

Document: EB 2010/101/R.11
Agenda: 7
Date: 16 November 2010
Distribution: Public
Original: English

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Enabling poor rural people
to overcome poverty

Report on IFAD's Development Effectiveness

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Executive Board — 101st Session
Rome, 14-16 December 2010

For: **Review**

Contents

Abbreviations and acronyms	ii
Executive summary	iii
I. Introduction	1
II. The external context and IFAD's relevance	2
III. The Results Measurement Framework	4
A. RMF level 1: Macro outcomes	6
B. RMF level 2: Country programme and project outcomes	9
C. RMF level 3: Country programme and project outputs	27
D. RMF level 4: Country programme and project design and implementation support	28
E. RMF level 5: Institutional management and efficiency	33
IV. Conclusions	41
Annexes	
I. List of the PCRs included in the 2010 review	43
II. PCR assessment template	44
III. PCR assessment guidelines	45
IV. Characteristics and quality of the 2010 cohort of PCRs	49
V. Targeting in IFAD projects	52
VI. Medium-term Plan: Logical framework 2010-2012 – Preliminary report on key performance indicators	58

Abbreviations and acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
CI	cooperating institution
COSOP	country strategic opportunities programme
CPM	country programme manager
CPPMS	Corporate Planning and Performance Management System
ESA	East and Southern Africa
GEF	Global Environment Facility
ICO	IFAD country office
ICT	information and communications technology
ICSC	International Civil Service Commission
IEE	Independent External Evaluation
IFI	international financial institution
IOE	IFAD Office of Evaluation
M&E	monitoring and evaluation
MDGs	Millennium Development Goals
MTP	Medium-term Plan
NEN	Near East and North Africa
PCRs	project completion reports
ODA	official development assistance
PMD	Programme Management Department
PMU	project management unit
QA	quality assurance
RIDE	Report on IFAD's Development Effectiveness
RIMS	Results and Impact Management System
RMF	Results Measurement Framework
SWP	strategic workforce plan
UNOPS	United Nations Office for Project Services
ZBB	zero-based budget

Executive summary

1. This 2010 edition of the Report on IFAD's Development Effectiveness (RIDE) is the first to be prepared within the Eighth Replenishment period, and the first to report on IFAD's progress against the indicators and targets for development and institutional effectiveness established in the Results Measurement Framework (RMF) for the Eighth Replenishment, as approved by the Executive Board in September 2009. The RIDE follows the structure of the RMF, and also tracks progress against key targets and indicators set out in IFAD's Medium-term Plan (MTP) within the format of the MTP itself. Given that the MTP is organized around the calendar year, full reporting on performance in 2010 will be provided in 2011.
2. Level 1 indicators of the RMF refer to the development community's performance relative to achieving the Millennium Development Goals (MDGs), and specifically MDG 1. Progress in this respect was assessed at the High-Level Plenary Meeting of the sixty-fifth session of the General Assembly on Follow-up to the Outcome of the Millennium Summit (20-22 September 2010). It was found that major headway had been made in reducing extreme poverty, but less in reducing undernourishment and food insecurity. Progress in both areas, however, has been very uneven, and there was a call for stronger efforts, including in the area of agricultural development.
3. MDG 1 is a collective goal to which IFAD contributes by strengthening its own collaborative efforts both in institutional terms and in the programmes and projects it supports. IFAD plays a significant role in many of the coordination and leadership mechanisms that shape the collective drive to achieve MDG 1. It contributes concretely to strengthening the efforts of other partners by mobilizing domestic resources for agricultural development in middle-income and developing countries, directly channelling resources to smallholder development and using the expanded resources obtained under the Consultation on the Eighth Replenishment of IFAD's Resources to deliver, on schedule, a record programme of work.
4. The RMF (levels 2 and 3) shows the impact of recently completed projects, and the outputs of ongoing projects. The relevance of completed projects is rated extremely high, and has already outstripped the 2012 target. According to project completion reports, project effectiveness and rural poverty impact are also high and have almost reached the 2012 targets. There has also been major improvement in addressing gender issues (exceeding the 2012 target level). The efficiency of projects remains a challenge, which may be prove to be a symptom of the type of development work in which IFAD engages. Performance in terms of the outputs of ongoing projects is strong, showing an increase against all indicators, particularly in the transfer of production technology, training in business and entrepreneurship, and engagement in savings systems.
5. With regard to the quality of country programme and project design, performance is strong overall, also with regard to adherence to the aid effectiveness agenda. The effectiveness at design of new projects is much higher than the effectiveness at completion of older project cohorts, which may indicate that IFAD is gradually resolving this issue. However, achieving the targeted level of performance in terms of project sustainability remains a challenge.
6. IFAD is performing well (for an international financial institution) in the crucial area of financial mobilization and management, and it has been identified as an emerging pioneer in enterprise risk management. After a long period of preparation, human resource management now has the strategic direction and tools needed for much anticipated improvement. Overall efficiency is rising in the context of the growing programme of work, with cost-cutting in some areas and investments in process streamlining and automation that will bear fruit in the medium term.

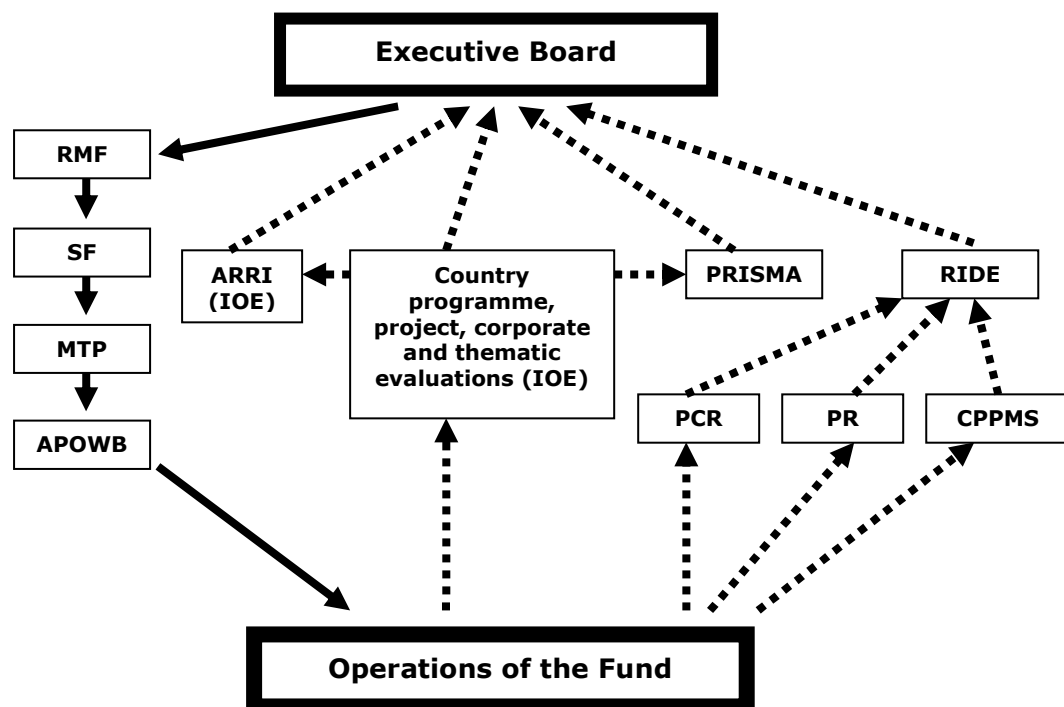
7. A key concern has been whether IFAD could effectively manage and cope with the significant expansion in the programme of work planned for the Eighth Replenishment period. The RMF indicators suggest that it can: the programme of work is being delivered, project results are strong and improving in key areas, project outputs are increasing, and the institutional underpinning is robust.
8. An important dimension of performance that is not directly tracked in the RMF is IFAD's ability not only to deliver its own resources, but to raise and influence the resources for rural development committed by others. The rising level of domestic cofinancing of projects, and the increasing volume of new donor funds entrusted to IFAD's management suggest that it is emerging as a leader in the critical dimension of smallholder development, raising not only its own development effectiveness, but also that of many partners.

Report on IFAD's Development Effectiveness

I. Introduction

1. The Consultation on the Eighth Replenishment of IFAD's Resources provided IFAD with the means to achieve a major expansion (50 per cent) in its programme of work of loans and grants to a record US\$3 billion. The objective was not simply to increase investment in smallholder development and rural poverty reduction, but, above all, to achieve positive **results** on the ground. During the Seventh Replenishment period, IFAD adopted a comprehensive results management system, the last element of which was put in place with the implementation of an integrated, results-based budgeting system in the IFAD administrative budget for 2010. The apex of the system today is the Results Measurement Framework (RMF), as approved for the Eighth Replenishment period (2010-2012) by the Executive Board in September 2009 (see paragraph 11 onwards).

Figure 1
IFAD's Planning, reporting and results feedback system



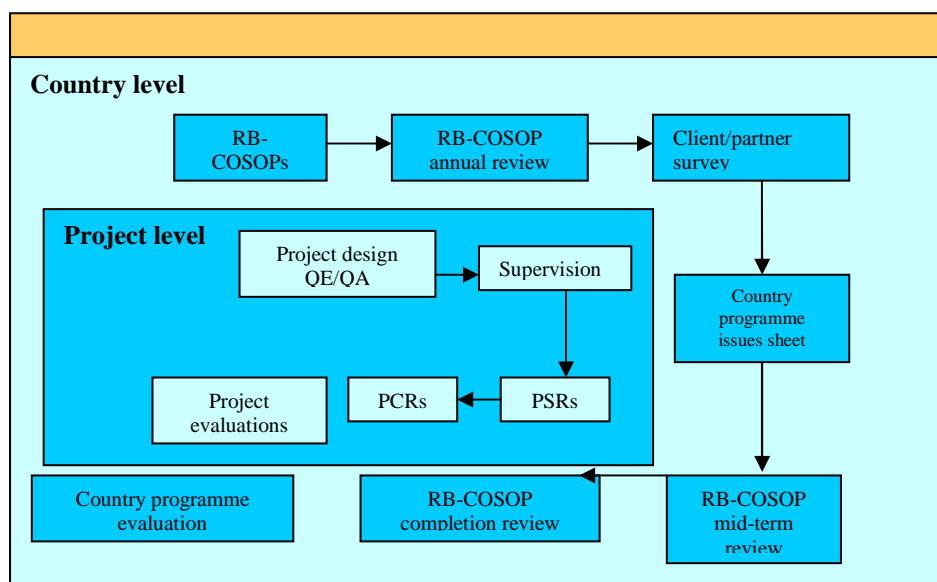
Note: APOWB: annual programme of work and budget; MTP: Medium-term Plan; PR: President's report; SF: Strategic Framework.

2. The Report on IFAD's Development Effectiveness (RIDE) reports on concrete progress achieved against the objectives and measures established in the RMF and, for 2010, it follows the RMF's format. In doing so, the RIDE presents a subset of the performance data produced and discussed by all IFAD divisions and units on a quarterly basis for real-time management purposes in line with IFAD's management for development results (MfDR) initiative. MfDR is applied through the Corporate Planning and Performance Management System (CPPMS), and supported by IFAD's arms-length quality assurance (QA) system for project design; project completion reports (PCRs); and the annual corporate portfolio review, which is publicly disclosed (as are the Annual Report on Results and Impact of IFAD Operations [ARRI], the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions [PRISMA] and all IFAD's

corporate planning documents). The ARRI, produced by the IFAD Office of Evaluation, gives an independent perspective on results and performance, summarizing the outcomes of the country programme, project, corporate and thematic evaluations that it has undertaken. The principal lessons learned from these evaluations and the corresponding actions taken by IFAD Management for operational results are presented to the Executive Board in the context of the PRISMA. Figure 1 sketches the key components of IFAD's high-level results planning, monitoring and reporting system. Figure 2 presents IFAD's project- and programme-level system of results management and quality control.

3. IFAD presented its first Medium-term Plan (MTP) as work-in-progress to the 100th session of the Executive Board in September 2010. The MTP is a rolling three-year plan, setting indicators and annual targets across the calendar year. Much of the work planned for 2010 was still in progress at the time of preparation of the RIDE. Annex VI provides an interim report on some of the MTP indicators and deliverables available and completed before the end of 2010.

Figure 2
Results measurement at the country and project levels



Note: QE = quality enhancement; RB-COSOP: results-based country strategic opportunities paper; PSR: project status report.

II. The external context and IFAD's relevance

4. The RIDE for 2010 and, more importantly, the activities and results it reports on, have been developed and achieved in the context of a much increased global focus on food security and the contribution made to it by poor rural people, including the smallholder farmers whose production dominates agriculture in many developing countries and represents a significant component of global food supply. The global food price crisis of 2008 highlighted the fragility of food security worldwide, and among all poor people, both rural and urban; and the need to reverse the long trend of inattention to agriculture in international and, to some extent, national development efforts. The incidence of food insecurity among poor people increased substantially, and the international food trade system – which has become critical to supplies in both developing and developed countries – suffered a regression to uncoordinated control initiatives that further destabilized prices already subject to increasing variability and alarming upside movements.
5. The events of 2008 were sufficiently dramatic to precipitate the first steps of a substantial re-engagement with agriculture including, explicitly, smallholder agriculture. Major commitments were made to raise investment in the solution to

what was seen not as a conjunctural problem, but as a structural issue in global development: the imbalance between the growth of demand for and supply of food and raw materials. A significant consequence of fears about the stability of future supplies and the perception that higher prices from food producers are here to stay has been greater private-sector investment in raising agricultural production, particularly in countries that are relatively underdeveloped in terms of agriculture, notwithstanding potentially advantageous land and labour endowments. A shift from large-scale private-sector engagement in agricultural commodity trading towards investment in production in poorer developing countries is running parallel to increasing re-engagement of the public sector, and may mark the beginnings of a sea change in the dynamics of agricultural production, processing and technology in even the poorest developing countries – with important potential implications for smallholder production and rural labour.

6. IFAD is the specialized instrument of the international commitment to address the structural issues of smallholder agricultural production and of food security in developing countries: it is a source of effective and innovatory approaches to improving the production and income of smallholders and the rural poor; it is a direct channel for investment by IFAD's Member States; it is a mechanism for mobilizing and directing the resources of partners (through cofinancing and new forms of financial collaboration); and it is a partner to developing countries as they expand their efforts to revitalize smallholder agriculture after a long period of relatively low priority. IFAD is also increasingly engaged in partnership with the private sector where this can contribute to strengthening the framework for smallholder production through associated growth.
7. In the last year, the food price crisis receded. International market prices for agricultural staples fell back, albeit generally not to pre-crisis levels. The alarming upward swing in food insecurity among poor people was reversed to the (high) pre-crisis level. Yet, notwithstanding the backdrop of two consecutive strong global harvests and the rebuilding of food reserve stocks, the continuing fragility of the balance between food supply and food demand is evident in the price volatility and fears of social instability unleashed by a setback in the projected wheat harvest.
8. Since September 2000, the Millennium Development Goals (MDGs) have been a critical point of reference for the level and orientation of international and national development assistance. The reduction of the incidence of poverty and food insecurity is at the top of the list of goals: MDG 1 is the eradication of extreme poverty and hunger. Two of the three targets for MDG 1 are: halve, between 1990 and 2015, the proportion of people whose income is less than a dollar a day; and halve, between 1990 and 2015, the proportion of people who suffer from hunger. IFAD's mandate and operations to strengthen the capacity of poor rural people to raise their incomes and food security through sustainable economic empowerment give it a key role and responsibility in the global effort to achieve these targets. Much more than half of the poorest people in the world live in the rural areas of developing countries; much more than half of the hungry people in the world live in the rural areas of developing countries; and most of these people base their income and food security on smallholder agriculture.
9. The High-Level Plenary Meeting of the General Assembly on follow-up to the Outcome of the Millennium Summit (20-22 September 2010) welcomed "the progress made" but expressed "deep concern that it falls far short of what is needed". In the area of agriculture, the stated response to the need to do more was a commitment to:
 - Increasing the sustainable agricultural production of food, augmenting both its availability and its quality;

