



8th Replenishment

# IFAD's approach to sustainability

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# 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

# 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:**

<b>Point of Measurement</b>	<b>Baseline</b>	<b>Target for 2010</b>
At entry	61% in 2007-08	90%
During implementation (annually)	77% in 2006	80%
At completion	63% in 2006	80%

- **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.