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Enabling poor rural people
to overcome poverty

President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)

Volume I

Main Report

Evaluation Committee — Fifty-second Session
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For: **Review**

Note to Evaluation Committee Members

This document is submitted for review by the Evaluation Committee.

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Contents

| | |
|---|------------|
| Abbreviations and acronyms | ii |
| Executive summary | iii |
| I. Introduction and methodology | 1 |
| II. Evaluation coverage and contents | 2 |
| III. Implementation status of recommendations | 5 |
| A. Overall status of implementation | 5 |
| B. Status by region | 7 |
| IV. Thematic review of recommendations | 8 |
| A. Targeting and gender | 9 |
| B. Technical areas | 10 |
| C. Project management | 13 |
| D. Cross-cutting themes | 15 |
| V. Conclusions and recommendations | 19 |
| | |
| Annexes | |
| I. Implementation status of evaluation recommendations by theme | 21 |
| II. Sources of responses to ACP recommendations | 22 |
| III. The Office of Evaluation's comments on the PRISMA 2008 report | 23 |

Abbreviations and acronyms

| | |
|---------|---|
| ACP | agreement at completion point |
| ARRI | Annual Report on Results and Impact of IFAD Operations |
| CE | completion evaluation |
| CLE | corporate-level evaluation |
| COSOP | country strategic opportunities programme |
| CPE | country programme evaluation |
| EVEREST | evaluation of IFAD's Regional Strategy in Asia and the Pacific |
| FAO | Food and Agriculture Organization of the United Nations |
| FPPP | Field Presence Pilot Programme |
| IE | interim evaluation |
| M&E | monitoring and evaluation |
| MIX | Microfinance Information eXchange |
| OE | Office of Evaluation |
| PA | Western and Central Africa Division |
| PF | Eastern and Southern Africa Division |
| PI | Asia and the Pacific Division |
| PL | Latin America and the Caribbean Division |
| PMD | Programme Management Department (IFAD) |
| PN | Near East and North Africa Division |
| PRISMA | President's Report on the Implementation Status of Evaluation Recommendations and Management Actions |
| PRSP | poverty reduction strategy paper |
| RIMS | Results and Impact Management System |

Executive summary

1. In line with the IFAD Evaluation Policy, this President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) provides information to the Executive Board on the status of recommendations agreed at completion point of evaluations undertaken in 2006. The aim of the report is to support both accountability and learning. As new features, this year's report includes an analysis by region of recommendations, provides a response to the learning themes of sustainability and innovation identified in the Annual Report on Results and Impact of IFAD Operations, and highlights a number of systemic reforms recently introduced by IFAD Management to address recurring deficiencies identified during evaluations.
2. Overall, IFAD's performance is satisfactory in terms of responding to the agreement at completion point recommendations. All together, 54 per cent of agreement at completion point recommendations have been fully implemented; another 20 per cent are under implementation; and 16 per cent are expected to be implemented in due course. Similarly, 36 of 41 corporate-level recommendations have been integrated into IFAD's recently developed corporate processes and its new innovation strategy. Of the 67 recommendations that required joint action by IFAD and governments at the country level, 63 have been followed up. With the exception of one, all recommendations have been fully followed up at the project level.
3. With regard to strategic recommendations, monitoring and evaluation (M&E) is the most recurrent theme referred to. Apart from being addressed at the project level through specific resources and efforts, M&E should be at the centre of a joint effort between the Programme Management Department and the Office of Evaluation. Targeting is still a recurrent theme in relation to the need for a clearer approach to targeting and for IFAD to build on its experience to reach the most vulnerable social groups. These issues are expected to become increasingly less recurrent as more experience is gained with implementing the IFAD Policy on Targeting.
4. At the strategic level, supervision-related issues are also among those that occur most frequently. Of great importance is the fact that the projects under direct IFAD supervision now constitute more than half the ongoing portfolio; supervision guidelines have been issued and staff trained in this new function. IFAD's country presence initiative is expected to improve the quality of supervision and implementation support. This year's PRISMA report also shows that IFAD has made concrete efforts to respond to issues of sustainability and innovation, in particular by developing suitable frameworks for supporting and measuring its achievements in relation to these themes.
5. The recommendations contained in this year's PRISMA report are more strategically oriented than in previous years. The average number of recommendations has also dropped significantly. The Office of Evaluation should, however, continue its efforts to determine the root causes of problems. Over time, there will be a need for the evaluation coverage across regions to be more balanced and for the sharpening and contextualization of evaluation recommendations. The "longer follow-up chain" experienced in recent years will also need to be addressed. The increasing proportion of projects directly supervised and the Fund's strengthened country presence should both play a very positive role in this respect. Therefore, IFAD Management will use these initiatives to improve its follow-up action with regard to evaluation recommendations and implementation support.

President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)

I. Introduction and methodology

1. In line with the IFAD Evaluation Policy, the President of the Fund ensures that evaluation recommendations found feasible by users are adopted at the appropriate level and that their implementation is adequately tracked.¹ The President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) provides information to the Executive Board on follow-up action taken in this regard. The PRISMA 2008 report, the fifth in the series, provides information on the status of implementation of recommendations agreed at completion point of evaluations undertaken in 2006.
2. The PRISMA report supports IFAD's accountability and learning, and offers an opportunity for IFAD Management to respond to the issues raised by evaluations conducted in 2006.
3. The PRISMA 2008 report follows the same structure as previous ones, but with two additional sections: first, a review by region of the implementation status of the agreement at completion point (ACP) recommendations for the last three years; and, second, a review of the status of implementation of two themes selected for detailed review by the Annual Report on Results and Impact of IFAD Operations (ARRI) for 2007, viz. sustainability and innovation.² The report also highlights the systemic reforms recently introduced by IFAD Management to address a number of recurring deficiencies identified during evaluations.
4. The first volume of this report contains a statistical and thematic analysis of the entire set of evaluation recommendations and management responses; the second contains detailed responses to each recommendation. In line with the Executive Board's decision of September 2006, the second volume does not include details of operational recommendations³ but focuses only on those of a strategic and policy nature.
5. The ACP illustrates stakeholders' understanding of the evaluation, findings and recommendations, their proposals for implementation and commitment to act upon them. The signing of the ACP is the start of the process leading to follow-up on the recommendations. For reporting purposes, ACP recommendations are reviewed by the Programme Management Department (PMD) and divided into three classifications, the first of which identifies the entity responsible for following up on the recommendations. For this year's PRISMA report, the following categories were used:
 - Partner-country governmental authorities;
 - IFAD at the corporate level;
 - IFAD at the regional level;
 - IFAD at the country level, in partnership with the government; and
 - IFAD at the project level.
6. Given the decision to move to direct supervision, which currently applies to over half the ongoing portfolio, supervision-related issues are now addressed to IFAD rather than to the cooperating institution. Moreover, because one of the corporate-level evaluations (CLEs) undertaken in 2006 evaluated a regional strategy, an appropriate category has been added (IFAD at the regional level).

¹ EC 2003/78/R.17/Rev.1.

² EC 2007/92/R.7.

³ Details on the implementation status of operational recommendations are available through the tracking system managed by PMD.

7. The second classification examines the nature of the recommendations in compliance with the IFAD Evaluation Policy, as follows:
 - Operational, if the recommendation proposes a specific action;
 - Strategic, if it has suggested an approach or course of action; and
 - Policy, if related to the principles guiding IFAD.
8. Finally, recommendations are classified on the basis of 24 thematic categories such as gender, rural finance, training and capacity-building. In contrast to last year, the theme-based classification adopted in the PRISMA 2008 report considers private-sector, market and enterprise development as a single category. Learning, information and knowledge-sharing now appears under the heading of knowledge management. Since there is only one interim evaluation (IE) for 2008 and it produced only a small number of recommendations, implementation advice is thus incorporated into project management and administration. The exit strategy theme has been substituted by sustainability in order to reflect the broader and more strategic perspective that is needed. Two further themes have been added – governance and analysis, and studies and research – as these are emerging as significant areas for evaluation considerations.
9. In terms of process, once the recommendations have been classified by theme, the list and classification of ACP recommendations are reviewed and cleared by the Office of Evaluation (OE). IFAD regional divisions are then requested to comment on the follow-up status of each ACP recommendation and to provide evidence of the learning loop. What has become increasingly evident over time, and has been confirmed in 2008, is that as evaluation recommendations may also be made to entities other than IFAD, the follow-up actions do not always fall under IFAD's responsibility. Nonetheless, IFAD Management monitors the recommendations and reports to the Executive Board in the annual PRISMA report.
10. In accordance with the Evaluation Policy, IFAD Management has discussed the present report with OE. The comments made by OE are attached as annex III.

II. Evaluation coverage and contents

11. The PRISMA 2008 report refers to 11 of the 14 evaluations undertaken by OE in 2006 (see box below). These include: one IE, two country programme evaluations (CPEs), six completion evaluations (CEs) and three CLEs. The remaining three – the CPE for Brazil, the CE for the Ethiopia Southern Region Cooperatives Development and Credit Project and the Romania Apuesni Development Project – are not included since their ACPs had yet to be finalized at the time of preparing this report. The Arhangai Rural Poverty Alleviation Project in Mongolia, which was not included last year, is dealt with in PRISMA 2008.