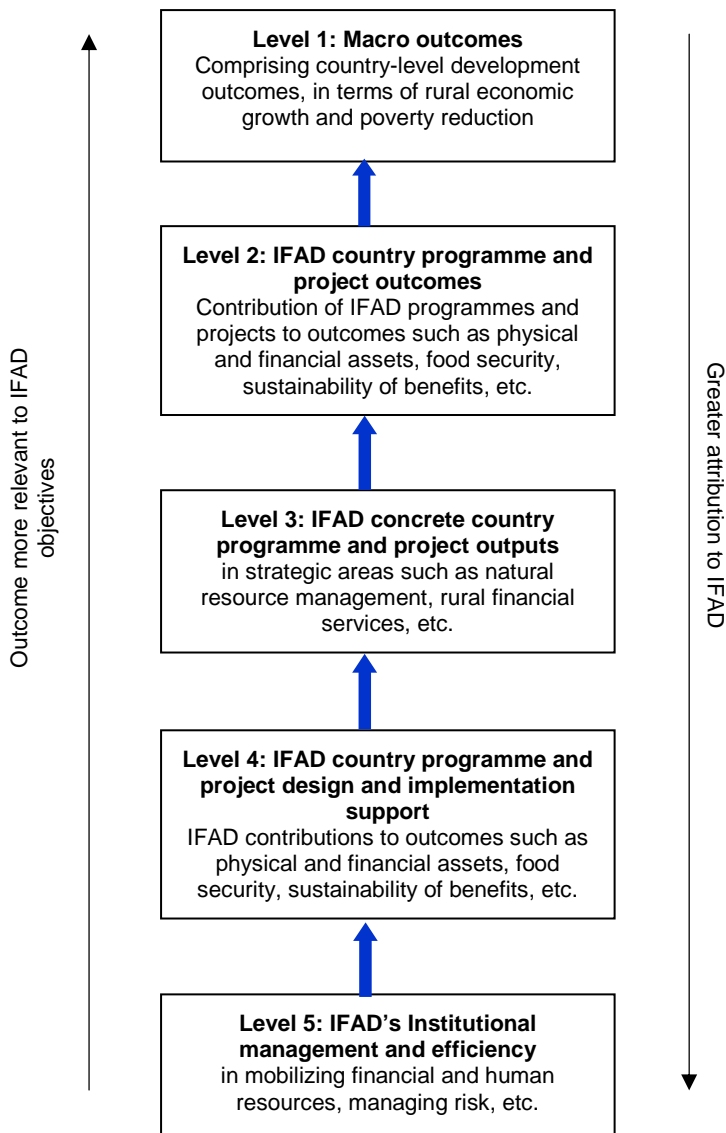
- Supporting increased agricultural productivity and sustainable agricultural practices by facilitating the access of smallholder farmers, especially women farmers, to markets, credit and inputs;
 - Implementing urgently the comprehensive plan of action for smallholder farmers, notably through a new multi-donor trust fund, using the commitment of US\$20 billion over three years made by the countries represented at the Group of Eight Summit held in L'Aquila, Italy to achieve global food security;
 - Increasing short-, medium- and long-term national and international investment in sustainable agriculture and rural development, and restoring the balance between rural and urban development; and
 - Achieving food security and eradicating hunger through the transfer and use of appropriate, affordable and sustainable agricultural technology.
10. This is precisely what IFAD does, and what it was given the resources to do more of in the Eighth Replenishment period. And it is acting strategically, with a growing focus on the structural dimensions of future sustainability. On the one hand, its agricultural development efforts are increasingly attuned to the implications of climate change for agriculture, smallholders and the rural poor. On the other, the integration of smallholders into markets and strengthening of relations with larger-scale private investment in the agricultural value chain are becoming the hallmarks of IFAD-supported projects, indicating IFAD's recognition of the critical importance of adequate and stable income streams for self-sustained development driven by smallholder savings, as well as the vital role of the private sector in providing the production services, inputs and upstream organization necessary for market integration that is profitable to the smallholders themselves.

III. The Results Measurement Framework

11. The RMF monitors IFAD's development effectiveness at five levels. Level 1 (macro outcomes) tracks key macrovariables, most of which express MDG targets and measures, reflecting the fact that IFAD's activities are an integral part of a common global effort, and contribute (without the possibility of direct quantitative attribution) to their achievement. IFAD does not monitor results at this level independently, but relies on the data sources used by the international community as a whole.

Figure 3

The structure of IFAD's Eighth Replenishment Results Measurement Framework and results chain



12. Level 2 focuses on the **outcomes** of the projects that IFAD plays a major role in designing, financing and assisting during implementation – and that contribute to the achievement of the macrolevel results tracked at level 1. Level 3 refers to the **outputs** being generated by ongoing projects (area under irrigation, kilometres of road built, etc.). Level 4 involves indicators of the quality of the work that IFAD does to ensure the best outputs and outcomes in projects. Level 5 uses indicators of how well IFAD manages its resources within the organization to optimize performance at the higher and more direct impact levels.
13. The RMF levels are organized according to IFAD's effective capability to control the variable measured. Level 5 (institutional management and efficiency) refers to variables that IFAD can directly control to a high degree. IFAD is directly accountable for performance in this area. Level 1, by contrast, involves variables over which IFAD can exercise only a very modest influence, but which are important to track as a strategic guide to its operations. Table 1 presents the list of detailed RMF indicators, with baselines and targets for 2012.

A. RMF level 1: Macro outcomes

14. RMF level 1 indicators are keyed into the MDGs, underlining IFAD's role in global development and the importance of its contribution to the harmonization of the development effort. Level 1 includes the MDG 1 target indicators (1.1-1.3 of the RMF), as well as specific agricultural indicators (crop production, agricultural value added, level of development assistance (ODA) to agriculture, and share of budget allocated to agriculture and rural development). The inclusion of specifically agricultural indicators at level 1 reflects IFAD's particular contribution to the MDGs and its conviction – as expressed in a recent key United Nations Development Programme (UNDP) report – that “rapid poverty and hunger reduction is a result of high per capita growth driven by agricultural productivity, employment creation and equitable distribution of income, assets and opportunities” (UNDP 2010).¹

Table 1

RMF level 1 indicators (macro outcomes): MDG 1 and World Development Indicators

<i>RMF indicator</i>	<i>Baseline (year)</i>	<i>RIDE 2010 (year)</i>	<i>2012 target</i>
1.1 MDG 1: Population living on less than a US\$1.25 a day ^a	26% (2005)	27% (2005)	21%
1.2 MDG 1: Prevalence of under-nourishment in population ^a	17% (2002-04)	16% (2005-07)	10%
1.3 MDG 1: Children under 5 who are underweight ^a	27% (2005)	26% (2008)	17%
1.4 Crop production index (1999-2001 = 100) ^b	112.4 (2006)	116.8 (2007)	Tracked
1.5 Agricultural value added (annual % growth) ^b	4.1% (2004)	4.0% (2008)	Tracked

^a Source: United Nations, Millennium Development Goals Report (New York, 2010).

^b Source: World Bank, World Development Indicators (cf. <http://data.worldbank.org>).

Table 2

RMF level 1 indicators (macro outcomes): investment in agriculture

<i>Indicator</i>	<i>Baseline (year)</i>	<i>RIDE 2010 (year)</i>	<i>2012 target</i>
1.6 Level of official development assistance (ODA) to agriculture ^a	US\$4.2 billion (2007)	US\$4.9 billion (2008)	Tracked
1.7 Proportion of countries complying with the Maputo Declaration (10 per cent share of budget allocated to agriculture) ^b	23% (2005)	19% (2007)	Tracked

^a Source: Organisation for Economic Co-operation and Development (OECD), StatExtracts (cf. http://stats.oecd.org/Index.aspx?DatasetCode=ODA_SECTOR).

^b Source: Secretariat of the Global Donor Platform for Rural Development, Sharpening the Rural Focus of Poverty Reduction Strategies: Context, Lessons and Way Forward - Synthesis Report (Bonn, 2008).

15. The RMF specifies both the indicators and the data sources, and in the case of level 1 the data sources are highly time-lagged. With regard to the MDG targets, little progress was made. The latest indications, from reports prepared for the High-Level Plenary Meeting of the General Assembly on follow-up to the Outcome of the Millennium Summit, are as follows (United Nations General Assembly, 2010):²
- A number of countries, including some of the poorest, have achieved major successes in combating extreme poverty and hunger. However, progress has been uneven and, without additional efforts, several of the MDGs are likely to be missed in many countries.

¹ Source: UNDP, What Will It Take to Achieve the Millennium Development Goals? – An International Assessment (New York, 2010).

² Source: United Nations General Assembly, Keeping the promise: united to achieve the Millennium Development Goals (<http://www.un.org/en/mdg/summit2010/pdf/mdg%20outcome%20document.pdf>).

- Crises (volatile energy and food prices, financial and economic crises and the continuing process of climate change) have reversed development gains, enhanced social tensions and increased vulnerability in countries and communities, especially among the poor and the marginalized.
- The number of people living in extreme poverty and hunger might surpass 1 billion and inequalities between and within countries remain a significant challenge. The challenges are most severe in the least developed countries, landlocked developing countries, small island developing states and countries that are vulnerable to natural hazards or recurring lapses into conflict or armed violence.

16. With regard to the proportion of population living on less than one dollar a day:

- Overall poverty rates fell from 46 per cent in 1990 to 27 per cent in 2005 in developing regions, and progress in many developing countries is being sustained. This is despite setbacks caused by the 2008-2009 economic downturn and the effects of the food and energy crises. The overall poverty rate is still expected to fall to 15 per cent by 2015, indicating that the MDG target can be met. This translates into around 920 million people living below the international poverty line — half the number in 1990.
- In absolute terms, an estimated 1.4 billion people were still living in extreme poverty in 2005 compared with 1.8 billion in 1990.
- Achievements so far are largely the result of extraordinary success in Asia, mostly East Asia. Over a 25-year period, the poverty rate in East Asia fell from nearly 60 per cent to under 20 per cent. Poverty rates are expected to fall to around 5 per cent in China and 24 per cent in India by 2015. In contrast, little progress has been made in reducing extreme poverty in sub-Saharan Africa, where the poverty rate has declined only slightly, from 58 to 51 per cent between 1990 and 2005. Sub-Saharan Africa, Western Asia and parts of Eastern Europe and Central Asia are the few regions not expected to achieve the MDG poverty reduction target.
- China and Viet Nam account for the largest reductions in the poverty rate, and India accounts for much of the reduction within South Asia. The decline in absolute poverty levels in Latin America and the Caribbean is largely accounted for by Brazil.

17. With regard to the proportion of people who suffer from hunger:

- The number of people who are undernourished has continued to grow, while slow progress in reducing the prevalence of hunger stalled — or even reversed itself — in some regions between 2000 and 2002 and between 2005 and 2007. About one in four children under the age of five is underweight, mainly due to lack of (quality) food; inadequate water, sanitation and health services; and poor care/feeding practices.
- Prices of staple foods remained high in 2009, after the initial food crisis of 2008. At the same time, the incomes of poor households diminished because of higher unemployment following the economic downturn. Both crises contributed to a considerable reduction in the effective purchasing power of poor consumers, who spend a substantial share of their income on basic foodstuffs.
- From 1990 to 2008, the proportion of children under five in the developing regions who are underweight declined from 31 per cent to 26 per cent. Progress in reducing underweight prevalence among children has been made in all regions except Western Asia. Eastern Asia,

Latin America and the Caribbean, and countries belonging to the Commonwealth of Independent States in Asia have reached or nearly reached the MDG target, and South-East Asia and North Africa are on track.

- In all developing regions, children in rural areas are more likely to be underweight than children living in cities and towns. In parts of Asia and in Latin America and the Caribbean, the relative disparity actually increased between 1990 and 2008.
18. Overall, the picture is of major global improvements in the incomes of poor people, but those improvements are very far from uniform. The situation is less positive with regard to hunger and child malnutrition, with rural areas performing even less well. Poverty, hunger and child malnutrition are very much concentrated in rural areas. The rural development issue and agricultural growth among poor rural people remain at the centre of the challenge of broad-based achievement of MDG 1 as very much unfinished business.
 19. With regard to international and national public development assistance to agriculture, which had fallen to very low levels by the middle of the decade, it is likely that there has been an overall upturn, at least in terms of intended commitments. The expansion of IFAD's own resources in the Eighth Replenishment was part of that upturn. IFAD is making both a direct and an indirect contribution to investment in smallholder agriculture and related production. In 2009, its programme of loans and grants was 19.1 per cent higher than in 2008 (US\$602.3 million), and in the first three quarters of 2010, project commitments ran at 4.3 per cent lower than in 2009. IFAD is on track to deliver new commitments of US\$800 million in 2010. It is also playing an important role in mobilizing other resources for smallholder development: by the end of 2010 it plans to have mobilized over US\$1 billion in traditional cofinancing. It is also playing a new role in directly managing additional resources reflecting commitments to raise ODA to agriculture, for example: European Commission resources under its Food Security Initiative; post-L'Aquila resources under the Global Agriculture and Food Security Program (GAFSP); and, most recently, an innovative IFAD-managed cofinancing trust fund with the Government of Spain (EUR 300 million).
 20. IFAD is contributing directly to the increase in ODA to agriculture (tracked in level 1). However, its impact on the mobilization and delivery of ODA for agriculture goes considerably beyond that. As partners move towards focusing more on the smallholder component of the agricultural sector as an area that is key to poverty reduction and a relatively unexplored area of contribution to global food security, IFAD is increasingly being seen within the agricultural development architecture as a point of reference for the design of programmes and projects and the management of implementation support. This role extends beyond international development assistance. Middle-income and emerging economies are placing a very substantial amount of their own resources in projects designed and supervised by IFAD, and there is growing participation by the private sector in financing project activities, especially in, but not restricted to, investment in high-volume, efficient processing and handling of smallholder-sourced agricultural outputs.
 21. An important dimension of IFAD's effort to influence macro outcomes is its policy dialogue work at the national and international levels. In addition to an active programme of engagements at the highest policy levels, led by the President of IFAD, IFAD plays a very substantial role within the international development architecture in promoting agricultural and smallholder development at a wide range of key development forums and mechanisms, a partial list of which is presented in table 3.

Table 3
IFAD engagement in key development forums and mechanisms

<i>Development forums and mechanisms</i>	<i>IFAD's engagement</i>
World Economic Forum	Participant at global and regional level
United Nations Secretary-General's High-Level Task Force on the Global Food Security Crisis	Member and host to secretariat
Committee on World Food Security	Member of secretariat and contributor to budget
Global Agriculture and Food Security Program	Member of steering committee and implementing agency
Global Donor Platform for Rural Development	Co-chair
Consultative Group on International Agricultural Research	Member of task force for the Global Conference on Agricultural Research for Development; financier; and manager of European Commission support programme
Global Environment Fund	Executing agency
Adaptation Fund	Multilateral implementing entity
United Nations Convention to Combat Desertification	Host to Global Mechanism
International Land Coalition	Host to secretariat
Common Performance Assessment System	Member
Indigenous Peoples Assistance Facility	Host and manager

22. In 2010 IFAD finalized its Rural Poverty Report, one of the first global reports to address agricultural and smallholder development in the context of the global food price crisis and its aftermath.

B. RMF level 2: Country programme and project outcomes

Introduction and methodology

23. IFAD's mobilization and investment of resources are a means rather than an end in themselves. The end of IFAD's operations is achievement of positive change on the ground, among poor people and small-scale producers in rural areas in developing countries. Level 2 of the RMF focuses on the performance of IFAD's country programmes and IFAD-financed and (largely) IFAD-supervised projects in generating those results. Level 2 outcomes are not directly and completely controlled by IFAD. The projects are actually implemented by national partners and institutions, and outcomes are deeply influenced by external economic, political and natural factors. Nonetheless, IFAD invests heavily in project design and implementation support (including supervision) to mitigate risks arising from these factors, and bears significant responsibility for outcomes. Thus, whereas level 1 indicators are a collective achievement to which IFAD contributes, IFAD bears much greater responsibility and accountability for country programme and project outcomes at level 2. Assessment of performance is based on project completion reports (PCRs) undertaken by the borrower and supported by IFAD itself.
24. This section presents the results for level 2 indicators for the period beginning 1 July 2009 and ending 30 June 2010. In reporting project outcomes for 2009/10, this report uses mainly the results observed from 25 recently completed projects (annex I), as presented in the PCRs. These 25 PCRs³ cover the universe of projects completed during the review period. In analysing the performance trend, a two-year moving average is used to enlarge the cohort and minimize random variations that may occur due to the smallness of the universe of the completed projects in any single year. The latest performance figures are therefore based on the cohort of 50 projects completed during 2009 and 2010.

³ Project IDs are used throughout this report to distinguish the projects (see annex I).

