lanka	Dry Zone Livelihood Support and Partnership	09/09/2004	15.10	0.00	0%	
Viet Nam	Ha Tinh Rural Development Project	29/04/1999	11.40	9.45	83%	30/09/2005
Viet Nam	Rural Income Diversification Project in Tuyen Quang Province	06/12/2001	16.40	2.89	18%	30/09/2008
Viet Nam	Decentralized Programme for Rural Poverty Reduction in Ha Giang and Quang Binh Provinces	02/12/2004	16.10	0.00	0%	
Total: Asia and the Pacific			641.15	172.61	27%	

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Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amt Disb. (SDR m)	% Disb. (31/12/04)	Project Comp. Date
Latin America and the Caribbean						
Argentina	Rural Development Project for the North-Eastern Provinces	18/04/1996	11.35	4.91	43%	31/12/2006
Argentina	North Western Rural Development Project (PRODERNOA)	08/09/1999	12.80	0.65	5%	31/03/2008
Argentina	Patagonia Rural Development Project	02/12/2004	13.35	0.00	0%	
Belize	Community-initiated Agriculture and Resource Management Project	23/04/1998	1.75	0.76	44%	31/12/2005
Bolivia	Sustainable Development Project by Beni Indigenous People	06/12/1994	4.30	3.62	84%	30/12/2004
Bolivia	Small Farmers Technical Assistance Services Project (PROSAT)	29/04/1997	5.85	3.48	59%	31/12/2005
Bolivia	Management of Natural Resources in the Chaco and High Valley Regions Project	13/09/2000	9.25	0.54	6%	30/09/2008
Brazil	Community Development Project for the Rio Gaviao Region	07/12/1995	13.50	12.83	95%	31/12/2005
Brazil	Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East	03/12/1998	17.80	3.92	22%	31/12/2004
Brazil	North-East Rural Family Enterprise Development Support Project	02/12/2004	15.45	0.00	0%	
Colombia	Rural Micro-enterprise Development Programme	11/09/1996	11.00	5.85	53%	31/12/2006
Costa Rica	Agricultural Development Project for the Peninsula of Nicoya	05/12/1994	3.40	2.90	85%	30/06/2005
Dominican Republic	South Western Region Small Farmers Project Phase II	03/12/1998	8.75	5.73	66%	30/06/2006
Dominican Republic	Social and Economic Development Programme for Vulnerable Populations in the Border Provinces	11/12/2002	10.60	0.00	0%	
Ecuador	Development of the Central Corridor Project	02/12/2004	9.90	0.00	0%	
El Salvador	Rural Development Project for the North-eastern Region	04/12/1997	13.05	11.23	86%	30/06/2006
El Salvador	Rural Development Project for the Central Region (PRODAP-II)	29/04/1999	9.55	5.85	61%	30/06/2007
El Salvador	Reconstruction and Rural Modernization Programme	06/12/2001	15.65	1.76	11%	31/12/2008
Grenada	Rural Enterprise Project	26/04/2001	3.25	0.42	13%	31/12/2008
Guatemala	Programme for Rural Development and Reconstruction in the Quiché Department (PRODERQUI)	04/12/1996	10.45	4.26	41%	31/12/2006
Guatemala	Rural Development Programme for Las Verapaces	08/12/1999	10.85	2.56	24%	30/09/2011
Guatemala	National Rural Development Programme Phase I: the Western Region	11/09/2003	21.55	0.00	0%	
Guatemala	National Rural Development Programme Central and Eastern Regions	02/12/2004	11.35	0.00	0%	
Guyana	Poor Rural Communities Support Services Project	04/12/1996	7.30	3.06	42%	30/06/2006
Haiti	Food Crops Intensification Project - Phase II	03/12/1998	10.95	1.71	16%	30/09/2009
Haiti	Productive Initiatives Support Programme in Rural Areas	23/04/2002	17.40	0.72	4%	31/12/2012
Honduras	Rural Development Project in the South-Western Region	03/12/1998	13.75	12.72	93%	30/06/2005
Honduras	National Fund for Sustainable Rural Development Project (FONADERS)	08/12/1999	12.00	8.46	70%	30/09/2006
Honduras	National Programme for Local Development (PRONADEL)	26/04/2001	15.50	3.59	23%	31/12/2007
Mexico	Rural Development Project for Rubber-Producing Regions of Mexico	03/05/2000	18.60	6.54	35%	31/12/2009
Mexico	Strengthening Project for the National Micro Watershed Programme	17/12/2003	10.50	0.00	0%	
Nicaragua	Technical Assistance Fund Programme for the Departments of León, Chinandega and Managua	09/12/1999	10.15	1.03	10%	30/06/2013
Nicaragua	Programme for the Economic Development of the Dry Region in Nicaragua	10/04/2003	10.25	0.66	6%	30/09/2010
Panama	Sustainable Agricultural Development and Environmental Protection Project for the Darien	14/09/1995	5.35	4.57	85%	30/11/2004
Panama	Sustainable Rural Development Project in the Provinces of Coclé, Colon and Panama West	04/12/1997	8.90	2.80	31%	30/06/2004
Panama	Sustainable Rural Development Project for the Ngöbe-Buglé Territory and Adjoining Districts	06/12/2001	19.40	0.51	3%	30/09/2011