Evaluations undertaken in 2006

OE undertook 14 evaluations in 2006: eight project/programme evaluations (interim or completion), three country programme evaluations and three corporate-level evaluations.

Project/programme evaluations in IFAD fall into two categories:

1. Interim evaluations are mandatory before starting a further project phase or launching a similar project in the same region. They are used to assess the extent to which a further phase is justifiable and to improve the design and implementation of the subsequent intervention. One IE was undertaken in 2006 and is included in the PRISMA 2008 report:
 - Peru: Development of the Puno-Cusco Corridor Project.
2. **Completion evaluations** are normally conducted after the project has ended and following finalization of the project completion report prepared by the borrower in collaboration with the cooperating institution. The following CEs are included in PRISMA 2008, in addition to the evaluation not included in the previous year's report (Mongolia: Arhangai Rural Poverty Alleviation Project):
 - Colombia: Rural Microenterprise Development Programme;
 - Georgia: Agricultural Development Project;
 - Mongolia: Arhangai Rural Poverty Alleviation Project;
 - Niger: Special Country Programme – Phase II;
 - Philippines: Cordillera Highland Agricultural Resource Management Project; and
 - United Republic of Tanzania: Participatory Irrigation Development Programme.

Country programme evaluations provide an assessment of the performance and impact of IFAD-supported activities in a given country and thus provide direct, concrete building blocks for reviewing and formulating country strategic opportunities programmes (COSOPs). Two CPEs are included in PRISMA 2008:

- Mali; and
- Morocco.

Corporate-level evaluations are conducted to assess the effectiveness and impact of IFAD-wide policies, strategies, instruments and approaches. The PRISMA 2008 report includes three CLEs:

- IFAD's Regional Strategy in Asia and the Pacific (EVEREST);
- IFAD's Field Presence Pilot Programme (FPPP); and
- IFAD's Rural Finance Policy.

12. The evaluation exercises reviewed in the present report cover all IFAD regional divisions. The Eastern and Southern Africa Division has the lowest representation, with one evaluation; the other divisions are equally represented, with two evaluations. IFAD at the corporate level has the highest representation, with three CLEs.

Table 1
Regional distribution of 2006 evaluations reviewed

| | IE | CE | CPE | CLE | Total |
|---------------------------------|----------|----------|----------|----------|-----------|
| Western and Central Africa | - | 1 | 1 | - | 2 |
| Eastern and Southern Africa | - | 1 | - | - | 1 |
| Asia and the Pacific | - | 2* | - | - | 2 |
| Latin America and the Caribbean | 1 | 1 | - | - | 2 |
| Near East and North Africa | - | 1 | 1 | - | 2 |
| IFAD corporate | - | - | - | 3 | 3 |
| Total | 1 | 6 | 2 | 3 | 12 |

* Includes Mongolia: Arhangai Rural Poverty Alleviation Project.

13. Compared with previous years, PRISMA 2008 reports only one IE whereas the proportion of CEs is higher. Consequently, it contains a smaller number of recommendations of an operational nature and more calling for IFAD intervention at the corporate level or a joint response by IFAD and country-level authorities.
14. Table 2 shows the evolution over time of the types of reviewed evaluations undertaken since the first PRISMA report, indicating a clear shift from 2003 and

2004, when IEs were clearly preponderant, to 2006, when CEs and CLEs make for most of the evaluations undertaken that year. This trend is expected to continue in the future.

Table 2
Types of reviewed evaluations undertaken from 2003 to 2006

| <i>Evaluations</i> | <i>Evaluation period</i> | | | |
|--------------------|--------------------------|-------------|-------------|-------------|
| | <i>2003</i> | <i>2004</i> | <i>2005</i> | <i>2006</i> |
| Interim | 8 | 8 | 5 | 1 |
| Completion | 2 | 1 | 5 | 6* |
| Country programme | 4 | 2 | 3 | 2 |
| Thematic | 2 | 2 | - | - |
| Corporate-level | 1 | - | 1 | 3 |
| Total | 17 | 13 | 14 | 12 |

* Includes Mongolia: Arhangai Rural Poverty Alleviation Project.

15. A total of 178 recommendations were generated by the evaluations reviewed in this report. The Peru IE provided the least number of recommendations (6), whereas the EVEREST evaluation provided the most (30). Overall, a lower average number of recommendations were made (15) compared with 2005 (19) and 2004 (29). This trend is in line with the emphasis that, in 2005, OE (with the full support of PMD) placed on enhancing effectiveness by arriving at recommendations that were fewer in number but more focused and strategic.
16. In terms of the entities to which the recommendations were addressed, most of the recommendations reviewed in PRISMA 2008 apply to IFAD-government partnerships at the country level (38 per cent) and were generated by a combination of CEs and CPEs. Almost one quarter of all recommendations are extended to IFAD corporate level as a result of the relatively high proportion of CLEs undertaken in 2006 (three, constituting 25 per cent of the sample, and the highest number since 2003). Recommendations applicable to project-specific contexts amount to only about 12 per cent.

Table 3
Evaluation recommendations by type of evaluation and level*
(number and percentage)

| | <i>IE</i> | <i>CE</i> | <i>CPE</i> | <i>CLE</i> | <i>Total</i> | |
|---|-----------|------------|------------|------------|--------------|------------|
| IFAD corporate level | - | 2% | 1% | 20% | 23% | 41 |
| IFAD regional level | - | - | - | 15% | 15% | 26 |
| IFAD country/government | - | 22% | 15% | - | 38% | 67 |
| Government authorities and institutions | - | 12% | - | - | 12% | 22 |
| Project | 3% | 9% | - | - | 12% | 22 |
| Total (percentage) | 3% | 46% | 16% | 34% | 100% | - |
| Total (number) | 6 | 82 | 29 | 61 | - | 178 |

* Discrepancies in totals are due to rounding.

17. In terms of the nature of recommendations, about 74 per cent of those covered in PRISMA 2008 are of a strategic nature. This is significantly higher than in last year's report (53 per cent), which already showed a significant increase over previous years. The PRISMA 2008 report also shows a more even relationship in the number of operational and policy recommendations (14 per cent and 12 per cent, respectively). A significant number of strategic recommendations relate to IFAD activities at the regional level and derive from the EVEREST evaluation (15 per cent). These recommendations call for the formulation of new country strategies and definition of new targeting modalities, among other things. In

contrast, operational recommendations strictly apply to project contexts, and, for PRISMA 2008, derive from one IE and six CEs.

Table 4
Distribution of evaluation recommendations by level and nature*
(number and percentage)

| | <i>Operational</i> | <i>Policy</i> | <i>Strategic</i> | <i>Total</i> | |
|---|--------------------|---------------|------------------|--------------|------------|
| IFAD corporate level | 7% | 11% | 5% | 23% | 41 |
| IFAD regional level | - | - | 15% | 15% | 26 |
| IFAD country/government | - | - | 38% | 38% | 67 |
| Government authorities and institutions | 2% | 2% | 8% | 12% | 22 |
| Project | 4% | - | 8% | 12% | 22 |
| Total (percentage) | 14% | 12% | 74% | 100% | - |
| Total (number) | 24 | 22 | 132 | - | 178 |

* Discrepancies in totals are due to rounding.

III. Implementation status of recommendations

18. In the analyses of follow-up actions, the PRISMA 2008 report employs the six implementation status categories used in 2007:
- **Full follow-up** – recommendations fully incorporated into the new course of activities/operations;
 - **Not yet due** – recommendations that will be fully incorporated into projects/country programmes/COSOPs not yet officially approved;
 - **Ongoing** – actions initiated in the direction recommended during the ACP;
 - **Partial** – recommendations not fully applied, or applied differently to what was agreed during ACP but respecting the underlying philosophy;
 - **Pending** – recommendations that could not be followed up; and
 - **Not applicable** – recommendations that have not been complied with owing to changing circumstances in the country development contexts or for other reasons.

A. Overall status of implementation

19. A summary of the implementation status of the ACP recommendations is presented in table 5. The same information, classified by theme, is given in annex I.