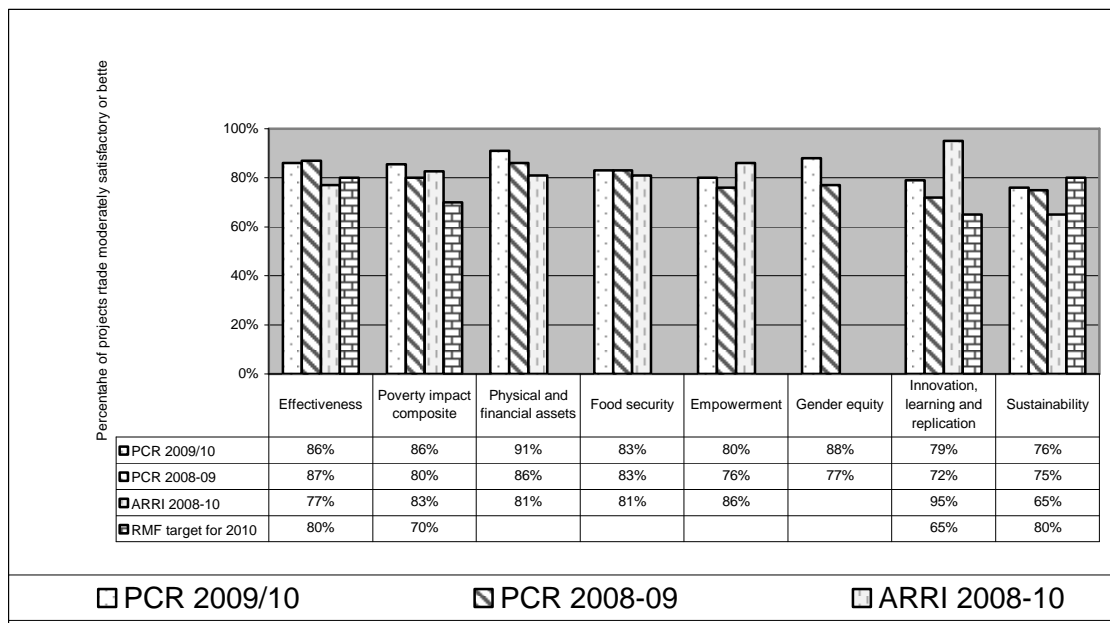
25. This report also uses the findings of the draft 2010 ARRI, which synthesizes the results of the independent evaluations completed in 2009. In doing so, it refers to the annual figures as well as the three-year rolling averages which, with a larger sample size, provide more reliable comparison.
26. In analysing the strengths and weaknesses of the individual projects or in seeking explanations as to why the performance went a certain way, this report has used the 25 projects reviewed in 2010 only, in order to provide the most up-to-date information. The 25 projects selected for review were assessed in terms of:
- Project performance, consisting of relevance, effectiveness and efficiency;
 - Partner performance: that of IFAD, government, cooperating institution, cofinanciers and NGOs;
 - Rural poverty impact, for example on food security and assets; and
 - Performance in overarching aspects such as innovation, replicability and scaling up, sustainability, targeting and gender.
27. In order to standardize the approach, a simple template was used to assess all PCRs against the same set of criteria (annex II). In addition, the quality and scope of the PCRs were also assessed (annex III). IFAD's self-evaluation instruments use a six-point scale of assessment criteria.⁴ These criteria are consistent with the rating system used by the IFAD Office of Evaluation (IOE).
28. The cohort being reviewed is a completion cohort, not an entry cohort, as projects vary significantly in terms of duration of implementation. The 25 projects reviewed in 2009/10 were approved between 1995 and 2002. Of these, 15 projects or 60 per cent were approved between 1999 and 2002. Average disbursement rate stood at 96 per cent and about half were directly supervised by IFAD (at the end of the implementation period 2008/09). For the two-year cohort of 50 projects covering both 2009 and 2010, IFAD financing totals about US\$736 million.

Performance against the RMF 2007-2010

29. The RIDE for 2010 covers a year with two overlapping RMFs: the RMF for 2007-2010 (linked to the IFAD Strategic Framework 2007-2010) and the Eighth Replenishment RMF (2010-2012). Based on PCR results, all 2010 targets set under the RMF 2007-2010 have been met (and far exceeded in the cases of poverty impact, and innovation, learning and scaling up), with the exception of sustainability, where IFAD achieved 76 per cent compared with a target of 80 per cent (see chart 1).

⁴ A rating of 6 is equal to highly satisfactory; 5 = satisfactory; 4 = moderately satisfactory; 3 = moderately unsatisfactory; 2 = unsatisfactory and 1 = highly unsatisfactory. A score of 4 or higher reflects overall positive performance.

Chart 1

Programme and project outcomes: Achievements against 2010 target set under the RMF 2007-2010**Performance against the targets set for 2012**

30. Table 4 presents the Eighth Replenishment RMF indicators for level 2, **country programme and project outcomes**, under three "domains" (see annex III): **project performance; rural poverty impact on the target group; and overarching factors**. Paragraphs 31-44, paragraphs 45-76, and paragraphs 77-94 respectively report on performance against the indicators for these domains. The PCR and ARRI data presented in the RMF cover a relatively limited base. Comparable data from the Independent External Evaluation (IEE) are also included in tables 4 and 5 to provide a basis for assessment of longer-term trends. In all indicators except relevance, where the IEE reported the maximum possible, there has been very major improvement over the data reported in the IEE in 2005.

Table 4
RMF level 2: matrix: Country programme and project outcomes

<i>RMF indicator</i>	<i>Source</i>	<i>Baseline^a</i>	<i>2012 target</i>
% of country programmes rated 4 or better for:			
2.1 Contribution to increasing incomes, improving food security, and empowering poor rural women and men ^b	ARRI	69%	80%
% of projects rated 4 or better at completion for:			
2.2 Effectiveness	IEE	67%	
	ARRI	82%	90%
	PCR	87%	90%
2.3 Rural poverty impact on the target group (e.g. physical and financial assets, food security, empowerment)	IEE	55%	
	ARRI	91%	90%
	PCR	83%	90%
2.4 Gender equality	PCR	76%	80%
2.5 Innovation, learning and/or scaling up	IEE	25-50%	
	ARRI	100%	80%
	PCR	72%	75%
2.6 Sustainability of benefits	IEE	40%	
	ARRI	73%	75%
	PCR	75%	75%
2.7 Relevance	IEE	100%	
	ARRI	91%	90%
	PCR	94%	90%
2.8 Efficiency	IEE	45%	
	ARRI	55%	75%
	PCR	65%	75%

^a Baseline year: IEE: 2005; ARRI: 2008; PCR: 2008-2009.

^b Each indicator is tracked in detail in each country programme evaluation undertaken by IOE.

RMF Levels 2.2, 2.7 and 2.8: Project performance

31. Project performance is assessed against the following three factors:
 - **Effectiveness** (RMF level 2.2): The extent to which project objectives have been met in terms of physical outputs, percentage of the population reached and the degree to which they have benefited through improved living conditions and reduced poverty.
 - **Relevance** (RMF level 2.7): Pertinence of the project strategy and activities to the needs of the rural poor.
 - **Efficiency** (RMF level 2.8): How inputs were converted into outputs in economic terms ("value for money").
32. Table 5 shows that IFAD projects perform best with regard to their relevance with a very high and increasing share of projects rated 4 or better. This reflects a steady performance by IFAD in addressing the challenges of rural poverty reduction. With regard to effectiveness, the share of ratings equal or better than 4 shows a stable performance in the cohort of projects reviewed in 2010 and close to the target set for 2012 (90 per cent). The efficiency of project interventions is lower than the other two indicators, and has shown the least improvement.

Table 5
Project performance

<i>RMF indicator</i>	<i>Source</i>	<i>Baseline^a</i>	<i>RIDE 2010</i>	<i>2012 target</i>
% of projects rated 4 or better at completion for:				
2.2 Effectiveness	IEE	67%		
	ARRI	82%	77%	90%
	PCR	87%	86%	90%
2.7 Relevance	IEE	100%		
	ARRI	91%	97%	90%
	PCR	94%	98%	90%
2.8 Efficiency	IEE	45%		
	ARRI	55%	57%	75%
	PCR	65%	66%	75%

^a Baseline year: IEE: 2005; ARRI: 2008; PCR: 2008-2009.

33. This year's review of annual results and impact undertaken by IOE using 17 projects as a sample shows a fall-off in project performance, explained mainly by the drop in the effectiveness indicator from 82 to 65 per cent. When the performance is assessed using the three-year rolling averages presented in the ARRI, IFAD's overall project performance is high at 84 per cent, nearly identical to the 83 per cent reported by the self-evaluation.
34. **Effectiveness** (RMF level 2.2). In 2010, two projects were rated highly effective (a rating of 6 for China and Peru) and nine effective (a rating of 5 for Benin, Bosnia and Herzegovina, the Dominican Republic, El Salvador, Eritrea, Ghana, Mozambique, Jordan, Pakistan ID 524). In Peru, the project benefited from a well-performing project management unit (PMU) run by a coordinator with the required experience and continuity of presence; sound and competitive selection of technical personnel (from the project area, with solid training, experience and mastery of local languages); and the location of the PMU and local offices in intermediate cities in the project area. In the case of China, the project's high effectiveness was driven by: (i) implementation arrangements led by relatively high-level government staff; (ii) good communication among stakeholders at all levels; (iii) proper sequencing of activities; (iv) creation of a good system for project management, especially with regard to financial management; (v) continuity of human resources throughout the implementation period; and (vi) a phased approach to financial management according to actual project progress. Some of the features shared by the effective projects are linked to both project design and implementation, such as: (i) a flexible approach to project implementation; (ii) project design based on a participatory and bottom-up planning approach; (iii) adoption of decentralization and outsourcing measures; (iv) a well-governed and strong PMU, equipped with competent staff; and (v) well-defined implementation arrangements.
35. In this year's cohort, three projects were found to have achieved an unsatisfactory or highly unsatisfactory effectiveness level (Egypt, Pakistan ID 1042 and Yemen). These less effective projects encountered major difficulties in reaching their development objectives due to a combination of factors linked to design- and to implementation-related issues, such as highly complex project design, inappropriate strategy, weak implementation capacity and unsatisfactory partner performance.
36. **Relevance** (RMF level 2.7). The relevance of IFAD projects continues to remain high, and improves with each new cohort of projects completed (98 per cent in 2009/10 compared with 94 per cent in 2008/09). Two projects were found to be highly relevant in 2010 (rated 6) and no negative rating (1 and 2) was assigned in 2010. This is consistent with past assessments and shows that project design

reflects IFAD's mandate, the poverty reduction strategies of its partner countries and the needs of rural poor people.

37. **Strengths** (rated 5 and 6). The projects in China and Peru were found to be highly relevant, while 15 projects were relevant with respect to their approach, goals, objectives and components (Angola, Azerbaijan, Benin, the Plurinational State of Bolivia, Bosnia and Herzegovina, Burkina Faso, the Democratic People's Republic of Korea, the Dominican Republic, El Salvador, Eritrea, Gaza and the West Bank, Ghana, Mozambique, Nigeria, Senegal). This shows that, in most cases, the project's overall concept and design respond to the needs of the rural poor and address significant constraints on rural development. In the case of Ghana, the project goal to strengthen the rural financial system was relevant as it correctly addressed the lack of financial services as the critical missing link of an integrated rural development strategy. The project was relevant also at the government level as no single overarching policy framework or strategic approach was in place for rural microfinance.
38. The review of PCRs has demonstrated that the adoption of a participatory planning process, whereby the rural communities are at the centre of the project strategy, is a key factor in fostering the relevance of a project's interventions since it guarantees that the strategies adopted are in line with beneficiaries' priorities. In other cases, project relevance has been enhanced where the strategy could adapt to a changing country context, as was the case in Peru where the project managed to remain aligned with the State's new decentralization policies by engaging and working actively with local government.
39. The reasons for the less relevant projects are mainly linked to weaknesses⁵ within project design and inattention to some country-specific features. In Pakistan (ID 524 and ID 1042), project relevance was questioned as the approach to microfinance was found inappropriate for the project area: there were serious reservations regarding its interest-based aspects in light of the local situation and religious sensitivities. However, in the case of Pakistan ID 1042, measures were taken to restore relevance and the project successfully converted the terms into an Islamic mode of financing. The lack of beneficiary ownership of some of the project's activities and interventions is another factor that undermines relevance. For example, in Jordan, project relevance was constrained by a lack of commitment and active involvement by farmers in planning watershed development.
40. **Efficiency** (RMF level 2.8). Achievement of economic efficiency in rural development projects is a persistent challenge that is shared by other international financial institutions (IFIs). Here, the share of positive ratings remained at 66 per cent in 2009/10. This compares with 65 per cent in 2008/09. The efficiency of IFAD project interventions is mostly average (rated 3 and 4). In interpreting these data on efficiency, it is important to note that project efficiency is not adequately and consistently measured in PCRs, partly due to limitations in available data.
41. In 2010, a satisfactory (rated 5) level of efficiency was achieved in four projects, namely, China, Jordan, Mozambique and Peru. Among these projects, common features are: lower costs per beneficiary and/or a higher economic internal rate of return than anticipated at appraisal; lower than expected cost-benefit ratio for selected activities; and good disbursement capacity. Among the factors identified as contributing to a satisfactory level of efficiency are: appropriate, simple and focused design; rapid decision-making; and good administration. Other factors are the capability and appropriate size of the PMU; capable service providers; use of local contractors; and competitive bidding.

⁵ Within the 2010 year cohort, with regard to the relevance criteria, no project has been rated with a 2 or a 3 (highly irrelevant or partly irrelevant). Hence, within this paragraph, the references to weaknesses relate to projects that are considered partly relevant (rated 4).

42. To illustrate: in Peru, the PCR points to relatively low project costs, including costs for personnel, operating costs and support services for the monitoring and evaluation (M&E) office. A high proportion of resources were spent on project beneficiaries with much lower unit costs for technical assistance and training than projected in the design. The fact that operating costs were quite low in relation to total cost was attributable to having a small PMU, and to a concern with keeping unit costs down. In China, efforts to control costs and attend to the sequencing of implementation contributed to good results in terms of efficiency.
43. A total of eight projects were rated inefficient or partly inefficient (rated 2, 3), due to a combination of factors, mainly: poor implementation performance, delayed effectiveness and disbursement, and high operating costs. In Egypt, the project's efficiency was severely undermined by the 22-month delay in project effectiveness. In addition, implementation progress was hampered by disbursement delays due to lack of counterpart funds. In Zambia, among other things, project efficiency was hindered by the weak supervision of the various service providers and an inefficient contract system that regularly involved tedious tendering procedures with costly time overruns.
44. Strongly linked to issues of project efficiency is the extension of the implementation period. Generally, project life is extended to allow time for the planned results to be achieved. However, extensions are indicative of a sluggish benefit flow, to the detriment of the economic efficiency of the project. In 2010, of the cohort of 25 projects, 19 were extended for an average period of 24 months,⁶ bringing the average project implementation period at completion up to 8.3 years. From an efficiency viewpoint, project extensions are beneficial if they help a project either to achieve critical results or to complete activities in which beneficiaries are already engaged. Extensions do not promote efficiency if they are used to lengthen the life (and therefore increase the disbursement rate) of an already weakly performing project.

RMF level 2.3: Rural poverty impact on the target group

45. Rural poverty impact on the target group is measured against nine key impact indicators, which are derived from, but not exactly the same as, those identified in the Methodological Framework for Project Evaluation, approved by IFAD in 2003. These are:
- physical assets;
 - financial assets;
 - food security;
 - environment;
 - human assets;
 - social capital and empowerment;
 - agricultural productivity;
 - institutions and services;
 - markets.
46. IOE has since reduced the impact domain to five, by grouping a number of indicators into one main domain. The overall scope of the assessments is, however, quite similar. The difference lies mainly in how the areas are grouped.
47. Table 6 presents performance against the composite indicator for rural poverty impact on the target group. Overall, the performance of projects rated 4 or better across all nine impact domains has slightly improved from 83 per cent in 2008/09 to 84 per cent in 2009/10. This result is well above the 70 per cent RMF target for 2010 and shows IFAD's continuous commitment to increasing its impact. The figure below shows that the largest share of projects rated 4 and better was reached in the area of human assets and physical assets, with rates of 96 per cent and 91 per

⁶ Calculated as the time lapse between the original completion date and the actual completion date.

cent respectively. A great leap forward has been made with regard to market access, although this is still the area with the weakest impact, evidenced by a share of 73 per cent.

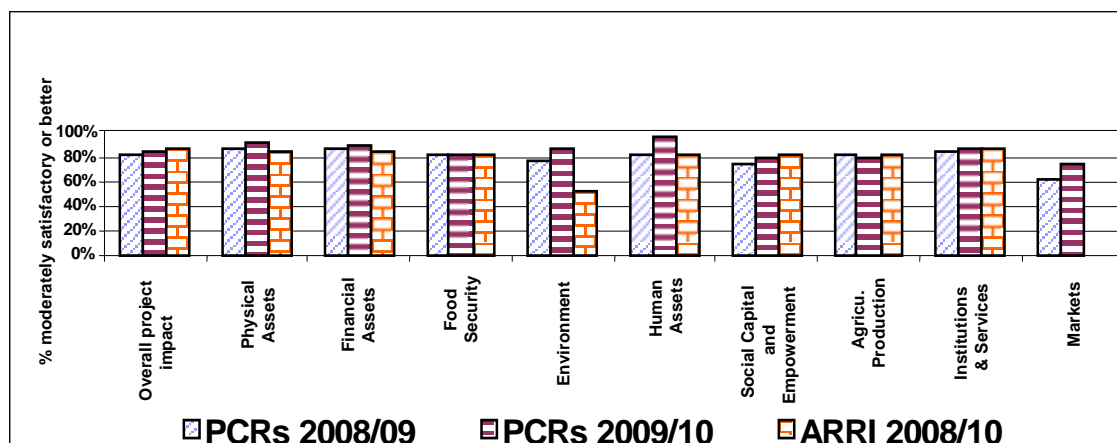
Table 6
Rural poverty impact on the target group

<i>RMF indicator</i>	<i>Source</i>	<i>Baseline^a</i>	<i>RIDE 2010</i>	<i>2012 target</i>
% of projects rated 4 or better at completion for:				
2.3 Rural poverty Impact on the target group (e.g. physical and financial assets, food security, empowerment)	IEE	55%		
	ARRI	91%	86%	90%
	PCR	83%	84%	90%

^a Baseline year: IEE: 2005; ARRI: 2008; PCR: 2008-2009.

