IFAD’s approach to sustainability

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Enabling poor rural people to overcome poverty
Sustainability is:

- defined by OECD as the continuation of benefits from a development intervention
- about products or outcomes, not project inputs/staff
- a forward-looking concept, based on ex-ante assessment
- identified as a key objective of IFAD’s operations – one of the six principles of engagement
IFAD’s performance on sustainability

Reported by:
- IEE: 40% of projects with satisfactory performance
- ARRI: 53% of the projects
- PPR: 63% of the projects

• Overall, performance is improving
• Substantial progress need to be made to achieve the 80% target set for 2010
• This challenge is shared by other IFIs:
  - World Bank – 45% during 1996-2000 and 73% during 2001-2005
  - African Development Bank – overall 69%, lower for agricultural projects

Enabling poor rural people to overcome poverty
Factors associated with IFAD’s sustainability performance

• Achieving sustainability is difficult in the context in which IFAD works:
  - IFAD works mostly in remote areas of poor countries, characterised by weak institutions, gaps in infrastructure, lack of market access, and limited income-generating opportunities
  - ARRI 2007: high risks, emphasis on innovations, and absence of enabling factors
  - PPR 2007: chances of project falling into ‘project at risk’ category doubled in a weakly performing country

• Factors related to internal processes:
  - overly ambitious design reduces project effectiveness and the benefit that can be sustained
  - inadequate risk analyses
  - Inadequate implementation period
  - lack of clearly spelt-out sustainability strategies
IFAD’s approach to sustainability

Builds upon two pillars:

- Actions specifically targeted to enhance sustainability under the new operating model
- Changes that have been introduced in the project cycle processes
Actions specifically targeted to enhance sustainability under the new operating model

- Improve overall development effectiveness
- Enhance national commitment and ownership
- Design for sustainability – address sustainability from the outset and reduce design ambitions
- Strengthen implementation support using direct supervision and country presence
- Build institutions, especially at the grassroots
- Gradually move away from time-bound organisations to permanent mainstream institutions as implementing partners
Actions specifically targeted to enhance sustainability under the new operating model cont.

- Provide longer implementation period, when required
- Analyse risks comprehensively, especially when trade-off with sustainability is involved
- Engage private sector
- Engage in policy dialogue and partnership-building
- Recognise climate change as a threat multiplier to the livelihoods of the poor; assist rural poor to adapt and make behavioural adjustments, and when feasible, also to mitigate the effects
Promoting sustainability throughout the project cycle

- IFAD’s Action Plan and related change management initiatives enhance development effectiveness and thereby sustainability

- Key elements of the new operating model in enhancing sustainability:
  - **COSOPS**: joint ownership, stronger partnerships, enhanced policy dialogue
  - **Project design**: a collaborative exercise, with emphasis on setting realistic goals and developing clearly spelt-out sustainability strategy
  - **Quality review and assurance processes**: one of 6 key success factors is about risks and sustainability
  - **Supervision/ portfolio review**: sustainability is a key assessment area
  - **Effective M& E**: for early detection of risks
  - **Project completion process**: emphasises post-project arrangements for reducing sustainability risks
Results framework

• IFAD measures sustainability at entry, during implementation and at completion
• Using ‘% of projects rated moderately satisfactory or better for sustainability of benefits’ as the indicator
• Indicative baseline figures and the targets are as under:

<table>
<thead>
<tr>
<th>Point of Measurement</th>
<th>Baseline</th>
<th>Target for 2010</th>
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<tbody>
<tr>
<td>At entry</td>
<td>61% in 2007-08</td>
<td>90%</td>
</tr>
<tr>
<td>During implementation (annually)</td>
<td>77% in 2006</td>
<td>80%</td>
</tr>
<tr>
<td>At completion</td>
<td>63% in 2006</td>
<td>80%</td>
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• Target for sustainability for 2012 will be presented to the Executive Board in September 2009.
• Performance on sustainability will be assessed internally during portfolio performance reviews and presented to the Executive Board annually through RIDE/PPR.
Issues for guidance by Consultation

Guidance sought on the approaches proposed for:

• improving performance on sustainability
• defining and reporting on sustainability targets for the 8th Replenishment period
Thank you for your attention.