Table 5
Implementation status of evaluation recommendations
(number and percentage)

| <i>Level</i> | <i>Full follow-up</i> | <i>Not yet due</i> | <i>Ongoing</i> | <i>Partial</i> | <i>Pending</i> | <i>Not applicable</i> | <i>Total</i> |
|-------------------------|-----------------------|--------------------|----------------|----------------|----------------|-----------------------|--------------|
| IFAD country/government | 35 | 22 | 6 | 2 | 1 | 1 | 67 |
| | 52% | 33% | 9% | 3% | 1% | 1% | 100% |
| Government | 10 | 1 | 10 | - | 1 | - | 22 |
| | 45% | 5% | 45% | - | 5% | - | 100% |
| IFAD corporate | 23 | 1 | 12 | - | - | 5 | 41 |
| | 56% | 2% | 29% | - | - | 12% | 100% |
| IFAD regional | 11 | 3 | 6 | - | 1 | 5 | 26 |
| | 42% | 12% | 23% | - | 4% | 19% | 100% |
| Project | 18 | 1 | 2 | 1 | - | - | 22 |
| | 82% | 5% | 9% | 5% | - | - | 100% |
| Total | 97 | 28 | 36 | 3 | 3 | 11 | 178 |
| | 54% | 16% | 20% | 2% | 2% | 6% | 100% |

20. In all, 97 recommendations, or 54 per cent of the total, have been fully incorporated into new operations, strategies and policies. This ratio is much higher in the case of recommendations applicable at the project level (82 per cent) and only slightly higher for recommendations to IFAD at the corporate level (56 per cent). A lower ratio can be found in the case of recommendations extended to government authorities (45 per cent) and IFAD at the regional level (42 per cent).
21. While IFAD is committed to reporting on the implementation status of recommendations addressed also to its partner countries, it has much less influence on whether or how recommendations are implemented at this level than when recommendations are specifically addressed to the Fund or are jointly addressed to partner governments and IFAD. With regard to recommendations at the regional level, these relate mainly to the EVEREST evaluation, of which a considerable number are no longer applicable or have been applied only partially because IFAD subsequently decided not to develop regional strategies.
22. About 16 per cent of the recommendations are in the "not-yet-due" category. Most derive from country-level evaluations, which are followed by new COSOPs or are taken into account in the design of new projects.⁴ Examples here are the Morocco and Mali CPEs, where ACP actions will be realized with the approval of the new COSOPs. As far as CEs are concerned, the new projects in Georgia⁵ and Niger currently under preparation will incorporate evaluation recommendations.
23. Implementation is in progress for some 20 per cent of ACP recommendations. Among these, the greatest proportion consists of recommendations addressed directly to government authorities (45 per cent), while almost one third are recommendations addressed to IFAD at the corporate level. For 2 per cent of the ACP recommendations (three), implementation is 'pending'. In Colombia, since the project has closed it has not been possible to implement the recommended online system for monitoring the progress of rural microenterprises for financial reasons. The EVEREST recommendation relating to Asia and the Pacific Division staff training is still pending since it does not fully depend on the division but relates to other corporate policies. Compliance of 2 per cent of all recommendations (three) has been categorized as 'partial'. One example here is the recommendation in relation to land tenure deriving from the Niger CE, where a pilot activity in the Aguié Region is being undertaken by IFAD and the International Land Coalition but no report on progress has been made. Another example is the CE of the United Republic of Tanzania: the recommendation that the social capital created be used for community developments beyond the irrigation systems foreseen by the programme is being implemented, but the identification and incorporation of this information within district agricultural development plans is not reported on.
24. The remaining 6 per cent of recommendations (11) have been classified as 'not applicable'. Often, this reflects changes in the context under which the recommendations were expected to be implemented. In Georgia, the CE recommended that priority continue to be given to village residents when distributing land in order to protect rural households from land speculation. Nevertheless, IFAD is no longer directly involved in implementing programmes that support land privatization and titling. Five recommendations pertaining to the EVEREST evaluation are no longer applicable since no regional strategies are to be developed by IFAD. Similarly, in Mongolia, the recommendation on the need for IFAD and its cooperating institution to clearly define the supervision arrangements to allow for continuity and follow-up is no longer applicable, since IFAD has assumed responsibility for supervising these projects.

⁴ The instruments used to respond to evaluation recommendations are shown in annex II.

⁵ IFAD and the Government of Georgia have yet to reach agreement on the final design of a future IFAD-financed intervention. Nevertheless, all relevant recommendations will be taken into account once collaborative action with the Government resumes.

B. Status by region

25. The data in table 6 below give the implementation status of recommendations agreed upon deriving from IEs, CEs, CPEs, CLEs and thematic evaluations undertaken by OE in 2004-2006. Recommendations are aggregated by level (who they are addressed to) and two macro categories that group the status "full follow-up", "not yet due", "ongoing" ("yes"); and "pending", "partial" and "not applicable" ("no"), respectively.⁶ **It should be noted, however, that the size of the sample and short time frame do not allow for trend analyses in relation to regional performance.** Over time, as the sample size increases, so the regional assessment is expected to become more reliable.

Table 6
Implementation status of recommendations by regional division, 2004-2006

| Region | Level | Yes | | No | | Total | |
|---|-----------------|------------|------------|-----------|------------|------------|------------|
| | | Number | Percentage | Number | Percentage | Number | Percentage |
| Western and Central Africa Division (PA) | IFAD/government | 44 | 98 | 1 | 2 | 45 | 100 |
| | Government | 6 | 100 | - | - | 6 | 100 |
| | IFAD corporate | 5 | 100 | - | - | 5 | 100 |
| | IFAD project | 78 | 83 | 16 | 17 | 94 | 100 |
| PA total | | 133 | 89 | 17 | 11 | 150 | 100 |
| Eastern and Southern Africa Division (PF) | IFAD/government | 58 | 94 | 4 | 6 | 62 | 100 |
| | Government | 17 | 100 | - | - | 17 | 100 |
| | IFAD corporate | 1 | 33 | 2 | 67 | 3 | 100 |
| | IFAD project | 31 | 97 | 1 | 3 | 32 | 100 |
| PF total | | 112 | 94 | 7 | 6 | 119 | 100 |
| Asia and the Pacific Division (PI) | IFAD/government | 44 | 96 | 2 | 4 | 46 | 100 |
| | Government | 29 | 100 | - | - | 29 | 100 |
| | IFAD corporate | 17 | 85 | 3 | 15 | 20 | 100 |
| | IFAD project | 115 | 96 | 5 | 4 | 120 | 100 |
| PI total | | 225 | 93 | 16 | 7 | 241 | 100 |
| Latin America and the Caribbean Division (PL) | IFAD/government | 57 | 97 | 2 | 3 | 59 | 100 |
| | Government | 22 | 92 | 2 | 8 | 24 | 100 |
| | IFAD corporate | 3 | 100 | - | - | 3 | 100 |
| | IFAD project | 81 | 99 | 1 | 1 | 82 | 100 |
| PL total | | 163 | 97 | 5 | 3 | 168 | 100 |
| Near East and North Africa Division (PN) | IFAD/government | 45 | 96 | 2 | 4 | 47 | 100 |
| | Government | 7 | 78 | 2 | 22 | 9 | 100 |
| | IFAD corporate | 6 | 100 | - | - | 6 | 100 |
| | IFAD project | 36 | 92 | 3 | 8 | 39 | 100 |
| PN total | | 95 | 93 | 7 | 7 | 102 | 100 |
| Regional total | | 728 | 93 | 52 | 7 | 780 | 100 |

26. A number of general conclusions may be drawn from the data presented but caution should be exercised because percentages are derived from very small numbers in some cases.⁷ PI was provided with the most recommendations (241) and PN with the least (102). The majority of recommendations made to PA, PI and PL relate to the project level, and most of them have been fully incorporated into ongoing or future activities. The majority of recommendations made to PF and PN relate instead to the IFAD country level in partnership with government and institutions, and have been fully taken into account in 94 and 96 per cent of cases, respectively.
27. The percentage of recommendations that have not been fully addressed or are no longer applicable is rather small. Within this category, it must be noted that also

⁶ The status classifications used in the PRISMA 2006 and 2007 reports were adapted so as to make them comparable across years, fitting the groupings used within the two macro categories for status.

⁷ Very small numbers, such as 100 per cent compliance for one recommendation for PN at the regional level or 67 per cent non-compliance for PF at the IFAD corporate level for two recommendations, should be disregarded as they do not add value to these considerations.

included are recommendations that have become not applicable over time or have lost relevance; a good example of this is the case of PI, where some of the EVEREST evaluation recommendations fall within the 7 per cent of non-compliance because they subsequently became inapplicable. Similarly, in the case of PA, appropriate options, differing from those recommended by the evaluation, have been adopted in several cases as circumstances had changed by the time the recommendations were to be put into practice; in a few cases, the recommendations could not be implemented as planned due to civil unrest.

28. As stated above, table 6 provides a snapshot of the aggregated data by division for the last three years. It is to be noted, however, that high relative numbers for some categories relate to only a small number of recommendations. In addition, since these figures pertain to the last three years, many of them have been addressed since then. In short, all regional divisions have made efforts to follow up evaluation recommendations and report on actions taken. In absolute terms, performance remains satisfactory across all divisions.

IV. Thematic review of recommendations

29. The following section deals with the thematic classification of evaluation recommendations. To that end and in line with the PRISMA 2007 report, four thematic blocks have been identified:
- (a) Targeting, participation of beneficiaries, community organizations and gender;
 - (b) Technical areas such as training and capacity-building, rural finance and market and enterprise development;
 - (c) Design, management and supervision of project activities, monitoring and evaluation (M&E) of results and field presence arrangements; and
 - (d) Sustainability, knowledge management and innovation.
30. Among the substantive technical areas, the most recurrent themes are training and capacity-building, and rural finance issues. Natural resources management and private-sector, market and enterprise development are other important technical areas. Similarly, results M&E is one of the most recurrent themes relating to project management, and mainly derives from CEs. Supervision is also a frequent theme and also derives mainly from CE recommendations. For the first thematic block, targeting is also a more frequently recurring theme, with most recommendations deriving from CLEs. Therefore they are mainly of a strategic nature. Details of recommendation recurrence according to theme and nature are provided in table 7 below.