48. Chart 2 presents performance against each of the components of the aggregate index for rural poverty impact on the target group. Between 2008/09 and 2009/10, in terms of percentage point increases for projects rated 4 or better, the areas of human assets, and access to markets and environment have experienced the most significant changes with 14 and 10 percentage point increases respectively. In the areas of food security and of institutions and services, no major change has occurred, while in the case of agricultural production there has been a slight decrease when compared with the 2008/09 cohort of projects.

Chart 2
Rural poverty impact



49. In terms of rural poverty impact, this year's ARRI reports lower annual performance than the self-evaluation. This is particularly so in the areas of agricultural productivity and food security, income and assets, and human development and empowerment. In contrast, for the natural resource and environment domain, ARRI found 71 per cent of the projects evaluated to have moderately satisfactory or better impact, which is much higher than the 27 per cent reported in last year's ARRI. When comparison is made between the three-year rolling averages reported in ARRI, overall project impact stands at 86 per cent satisfactory, which is slightly higher than the 84 per cent reported by the self-evaluation system. In other words, when ARRI samples are pooled together to make them more representative, the variance or disconnect' between the self-evaluation and independent evaluation findings becomes negligible.
50. **Physical assets.** This indicator measures the extent to which the project facilitated access to productive resources such as land, water, livestock, tools, equipment and technologies needed by poor people to increase their returns from labour and incomes. On this impact domain, IFAD's interventions are among the strongest. Indeed, 91 per cent of the projects completed and reviewed in 2009/10

show moderately satisfactory or better performance. Viewed against 85 per cent in 2008/09, this is an improvement. In addition, no negative ratings were given in 2010.

51. The impact of IFAD projects on physical assets was considered strong (rated 5) when the physical achievement rates were equivalent or close to 100 per cent and when the project could demonstrate improved living conditions as a result of better access to physical assets. In 2010, this was the case for 11 projects (Azerbaijan, Bosnia and Herzegovina, China, the Dominican Republic, El Salvador, Mozambique, Pakistan ID 524, Peru, Senegal, The Sudan, Zambia). The type of physical assets varied, depending on the nature of the project. In The Sudan, project households benefited from an increase in livestock ownership; in addition, land reclamation blocks and demarcated stock routes contributed to enhanced endowment of physical assets at the community level. The project also contributed to establishing water-harvesting structures, hand pumps and lining for wells.
52. **Financial assets.** This indicator measures the extent to which the project contributed to improving the financial resources available to the rural poor, their access to financial services and the institutional framework for rural financial services. The impact of IFAD projects on the availability of financial resources and access to financial services is positive; no negative ratings were given in 2010. There has been a major improvement in the overall performance of projects rated moderately satisfactory or better, with an increase from 85 per cent in 2008/09 to 90 per cent in 2009/10. Improved performance is also demonstrated by the increase in positive ratings from 35 per cent in 2008/09 to 46 per cent in 2009/10.
53. In 2010, one project had an outstanding impact (China), while 14 projects achieved a positive impact on the financial assets of the poor (Azerbaijan, Benin, Bosnia and Herzegovina, the Democratic People's Republic of Korea, El Salvador, Ghana, Jordan, Mozambique, Pakistan ID 1042, Peru, Senegal, The Sudan, Tunisia, Zambia). In China, the impact was evident in the area of financial institutions, specifically with respect to increased access to financial services. Eventually, the average amount of credit per capita available in the project area was roughly four times higher than was the case prior to the project. In Peru, the women's savings programme (under the Development of the Puno-Cusco Corridor Project [Corridor]) had a positive effect on financial assets. This was particularly true among those women who opened savings accounts with project incentives: they saw increases in their savings rate and became more knowledgeable about the financial system.
54. In Benin, the incomes of beneficiaries improved thanks to the achievement of higher yields. In El Salvador, Pakistan ID 1042 and Senegal, families have improved their earnings thanks to an increase in the number of livestock owned and the higher earnings resulting from the sale of agricultural produce. The combination of agricultural and non-agricultural business activities also made a real contribution towards increases in and diversification of on- and off-farm incomes, as experienced in Jordan, Tunisia and Zambia.
55. Two projects (Egypt and Yemen) had a moderately unsatisfactory impact on financial assets. In Yemen, the number of loans was far smaller than planned. The low repayment rate suggests that the project did not contribute to the development of a "credit culture". In Egypt, the project failed to create the enabling conditions for the expected income generation opportunities for the rural poor and it was unable to implement the community-based microcredit activities.
56. **Food security.** This indicator is defined as the impact on food availability, whether produced or purchased; household food security; and children's nutritional status. In this impact domain, no negative ratings were assigned in 2010, and the share of projects rated 4 or better increased slightly – from 82 per cent in 2008/09 to 83 per cent in 2009/10. In this cohort, the project implemented in China achieved a highly positive impact on food security, while 10 other projects had a positive

impact (Azerbaijan, Benin, Bosnia and Herzegovina, Eritrea, the Democratic People's Republic of Korea, El Salvador, Jordan, Pakistan ID 524, Peru, Tunisia). The following examples illustrate some tangible achievements in this domain:

- In China, per capita grain availability increased by over 49 kg, versus a target of 40 kg. Overall, crop, livestock and fruit tree production outputs increased by 95, 78 and 55 per cent respectively.
 - In Jordan, project beneficiaries have become self-reliant producers who can meet their needs for olive oil, milk and basic seasonal fruits to diversify their diets. A positive contribution was also made towards reducing child malnutrition.
 - In Benin, the impact on the food security domain was substantial due to the improved productivity of roots and tubers in the targeted areas.
57. Project impact on food security was considered unsatisfactory when overall project impact was weak or when project design did not directly target nutrition problems and the issue of food security, as was the case in the Dominican Republic.
58. **Environment.** This indicator measures the extent to which project interventions either contributed to preserving or rehabilitating the environment – often the rural poor people's main source of livelihood – or further depleted the natural resource base. This impact domain can be considered to have satisfactory outcomes, as the share of projects rated moderately satisfactory or better increased by ten percentage points – from 77 per cent in 2008/09 to 87 per cent in 2009/10. Moreover, no negative ratings were given in 2010.
59. In 2010, five projects (Bosnia and Herzegovina, China, Eritrea, Peru, Senegal) implemented a variety of activities that contributed to the protection and rehabilitation of the natural resource base. In Peru, the Corridor project mitigated adverse environmental impact from several activities through improvements in production technology. These included better waste management by small-scale tanning operations, the use of natural rather than artificial dyes in textiles, and certified organic coffee and cacao production. In Bosnia and Herzegovina, by improving land husbandry, pasture, and fodder production, the project helped increase soil fertility, reduce soil erosion and improve farmers' awareness of the importance of protecting natural resources and the environment. In addition, each piece of infrastructure rehabilitated or built under the project was subject to a prior environmental impact assessment and feasibility study to assess the potential impact on the ecosystem and the environment. In Senegal, project activities brought about a significant reduction in bush fires in 2006, regeneration of the biocenosis (which was stimulated by the reforestation activities), growth in production of nurseries and protection of 200 ha of land.
60. Two projects were rated partly unsatisfactory because of a potentially negative impact on the environment, in both cases linked to road construction activities (Yemen and Zambia).
61. The projects in this year's RIDE cohort did not, because of their age, directly benefit from some key dimensions of IFAD's increasing investment in improved approaches to environment and natural resource management. The Global Environment Facility (GEF)-financed grant components have an impact on this domain, and are present in nine IFAD projects currently under implementation, with more under design. In Kenya, a GEF project component is focusing on environmental conservation and human-wildlife conflict. Under the component, 1,500 ha have already been reforested and farmlands are being protected from invasion by elephants, while alternative sources of income are being created for the growing population in the vicinity of Mount Kenya. In Brazil, the Sertão project has invested in sustainable management of soil and water, and is promoting organic cotton production and the protection of dry forests (the Caatinga biome). In Mali, a

GEF project component is contributing to sustainable natural resource management and biodiversity conservation in the key ecosystem of the Inner Niger delta. Here, 352 ha of hippo grass (*Echinochloa stagnina*) were regenerated; 2 plant nurseries were created and about 6,500 plants were established. Capacity-building and communication support related to natural resource management was provided to about 8,225 people (3,208 of whom were women). An IFAD-GEF regional grant is supporting the implementation of the Association of Southeast Asian Nations (ASEAN) Peatland Management Strategy, which is focused on one of the most critical ecosystems in South-East Asia, and one of the most important deposits of soil carbon. The project is also promoting environmental protection activities in four pilot sites in Indonesia, Malaysia, the Philippines and Viet Nam.

62. **Human assets.** This indicator measures the project's contribution to improving the capital "embodied" in people through the provision of knowledge and skills, and an improvement in access to basic education, safe water and health care. Due to the nature of IFAD's interventions, impact in this area has traditionally been strong. This is confirmed by the high percentage of projects rated 4 or better, which increased from 82 per cent in 2008/09 to 94 per cent in 2009/10 and made this the highest-performing domain.
63. Of the 25 projects reviewed this year, one achieved a highly satisfactory impact (China), while 10 projects had a satisfactory impact (Angola, Azerbaijan, Bosnia and Herzegovina, the Dominican Republic, El Salvador, Pakistan ID 524, Peru, Senegal, The Sudan, Tunisia). Notable impact includes:
- In China, a decline in the proportion of underweight girls from 30 per cent to 12 per cent and in the proportion of chronic malnutrition in girls from 45 per cent to 31 per cent; and decrease in illiteracy rates from 17 per cent to 8 per cent.
 - In The Sudan, as a result of increased availability to safe water, water consumption increased by 35 per cent and time spent to fetch water was reduced by 35 per cent to the benefit of women and children.
 - In the Dominican Republic, the provision of latrines turned out to be highly beneficial for women's self-esteem and dignity.
64. **Social capital and empowerment.** This impact domain assesses the extent to which the project has improved the capacity of the poor to take part in and influence decision-making processes, both as individuals and as a group. With 80 per cent of the projects rated satisfactory or better in 2009/10 against 75 per cent in 2008/09, this year's cohort of projects can be considered to have produced satisfactory outcomes against this domain. Between 2008/09 and 2009/10, however, the share of positive ratings dropped from 50 per cent to 41 per cent.
65. A total of nine projects evidenced a strong impact on the social capital and empowerment of rural poor people, and two projects – implemented in China and Peru – achieved a highly satisfactory impact. These projects succeeded in implementing processes focused on establishing, mobilizing, strengthening and consolidating different types of organizations of the rural poor (Azerbaijan, Benin, the Plurinational State of Bolivia, Bosnia and Herzegovina, the Democratic People's Republic of Korea, El Salvador, Eritrea, Mozambique, The Sudan). At the same time, the project built up the capacity of the beneficiary associations to manage their own development by improving their technical and management skills, and rendering them better equipped to negotiate with partners and mobilize resources. In Peru, the main impact on social capital consisted of strengthening community and group organization and cohesion through the implementation of business plans, resource management and women's savings groups.
66. The case of Jordan is somewhat atypical, as despite its satisfactory overall performance, the project has been less effective in promoting local social relations

to facilitate cooperation and collective actions for sustainable natural resource management. This is because the concept of participatory planning proved premature for Jordan's socio-economic context and, therefore, it was not embraced by the communities.

67. **Agricultural productivity.** Measured in terms of cropping intensity, yields and land productivity, agricultural productivity reflects a project's contribution to production increases in various areas related to agriculture, livestock and fisheries. In the current year's cohort of projects, no negative ratings were given, and about 80 per cent of the projects are rated as moderately satisfactory or better. Of these, strong impact was noted for nine projects. The projects that were rated positively showed that agricultural productivity can be increased through:
- The development and distribution of improved seeds (the Democratic Republic of Korea, Mozambique, Pakistan ID 524, Pakistan ID 1042);
 - Improved irrigation (China, El Salvador, Pakistan ID 524, Pakistan ID 1042);
 - Better access to rural financial services (Azerbaijan, China, the Democratic People's Republic of Korea);
 - The introduction of improved or new production technologies (Azerbaijan, Benin, China, El Salvador, Mozambique, Pakistan ID 1042, Peru);
 - Increase or improvement in livestock production (Bosnia and Herzegovina, the Democratic People's Republic of Korea, Pakistan ID 524, Pakistan ID 1042);
 - Introduction of diversified or new high-yielding crops (Azerbaijan, China, Pakistan ID 524, Peru).
68. In China, "hardware" activities (adequate irrigation, regenerative farming techniques and the introduction of diversified higher-value crops) well coordinated with "software" activities (extension methodologies, on-farm demonstrations, on-farm research, broad-based farmer training and linkage to microcredit) were the key factors that led agricultural productivity beyond the expected targets at appraisal. In Pakistan ID 1042, as a result of the project's intervention, the target area has shifted from a subsistence farming region to a surplus-producing area of high-value products. The new agricultural techniques introduced, such as double-cropping and new vegetable varieties, have spread very rapidly and considerable surpluses are now being exported from these valleys.
69. The expected impact on agricultural production and productivity was not achieved in Egypt and Yemen, mainly due to project management weaknesses.
70. **Institutions and services.** This domain assesses the project's effect on institutions, policies, and the regulatory framework relevant for the poor. While the share of projects rated as moderately satisfactory or better has remained unchanged, the share of average ratings has increased from 41 per cent in 2008/09 to 54 per cent in 2009/10.
71. In 2010, a very strong impact was noted for the project in Peru, while seven projects achieved a strong impact (Azerbaijan, Bosnia and Herzegovina, China, Ghana, Jordan, Mozambique, Pakistan ID 524). In Peru, the project played a dramatic role in the development of the country's relevant public policies: experience gained under the project served to define the National Plan for Poverty Reduction as well as the National Strategy for Rural Development. Moreover, the project made a significant contribution to strengthening local government and its relationship with local communities. In Mozambique, the project played a notable role in facilitating the registration process for producers' associations. As a result, a new law for the registration of associations was enacted.

72. Several IFAD interventions also exerted a notable impact on financial institutions, by triggering the creation of new ones or strengthening those already existing (Azerbaijan, Bosnia and Herzegovina, China, Jordan). In Azerbaijan, the project contributed to the strengthening of credit unions and financed the capacity-building of all the institutions involved in the implementation of the credit component. In Bosnia and Herzegovina, the project developed a new approach for rural financial services through the savings and credit associations, and it also prompted the Government to promote a specific law for these associations. In Jordan, thanks to the project intervention, the outreach branches of the Agriculture Credit Corporation have been expanded, a microcredit revolving fund has been established and group lending incentives adopted.
73. Project impact on institutions and services was considered partly unsatisfactory in the case of Yemen and Zambia. In Zambia, although the project belonged to the Ministry of Agriculture and Cooperatives (MACO), it was implemented outside the downstream functional structures of this Ministry, which isolated and alienated its staff, especially those in the provinces and districts.
74. **Markets.** This domain measures the project's impact on physical access to markets, including roads, means of transportation and market information. Compared with last year's performance, IFAD performed significantly better within this impact domain: the share of projects rated 4 or better has increased from 63 per cent in 2008/09 to 73 per cent in 2009/10. In addition, positive ratings have risen significantly. The efforts to improve the economic well-being of the rural poor through improved market conditions appear to be yielding positive results.
75. IFAD had a strong impact in nine cases (Benin, Bosnia and Herzegovina, Burkina Faso, China, El Salvador, Mozambique, Peru, Senegal, Zambia). In Burkina Faso, the project made efforts to improve access to markets through the implementation of a strategy based on: (i) the value chain approach; (ii) private-sector involvement in the provision of advisory services; and (iii) private-sector involvement in developing a market for rural microenterprise products. In Peru, through technical assistance and community investments, the project helped lower marketing costs, attract new buyers and vendors to fairs and other local commercial venues and win new clients on major markets, national and international. In Zambia, the project increased the efficiency of the agricultural marketing system, opened up new market opportunities and facilitated marketing of large volumes. In addition, the impact of accessing market information through the Short Messaging System (SMS) has contributed to greater trade within and outside Zambia.
76. Projects with a partly unsatisfactory impact include interventions in Pakistan ID 1042 and Yemen. In Pakistan ID 1042, marketing remains weak as a result of the project's insufficient investments in improving market infrastructure and processes. Further expansion of successful interventions in fruit and vegetable development therefore continues to be a challenge.

RMF levels 2.4-2.6: Overarching factors

77. At the level of outcomes and in line with the principles of engagement under its current Strategic Framework, IFAD measures results against the following five overarching factors:
- **Gender** (RMF level 2.4). Amount of attention given to gender issues during project implementation, whether a project was specifically designed to address the needs of women and whether the project contributed to improving the situation of women in general (education, workload, access to credit, land, income generating activities, employment opportunities, etc.).

- **Innovation** (RMF level 2.5). Extent to which innovations were built into project design and how well these were used. This may include new approaches, instruments, technical solutions or implementation modalities.
- **Replicability and scaling up** (RMF level 2.5). Potential for replication of specific activities, components, approaches, etc., the extent to which this has been discussed with the Government, and whether steps have already been undertaken for replication in other projects at the national level or in other countries.
- **Sustainability and ownership** (RMF level 2.6). Prospects for and constraints on the continuation of project activities after the period of external financing, and the durability of changes and impact brought about by the project.
- **Targeting**. How well the project analysed the needs of the poorest people, whether specific instruments were developed to enhance their participation in the project's activities and how successful it was in addressing their needs.