LIST OF PROJECTS IN THE PORTFOLIO AT 31 DECEMBER 2004

Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amt Disb. (SDR m)	% Disb. (31/12/04)	Project Comp. Date
Peru	Development of the Puno-Cusco Corridor Project	04/12/1997	13.90	5.20	37%	31/12/2006
Peru	Market Strengthening and Livelihood Diversification in the Southern Highlands Project	11/12/2002	12.10	0.00	0%	
Uruguay	Uruguay Rural	07/12/2000	10.80	2.48	23%	30/09/2007
Venezuela	Economic Development of Poor Rural Communities Project	11/09/1996	8.25	3.32	40%	30/06/2005
Venezuela	Agro-Productive-Chains Development Project in the Barlovento Region	13/09/2000	9.75	0.68	7%	30/09/2009
Venezuela	Sustainable Rural Development Project for the Semi Arid Zones of Falcon and Lara States – Phase II	18/12/2003	10.40	0.00	0%	
Total: Latin America and the Caribbean			42 Projects	470.00	129.33	28%

LIST OF PROJECTS IN THE PORTFOLIO AT 31 DECEMBER 2004

Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amt Disb. (SDR m)	% Disb. (31/12/04)	Project Comp. Date
Near East and North Africa						
Albania	Mountain Areas Development Programme	09/12/1999	9.60	7.17	75%	30/09/2007
Algeria	Pilot Project for the Development of Mountain Agriculture in the Watershed Province of Oued Saf Saf	06/12/2001	9.70	0.70	7%	31/03/2010
Algeria	Rural Development Project for the Mountain Zones in the North of the Wilaya of Msila	17/12/2003	12.15	0.00	0%	
Algeria	Rural Development Project in the Traras and Sebba Chioukh Mountains of the Wilaya of Tlemcen	02/12/2004	7.90	0.00	0%	30/06/2012
Armenia	Agricultural Services Project	26/04/2001	12.35	12.16	98%	30/09/2005
Armenia	Rural Areas Economic Development Programme	02/12/2004	10.45	0.00	0%	
Azerbaijan	Rural Development Programme for Mountainous and Highland Areas	13/09/2000	6.90	2.30	33%	30/09/2008
Azerbaijan	North-East Development Project	09/09/2004	8.60	0.00	0%	
Bosnia and Herzegovina	Livestock and Rural Finance Development Project Herzegovina	26/04/2001	9.55	2.50	26%	30/06/2008
Djibouti	Microfinance and Microenterprise Development Project	12/12/2002	2.75	0.00	0%	31/12/2012
Egypt	Agricultural Production Intensification Project	20/04/1994	14.45	13.31	92%	30/06/2005
Egypt	East Delta Newlands Agricultural Services Project	05/12/1996	17.30	8.40	49%	31/12/2005
Egypt	Sohag Rural Development Project	10/09/1998	18.85	3.39	18%	30/06/2007
Egypt	West Noubaria Rural Development Project	23/04/2002	14.60	0.93	6%	30/06/2010
Gaza and the West Bank	Participatory Natural Resource Management Programme	23/04/1998	5.80	0.71	12%	31/03/2005
Gaza and the West Bank	Rehabilitation and Development Project – Phase II	05/09/2002	3.00 ^a	2.36	79%	30/06/2006
Georgia	Agricultural Development Project	30/04/1997	4.70	3.97	84%	30/06/2005
Georgia	Rural Development Programme for Mountainous and Highland Areas	13/09/2000	6.10	2.23	37%	30/09/2008
Jordan	National Programme for Rangeland Rehabilitation and Development - Phase I	04/12/1997	2.90	1.03	36%	30/06/2005