Table 7
Evaluation recommendations by theme and nature

| Block | Theme | Nature | | | Total | % | Case ^a |
|----------------------|---|-------------|-----------|------------|------------|-------------|-------------------|
| | | Operational | Policy | Strategic | | | |
| Targeting and gender | Targeting | - | 1 | 9 | 10 | 5.6 | 5 |
| | Gender | - | - | 1 | 1 | 0.5 | 1 |
| | Beneficiary and stakeholder participation | 1 | - | 3 | 4 | 2.2 | 3 |
| | Organizations of the poor | - | - | 5 | 5 | 2.8 | 5 |
| Technical areas | Natural resources management | - | 2 | 7 | 9 | 5.0 | 4 |
| | Private-sector, market and enterprise development | - | - | 7 | 7 | 3.9 | 5 |
| | Analyses, studies and research | 1 | - | 4 | 5 | 2.8 | 4 |
| | Rural finance | - | 4 | 6 | 10 | 5.6 | 4 |
| | Rural infrastructure | - | - | 1 | 1 | 0.5 | 1 |
| | Training and capacity-building | 2 | - | 8 | 10 | 5.6 | 7 |
| | Policy dialogue | - | - | 4 | 4 | 2.2 | 3 |
| | Partnership-building | - | - | 6 | 6 | 3.3 | 4 |
| Project management | Decentralization | - | - | 3 | 3 | 1.6 | 3 |
| | Project design and formulation | - | 2 | 2 | 4 | 2.2 | 3 |
| | Project management and administration | 1 | - | 4 | 5 | 2.8 | 5 |
| | Country presence | 8 | 10 | 2 | 20 | 11.2 | 3 |
| | Results M&E | 3 | - | 10 | 13 | 7.3 | 8 |
| | Human resources | 1 | - | 1 | 2 | 1.1 | 2 |
| | Supervision | - | 1 | 9 | 10 | 5.6 | 7 |
| Cross-cutting themes | Knowledge management | 5 | - | 5 | 10 | 5.6 | 7 |
| | Sustainability | - | 2 | 2 | 4 | 2.2 | 3 |
| | Innovation and replication | 2 | - | 6 | 8 | 4.4 | 5 |
| Others | Governance | - | - | 2 | 2 | 1.1 | 2 |
| | Strategy | - | - | 25 | 25 | 14.0 | 9 |
| Total | | 24 | 22 | 132 | 178 | 100% | 12 |

^a Corresponds to the number of evaluation exercises in which each theme is included. The total represents not the total of the column but the number of evaluations in which the themes occur.

A. Targeting and gender

31. **Targeting.** Ten recommendations on targeting, distributed across five evaluations, were produced by the ACPs reviewed in the present report. Most are of a strategic nature and may be grouped into two categories: need for a clearer approach to targeting; and need for IFAD to build on its experience and comparative advantage to reach the poorest and most vulnerable groups.
32. The need for a clearer approach to identifying IFAD's target group was emphasized in the EVEREST evaluation, which recommended that IFAD develop a clear and comprehensive approach that would guide both the Fund and its partners. Full follow-up on this recommendation is foreseen, also owing to the framework provided by the targeting policy developed by IFAD and approved by the Executive Board in September 2006.⁸ The CE for the United Republic of Tanzania recommended that, at the time of designing any irrigation scheme, the Government should decide that the overall aim is to target the rural poor, while also giving due consideration to the economic efficiency of the schemes; this is taking place, especially in relation to the simplicity of design and efficiency of schemes.
33. The need to build on IFAD's experience and comparative advantage to reach the most marginalized groups was stressed by the CEs for Niger and Georgia, the EVEREST evaluation and the Mali CPE. In most cases, full follow-up is going forward (Niger) or will be provided for in new projects (Georgia) or COSOPs (Mali). In Niger in 2006, the Project for the Promotion of Local Initiative for Development in Aguié

⁸ EC 2006/88/R.2/Rev.1.

successfully tested a targeting pilot initiative that saw farmers undertaking a village-level survey to identify vulnerable groups and potential project beneficiaries. This approach, which promoted the active participation of farmers, was successful not only in collecting information in a timely manner but also contributed to increasing potential beneficiaries' understanding of project objectives, which encouraged them to provide the information requested. This experience was presented at a learning event held at IFAD in 2007, and will be replicated by the Agricultural and Rural Rehabilitation and Development Initiative Project.

34. In response to evaluation recommendations, COSOP activities in Mali will be concentrated in the Sahelian area. IFAD will also focus its assistance in geographical terms in response to recommendations produced by the EVEREST evaluation. This means that, in China and Viet Nam, the Fund will concentrate activities on mountain areas with a high concentration of ethnic minorities. Moreover, focus will be maintained on indigenous peoples both in these countries and in India and the Philippines. In general terms, implementation of its targeting policy is expected to improve IFAD's capacity to reach its target groups.
35. **Gender.** Gender equality and women's empowerment was the central theme of only one recommendation in relation to the EVEREST evaluation. This called for greater attention to promoting better gender equity and addressing evolving gender relations as a result of women's advancement in the Asia and the Pacific Region. It is expected to be fully followed up as the division is committed to emphasizing women's empowerment in all its projects. The fact that there is only one recommendation on gender issues within the whole set of recommendations should not be a reason for complacency. Rather, it may indicate a need to devote greater and more specific attention to gender issues during evaluations.
36. **Beneficiary and stakeholder participation.** Evaluations indicated the need to promote the participation of beneficiaries and stakeholders in project activities in order to improve empowerment and comprehensive community development. In the present report, four recommendations focus on beneficiary and stakeholder participation. In Peru, an agreement has been signed with non-governmental organizations and research centres, with the participation of stakeholders in rural development, to derive lessons for future activities from the mechanisms and strategies adopted by the project. In the recently approved Second Cordillera Highland Agricultural Resource Management Project (CHARMP-II) in the Philippines, a participatory investment planning process will be developed at the community level; community members will discuss the various options based on their own needs; and marginalized groups will undertake their own prioritization separately so that their needs are fully taken into account. The project will also support community members in participatory M&E.
37. **Organizations of the poor.** Recommendations concerning organizations of the poor relate to the need to strengthen their capacity to provide services to members and to the sustainability of project activities. Five recommendations in five different cases focus on these issues in the PRISMA 2008 report. In Mali, the recommendation to strengthen the capacity of peasant and professional organizations to provide technical and economic services to members will be taken fully into account in the forthcoming COSOP as one of its strategic objectives will focus specifically on that issue. The new programme in Mali, currently under design, will also take account of this recommendation. In Morocco, all ongoing projects have initiated and supported the organization of local communities into grass-roots organizations around various investments in order to take ownership of them and ensure operation and maintenance activities as an exit strategy; new projects will continue this approach under the new COSOP.

B. Technical areas

38. **Natural resources management.** Nine recommendations were made in relation to natural resources management, across four evaluations. Given the importance of

promoting environmental best practices, an environmental assessment was undertaken during the design phase of the CHARMP-II project in the Philippines. This produced an environmental management and monitoring plan that will be adopted during project implementation. Communal watershed conservation plans will be developed and participatory reforestation planning carried out. These plans will be reinforced by emphasizing wider use of indigenous knowledge and practices. In Niger, with funding from a small grant, IFAD is working with national-level farmer and livestock organizations with a view to addressing the issue of recurrent drought and its impact on herds and household financial assets. The ongoing Agricultural and Rural Rehabilitation and Development Initiative Project also includes a specific component for agriculture and the environment.

39. **Private-sector, market and enterprise development.** Seven recommendations were made related to market development, enterprises and the private sector, and mainly focused on engagement with the private sector and access to markets. The COSOP under preparation for Morocco will take account, for all applicable projects, of the recommendation to pay particular attention to the marketing, and integration into appropriate commodity chains, of agricultural products promoted by IFAD-financed projects. In the United Republic of Tanzania, following the recommendation to open up dialogue with the private sector to identify means and ways of remedying the shortcomings of private-sector contractors, the Ministry of Agriculture, Food Security and Cooperatives has developed strong relations with the National Credit Council. It has also continued its close collaboration with the Contractors Registration Board and the Engineers Registration Board.
40. **Analyses, studies and research.** This year's PRISMA report also contains a specific category responding to five recommendations on the need for analyses, studies and research on the specific poverty dynamics, opportunities and threats characteristic of IFAD's areas of intervention. In Niger, in line with the ACP recommendation, the design of the forthcoming project includes a specific working document on the root causes of poverty and food insecurity in the proposed project area. In the Asia and the Pacific Region, various analytical studies have helped the division identify emerging constraints and opportunities for rural poverty reduction. Based on these studies and two regional consultations held in 2006, PI has identified three areas of strategic direction: sustainable natural resources management (including agriculture); the rural non-farm sector; and post-disaster rehabilitation (responding to risk and vulnerability). In the United Republic of Tanzania, the Ministry of Agriculture, Food Security and Cooperatives is undertaking a study to formulate irrigation schemes for districts and water users' associations based on experience obtained under various irrigation programmes and projects, including IFAD's Participatory Irrigation Development Programme.
41. **Rural finance.** Issues having to do with rural finance produced ten recommendations across four evaluations, but most relate to the CLE of IFAD's Rural Finance Policy. Although with some delay compared with original targets, the updating of the IFAD Rural Finance Policy and supporting documents, i.e. decision tools for rural finance and technical annexes, is under way. In line with the evaluation recommendations, partnership arrangements have been made through grants to relevant actors such as the Consultative Group to Assist the Poor (CGAP), the Participative Microfinance Group for Africa and the Micro Finance Centre. The PA and PF divisions have also engaged in grant-supported partnerships to ensure technical support to partner countries in the design and implementation of projects with rural finance components. Another issue concerned the sustainability of rural finance initiatives. In a number of West African countries, special arrangements have been made with the United Nations Capital Development Fund to enhance the sustainability of rural financial services.
42. **Rural infrastructure.** Only one recommendation on rural infrastructure is included in the PRISMA 2008 report. In line with that recommendation, the CHARMP-II project in the Philippines will, in addition to irrigation schemes and agroforestry

infrastructure development, also support primary processing equipment and infrastructure such as that for drying, sorting and packaging. In close collaboration with private buyers, the project will undertake the necessary sensitization and training in management and operation of equipment.