78. Table 7 shows that improvements in the overarching factors domain were significant, particularly in the area of gender where, from 2008/09 to 2009/10, the share of projects rated 4 or better has increased by 12 per cent. In addition, with 88 per cent of the projects rated 4 or better in 2009/10, IFAD's impact on targeting is strongest among all overarching factors. By contrast, impact on sustainability and ownership is relatively low at 76 per cent. The composite indicator for innovation, learning and scaling up has slightly increased to 79 per cent, compared with 72 per cent in 2008/09.

Table 7
Overarching factors

<i>RMF indicator</i>	<i>Source</i>	<i>Baseline^a</i>	<i>RIDE 2010</i>	<i>2012 target</i>
% of projects rated 4 or better at completion for:				
2.4 Gender equality	PCR	76%	88%	80%
2.5 Innovation, learning and/or scaling up ^b	IEE	25-50%		
	ARRI	100%	95%	80%
	PCR	72%	79%	75%
2.6 Sustainability of benefits	IEE	40%		
	ARRI	73%	65%	75%
	PCR	75%	76%	75%

^a Baseline year: IEE: 2005 ARRI: 2008; PCR: 2008-2009.

^b This RMF indicator combines the PCR ratings for "innovation" and "replicability and scaling up".

79. When considering the percentage shares of positive (5 and 6), negative (1 and 2) and average ratings (3 and 4), it appears that for sustainability and ownership as well as for innovation, learning and scaling up, the overall picture for the 2009/10 cohort has not changed significantly when compared with the 2008/09 cohort. In general, sustainability and ownership appears to be the most challenging area, with a low share of positive ratings (26 per cent) in 2009/10. With regard to targeting and gender, however, there has been a significant drop in the share of negative ratings to the benefit of average ratings, which have gone up from 62 per cent to 74 per cent (targeting) and 45 per cent to 59 per cent (gender).
80. Of the four overarching factors monitored by the project completion process, two – innovation/replicability and sustainability – are also reported by ARRI. Comparative ARRI figures for three-year averages show lower performance for sustainability, but higher performance for innovation and replicability.

81. **Gender.** On gender, there has been a striking improvement. Some 88 per cent of the projects were reported to be moderately satisfactory or better in the 2009/10 cohort. This is significantly higher than the 76 per cent reported last year. This result is mainly driven by a major decrease in the share of negative ratings, from 12 per cent in 2008/09 to 4 per cent in 2009/10.
82. Specific features of the 13 projects rated as satisfactory are: (i) gender-specific project design or presence of a gender-specific objective or component; (ii) gender-oriented approach endorsed in all project activities; and (iii) good gender focus during implementation with specific activities targeted at women. In Azerbaijan, Bosnia and Herzegovina and Mozambique, gender mainstreaming has been integrated into planning, execution, monitoring and reporting. In El Salvador, Pakistan ID 524, Senegal and Tunisia, a gender focus featured among the project's specific objectives.
83. Two projects – Angola and Yemen– achieved unsatisfactory results. In Yemen, the project gave inadequate attention to women's needs and made no attempt to mainstream gender issues as women and their activities were clearly segregated. A number of factors contributed to this situation: (i) the country's social and cultural context; (ii) absence of awareness or interest in the issue at the project management level; (iii) insufficient training of women staff; and (iv) lack of implementation support from supervision or other missions. In Angola, while the appraisal report directed specific attention to gender issues, it did not provide a robust strategy. In all other cases (projects rated 4), either project design was not gender-specific or, where it was, difficulties encountered during implementation led to mixed results (Benin, the Plurinational State of Bolivia, Burkina Faso, the Democratic People's Republic of Korea, Egypt, Eritrea, Ghana, Nigeria, Pakistan ID 1042, Zambia).
84. **Innovation.** IFAD performance with respect to innovation has improved considerably, with 81 per cent of its projects rated as moderately satisfactory or better, compared with 73 per cent in 2008/09. The distribution of ratings across the various categories shows good results, as the share of positive ratings (5 and 6) has gradually increased from 32 per cent in 2008/09 to 41 per cent in 2009/10.
85. Among those reviewed in 2010, the best performing was the project in Peru, which was found to be highly innovative. The 12 projects (Azerbaijan, Benin, the Plurinational State of Bolivia, Bosnia and Herzegovina, Burkina Faso, China, the Dominican Republic, El Salvador, Ghana, Mozambique, The Sudan, Zambia) that were classified as innovative generally made structural changes relevant to the rural poor: they introduced new approaches for working with rural poor people, helped create new institutions offering rural financial services, adopted a new execution model and introduced new technologies.
86. The adoption of an innovative participatory approach is the common feature for some projects. In The Sudan, the project introduced a participatory approach in North Kordofan where a top-down approach had prevailed in the past. Similarly, in Benin, a participatory approach was used at the village level. Projects in Azerbaijan, Bosnia and Herzegovina, China, El Salvador, Ghana, Mozambique and The Sudan shared the innovative feature of providing financial services to the rural poor using new types of institutions. In Bosnia and Herzegovina and the Dominican Republic, the provision of services was handled by private local actors in cooperation with the public sector. Finally, the projects in the Dominican Republic and El Salvador used the common feature of an integrated gender approach.
87. **Replicability and scaling up.** One of the objectives of the PCR – and the completion process as a whole – is to identify specific aspects of the project's activities and approaches that could be replicated and recommend ways and means of how this could be done. The percentage of projects rated as moderately satisfactory or better shows some improvement, rising from 71 per cent in 2008/09

to 75 per cent in 2009/10. However, between 2008/09 and 2009/10, the share of average ratings (3 and 4) increased from 43 per cent to 60 per cent at the expense of the share of positive ratings.

88. Replicability and scaling up were rated positively when successful concepts or innovations were adopted by other IFAD operations in the country or the region. In Eritrea and Ghana, lessons generated by the projects have contributed to the success of subsequent IFAD-funded projects. In the remarkable case of Peru, the Corridor project's approaches and strategies have been adopted at the central government level as well as at a lower government level. Other donor-funded projects have also incorporated the project's strategy of using competitions. In Jordan, the Government has decided to continue the project activities after the closing date, using its own funds. In The Sudan, the central and state authorities have decided to embrace the project philosophy and approach by preparing a new phase of the project, largely financed by the state government.
89. **Sustainability and ownership.** Regarding sustainability and ownership of IFAD operations, the picture has remained largely unchanged. The fact that sustainability and ownership is the weakest impact domain suggests that IFAD and its partners need to concentrate more on: sustainability constraints such as underresourced institutional capacity; projects that fail to establish mechanisms to sustain projects outputs; and the development of appropriate exit strategies.
90. In 2010, two projects (China and Peru) were rated highly satisfactory in terms of sustainability and ownership. Burkina Faso, the Dominican Republic, Eritrea, Ghana, Mozambique and The Sudan all received a satisfactory rating. These projects have developed and actively worked on the implementation of the phasing out strategy, allowing activities to be mainstreamed into the Government's programmes and the newly created institutions to be incorporated into the public administration. They have also addressed the issue of financial sustainability by making sure that future funding is taken over by the Government. In Peru, for example, the project's sustainability at the state level appears likely because, at project closure, the Ministry of Agriculture confirmed conversion of the project to a permanent Ministry activity.
91. The projects that were particularly weak in terms of sustainability and ownership were Egypt, Pakistan ID 524, Senegal, Yemen and Zambia. In Egypt and Yemen, the low chances of sustainability are directly linked to an overall weak implementation performance. In Zambia, project activities still require a period of consolidation, accompanied by bridging finance to sustain and strengthen promising fledgling activities.
92. **Targeting.** On targeting, between the 2008/09 cohort and 2009/10 cohort, there has been an improvement of about 20 percentage points, translating to 88 per cent of projects with a moderately satisfactory or better performance in 2010. It is also noteworthy that the percentage of negative ratings has decreased from 14 per cent in 2008/09 to 2 per cent in 2009/10.
93. The China project's performance was outstanding, while other nine projects rated positively in 2010 (the Democratic People's Republic of Korea, the Dominican Republic, Egypt, El Salvador, Eritrea, Gaza and the West Bank, Jordan, Peru, Senegal) as they were found to be strongly target-oriented, either geographically or by poverty incidence. In the Democratic People's Republic of Korea, the project targeted the rural poor first by selecting low-income counties; second by identifying the "least advanced" cooperative farms; and third by targeting credit at households with a high ratio of non-working members and at woman-headed households. In the Dominican Republic, all three provinces of the project area presented a high incidence of poverty and extreme poverty. In other cases rated as satisfactory – Eritrea, Gaza and the West Bank, Jordan and Peru – projects were found to be strongly women-oriented. In Gaza and the West Bank, women and

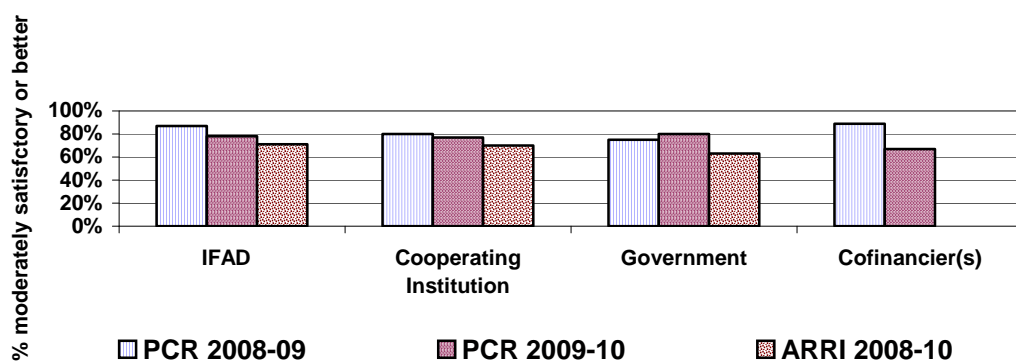
children constituted the principal target group for the project activities, as they were disproportionately affected by the Intifada.

94. A summary of the study undertaken in 2010 as part of the portfolio review, drawing on the review of the completed portfolio and information on projects entering the portfolio, is presented in annex V.

Partner performance

95. While not directly represented in the RMF, project implementation performance depends to a large extent on the performance of implementation partners and how they are able to work together. Chart 3 shows that, with the exception of governments, all partners performed less well in 2009/10. This is reflected in the decreasing share of projects rated 4. As a result, combined partner performance dropped from 88 per cent in 2008/09 to 76 per cent in 2009/10. Cofinanciers have shown the most pronounced decrease, of almost 20 percentage points. IFAD performance also dropped, as did that of NGOs.
96. In contrast, in the cohort of evaluations reviewed in this year's ARRI, IFAD's performance is rated moderately satisfactory or better in 82 per cent of projects (indicating a strong upward trend relative to the three-year rolling average), while 71 per cent of cooperating institutions (CIs) and 59 per cent of governments were rated in the same way. The latest three-year rolling averages are 71 per cent for IFAD, 70 per cent for CIs and 59 per cent for governments.

Chart 3
Partner performance



97. In the 2009/10 cohort of projects, government performance had improved, as shown by the share of projects rated moderately satisfactory or better, which increased from 75 per cent in 2008/09 to 80 per cent in 2009/10. In a fair number of cases, governments provided all the necessary support to allow smooth project implementation, including the timely release of counterpart funds, technical input and expertise through the direct involvement of line departments; regular follow-up and monitoring of project activities; implementation of supervision recommendations; regular field visits by government officials and a strong sense of ownership over the project's outcome. The main causes of weak government performance include: inability to provide timely and sufficient counterpart funds; lack of concern and commitment from government authorities; failure to ensure an adequate level of skilled and competent staff in project management units, coupled with high staff turnover. More commonly, however, weak government performance is the result of limited involvement during project design, poor performance orientation, inadequate incentive systems and lack of proactivity in problem-solving.
98. In 2010, IFAD's performance was found to be satisfactory in 10 projects, in which IFAD's interventions were rated timely and appropriate. In some cases, IFAD was also praised for its flexibility in responding to changing circumstances and in others for the intensive and persistent follow-up by the country programme managers (CPMs). In the case of Peru, IFAD's performance was positively influenced by the

experience of direct supervision and the permanent presence of the CPM in the country. In cases where weaknesses were reported, important project design flaws were noted. A generally passive attitude during project implementation and management oversight, and a lack of urgency and decisiveness in taking action to address emerging issues were also observed. In some cases, issues were postponed until the mid-term review. Insufficient implementation support was a negative factor in the Democratic People's Republic of Korea, which saw five CPMs in seven years.

99. For CIs there has been a slight decrease in the share of projects reported to be moderately satisfactory or better. In some cases, such as in Azerbaijan, the CI (the United Nations Office for Project Services [UNOPS]) acted flexibly, pragmatically and responsively to meet the project's needs. UNOPS also offered solutions to problems as they arose, liaised with the Government and implementation partners and kept IFAD informed of developments. In Burkina Faso, the West African Development Bank (BOAD) played a major role in improving the project's accounting and financial management, as well as its technical execution. Significant weaknesses were noted, however, in the CI's capacity to correctly identify critical project implementation issues and give sufficient attention to managing supervision accordingly. Other shortcomings include: (i) limited frequency and duration of supervision missions; (ii) lack of continuity with respect to project supervision members and, consequently, loss of institutional memory; and (iii) mission composition (lack of the right technical expertise); (iv) inadequate and sometimes unrealistic and overambitious recommendations.
100. The performance of NGOs and other implementation partners is measured on the basis of two aspects: quality of services delivered and quality of partnerships established. NGO performance received the lowest share of satisfactory ratings, 63 per cent, in 2009/10, against 76 per cent in 2008/09. In six cases, NGOs that performed well also showed strong commitment to achieving the project's main goal. In Benin, for example, several private-sector service providers involved were highly committed to the objectives of the operation and accomplished their tasks in a satisfactory way. In at least one case, the NGO was found not to be fully useful because it lacked specific knowledge of the country. In other instances, NGOs had weak project implementation capacity.
101. The performance of cofinanciers reflects how effectively and efficiently external contributions are mobilized. The share of projects rated moderately satisfactory or better decreased from 89 per cent in 2008/09 to 76 per cent in 2009/10. In a number of cases cofinancing did not materialize or was lower than the agreed amount (the Democratic People's Republic of Korea, Pakistan ID 524, Yemen, Zambia). The contribution of cofinanciers to follow-up and supervision was modest and provided on an ad hoc basis in some projects.
102. In conclusion, the Eighth Replenishment RMF indicators of project performance for 2010-2012 are both broader and more ambitious than those of the previous RMF. Nonetheless, as a result of continuing improvement in performance in 2009/10, the first year of the Eighth Replenishment period, most targets set under the current RMF appear to be either reached or reachable. Performance has been particularly robust for relevance, innovation and gender equality. It is almost level with or close to the target for effectiveness, sustainability, replicability and scaling up. With regard to efficiency, achievements made so far fall somewhat short of the target and this aspect thus needs more attention. However, given that a recent multi-institution review ranked IFAD high in development efficiency (see paragraph 159), this seems to be a common issue among development agencies. Of the 25 projects reviewed, none was rated 1 (highly unsatisfactory) during 2009/10. Overall, for the first time, a reduction was noted in the proportion of low-performing projects in the 2010 cohort. Of the 25 PCRs reviewed in 2010, at aggregate level, 40 per cent had

positive ratings (5 and 6), 56 per cent showed average ratings (3 and 4) and 4 per cent were negative (1 and 2).

C. RMF level 3: Country programme and project outputs

103. While level 2 monitors the **development effectiveness** of completed projects, level 3 monitors the **outputs** of ongoing projects (see table 8). To assess project performance in generating outputs, IFAD measures the progress made by the entire ongoing portfolio, which comprised 230 investment projects in the review period. These outputs, presented at the third level of the hierarchy of results under the RMF, represent the products, goods and services that derive from IFAD-supported projects and are relevant to the achievement of outcomes. In reporting on these outputs, IFAD uses the Results and Impact Management System (RIMS), which allows aggregation of the outputs reported by the projects currently being implemented. The cumulative outputs aggregated for the 230 ongoing projects at the end of 2009 and relating to the indicators identified under the Eighth Replenishment RMF are presented in table 8.

Table 8
RMF level 3: Country programme and project outputs^a

RMF indicator	Baseline year	Baseline value	2009 achievements	2012 target
3.1 People receiving services from IFAD-supported projects (no.)	2007	29.2 million	36.6 million	60 million
Male:female ratio (percentage)	2007	57:43	51:49	50:50
Natural resource management				
3.2 Common-property-resource (CPR) land under improved management practices (hectares [ha])	2008	3.9 million	4.9 million	
3.3 Area under constructed/rehabilitated irrigation schemes (ha)	2008	228 000 ^b	322 000	
Agricultural technologies				
3.4 People trained in crop production practices/technologies	2008	1.7 million	4.1 million	
Male:female ratio (percentage)		50:50	63:37	
3.5 People trained in livestock production practices/technologies	2008	1.1 million	1.1 million	
Male:female ratio (percentage)		35:65	44:56	
Rural financial services				
3.6 Active borrowers	2008	4.4 million	4.8 million	
Male:female ratio (percentage)		52:48	51:49	
3.7 Voluntary savers	2008	5.4 million	8.4 million	
Male:female ratio (percentage)		51:49	49:51	
Marketing				
3.8 Roads constructed/rehabilitated (km)	2008	15 000	21 000	
3.9 Marketing groups formed/strengthened	2008	25 000	28 000	
Microenterprise				
3.10 People trained in business and entrepreneurship	2008	162 000	277 000	
Male:female ratio (percentage)		53:47	48:52	
3.11 Enterprises accessing facilitated non-financial services	2008	19 000	34 000	
Policies and institutions				
3.12 People trained in community management topics	2008	672 000	1 169 000	
Male:female ratio (percentage)		38:62	24:76	
3.13 Village/community action plans prepared	2008	24 000	29 000	

^a For ease of reference, indicator numbers are the same as those in the RMF.