Jordan	Yarmouk Agricultural Resources Development Project	29/04/1999	7.45	2.00	27%	30/06/2006
Jordan	Agricultural Resource Management Project - Phase II	02/12/2004	7.60	0.00	0%	
Lebanon	Irrigation Rehabilitation and Modernization Project	05/12/1994	6.70	4.58	68%	30/03/2005
Macedonia	Southern and Eastern Regions Rural Rehabilitation	11/09/1996	5.65	4.57	81%	30/06/2005
Macedonia	Agricultural Financial Services Project	14/09/2000	6.20	2.35	38%	30/06/2007
Moldova	Rural Finance and Small Enterprise Development Project	09/12/1999	5.80	4.88	84%	31/12/2005
Moldova	Agricultural Revitalisation Project	17/12/2003	10.30	0.00	0%	
Morocco	Rural Development Project for Taourirt - Taforal	04/12/1996	13.50	5.00	37%	31/12/2006
Morocco	Rural Development Project in the Mountain Zones of Al-Haouz Province	07/12/2000	14.10	2.28	16%	31/03/2008
Morocco	Livestock and Rangelands Development Project in the Eastern Region – Phase II	11/09/2003	4.55	0.00	0%	31/12/2010
Romania	Apuseni Development Project	10/09/1998	12.40	4.43	36%	31/12/2005
Sudan	North Kordofan Rural Development Project	28/04/1999	7.75	5.25	68%	30/06/2007
Sudan	South Kordofan Rural Development Programme	14/09/2000	13.30	6.25	47%	31/03/2011
Sudan	Gash Sustainable Livelihoods Regeneration Project	18/12/2003	17.45	1.47	8%	30/09/2012
Sudan	Western Sudan Resources Management Programme	02/12/2004	17.05	0.00	0%	
Syria	Jebel al Hoss Agricultural Development Project	06/09/1994	8.25	4.16	50%	31/03/2005
Syria	Coastal/Midlands Agricultural Development Project	06/12/1995	13.65	7.36	54%	30/06/2005
Syria	Badia Rangelands Development Project	23/04/1998	14.95	1.95	13%	30/06/2006
Syria	Idleb Rural Development Project	11/12/2002	13.30	1.05	8%	31/12/2010

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Country	Project/Programme Name	Board Approval Date	IFAD Loan (SDR m)	Amt Disb. (SDR m)	% Disb. (31/12/04)	Project Comp. Date
Tunisia	Integrated Agricultural Development Project in the Governorate of Zaghuan	03/12/1998	11.40	3.25	29%	30/06/2005
Tunisia	Agropastoral Development and Local Initiatives Promotion Programme for the South-East	05/09/2002	14.10	2.38	17%	30/06/2010
Turkey	Ordu-Giresun Rural Development Project	14/09/1995	13.40	7.47	56%	31/12/2005
Turkey	Sivas-Erzincan Development Project	11/09/2003	9.25	0.00	0%	31/03/2012
Yemen	Southern Governorates Rural Development Project	11/09/1997	8.15	7.03	86%	30/06/2005
Yemen	Raymah Area Development Project	04/12/1997	8.75	5.54	63%	31/12/2005
Yemen	Al-Mahara Community Development Project	09/12/1999	8.90	3.08	35%	30/09/2007
Yemen	Dhamar Participatory Rural Development Project	05/09/2002	10.90	0.32	3%	30/09/2011
Yemen	Al-Dhala Community Resource Management Project	09/09/2004	9.80	0.00	0%	
Total: Near East and North Africa			46 Projects	469.25	145.46	31%
Total:			231 Projects	2 547.50	721.68	28%

^a IFAD grant in USD. Amount not included in totals.