43. **Training and capacity-building.** Ten recommendations were made with regard to training and capacity-building. Evaluations highlighted the importance of improved technical and managerial capabilities of project management units and technical staff to contribute towards overall project outcomes. In Mali, management capacity activities have been financed through two regional grants with special focus on M&E and capacity-building of project staff. This recommendation will also be followed up in future projects, where training sessions for project management unit staff will be held during start-up missions. Similar arrangements have also been made in Niger, where a grant will finance technical assistance.
44. The CE of the Cordillera Highland Agricultural Resource Management Project (CHARMP) in the Philippines recommended that a specific capacity-development component be included in the new project (CHARMP-II) in order to synchronize the training activities of the different agencies and different project components involved. The first component of CHARMP-II focuses on building up the capacity of communities, while all other components include specific capacity-building activities for the concerned implementing agencies, farmers' organizations and local government units. A training needs assessment for each implementation support agency is planned for the start of the project to make sure that adequate training is provided and to ensure synchronization.
45. The evaluation of IFAD's Rural Finance Policy pointed up the need for an in-house training course on rural finance for IFAD staff. While this training has yet to begin, other initiatives have been undertaken to provide support and training in rural finance for IFAD staff. To that end, the in-house Rural Finance Thematic Group functions as a vehicle for knowledge sharing, and for enhancing and facilitating participation in training activities organized by other organizations. By April 2008, some 14 IFAD staff had attended in-country study tours organized by the World Bank in different countries, where participants took stock of the Bank's experience with rural finance projects. The above-mentioned group has also continued with its dissemination work in relation to the Boulder Microfinance Training Programme courses, as well as others organized by institutions such as CGAP and the Frankfurt School of Finance and Management.
46. **Policy dialogue.** Four recommendations deal with policy dialogue. These relate to three cases: Mali, Morocco and the Regional Strategy for Asia and the Pacific. In Mali, policy dialogue is the third strategic objective of the recently approved results-based COSOP. In order to operationalize that objective, a grant has been made available, inter alia, to help intensify policy dialogue, increase the availability of information and target national decision-makers in rural development. In Morocco, the IFAD country programme will continue to generate policy issues and will be used as a platform for policy dialogue with the Government and other stakeholders in rural areas. A consultation workshop will be held during COSOP formulation, with the participation of other donors and national and international organizations involved in rural development, to define the rules of engagement within the new framework of IFAD's country strategy. At the regional level, and in collaboration with the Food and Agriculture Organization of the United Nations (FAO), PI is working with key government agencies in Cambodia, China, India, Indonesia, Nepal, Pakistan, Sri Lanka and Viet Nam in the area of pro-poor policy analysis and dialogue. PI is also engaging in regular policy dialogue with governments in areas necessitating policy reforms in the context of rural sector performance assessment for the performance-based allocation system (PBAS).
47. **Partnership-building.** Six recommendations deal with IFAD partnership arrangements, and most derive from CLEs. In the Asia and the Pacific Region, the

recommendation to enhance partnership with governments in the region and ensure that IFAD country strategies and operations are anchored in national strategies and plans for rural poverty reduction has been fulfilled with the development of results-based COSOPs, which ensure alignment with national priorities. PI has also developed stronger collaboration with the World Bank in Southern Asia and with the Asian Development Bank in the Greater Mekong subregion, given those organizations' increasing attention to, and investments in, the agriculture and rural development sectors. Cooperation with FAO has also expanded in the areas of pro-poor policy analysis and dialogue in agriculture, agricultural competitiveness in the Greater Mekong subregion and in project design.

48. In relation to IFAD's global partnerships with rural finance institutions, the partnership between IFAD and the Microfinance Information eXchange (MIX) continues, supported by a large grant that will ensure continuity until 2012. In relation to the mainstreaming of the MIX Market as a reporting platform throughout IFAD's rural finance programmes, since the Results and Impact Management System (RIMS) indicators generally correspond to standard performance-monitoring indicators captured on the MIX Market, these are now binding.

C. Project management

49. **Decentralization.** Three recommendations were made in connection with decentralization. In Colombia, the CE recommended the continuation and expansion of decentralization; this process is ongoing. In the Asia and the Pacific Region, the decentralization process is also going forward through close collaboration of IFAD projects with elected officials, who often play a central role in development matters at the local level. In Niger, the forthcoming project will include a specific component to support decentralized entities to develop their own development plans; another component will focus on local private-sector development to ensure that service providers will be able to respond to public and private demands once the project has closed.
50. **Project design and formulation.** The PRISMA 2008 report contains only four recommendations dealing with project design, two of which have been superseded by the development of new, corporate-level processes at IFAD. The need to identify appropriate partners through institutional assessment as early as possible in the project design process, recommended by the CLE on PI's regional strategy, has been superseded by the expansion of IFAD's country presence and establishment of country programme management teams, in which country stakeholders play a key role. This will enable IFAD to work more closely with governments and entrust them with greater responsibility for project design – which is also an EVEREST evaluation recommendation.
51. Other corporate processes relevant to project design and formulation are quality enhancement and quality assurance, guidelines for which were issued by PMD in December 2007. By setting explicit quality standards through identification of key success factors, strengthened internal review and a final project quality check through a quality assurance function, IFAD has set up a comprehensive process to strengthen quality at entry into project design. The quality assurance process involves a review of project design by the Office of the Vice-President as a final step before the start of loan negotiations and submission of projects to the Executive Board. Through the key success factors established by the quality enhancement process, IFAD ensures that all the projects it finances are aligned with the IFAD Strategic Framework 2007-2010, strategic objectives and policies.
52. **Project management and administration.** Five recommendations were made under this theme: four have been fully complied with and the fifth is not yet due as it refers to the Morocco COSOP currently under design. In response to the evaluation findings, the supervision and mid-term evaluation reports for the Arhangai Rural Poverty Alleviation Project in Mongolia have been translated so as to ensure proper communication and avoid misunderstandings and delays in project

- activities. In Mali, IFAD's procurement procedures are generally aligned with national procedures in the event they are acceptable to the Fund.
53. In the Philippines, in response to the recommendation on the need for built-in flexibility in the annual work programme, the regional interagency steering committee of the new project will meet at least twice yearly to review policies and approve, or adjust as appropriate, the annual workplan and budget (AWP/B). Most project activities will be prioritized by community members on the basis of a project menu. Such investment plans will be integrated into the municipal development plan and, eventually, into the project's AWP/B.
 54. **Country presence.** Eighteen of the 20 recommendations on country presence derive from the CLE of the FPPP, and all but two have been either fully complied with or are currently under implementation. The two recommendations not applicable relate to more systematic experimentation with alternative country presence models in additional countries, beyond those included in the FPPP, which would include the setting up of regional offices. At its December 2007 session, however, the Executive Board directed IFAD Management to limit the number of country presence offices to 15;⁹ regional offices are not presently envisaged.
 55. Within this framework, IFAD continues to carry forward the process of establishing country offices and has outposted two country programme managers (CPMs), one to the United Republic of Tanzania and the other to Viet Nam, in addition to the two already outposted to Colombia and Panama. Host country agreements were signed between IFAD and Colombia in November 2007 and between IFAD and Viet Nam in January 2008, and draft agreements were dispatched to Ethiopia, Kenya and the United Republic of Tanzania during the first trimester of 2008. An exchange of letters, expected to lead to the signature of such an agreement, has begun for Panama.
 56. The Fund is also exploring suitable arrangements for the logistical and infrastructure requirements relating to the outposting of CPMs, and for this reason hosting options have been explored with other United Nations agencies and the World Bank. However, in view of cost considerations as well as the need for framework agreements and for identifying with the United Nations, country offices will probably continue to be hosted by the United Nations Development Programme, FAO and the World Food Programme (WFP). National staff in country presence offices play a key role in direct supervision and 11 have been trained in this function; these staff are seen as an integral part of PMD's overall human resources. Provision for country presence offices is included in PMD divisional budget submissions.
 57. **Monitoring and evaluation.** Thirteen recommendations centred on M&E. As in the PRISMA 2007 report, some of the M&E recommendations reviewed here are of an operational nature and imply a more active role for IFAD in helping projects to set up M&E systems. In general terms, this situation is expected to improve as IFAD continues to take more responsibility for supervising its projects. Concrete examples of initiatives undertaken in response to evaluation recommendations may also be given. For instance, at the corporate level, the FPPP/CLE recommended that reports from country offices should describe achievements against key performance indicators through the use of existing M&E systems. The templates developed for reporting on progress include reference to key thematic areas, and country offices are expected to contribute to the corporate results framework.
 58. In response to the recommendation that the M&E system in Morocco be improved, the RIMS system has, since 2005, been introduced in all IFAD projects in the country. Third-level RIMS surveys were undertaken for all ongoing projects in Morocco in 2007, and backstopping and implementation support to M&E is envisaged during 2008. In Mali, a more reliable system will be set up to measure

⁹ EC 2007/92/R.47.

the contribution of IFAD's country programme to achieving the poverty reduction strategy paper (PRSP) goals, and each project will develop an M&E system to measure the impact of IFAD operations.