^b The figures for 2008, which is also the baseline, have been revised taking into account the fact that figures reported in that year under the Sudan Gash Sustainable Livelihoods Regeneration Project (ID 1263) referred to spate irrigation and are to be excluded as area irrigated.

104. The outreach in terms of the number of people receiving services through IFAD-supported projects rose appreciably from 29.2 million to 36.6 million. Access to voluntary savings and credit increased notably in the last two years, involving

about 8.4 million people and 4.8 million people respectively. Women constitute more than half of those served. Human capability development through training in natural resource management, crops, livestock, entrepreneurship, community management etc. also increased significantly over the two years. In terms of physical outputs, significant increases can also be noted in roads built, land under irrigation systems constructed/rehabilitated and land brought under improved management practices. Other aspects not tracked by RFM indicators – such as drinking water systems constructed, health centres built and livestock water points installed – show notable progress.

D. RMF level 4: Country programme and project design and implementation support

105. RMF levels 2 and 3 measure and monitor the results and outputs of projects that receive financial, design and implementation support from IFAD but are actually implemented by national partners. Level 4 addresses some of the key inputs made by IFAD to ensure performance at levels 2 and 3, such as: country programme design, harmonization, project design and project implementation support. Table 9 presents the RMF level 4 matrix.

Table 9

RMF level 4 matrix: Country programme and project design and implementation support

<i>RMF indicator</i>	<i>Source</i>	<i>Baseline (year)</i>	<i>2012 target</i>	
Percentage of country programmes rated 4 or better at entry for:				
4.1	Contribution to increasing the incomes, improving food security and empowering poor rural women and men	QA at entry	86 (2008)	90
4.2	Adherence to aid effectiveness agenda	Client survey	79 (2008)	100
Percentage of projects rated 4 or better at entry for:				
4.3	Effectiveness	QA at entry	93 (2008/09)	90
4.4	Rural poverty impact on target group (e.g. through physical and financial assets, food security, empowerment)	QA at entry	91 (2008/09)	90
4.5	Sustainability of benefits	QA at entry	81 (2008/09)	90
4.6	Innovation, learning and/or scaling up	QA at entry	86 (2008/09)	90
Better implementation support				
4.7	Percentage of ongoing projects actually receiving international cofinancing	PPMS	56 (2009)	65
4.8	Average time (in months) from project approval to first disbursement	PPMS	21 (2008)	14
4.9	Percentage of problem projects in which major corrective actions are taken (proactivity index)	Div PPR	63 (2008)	75
4.10	Percentage of projects for which IFAD performance rated 4 or better	ARRI	64 (2007)	75
4.11	Percentage of problem projects in ongoing portfolio	PPMS	17 (2007)	15
4.12	Percentage of time overruns for completed projects ^a	PPMS	32 (2007/08)	20
4.13	Average days for processing withdrawal applications (directly supervised projects)	WATS	35 (2009)	-10% over 2009

^a To enhance the reliability of measurement, the ongoing portfolio has been replaced by the completed portfolio. Given the volatility in annual figures for this indicator, a three-year rolling average is used.

Note: PPMS: Project and Portfolio Management System; Div PPR: Divisional Portfolio Performance Review; WATS: Withdrawal Application Tracking System.

RMF levels 4.1-4.2: Quality of country programmes

106. In order to measure the performance of its **country programmes**, during the review period IFAD examined: (i) all country strategic opportunities programmes (COSOPs) and (ii) client surveys. By the end of 2010, a total of six results-based COSOPs (RB-COSOPs) will have been reviewed by the Executive Board, all of which were rated moderately satisfactory or better. This confirms the trend of continuing improvements – in line with the IFAD internal QA system and the encouraging feedback from the Board on RB-COSOP content and process. However, there is still room for improvement in a number of areas, in light of various assessments carried out over the past two years. Annual and mid-term reviews of RB-COSOPs approved over the past three years are, overall, on track (five in West and Central Africa [WCA], five in East and Southern Africa [ESA], one in Near East and North Africa [NEN], three in Asia and the Pacific [APR], and six (foreseen by end 2010) in Latin America and the Caribbean [LAC]), except for a few cases where the review is rescheduled for the first quarter of 2011 to allow for completion of related stock-taking work. Such reviews provide an important opportunity for an overview of IFAD progress in its country programme approach, building on sources relevant to portfolio implementation issues, and related policy and institutional objectives.

Table 10

Quality of country programmes

<i>RMF indicator</i>	<i>Source</i>	<i>Baseline (year)</i>	<i>RIDE 2009</i>	<i>RIDE 2010</i>	<i>2012 target</i>	
Percentage of country programmes rated 4 or better at entry for:						
4.1	Contribution to increasing the incomes, improving the food security and empowering poor rural women and men	QA at entry	86 (2008)	100	100	90
4.2	Adherence to aid effectiveness agenda	Client survey	79 (2008)	96	100	100

107. In the context of shared concerns about the progress towards the MDGs, increasing emphasis is now placed on scaling up, as part of a three-pronged corporate thrust that also includes innovation and knowledge management. To this effect, the RB-COSOPs submitted to the Board in 2010 recognize the need for a more systematic approach to defining pathways for scaling up (e.g. through repeater projects, cofinancing, government-initiated sector-wide or territorial programmes). This would involve a more proactive identification of prospective champions (e.g. at the government and community levels) and catalysts (e.g. external shocks linked to climate or country-led processes), alongside additional space being opened up for financing, policies, institutions, partnerships and learning.
108. The first phase of a corporate IFAD initiative on scaling up – with the Brookings Institution as strategic partner – was launched in 2009 and completed in mid-2010. It will be followed up throughout 2011 with an internalization of the scaling-up agenda in relevant corporate processes (strategic framework, country programme and project design, portfolio reviews, supervision and implementation support). The response from potential partners has been encouraging, as apparent in the recently agreed corporate agenda for IFAD/World Bank collaboration on scaling up.
109. In consideration of the above, and in light of experiences with RB-COSOPs over the past three years, the 2006 guidelines for COSOP formulation and implementation are being revised and an updated version is to be issued in 2010. This updated version will reflect lessons learned from thematic reviews conducted by the Programme Management Department (PMD), selected country case studies on the RB-COSOP process and content, country programme annual or mid-term reviews, recommendations from new or updated IFAD operational policies in selected thematic areas, together with the findings of thematic evaluations conducted by IOE and the recently completed scaling-up review. Finally, the revised guidelines

will provide an opportunity to clarify some aspects of the previous guidelines, for instance with reference to RB-COSOP requirements and contents, COSOP reviews, etc.

110. The client survey⁷ reporting results from 31 countries undertaken in 2010 was aimed specifically at assessing the contribution to increasing: (i) incomes; (ii) food security; (iii) empowerment of rural poor women and men (RMF indicator 4.1); and (iv) adherence to the aid effectiveness agenda (RMF indicator 4.2).
111. The result for RMF indicator 4.1 shows that all 31 countries were rated moderately satisfactory or better. The target, set at 90 per cent by 2012, has therefore already been met in 2010. The target of 100 per cent adherence to the aid effectiveness agenda has also been met, with 45 per cent of country programmes rated 5 or better.

Table 11

Elements of composite RMF indicators for quality of country programmes

4.1. ^a Contribution to increasing:				4.2. Adherence to aid effectiveness			
Income	Food security	Empowerment	Average	Country ownership	Alignment	Harmonization	Average
4.94	4.94	4.88	4.92	4.86	5.18	4.46	4.87

^a For ease of reference, indicator numbers are the same as those in the RMF.

RMF levels 4.3-4.6: Quality at entry of projects

112. A major part of IFAD's work in achieving results on the ground is collaboration with in-country and international partners in designing the projects and programmes to which IFAD makes a financial contribution. As indicated in figure 2, there is a comprehensive system of quality enhancement to support project design. IFAD also has a rigorous system of quality assurance that focuses on design quality at the end of the development and enhancement process. This arms-length QA system is implemented with the support of an external panel of internationally recognized experts who assess the quality of project designs against the criteria indicated in the RMF and presented in table 12.

Table 12

Quality at entry of projects

RMF indicator	Source	Baseline (year)	RIDE 2010	2012 target
Percentage of projects rated 4 or better at entry for:				
4.3 Effectiveness	QA at entry	93 (2008/09)	97	90
4.4 Rural poverty impact on the target group (e.g. through physical and financial assets, food security, empowerment)	QA at entry	91 (2008/09)	97	90
4.5 Sustainability of benefits	QA at entry	81 (2008/09)	72	90
4.6 Innovation, learning and/or scaling up	QA at entry	86 (2008/09)	78	90

113. IFAD's performance in project design for effectiveness and rural poverty impact on the target group (RMF indicators 4.3 and 4.4) was extremely high. At 97 per cent for both indicators, performance rose relative to the baseline year and materially

⁷ The survey covered 38 countries, in which a total of 1,107 partners were invited to participate and 503 responded. Of these, 31 countries qualified, with a total of 446 valid survey responses. The regional distribution of participating countries ranged from 6 in NEN to 9 in ESA. The number of invited partners ranged from the required minimum of 20 (10 countries) to as many as 70. For each client survey, CPMs invited participation from three categories: government; bilateral and multilateral organizations; civil society. Of the responses received in 2010, almost half (46 per cent) were from government organizations; 31 per cent from civil society and 23 per cent from bilateral or multilateral organizations. Of those that responded, 53 per cent identified themselves as very familiar with IFAD and 39 per cent as fairly familiar.

exceeded the RMF target for 2012. On the other hand, performance in the area of sustainability of benefits, and innovation, learning and scaling up (RMF indicators 4.5 and 4.6) has fallen back, highlighting the need for significant improvement if the RMF targets for 2012 are to be achieved. From a technical point of view, there may be an argument for "unbundling" RMF indicator 4.6, which brings together factors that are quite diverse and potentially mutually contradictory (e.g. a project rated highly satisfactory for scaling up proven initiatives may not be designed to innovate as much as to replicate). The sustainability indicator is less ambiguous and will require a specific remedial programme, taking into account the fact that performance in sustainability in completed projects displays a similar profile, as does the reported performance of agricultural and rural development projects implemented by other IFIs (although this may not be the best performing segment of their portfolios).

RMF levels 4.7-4.13: Better implementation support

114. In assessing the performance of projects during implementation at level 4, the RMF uses indicators to measure the quality of implementation support and activities that are likely to contribute to enhancing the overall effectiveness of projects and efficiency in managing business processes. The indicators chosen are mainly those used by IFIs in assessing portfolio performance on the basis of process-level efficiency. This section also considers IFAD's contribution as a partner in development.
115. Globally, 23 projects were closed in 2009/10, up from 13 in 2008/09. Given that 34 projects were approved during the same period, the current portfolio increased by 11 investment projects and reached 258 on 1 July 2010. The corresponding IFAD financing for these projects increased from US\$4.2 billion to US\$4.6 billion during the review period. Since 28 of the projects in the current portfolio are yet to become effective, the ongoing portfolio stood at 230 projects on 1 July 2010, up from 209 one year earlier. Of these, 210, or 91 per cent, were directly supervised by IFAD. Comparable figures are 32 projects for 2007, 101 for 2008 and 170 for 2009. Of the remaining 20 projects, the World Bank is charged with supervision of 14 projects, the Asian Development Bank with four and UNOPS with two. In the ongoing portfolio, about 58 per cent of the projects are cofinanced (RMF indicator 4.7).

Table 13

Indicators of implementation support

<i>RMF indicator</i>	<i>Source</i>	<i>Baseline (year)</i>	<i>RIDE 2009</i>	<i>RIDE 2010</i>	<i>2012 target</i>	
Better implementation support						
4.7	Percentage of ongoing projects actually receiving international cofinancing	PPMS (2009)	56	not reported	58	65
4.8	Average time (in months) from project approval to first disbursement	PPMS (2008)	21	not reported	16.7	14
4.9	Percentage of problem projects in which major corrective actions are taken (proactivity index)	Div PPR (2008)	63	24	50	75
4.10	Percentage of projects for which IFAD performance rated 4 or better	ARRI (2007)	64	not reported	71 (2007-2009)	75
4.11	Percentage of problem projects in ongoing portfolio	PPMS (2007)	17	19	18	15
4.12	Percentage of time overruns for completed projects	PPMS (2007/08)	32	not reported	17	20
4.13	Average days for processing withdrawal applications (directly supervised projects)	WATS (2009)	35	not reported	28	-10% over 2009

Note: PPMS: Project and Portfolio Management System; Div PPR: Divisional Portfolio Performance Review; WATS: Withdrawal Application Tracking System.

116. Between 1 July 2009 and 30 June 2010, 42 projects became effective. Compared with the same period in the previous year, when IFAD declared only 28 projects effective, the number of projects becoming effective in a year therefore increased by about 50 per cent. Along with this increase, the average time elapsing from the date of approval to effectiveness for this cohort of projects decreased to 12.2 months from the 13.7 months reported for a comparable period in the previous year. Most projects with long delays have now become effective.
117. With the increase in projects becoming effective, the number awaiting effectiveness fell from 37 as at 30 June 2009 to 28 as at 30 June 2010. The average delay of these projects stands at 10.7 months, representing a significant improvement on the 11.9 months reported at the same time last year. With these achievements, IFAD now has a portfolio consisting of projects that are overwhelmingly active and "fresh". Equally important, the percentage of time overruns in the completed projects during the review period has also decreased significantly.
118. In formulating the RMF, IFAD has introduced more rigour in measuring early implementation performance and now uses the first disbursement, rather than loan effectiveness, as a core performance indicator. There has been a major improvement also against this indicator in 2009/10, with 35 new projects starting to disburse on average 16.7 months after Executive Board approval (RMF indicator 4.8). This figure was 21.4 months in 2008/09.
119. Of the 38 projects identified as "at risk" in the past year, 19 either improved their performance or were completed. This represents a proactivity rating of 50 per cent, implying a significant improvement over last year's reported 24 per cent (RMF indicator 4.9).
120. With respect to the performance of IFAD as a partner (RMF indicator 4.10), the evaluations undertaken in 2009 and synthesized in the 2010 ARRI show major improvements over previous years, with 82 per cent of the projects reported as moderately satisfactory or better. Therefore, on an annual basis, IFAD has exceeded the target set for 2012. In view of the relatively small sample of projects evaluated each year (which forms the basis of the ARRI) and the random variation this may cause, it was suggested in last year's RIDE that the baseline be changed to a three-year moving average for 2006–2008, while keeping the target at the level set in the RMF. Against this measure, IFAD's performance as a development partner has improved (from 64 per cent to 71 per cent) and is approaching the target set for 2012.
121. At the end of the review period, i.e. 30 June 2010, IFAD's ongoing investment portfolio contained 41 projects (about 18 per cent) that were identified as "actual problem" projects (RMF indicator 4.11). In addition, 11 projects were identified as "potential problem" projects. This represents a stabilization of performance in terms of portfolio at risk, which had shown significant deterioration in quantitative terms during the last review period. As stated in last year's RIDE, such deterioration is explained largely by the added rigour in assessing performance. This in turn has become possible as a result of rapid internalization of the project supervision function and strengthening of the portfolio review process.
122. Most IFAD projects now insist on beneficiary participation. In addition, while implementation readiness has improved – as shown by the decrease in effectiveness delays and in the time elapsing before the first disbursement – it continues to affect portfolio performance. Time overruns (RMF indicator 4.12) tend to be relatively high in IFAD compared with other IFIs; this aspect was therefore identified as an indicator under the RMF for measuring performance at the project level. Calculated on a three-year rolling basis, completed projects with time overruns could be halved from 32 per cent in 2007/08 to 17 per cent in 2009/10, thereby exceeding the target for 2012 by 3 per cent. A similar efficiency indicator

is the average time taken to process withdrawal applications (RMF indicator 4.13). Compared with the baseline of 35 days, performance had improved by 25 per cent by 2010, already exceeding the target for 2012. Further improvements are in progress.

E. RMF level 5: Institutional management and efficiency

123. Institutional management and efficiency have a vital bearing on IFAD's "value for money". The RMF addresses institutional management and efficiency issues under four headings: (i) improved resource mobilization and management; (ii) improved human resource management; (iii) improved risk management; and (iv) improved administrative efficiency. Table 14 presents the matrix of variables, baselines and targets used as indicators for performance in these areas.