59. The establishment and functioning of project M&E systems has long been of concern to IFAD. In its comments on the PRISMA 2007 report, OE identified this issue as one where PMD and OE could join forces to tackle recurrent weaknesses. Discussions in this regard culminated in a workshop organized by OE in May 2008. The Office of Evaluation and PMD will continue to explore the possibility of working more closely in assisting projects to improve their M&E systems.
60. **Human resources.** The present PRISMA report contains two recommendations on human resources management, both deriving from CLEs. Positive feedback has been received on the compliance status of recommendations regarding recruitment of the senior technical advisor for rural finance. The process of regularizing the other two rural finance positions is ongoing. As regards PI's subregional structure, clusters of country teams currently working on a pilot basis will be expanded based on lessons learned.
61. **Supervision.** Most of the 10 recommendations dealing with IFAD supervision are of a strategic nature. Seven have been fully followed up and two are not applicable. Of the latter, one was recommended by the Mongolia CE but has become redundant with IFAD assuming responsibility for project supervision. Another, with respect to Niger, is not due since the project has still not been approved.
62. All the seven recommendations that have been fully followed up aim at increasing IFAD's support to project implementation. The recommendations suggest that, to achieve this aim, IFAD staff should regularly participate in supervision missions or assume responsibility for the direct supervision of projects. In the cases of Mongolia and the Philippines, direct supervision already takes place or will take place after project approval. In Mali, the CPM regularly participates in supervision missions. In Morocco, all ongoing projects are visited by yearly IFAD implementation support missions and by supervision missions fielded by the cooperating institution. Another suggestion is that IFAD should coordinate its implementation support activities with project partners, as in the case of the Philippines where there is a commitment to organize joint supervision and implementation support missions.
63. Very importantly, IFAD has significantly increased the number of its projects under direct supervision, which has now reached over half the active portfolio. Supervision guidelines have been issued, staff have been trained and the supervision capacity of regional divisions has been enhanced through the newly-appointed programme advisors. This combination of corporate initiatives and the development of specific skills within IFAD will ensure that supervision concerns are responded to in an appropriate manner. In addition, IFAD's country presence initiative is expected to improve the quality of implementation support provided, thanks to early identification of constraints and their timely resolution.

D. Cross-cutting themes

64. **Knowledge management.** Ten recommendations across seven cases are included in this group, and most have received a positive response and follow up. Some reflect the need to share knowledge as a means of better coordinating project activities, as proposed by participants at the ACP workshop for the Mongolia CE, or to capitalize on project experience as in the case of the Niger CE: both recommendations have been fully followed up. In Peru, project beneficiaries have been enabled to share their experiences with others through the organization of "learning routes" – "see-and-learn" study tours – which allowed them to share experiences and learn from one another. This has proved to be an innovative and effective method of sharing knowledge.

65. In line with evaluation recommendations, initiatives have been taken in Mali and the United Republic of Tanzania to enhance learning. In Mali, ideas for innovation and lessons learned from rural poverty reduction activities, and innovations undertaken within the Fund's country programme will be captured and disseminated through field research on poverty reduction, IFAD participation in policy meetings, communications with national institutions responsible for poverty reduction and food security, and by developing and maintaining a wECsite on IFAD projects in the country. In the United Republic of Tanzania, initiatives have been launched to collect information on the range of irrigation/water harvesting techniques already developed and available.
66. At the corporate level, the recommendation of the FPPP/CLE to develop a systematic mechanism for exchanging experiences across country presence officers and country programme managers has been responded to by organizing the participation of country presence officers in divisional retreats and other knowledge-sharing events. Indeed, enhancing knowledge management and contributing knowledge to PRSPs was one of the objectives of the FPPP. Moreover, IFAD is pursuing the possibility of forming a working group on country presence issues with FAO and WFP, both of which have a much greater field presence and experience.
67. A corporate response to knowledge management concerns was also provided in April 2007, when the Executive Board approved the IFAD Strategy for Knowledge Management.¹⁰ This was one of the key deliverables of IFAD's Action Plan for Improving its Development Effectiveness. The strategy aims at providing IFAD with the necessary framework for ensuring development effectiveness, thereby enabling it to devise appropriate innovations, improve its systems and increasingly become a knowledge-based organization. Implementation of the strategy is expected to improve IFAD's capacity to learn both systematically and collectively, promote good practices, scale up innovations and influence policies.
68. **Sustainability.** The last ARRI report dealt with IFAD operations evaluated in 2006, and examined sustainability and innovation in more detail as a contribution to the learning process. The following sections provide an overview of initiatives undertaken by IFAD in relation to the two themes, both in response to the ARRI analysis and as a contribution to the ongoing dECate thereon.
69. As far as the evaluation record is concerned, the ARRI report concluded that the following issues recur in projects that underperform in terms of sustainability: (a) overambitious project objectives, often poorly adapted to the context involved; (b) inadequate attention to institutions, social and risk analysis, and to devising measures that would enable projects to adapt over time; (c) insufficient hands-on implementation support and short project time frames; and (d) insufficient ongoing, recurrent financing and requirements for technical assistance following project closure. The ARRI report further recommended that IFAD's approach to sustainability should be anchored in: a more systematic analysis of the institutions involved; greater realism in the formulation of objectives and approaches; and development and implementation of exit strategies in all the projects and programmes it supports. IFAD's self-assessment processes have also generated lessons and brought out good practices that are applied to all IFAD operations.
70. The conclusions of the self-assessment processes are in line with those reached by the Independent External Evaluation of IFAD as regards the factors that undermine sustainability. This is also the case for the four recommendations in relation to sustainability issues identified in this year's PRISMA report. The EVEREST evaluation highlighted the need for a regional approach to sustainability and proposed various ways of achieving it, such as the development of early exit strategies in every project. To that end, PI has undertaken pilot case studies in five

¹⁰ EC 2007/90/R.4.

IFAD-funded projects in Bangladesh, India, Indonesia, Mongolia and the Philippines. The division is also undertaking a study to explore other dimensions of sustainability.

71. The CHARMP-II project in the Philippines also responded to evaluation recommendations in relation to the development of an exit strategy and sustainability measures. The project will be implemented through existing national institutions that manage project activities and assign appropriate staff. An intensive social preparation phase will prepare community beneficiaries eventually to take over the management, and ensure the sustainability, of infrastructure projects and grass-roots institutions.
72. In addition to responding to specific evaluation recommendations, IFAD has undertaken a number of **system-level** initiatives to improve the sustainability of benefits. IFAD fully recognizes that, without sustainability, there can be no lasting impact on rural poverty reduction. The Strategic Framework therefore identifies the achievement of sustainability as one of the organization's six principles of engagement.
73. At the higher level, IFAD actively promotes the partnership commitments of the Paris Declaration on Aid Effectiveness. The promotion of country ownership, consistency with national policies, strategies and programmes, and harmonization with the efforts of other donors, all increase the likelihood of a lasting, sustainable impact of IFAD projects and programmes. IFAD operationalizes this commitment throughout its project cycle.
74. In addition, the new project design process ensures that projects and programmes set realistic objectives and take account of the specific context of project implementation. It also requires an assessment of the sustainability of development outcomes and prospects for future scaling up. Similarly, the new quality enhancement process ensures that IFAD projects and programmes take stock of lessons learned in relation to sustainability and devise mechanisms for reducing risks. The recently initiated quality assurance system will also include sustainability as one of the key success factors against which newly designed projects are assessed. Finally, IFAD's efforts to improve its overall development effectiveness through the Action Plan for Improving its Development Effectiveness are likely to indirectly generate positive effects on performance sustainability.
75. Two key corporate initiatives that will also contribute to impact sustainability are the significant rise in projects under direct IFAD supervision (paragraph 63) and increased resources for strengthening the Fund's country presence (paragraphs 54-55). Steps have been taken to strengthen systems for managing IFAD's country-level staff.
76. The results of these collective initiatives will be measured by means of IFAD's results measurement framework (RMF), approved by the Executive Board in September 2007,¹¹ which provides a mechanism to aggregate IFAD's results in terms of its operational effectiveness. Under the RMF, sustainability performance is closely tracked by IFAD's self-assessment systems, which now include assessments at entry, during implementation and at completion.
77. **Innovation and replication.** The ARRI report for 2007 concluded that although IFAD's performance was not particularly weak with regard to innovation, the organization was less innovative than it aspired to be. Moreover, it pointed out that in order to be innovative IFAD would need: (a) to develop an institutional culture biased towards innovation, matched with the necessary competencies and incentives; (b) a clear definition of and conceptual framework for innovation within the organization; (c) better analysis and treatment of risk; and (d) improved

¹¹ EC 2007/91/R.2.

knowledge management with regard to experiences and lessons learned from its own and other programmes.