Table 14

RMF level 5: Institutional management and efficiency

<i>RMF indicator</i>	<i>Baseline 2008</i>	<i>2012 target</i>
Improved resource mobilization and management		
5.1 Percentage achieved of Eighth Replenishment pledges	n.a.	100
Improved human resource management		
5.2 Staff engagement index: Percentage of staff positively engaged in IFAD objectives	70	75
5.3 Percentage of workforce in programmes (operations)	56	65
5.4 Percentage of workforce from Lists B and C Member States	33	Tracked
5.5 Percentage of women in P5 posts and above	30	35
5.6 Average time to fill professional vacancies (days)	141 (2007)	100
Improved risk management		
5.7 Percentage of actions overdue on high-priority internal audit recommendations	76	20
Improved administrative efficiency		
5.8 Percentage of budgeted expenses per US\$1 of loan and grant commitments	16.3	13.5

Note: n.a.: not applicable.

124. IFAD has been delivering a greater programme of work in loans and grants, and has been achieving stronger results because of Management's sharper results-oriented focus. The decisive and now fully implemented move towards direct supervision of projects, the establishment of IFAD country offices (ICOs), and the development and implementation of the Corporate Planning and Performance Management System (CPPMS) have been driven by the results agenda, and the fruits of this are visible in performance on the ground. The focus on strengthening results was also the motivating factor in the institutional reconfiguration implemented as at 1 January 2010: the position of Assistant President, PMD, was upgraded to Associate Vice-President, Programmes, and the overall coordination and direction of programme operations were improved by the integration of operational policy functions, stronger coordination with the Belgian Fund for Food Security and with hosted entities (the International Land Coalition and Global Mechanism of the United Nations Convention to Combat Desertification), and the enhancement of IFAD's Environment and Climate Division. At the same time, IFAD's ability to respond to the Eighth Replenishment recommendation that it play a proactive and informative role in the international policy dialogue bearing on the RMF level 1 indicators was reinforced by the creation of the Office of the Chief Development Strategist. Further reconfiguration, principally designed to strengthen management and organization in the financial operations area, will be implemented in 2011.

125. The overall coherence and focus of the organization were substantially strengthened in 2010. For the first time in its history, and in conjunction with the elaboration of its new strategic framework and policy tools (see table 15), IFAD developed, and is implementing, a Medium-term Plan (MTP), which defines the institutional outputs that are necessary to reach RMF targets, the roles of the various units, and the allocation of resources to enable units to deliver. The MTP was presented at two sessions of the Executive Board in 2010. It will be updated each year (as a rolling plan) and progress will be reported annually through the RIDE, which will thus report on progress against both the RMF indicators and the targets specific to the MTP.

Table 15

New policies and guidance instruments adopted or to be adopted in 2010

<i>Executive Board session</i>	<i>Instrument</i>
April 2010	IFAD Climate Change Strategy
September 2010	IFAD Policy on the Disclosure of Documents
September 2010	Guidelines on Dealing with De Facto Governments
September 2010	IFAD lending terms and conditions – Hardened lending terms
September 2010	Revised Project Procurement Guidelines
December 2010	Lending Policies and Criteria
December 2010	IFAD Strategic Framework
December 2010	IFAD Policy on Engagement with Middle-income Countries
December 2010	Revision to the Financial Regulations of IFAD

126. Achievement of the RMF targets through the implementation of the MTP depends upon the alignment of IFAD's financial and human resources with priority results and the organizational outputs that underpin them. As an Eighth Replenishment deliverable, in 2010 IFAD implemented an integrated results-based approach to budgeting, providing the framework for transparent alignment of expenditures with IFAD's management results. It also launched IFAD's first zero-based budget (ZBB) exercise with the objective of ensuring that the overall distribution of the budget reflects results priorities and costs are the minimum necessary to produce the appropriate quantity and quality of outputs. Given the critical significance of staff and consultants in achieving development impact and institutional efficiency, Management will discuss with the Executive Board in December 2010 its first iteration of a strategic workforce plan (SWP) that is explicitly directed at optimizing staff management and staffing to achieve the RMF targets.
127. Both the ZBB and the SWP address IFAD's two institutional imperatives: raising development effectiveness and raising efficiency. The key immediate question posed by development effectiveness is how to ensure that IFAD has the capacity to deliver the rapidly expanding programme of work while maintaining a high level of quality in design and implementation support. This is the priority objective of both the ZBB and the SWP and is pursued by: (i) providing for the financing, recruitment and training of more staff and consultants in the operations area, the proportion of which in the total workforce rose in 2010 to 63 per cent (actual), compared with the RMF baseline figure of 56 per cent and the RMF (2012) target of 65 per cent; and (ii) leveraging the expansion of ICOs to increase the number of operational staff on a lower costing basis. The expansion of the PMD workforce is documented in the SWP presented to the Executive Board in December 2010.

RMF level 5.1: Resource mobilization and management

128. Notwithstanding the critical importance of resource mobilization and management, there is just one performance indicator for this area of activity – the percentage of replenishment pledges achieved. The target for 2012 is 100 per cent. The achievement at the end of the third quarter of 2010 is 83 per cent, ahead of the level achieved at the equivalent stage of the Seventh Replenishment.

Table 16
Improved resource mobilization and management

<i>RMF indicator</i>	<i>Baseline 2008</i>	<i>RIDE 2009</i>	<i>RIDE 2010</i>	<i>2012 target</i>
Improved resource mobilization and management				
5.1 Percentage achieved of Eighth Replenishment pledges	n.a.	33	83	100

Note: n.a.: not applicable.

129. IFAD has two defining elements: (i) it mobilizes and manages financial resources to invest in development operations; and (ii) it works with its in-country and international partners to design and support the application of those resources in projects to achieve development results on the ground. Resource mobilization and management, therefore, are a vital part of IFAD's operations and a key factor in achieving its development impact. Performance at mid-year 2010 was extremely positive.
130. A major element of IFAD's business model is the mobilization of resources from other sources (both domestic and international) to cofinance the projects it helps develop and implement. This is one of the means of contributing to the objective of raising the percentage of ODA directed towards agriculture, which is tracked at level 1 of the RMF, and is also in some measure an index of IFAD's contribution to channelling the investment of domestic resources into smallholder and rural development. In the first two Executive Board sessions of 2010 (April and September), projects of a total value of US\$1.56 billion were approved. This sum included US\$417 million in international cofinancing and US\$786 million in domestic cofinancing, figures very much higher than in 2009, which suggests not only an increase in engagement in smallholder development, but partnership with IFAD as one of the preferred ways of achieving it.
131. IFAD is also expanding its role as manager of resources on behalf of other institutions, such as: the European Commission (funds provided under the Global Food Security Initiative), the Global Agriculture and Food Security Program and the new Spanish Food Security Cofinancing Facility Trust Fund established in IFAD by the Government of Spain. In 2010, these and similar resources are projected to increase the annual committable resources for loans and grants by US\$500 million, a 50 per cent addition to the 2011 planned lending programme financed by IFAD's internal resources.
132. The net asset value of the IFAD investment portfolio (principally reflecting the undisbursed balance of committed loans and grants) amounted to US\$2.480 billion. Notwithstanding the crisis conditions that prevailed in financial markets, IFAD achieved a net rate of return on the investment portfolio of 4.4 per cent in 2009. The net return in 2010 for the first half-year was 2.5 per cent (not annualized), reflecting the effect of a conservative investment policy and proactive approach of IFAD's asset managers. Taking into account lessons learned from the financial crisis and the implications for the future, IFAD has reviewed (using external technical expertise) and revised its investment and liquidity policies to establish an optimum balance between risks (for which IFAD has a very low appetite) and returns.
133. Loan repayments for the 12 months ending mid-2010 were up 14.4 per cent, and at the end of June 2010 the provision for loans in arrears represented 1.89 per cent of the loans outstanding – significantly below the historical average of 3 per cent. On the other hand, loan and grant disbursements in the first half of 2010 also increased by 27 per cent – reflecting a strong commitment to delivering resources to the development frontline and an effort to reduce (by 16 per cent) the time taken to process withdrawal applications of directly supervised projects between the first and second quarters of 2010.

134. Even though performance in resource mobilization, asset management and disbursement was very positive, in 2010 IFAD laid the foundations for further improvements and risk management. As noted above, the investment and liquidity policies have been revised, the overall structure and effectiveness of the financial management and services sector within IFAD has been reviewed by a reputable external group at the request of IFAD Management (with the likelihood of structural change in 2011). IFAD's key financial information and communications technology (ICT) tool – the Loan and Grant System – is being renewed to provide greater accuracy, security, efficiency (for all parties in loan and grant transactions) and flexibility (to respond to emerging demands).
135. IFAD's human resources represent its most important asset for achieving its development results: they are the key to efficiency, in terms of both productivity and cost. Human resource management reform has been on the agenda since the Seventh Replenishment, and progress has accelerated since mid-2009.

RMF levels 5.2-5.6: Human resource management

136. Human resource management reform in IFAD was under active development in the Seventh Replenishment period and is a key objective in the Eighth. In the Eighth Replenishment period, however, it is being fully integrated into IFAD's overall results planning, performance management, and resource allocation system as a tool that reflects the results aimed at by the organization. In the last two years the task has been to introduce a corporate strategic results orientation into the mobilization and management of the workforce, going beyond the traditional focus on headquarters staff to include the growing workforce of ICOs, the large number of consultants mobilized by IFAD (mainly for country programme development and implementation), and the workforce mobilized under outsourcing arrangements. The point of departure has been the need to optimize the configuration, mobilization and management of the workforce relative to two results: raising IFAD's development effectiveness; and raising IFAD's efficiency and value for money.

Table 17

Improved human resource management

<i>RMF indicator</i>	<i>Baseline 2008</i>	<i>RIDE 2009</i>	<i>RIDE 2010</i>	<i>2012 target</i>
Improved human resource management				
5.2 Staff engagement index: Percentage of staff positively engaged in IFAD objectives	70	68	- ^a	75
5.3 Percentage of workforce in programmes (operations)	56	61 ^b	63 ^b	65
5.4 Percentage of workforce from Lists B and C Member States	33	33	36	Tracked
5.5 Percentage of women in P5 posts and above	30	31	30	35
5.6 Average time to fill professional vacancies (days)	141 (2007)	119	178 ^c	100

^a The staff engagement survey will be implemented in the third quarter of 2010, and data are not available at the time of preparation of the RIDE.

^b Refers to the cluster 1 workforce of headquarters and ICO staff and consultants.

^c The average time is based on 16 vacancies filled on a 12-month rolling basis. The average time to fill vacancies has improved in the last two quarters (149 days for nine vacancies filled).

137. The overarching organizational framework for improved human resource management in IFAD is the SWP, the first iteration of which will be presented to the Executive Board in December 2010. Based on the first clear view of IFAD's overall workforce and its allocation provided by the new human resources dashboard, the plan addresses workforce composition and management issues, alongside the need for further change and realignment to maximize achievement of IFAD's development and efficiency objectives. Its three high-level dimensions are: (i) increasing the size, capacities and performance of the workforce engaged

directly in country programme development and implementation; (ii) raising the productivity and reducing the size and cost of the workforce providing indirect support to operations; and (iii) improving the tools to manage the workforce tasked with reaching those objectives.

138. As indicated in the SWP, IFAD has been increasing the number of operational staff at headquarters and in the ICOs. Successive administrative budgets have supported this increase, and recruitment of staff is beginning to catch up with budgets as recruitment procedures are streamlined. Equally, the number of outposted country programme development and implementation staff is increasing to strengthen the management of ICOs and the local interface with development partners. Specialized and intensive training has been provided to all staff dealing with project and loan fiduciary issues, and a more comprehensive and strategic approach to career development in the cluster 1 area is planned for 2011. The RMF target is to have 65 per cent of the workforce in the operations area by 2012. In October 2010, the level was 62 per cent, up from 56 per cent in the baseline year of 2008. With the expansion of IFAD's country presence, IFAD has aligned staff entitlements in the field with those of the United Nations and has issued 16 IFAD contracts to replace those of the host entities for IFAD staff. By the end of the year 2010, all IFAD staff in ICOs will have IFAD contracts.
139. While a very significant expansion was recorded in the programme of work and the associated volume of work in all support and related areas, the non-PMD workforce was smaller in October 2010 than it was in January 2005, reflecting a tangible rise in productivity overall. Nonetheless, IFAD aims to reduce the size of this workforce through process streamlining and automation, further outsourcing and offshoring – some of which can only be achieved in the medium term – and selective retrenchment. The first phase of the Voluntary Separation Programme was implemented in 2010, mainly involving staff in the support area. The second phase, which is more guided by the SWP, is under implementation and a significant, mutually agreed release of staff is anticipated for 2011.
140. A major factor driving the cost dimension of the workforce is IFAD's policy (determined by the Executive Board) of aligning staff compensation and benefits with the recommendations of the International Civil Service Commission (ICSC). In response to discussion of this issue, IFAD has organized an external study of IFAD staff salaries and entitlements. The results and recommendations of this study will be shared with the Executive Board in December 2010, with concrete changes anticipated for 2011. In the interim, IFAD has exercised its discretion, where allowed, in the area of staff entitlements and benefits, and savings have already been achieved in 2010.
141. In recognition of the importance of human resource management reform, the IFAD Vice-President assumed responsibility for the overall direction of the Human Resources Division (HRD) in early 2010. Considerable attention has been paid to streamlining and automating processes, and to creating a space for HRD to pursue reform in the face of the competing claims of a growing volume of human resource administration arising from the expansion of the programme of work and activities directly related to it (including a large expansion in consultant recruitment). As a result, performance indicators such as time required for recruitment improved significantly in the second and third quarters of 2010. Much ground still needs to be covered, and IFAD is planning a wide range of human resources administration automation projects for 2011, including an automated and web-based front end to the recruitment process.
142. While an enhanced human resources administration process will facilitate the realignment of human resources mapped out in the SWP, the need for results has required improvements in performance management, manager accountability and the overall framework of staff responsibility. IFAD operates one of the most

comprehensive systems of staff performance evaluation among the United Nations agencies. The system, which involves significant inputs from staff and managers, has suffered from a conflation of performance enhancement on the one hand, and of contract and remuneration management functions on the other. In order to produce a lighter and more effective means of performance management, IFAD placed the evaluation system within a more robust ICT framework in 2009, and streamlined and fine-tuned it in 2010. Neither the SWP nor HRD directly manages IFAD's workforce; IFAD's staff managers and supervisors do. Their performance is essential to both the effectiveness and the efficiency of development. From 2010, they are beginning to develop and implement corporately approved divisional and unit-level SWPs, whose success will be reflected in their own performance evaluation results. In addition, the 360-degree staff survey, which incorporates staff assessments of the competencies of managers and supervisors, includes, in its third iteration in 2011, **all** staff directly and indirectly playing a supervisory role.

143. The formal structure of IFAD's framework for performance management and contract administration is composed of a high-level policy on the one hand, and a highly detailed manual of procedures on the other. The management framework for contracts, performance management and rotation has lacked a sufficiently clear and forceful statement of the principles of employment, and the approach that IFAD will take to managing staff for results – including Management's right to insist on performance-for-results and staff mobility to satisfy corporate requirements at headquarters and in ICOs. IFAD is issuing new staff rules at the end of 2010 and is preparing detailed amendments to the manual of procedures shifting the focus of IFAD's human resource management away from entitlements and contracts, and towards performance and results.
144. IFAD operates a strictly merit-based system of workforce recruitment, retention and promotion. Past workforce management decisions, coupled with the demographics of workforce supply, have created a situation in which women are in the significant majority at the General Service staff level, have a more or less equal representation in the P1 to P4 Professional grades, but are underrepresented at more senior levels (P5 and above), where women represent about 30 per cent of the total. The RMF for the Eighth Replenishment established an improvement target for gender balance at the senior level of 35 per cent women in 2012. Fulfillment of this objective is affected by the demographics and incidence of senior retirements and departures (which have been weighted towards women in 2010) and the opening of new senior posts. The objective and its strategic value remain clear, and, *ceteris paribus*, will be factored into recruitment and promotion decisions in 2011 and 2012.
145. Achieving greater participation of women at the senior levels of the workforce is an element of IFAD's strategy for diversifying the talents and experiences of the workforce it mobilizes. Another dimension is ensuring a broader geographical basis of participation in the workforce. Partly in response to expansion of the ICO system, the percentage of workforce from Lists B and C Member States (RMF indicator 5.4) rose from 33 per cent in 2009 to 36 per cent in 2010.

RMF level 5.7: Risk management

146. Risk management is strongly developed at IFAD and runs across all aspects of its activities. A reflection of the importance attached to it, and the professional capability involved, is the fact that in mid-2010 the United Nations Secretary-General invited the head of IFAD's internal audit and oversight operations to become the Under-Secretary-General for Internal Oversight Services. In the RMF, risk management has only one indicator, "percentage of actions overdue on high-priority internal audit recommendations". There was a substantial improvement in the indicator in 2010, a momentum of change that will have to be maintained to reach the 2012 target.