78. In terms of evaluation recommendations with regard to innovation, this year's PRISMA report contains eight recommendations across five evaluations. This is twice as many as last year, and in some way confirms the need to develop a specific innovation framework.
79. Evaluation recommendations related to innovation apply to various contexts. The Mali CE recommended that IFAD should develop a framework for a systematic approach to building up its innovation capacity. In Morocco, the CPE highlighted the need to create synergies between project and grant-financed activities, especially in relation to pilot experiments, capitalization and dissemination of advances, and to strengthen collaboration between innovating agents and IFAD's programme. The COSOP currently under preparation for Morocco will take account of this recommendation and, as recommended, stipulate the close links between grants and projects.
80. In Peru, project-level innovations are disseminated through the "learning routes" programme described earlier in this report (paragraph 64). In Mali, the CPE highlighted the need to improve consultation, exchanges of information and coordination among all actors involved in innovation. In this context, the IFAD grant-funded policy dialogue unit and the country coordination office for IFAD programmes and projects in Mali will lead initiatives regarding exchanges of information, while new tools for sharing information also will be developed.
81. Again **at the systems level**, the importance of innovation was reaffirmed in 2007 when the Executive Board endorsed the IFAD Strategic Framework 2007-2010 listing innovation as one of the Fund's principles of engagement. Innovation was given further prominence through development of the IFAD Innovation Strategy approved by the Executive Board in September 2007.¹² The strategy defines innovation as a process that adds value or solves a problem in new ways; it also specifies that in order to qualify as an innovation, a product, idea or approach should be new to its context, useful and cost-effective in relation to a goal, and able to "stick" after pilot testing. With the strategy now in place, IFAD's capacity to innovate and replicate successful innovations is expected to increase. Nevertheless, it is important to bear in mind that the PRISMA 2008 report refers to projects and programmes approved before the strategy was developed.
82. The aforementioned strategy enables IFAD to apply a systematic approach to innovation.¹³ Its goal is to ensure that innovation is systematically and effectively mainstreamed in existing structures and processes, and thus in country programmes and IFAD-supported projects. The strategy foresees that a series of activities will support innovation through the project and programme cycle, as well as in other IFAD initiatives, all involving prototyping and testing. Implementation of the strategy involves the whole organization, promoting the creation of the "institutional bias" that was suggested in the ARRI report for 2007.
83. Another important IFAD initiative is the Initiative for Mainstreaming Innovation (IMI) that laid the groundwork for the Innovation Strategy. To date, the IMI has undertaken a number of initiatives to create an innovation culture within IFAD. Through its competitive bidding process, the IMI has funded 39 innovative proposals, chosen through a screening process, and has enabled selected recipients to obtain funds for projects otherwise not eligible under the regular grant programme.
84. The IMI supported the development of a partnership in policy innovation and communication with the International Food Policy Research Institute, as endorsed

¹² EC 2007/91/R.3/Rev.1.

¹³ This was a major concern of the Independent External Evaluation of IFAD, which found that while there were excellent examples of IFAD innovation, there was not a sufficiently systematic approach.

by the Executive Board in September 2007.¹⁴ The IMI has also introduced lunchtime “brown-bag seminars” as an informal way of encouraging dialogue, dECate and knowledge-sharing, and has also conducted an in-house course on creative problem solving, therECy contributing to creating the necessary capabilities in creative, innovative thinking among IFAD staff.

V. Conclusions and recommendations

85. Overall, follow-up of recommendations by independent evaluations presents a satisfactory picture. All together, 54 per cent of the ACP recommendations have been fully implemented; another 20 per cent are currently under implementation; and 16 per cent will be implemented in due course as new COSOPs or projects are developed. In sum, 90 per cent of the recommendations have been fully incorporated into IFAD activities. Only 6 per cent of ACP recommendations were found to be inapplicable because of changes in the operating environment or Executive Board decisions. As in previous years, this shows greater convergence between the evaluation recommendations and their follow-up. Equally importantly, it reflects the commitment of IFAD Management to implementing the ACP recommendations.
86. The knowledge generated by the evaluations contributed to the knowledge base on which the IFAD Strategy for Knowledge Management, approved by the Executive Board in April 2007, and the IFAD Innovation Strategy approved in September 2007, were designed. This is in line with previous experiences that led to the design and approval of IFAD’s policies such as those on targeting¹⁵ and on supervision and implementation support.¹⁶
87. As recommended in the 2007 ARRI report, the PRISMA 2008 report also deals with the two themes selected by OE for their contribution to learning, sustainability and innovation. While sustainability has been a weak aspect of IFAD programmes and projects to date, specific initiatives and mechanisms have been put in place to improve the sustainability of the Fund’s development activity outcomes, both directly and indirectly. Sustainability is one of the Strategic Framework’s principles of engagement, and its performance will be reported on annually through the results measurement framework. By placing greater emphasis on this issue and setting up specific mechanisms, IFAD has created a solid basis for improving its sustainability performance in the medium to long term.
88. IFAD’s capacity to systematically promote innovation has been boosted by approval of its Innovation Strategy. The IMI, which helped to promote an innovation culture within IFAD and laid the groundwork for the strategy, now plays an important role in its implementation. This will enable IFAD to further strengthen its innovation capacity.
89. Some challenges remain, however. The PRISMA 2008 report reconfirms the need to better address critical themes such as M&E, training and capacity-building, gender and natural resources management. Future evaluations must therefore place more emphasis on these themes. Other important issues in need of close particular attention are targeting, rural finance, supervision and knowledge management. For these sectors, the policies and strategies developed in recent years and the forthcoming updating of the IFAD Rural Finance Policy are all expected to help IFAD improve its performance.
90. In line with IFAD Management’s suggestion¹⁷ that evaluations should focus more on strategic recommendations and on fewer of an operational nature, the 2006 group of evaluations shows further progress in this respect. Between the 2007 and 2008 PRISMA reports, strategic recommendations have increased from 53 to 74 per cent,

¹⁴ EC 2007/91/INF.4.

¹⁵ EC 2006/88/R.2/Rev.1.

¹⁶ EC 2006/89/R.4/Rev.1.

¹⁷ EC 2006/88/R.9 and EC 2005/85/R.10.

while the number of operational recommendations has decreased from 19 to 15 per cent during the same period. The Fund's efforts to determine the root causes of problems identified should be sustained in order to help management take timely and effective corrective action. Overall, there is also a need to sharpen and contextualize evaluation recommendations so that projects/programmes evaluated are able to apply them both efficiently and effectively. In addition, it will be important that, over time, the evaluation coverage should broadly follow the size of the portfolio spread across regions. This requires that undercovered regions should receive more coverage in terms of project and country evaluations in the near future. Multiyear evaluation programming would serve to better achieve such a balance.

91. In line with the findings of the PRISMA reports for 2006 and 2007, recommendations are now increasingly addressed to national and subnational government authorities and other national partners. Indeed, in this year's PRISMA report, 12 per cent of the evaluation recommendations were directly addressed to governments and another 38 per cent jointly to IFAD and governments; this will increase as IFAD places greater emphasis on increased country ownership. As explained in the PRISMA 2007 report, this will not only lengthen the "follow-up chain" but also reduce IFAD's influence on follow-up and compliance. At the same time, IFAD's increased involvement in supervising its projects and its greater field presence will make for more timely and rigorous follow-up. In this light, IFAD Management will attempt to compensate for the challenge posed by the "longer follow-up chain" by more effectively using the direct supervision, implementation support and country presence arrangements.

Implementation status of evaluation recommendations by theme

(percentage)

| <i>Theme</i> | <i>Full follow-up</i> | <i>Not yet due</i> | <i>Ongoing</i> | <i>Partial</i> | <i>Pending</i> | <i>Not applicable</i> | <i>Total</i> |
|---|-----------------------|--------------------|----------------|----------------|----------------|-----------------------|--------------|
| Decentralization | 33 | 33 | 33 | - | - | - | 100 |
| Analyses, studies and research | 40 | 20 | 20 | 20 | - | - | 100 |
| Beneficiary and stakeholder participation | 100 | - | - | - | - | - | 100 |
| Project design and formulation | 75 | - | 25 | - | - | - | 100 |
| Policy dialogue | 50 | 25 | 25 | - | - | - | 100 |
| Country presence | 70 | - | 20 | - | - | 10 | 100 |
| Gender | 100 | - | - | - | - | - | 100 |
| Governance | 50 | 50 | - | - | - | - | 100 |
| Human resources | 50 | - | 50 | - | - | - | 100 |
| Rural infrastructure | - | 100 | - | - | - | - | 100 |
| Innovation and replication | 50 | 38 | 13 | - | - | - | 100 |
| Knowledge management | 50 | 20 | 30 | - | - | - | 100 |
| Natural resources management | 67 | - | 33 | - | - | - | 100 |
| Organizations of the poor | 80 | - | 20 | - | - | - | 100 |
| Partnership-building | 67 | 17 | 17 | - | - | - | 100 |
| Project management and administration | 80 | 20 | - | - | - | - | 100 |
| Private-sector, market and enterprise development | 57 | 14 | 29 | - | - | - | 100 |
| Rural finance | 30 | 10 | 50 | 10 | - | - | 100 |
| Results M&E | 23 | 38 | 15 | - | 8 | 15 | 100 |
| Strategy | 48 | 16 | 8 | 4 | 4 | 20 | 100 |
| Supervision | 70 | 10 | - | - | - | 20 | 100 |
| Sustainability | 75 | - | 25 | - | - | - | 100 |
| Training and capacity-building | 50 | 10 | 30 | - | 10 | - | 100 |
| Targeting | 40 | 30 | 30 | - | - | - | 100 |
| Total | 54% | 16% | 20% | 2% | 2% | 6% | 100% |

Sources of responses to ACP recommendations

| <i>Country/project/programme evaluated</i> | <i>Response</i> | |
|---|--|---|
| | <i>Project/programme level</i> | <i>Country/corporate level</i> |
| Interim evaluation | | |
| Peru: Development of the Puno-Cusco Corridor Project | Project for Strengthening Assets, Markets and Rural Development Policies in the Northern Highlands (Sierra Norte) – approved December 2007 | |
| Completion evaluations | | |
| Colombia: Rural Microenterprise Development Programme | Rural Microenterprise Assets Programme: Capitalization, Technical Assistance and Investment Support (the <i>Oportunidades programme</i>) – approved in September 2006 | |
| Georgia: Agricultural Development Project | Livestock Development Programme (development currently on hold) and Rural Development Project (ongoing, approved April 2005) | |
| Mongolia: Arhangai Rural Poverty Alleviation Project | | |
| Niger: Special Country Programme – Phase II | Agricultural and Rural Rehabilitation and Development Initiative Project – in pipeline | |
| Philippines: Cordillera Highland Agricultural Resource Management Project | Second Cordillera Highland Agricultural Resource Management Project – approved in April 2008 | |
| United Republic of Tanzania: Participatory Irrigation Development Programme | Agricultural Sector Development Programme – under design Rural Micro, Small and Medium Enterprise Support Programme – approved December 2006 | COSOP approved in September 2007 |
| Country programme evaluations | | |
| Mali | Rural Finance Programme – under design Kidal Integrated Rural Development Programme – approved December 2006 | COSOP approved in December 2007 |
| Morocco | | COSOP under preparation |
| Corporate-level evaluations | | |
| IFAD's Regional Strategy in Asia and the Pacific | | IFAD currently not pursuing regional strategies |
| IFAD's Field Presence Pilot Programme | | Activity Plan for IFAD's Country Presence approved in December 2007 |
| IFAD's Rural Finance Policy | | Update of IFAD's Rural Finance Policy ongoing |

The Office of Evaluation's comments on the PRISMA 2008 report

General observations

1. Overall, the report is well prepared, providing a useful overview of implementation of the recommendations contained in 11 of the 14 evaluations undertaken in 2006. It is understandable – given the reasons outlined in paragraph 11 of the document – that reporting on follow-up to the remaining three evaluations by Management is not possible at this stage. However, as the ACPs for these three evaluations either have already been or are about to be completed, it is assumed that Management will report on the follow-up to their recommendations in next year's PRISMA.
2. The 2008 PRISMA report entailed reviewing 178 recommendations as compared with 277 in PRISMA 2007. This includes a higher proportion of strategic recommendations (74 percent in 2008 against 53 per cent in 2007 and 31 per cent in 2006), which is a reflection of OE's efforts to provide fewer, but more strategic recommendations in each evaluation.
3. It is important to commend Management for their timely response to the suggestions made last year by OE on the contents of the PRISMA. In particular, this year's PRISMA now also provides an account of Management's follow-up to recommendations contained in the Annual Report on Results and Impact of IFAD Operations, and includes a breakdown of follow-up to evaluation recommendations by the five PMD regional divisions. It is assumed that these additions will be retained as standard features in future editions of PRISMA.
4. Paragraph 5 of the executive summary and paragraph 90 in the main report underline the importance of OE making efforts to ensure greater regional balance in terms of the project and country programme evaluations undertaken, and suggests that a multi-year evaluation programme might contribute to addressing this issue. In this connection, for information purposes, the following is the distribution of evaluations undertaken by region between 1993 and 2007: Eastern and Southern Africa, 16 per cent; Western and Central Africa, 22 per cent; Asia and the Pacific, 24 per cent; Latin America and the Caribbean, 22 per cent; and Near East and North Africa, 13 per cent; and others 3 per cent.¹
5. While OE agrees with the need to promote regional balance in terms of evaluation coverage, there are some constraints that might not allow the required balance to be achieved in a given year's evaluation work programme. For example, priority may need to be given one year to including more interim project evaluations² irrespective of the geographic region of the project under consideration, or to a country programme evaluation for which a new COSOP will be developed immediately following the completion of the evaluation. That said, OE makes conscious efforts to achieve a regional balance in the evaluation annual work programme, for example in its selection of a particular project completion evaluation or by prioritizing certain country programme evaluations. Finally, as underlined by PRISMA and decided by the Executive Board in December 2007, OE is currently formulating a three-year rolling evaluation work programme for 2009-11. A preview of the document will be discussed by the Evaluation Committee and Executive Board in September 2008. Based on their comments and guidance, a final document will be submitted to the Board for approval in December 2008.
6. The PRISMA also underlines the need for continued efforts to determine, during evaluation, the proximate causes of performance, so that context of application is adequately taken into account in the recommendations. Similarly, PRISMA considers

¹ As per past practice, OE will continue to present such data in its comprehensive annual work programme and budget, which is discussed by the Evaluation Committee at its October session.

² These are mandatory under the IFAD Evaluation Policy, before Management can proceed with the design of a subsequent phase.

it important that OE continue devoting attention to assessing the performance of monitoring and evaluation systems, training and capacity-building, and natural resources management. These issues are receiving greater attention in ongoing evaluations. Significantly, they are also among the central features in the new OE evaluation manual, which is under development and will be discussed, prior to finalization, with the Evaluation Committee at a session to be held in November 2008.

7. Largely in response to the corporate-level evaluation on the Field Presence Pilot Programme, the PRISMA 2008 report contains several paragraphs (e.g. paragraphs 54-56) on Management's important efforts to strengthen IFAD country presence. Emerging results from recent country programme evaluations (e.g. Ethiopia, Nigeria and Pakistan), which will be examined in next year's PRISMA, further confirm the importance of country presence for enhancing IFAD's development effectiveness, but, at the same time, reveal the need for IFAD to devote even greater resources to country presence, ensure wider delegation of authority, and consider introducing more attractive contractual and compensation packages for country presence officers.

Considerations for the future

8. First, paragraphs 77-84 of the PRISMA report on the follow-up to evaluation recommendations on innovation. However, more analysis is needed of the opportunities and constraints involved in replicating and scaling up successfully tested innovations. The ongoing corporate-level evaluation of IFAD's capacity to promote pro-poor innovations will include an assessment of these and other issues related to IFAD's innovation agenda.
9. Second, ways and means must be found to ensure that governments follow up in a timely manner on evaluation recommendations (this year's PRISMA reports that only 45 per cent of recommendations addressed to governments have been thus far fully implemented). IFAD's greater involvement in direct supervision and implementation support and its country presence can be used to follow-up with government authorities. Moreover, it is suggested that a review of the implementation status of evaluation recommendations be introduced as an item in the terms of reference of all IFAD missions to countries involved in project and/or country programme evaluations, until all recommendations are appropriately implemented.
10. Third, the PRISMA reports on the implementation of evaluation recommendations by six categories, namely full follow-up, not yet due, ongoing, partial, pending and not applicable. Numerous recommendations (close to 40 per cent) fall within the categories not yet due, ongoing, partial and pending. Hence, in order to confirm that these recommendations eventually receive full follow-up, it is suggested that future PRISMA reports:
 - (a) Assess compliance when a major strategy or project development activity directly relevant to the concerned evaluation has been completed, even when it implies deferring the assessment to a later date. The decision to defer reporting of an evaluation should be undertaken jointly by OE and IFAD Management; and
 - (b) Introduce the implementation status of evaluation recommendations as an item in the terms of reference of all IFAD missions, as outlined in paragraph 9.
11. The last section (section V) of the PRISMA 2008 report focuses on conclusions and recommendations. In future editions, it would be useful for this section to be divided into two parts, so that the conclusions are clearly distinguished from the recommendations (for example, paragraphs 89-90 of this year's PRISMA contain a mixture of the two).