Table 18
Improved risk management

<i>RMF indicator</i>	<i>Baseline 2008</i>	<i>RIDE 2009</i>	<i>RIDE 2010</i>	<i>2012 target</i>
Improved risk management				
5.7 Percentage of actions overdue on high-priority internal audit recommendations	76	75	52	20

147. Internal audit and oversight is just one element of IFAD's risk management system. IFAD implements a comprehensive suite of risk management mechanisms in its development operations, financial management, and overall corporate management and administration. As noted above, the introduction of the MTP provides a strong tool for ensuring coherence and alignment, and for tracking overall performance. The CPPMS is a mechanism not only for monitoring performance, but also for identifying risks and elevating them to effective decision and mitigation levels.
148. In the operational area, monitoring and risk identification were strengthened in 2010 by the introduction of the ICT-based programme performance dashboard, which provides real-time data on key project performance and support variables. In the financial area, the development of the new Loan and Grant System is responding to the potential risks in the operation of the existing system discussed with the external auditors and the Executive Board. As noted above, IFAD has engaged an international management consultancy firm (Accenture Switzerland) to conduct an external review of its financial operations. The study will be completed by year-end, and will guide IFAD in ensuring that financial resources are managed prudently and that the mitigation measures required to reduce risks are in place. It was also noted earlier that, in the key area of human resources management, a new ICT-based human resources dashboard is operational, giving comprehensive real-time data on staff assets and liabilities, and this is being linked to workforce plans that are both more strategic and more functional. A new, industry-standard staff code of conduct has been introduced and implemented.
149. With regard to the overall functioning of IFAD's risk management system, in 2010 the Joint Inspection Unit (JIU) of the United Nations conducted a multi-agency review of the enterprise risk management (ERM) policies and experience in the United Nations system to identify best practices and lessons learned. The study team visited IFAD in January 2010, and in its July 2010 draft report *Review of Enterprise Risk Management in the UN System: Benchmarking Framework*, identified IFAD as an "emerging pioneer" in ERM. Several references are made in the report to IFAD's practices in the area of risk, including IFAD's ERM governance model.

RMF level 5.8: Administrative efficiency

150. Efficiency and value for money constitute one of IFAD's key corporate objectives, addressed by the RMF with the indicator, "percentage of budgeted expenses per US\$1 of loan and grant commitments". In this regard, it should be noted that the expenses involved are not simply administrative expenses, but all expenses funded from the administrative budget, including all expenses for country programme development and implementation, which in many other United Nations organizations would be counted not as an administrative expense, but as an element of the programme of work. The RMF baseline value was 16.3 per cent. In 2010, IFAD undertook a ZBB exercise to formulate an administrative budget for 2011 (reported here as a 2010 efficiency planning result) of 14.4 per cent, suggesting that IFAD is raising efficiency and is on track to achieve the RMF target for 2012.

Table 19
Improved administrative efficiency

<i>RMF indicator</i>	<i>Baseline 2008</i>	<i>RIDE 2009</i>	<i>RIDE 2010</i>	<i>2012 target</i>
Improved administrative efficiency				
5.8 Percentage of budgeted expenses per US\$1 of loan and grant commitments	16.3	15.5	14.4 ^a	13.5

^a ZBB 2010 planning output.

151. The RMF indicator (IFAD's "efficiency ratio") is a relatively blunt instrument for measuring efficiency, and, against a background of unfavourable exchange rate movements, high costs of supporting the work of governing bodies, and past substantial increases in ICSC-mandated standard staff costs, it has failed to capture significant improvements in IFAD's real cost: the commitment ratio as it relates to delivering and implementing the programme of work. In fact, the evolution of real expenditures (obscured by exchange rate and inflation factors) has been consistently below the rate of increase in the programme of work. This has been particularly marked in the administration area, which, with the sole exception of 2006, has operated under a zero growth budget since 1995. This is clearly shown in staffing data presented in the SWP, which indicate that the non-PMD staff complement in IFAD in September 2010 was lower than in January 2005, suggesting a de facto and continuous improvement in productivity in managing support to a programme of work that expanded by 60 per cent between 2005 and 2010.
152. Real costs, as approved by the Executive Board, have definitely increased in the area of country programme development and implementation, albeit at a lower rate than the programme of work directly supported by such costs. The ability to sustain these different growth rates in the costs and outputs of the operations area reflects, for example, a significantly more efficient use of in-country capacities available to ICOs and the rationalization of travel planning. While real expenditures have risen in the operations area, in the context of the Executive Board's concern that IFAD's frontline capacity should grow sufficiently to deliver an expanded programme of work with results of the quality established by the Board in the RMF, the aggregate real costs of support areas have not increased. In effect, efficiency has grown in these areas as a result of much more work being done by an administrative workforce that has not expanded for over five years. The absorption of the increased workload has been facilitated by some process streamlining and modest investment in office automation, but the major factor has been a higher level of work intensity in all areas.
153. In view of the commitment to demonstrate not only results on the ground but also value for money, under the ZBB IFAD launched a process to achieve real decreases in the budget allocations for administration and governing bodies in 2011, in spite of the projected increase in workload arising from the accelerated expansion of the programme of work. Standard staff costs have been contained by reducing staff benefits and entitlements in areas in which IFAD has discretion under ICSC recommendations, and significant savings have been made in travel costs through a combination of changes in staff entitlements and changes in regulations for business travel and allowances for duty travel (see EB 2010/100/INF.5., Progress Report on Implementation of the 2010 Programme of Work and the Change and Reform Agenda: Towards a More Agile, Efficient and Effective Institution). Capital budget projects aimed at improving workflows and reducing necessary staff inputs are being implemented (e.g. the migration of consultant recruitment onto the ICT platform), and developing the functioning of the Joint Procurement Unit (in collaboration with the Food and Agriculture Organization of the United Nations [FAO] and the World Food Programme [WFP]).

154. After a long period of zero budget growth in the administration area, the margin for reducing administrative costs while implementing major operational expansion is slender in the short term. A key factor in future cost reduction is the implementation of the SWP (enhanced staff and workforce performance management; realignment of the staff remuneration system; voluntary retrenchment of staff whose skills or performance are misaligned with evolving needs and standards; outsourcing/offshoring). Also essential is a vigorous programme of investment in automation in key areas such as financial administration, human resources administration and document production for governing bodies, all of which are under way and will be redoubled in 2011.

IV. Conclusions

155. IFAD's Members set the organization ambitious performance targets and standards for the Eighth Replenishment period (2010–2012). IFAD must deliver a substantially increased programme of work. It must actively promote new policy and financial partnerships to achieve MDG 1. It must raise the development results of its operations. And it must raise institutional efficiency, including in the management of its human resources.
156. The results reported in this 2010 edition of the Report on IFAD's Development Effectiveness demonstrate that IFAD is delivering these results. The programme of work has reached record levels, and IFAD is very successfully mobilizing additional amounts of ODA for agricultural and smallholder development, and providing a framework for greater investment by developing countries themselves. Project outcomes and impacts are at high levels. Project outputs reach a large and rapidly increasing number of poor rural people. Risk management is strong. Overall efficiency is set to rise, and human resource management is acquiring the strategic dimensions it lacked, promising a greater contribution to the development and efficiency agenda.
157. IFAD learned in the Seventh Replenishment period that achieving important advances in development results (compared with those reported in the IEE in 2005) required structural changes to IFAD's operating model in the operations area. The same will be true if greater efficiency is to be achieved during the Eighth Replenishment period. Greater efficiency will involve medium-term change, underpinned by investment in systems and capabilities and by policy innovation that has a bearing on the way key resources and processes are managed. The groundwork for change was completed in 2010, and IFAD will be a more agile, efficient and effective institution at the end of the Eighth Replenishment than it is at the beginning.
158. One dimension of IFAD that is not well captured in the RMF is change and how it affects general development processes. IFAD has never been a stand-alone institution. Cofinancing has always been important, for example. And IFAD has never itself implemented the projects to which it makes a financial contribution. During the course of 2010, however, IFAD's spotlight has clearly shifted from an inward-looking focus on what it does to achieve the success of "its" projects to an outward-looking engagement in using its resources to strengthen and improve the development effort as a whole in order to reach collective goals. It is a solicited and proactive member of many key development forums and mechanisms. Financial partnerships with donors have expanded, including those involved in putting new global commitments into practice. And IFAD is seen as a partner of many developing countries that have increasingly contributed to supporting and implementing projects formulated with IFAD as pillars of their own development programmes and strategies.
159. In essence, IFAD is acquiring an important leadership and innovation role in the global effort. When IFAD's efficiency is addressed, it is important to see this not only in relation to its own immediate programme of work, but also in the context of

much broader engagements to solve much broader issues. In a recent report (October 2010) comparing the quality of development assistance among 30 leading multilateral and bilateral development institutions,⁸ IFAD ranked fourth on the “maximizing efficiency” index and first in “reducing [the] administrative burden on recipients”.

⁸ Quality of Official Development Assistance Assessment. Nancy Birdsall and Homi Kharas. QuODA/Global Economy and Development at Brookings/Center of Global Development. Washington, D.C., October 2010.

List of the PCRs included in the 2010 review

<i>Project ID</i>	<i>Country</i>	<i>Project</i>
1023	Angola	Northern Fishing Communities Development Programme
1148	Azerbaijan	Rural Development Programme for Mountainous and Highland Areas
1127	Benin	Roots and Tubers Development Programme
1031	Bolivia (Plurinational State of)	Small Farmers Technical Assistance Services Project (PROSAT)
1157	Bosnia and Herzegovina	Livestock and Rural Finance Development Project
1103	Burkina Faso	Rural Microenterprise Support Project
1153	China	West Guangxi Poverty-Alleviation Project
1154	Democratic People's Republic of Korea	Uplands Food Security Project
1068	Dominican Republic	South-Western Region Small Farmers Project – Phase II
1050	Egypt	Sohag Rural Development Project
1115	El Salvador	Rural Development Project for the Central Region (PRODAP-II)
1097	Eritrea	Gash Barka Livestock and Agricultural Development Project
1262	Gaza and the West Bank	Rehabilitation and Development Project in Gaza and the West Bank
1134	Ghana	Rural Financial Services Project
1092	Jordan	Yarmouk Agricultural Resources Development Project
1109	Mozambique	PAMA Support Project
1016	Nigeria	Roots and Tubers Expansion Programme
524	Pakistan	Dir Area Support Project
1042	Pakistan	Northern Areas Development Project
1044	Peru	Development of the Puno-Cusco Corridor Project
1091	Senegal	Village Management and Development Project
1045	Sudan	North Kordofan Rural Development Project
1104	Tunisia	Integrated Agricultural Development Project in the Governorate of Zaghouan
1075	Yemen	Raymah Area Development Project
1108	Zambia	Smallholder Enterprise and Marketing Programme

PCR assessment template

Item	Assessment Remarks	Rating	
Country			
Project Name			
Board Date			
Effectiveness Date			
Original Closing Date			
Final Closing Date			
Total Project Cost US\$ (million)			
IFAD loan US\$ (million)			
Cofinanciers (if any)			
Implementing Agency			
Principal Components			
Project Performance			
Design			
Implementation			
Relevance			
Effectiveness			
Efficiency			
Partner Performance			
IFAD			
Cooperating Institution			
Government			
NGO/Other			
Cofinancier(s)			
<i>Combined Partner Performance</i>			
Rural Poverty Impact			
Physical Assets			
Financial Assets			
Food Security			
Environment			
Human Assets			
Social Capital and Empowerment			
Agricultural Productivity			
Institutions and Services			
Markets			
<i>Rural Poverty Impact</i>			
Overarching Factors			
Innovation			
Replicability and Scaling-up			
<i>Innovation, Replicability and Scaling up</i>			
Sustainability and Ownership			
Targeting			
Gender			

Overall Performance			
Estimated number of beneficiaries			

PCR Quality			
Scope			
Quality			
Lessons			

PCR assessment guidelines

Criterion	Guiding Performance Questions
Project Performance	
Design	<p><u>Quality</u></p> <ol style="list-style-type: none"> 1. Was design consistent with the best practice approaches embodied in the pillars of IFAD's Strategic Framework? (KSF 3.1) 2. Did design adequately reflect lessons learned from relevant, past rural development programmes and operations by IFAD and/or others? (KSF 3.2) 3. Were design assumptions and analytical works realistic and comprehensive? (KSF 3.3) 4. Was the logical framework adequate? Were the outcome, impact and input/output indicators appropriate? (KSF 3.4) 5. Were the project design and objectives realistic and logical? Were planned outputs meaningful to achieving project objectives and goals? Were human, physical and financial resources sufficient and well targeted to achieve the expected outcomes? 6. Did design features and underlying hypotheses affect project performance or impact? 7. Were IFAD policy concerns (targeting, innovation, etc.) adequately incorporated into design? <p><u>Process</u></p> <ol style="list-style-type: none"> 8. Did design take into account stakeholder analysis and consultation to understand the livelihoods of potential target groups, and analyse their asset bases and the development opportunities open to them? (KSF 2.1) 9. To what extent was the Government involved in project design steps? Has cooperation with key potential implementation staff being maximized? (KSF 1.2) 10. During project preparation, were alternative approaches considered and evaluated?
Implementation	<p><u>Management</u></p> <ol style="list-style-type: none"> 11. Were project management arrangements put in place as planned? How well did they function? Were activities programmed, coordinated and implemented in an appropriate manner? 12. Were the roles of the implementing agencies appropriate considering institutional mindsets and past performance? Were steps undertaken to sensitize them to pro-poor needs and overcome weaknesses? Were their capacities for execution adequate? (KSF 4.2) 13. Were arrangements for annual work planning and budgeting, progress monitoring and impact evaluation adequate? Were the M&E systems in place and operational? Were stakeholder and beneficiary consultations included as routine M&E activities? (KSF 4.5) <p><u>Proactivity and Risk-Management</u></p> <ol style="list-style-type: none"> 14. Did the project manage in a successful manner the risks affecting start up and implementation? Was the project affected by delays in loan effectiveness and implementation? What were the causes? Could any of the problems have been anticipated? Can any of the problems be identified as systemic to the country, to IFAD or to its Cooperating Institution? (KSF 5.1) 15. Did project manage in a successful manner the risks associated with (a) country capacity? (b) effectiveness of the organizations and partners chosen to manage and implement the project? (c) capacity for financial management, especially during start-up? (d) Procurement capacity? (e) exposure of smallholders to climatic uncertainty (including climate change)? (KSF 5.2) 16. Were risk mitigating measures effective, particularly regarding responsiveness to (a) the findings of environmental screening and scoping exercises and (b) social risks, such as the exclusion of key beneficiaries groups or lack of socio-political support by authorities or communities? (KSF 5.3) 17. Were inappropriate design assumptions promptly identified? Was the project changed or restructured accordingly? Was the logical framework updated to reflect changes during implementation?
Relevance	<p><u>Relevance at design</u></p> <ol style="list-style-type: none"> 18. Were project objectives consistent with country and sector strategies? Were financing proposals fully relevant to national development plans, poverty reduction strategy papers and sectoral priorities? 19. Was project design focusing on the priorities and the needs of the rural poor? (KSF 1.1) 20. Did project goal and objectives reflect IFAD's strategy in the country? <p><u>Relevance at completion</u></p> <ol style="list-style-type: none"> 21. Was the project relevant to the current national development and poverty reduction strategies? 22. To what extent were project objectives consistent with the rural poor's perception of their needs and potential at the time of completion? Did time overtake the project in ways that render it irrelevant?
Effectiveness	<ol style="list-style-type: none"> 23. To what extent did the project achieve the expected targets? Compare the results (at the level of outputs, outcomes and impact) established in the design and approved by IFAD to the achievement at completion. Include problems that may have arisen from poor design or implementation. 24. Were outputs produced as planned? If there were shortfalls, what caused them? Was it realistic to expect the number/type of outputs, given budget and other constraints? 25. Did the project provide the expected benefits to the target population?
Efficiency	<ol style="list-style-type: none"> 26. How efficiently was the project implemented? How does project performance compare with that of others in terms of costs, time required, etc.?

Criterion	Guiding Performance Questions
	<p>27. For the resources spent, are the number/quality of outputs an efficient and appropriate investment? Could the project have produced more with the same resources or the same with less money?</p> <p>28. Where available, how does IRR compare to with EIRR (estimated during design)?</p> <p>29. Were timetables adequately respected? Were there any cost overruns? Also note if any cost-/time-saving measures were/could have been taken.</p>
<i>Partner Performance</i>	
IFAD	<p>30. How did IFAD perform with respect to the roles defined in the project? Preparatory and design works? Mid-Term Review? Implementation assistance? Supervision?</p> <p>31. How did IFAD perform in terms of capacity of dealing with changes in project environment, including amendments to the loan agreement? Were any measures taken to adjust the project in response to inadequacies in the original design or changes in the implementation environment?</p> <p>32. Has IFAD sought to influence poverty policies? Has IFAD been active in creating an effective partnership for implementation?</p> <p>33. Relationship between IFAD and other partners? Did IFAD support the CI by taking prompt action whenever required? Did IFAD help to enforce CI recommendations?</p>
Cooperating Institution	<p>34. How did the CI perform with respect to the roles defined in the project?</p> <p>35. Has the supervision programme been well arranged (frequency, composition, continuity)? Did supervision mission provide adequate services and support? Was there an adequate balance between fiduciary supervision and implementation support?</p> <p>36. Have implementation problems been highlighted and appropriate remedies suggested?</p> <p>37. Were CI reports from supervision missions adequate? Were reports filed in a timely manner?</p>
Government	<p>38. Has the Government correctly assumed ownership and responsibility for the project? Did Government follow up on the recommendations of donors and support missions?</p> <p>39. By its actions and policies, has the Government been fully supporting of project goals? Did government policies support rural poverty reduction?</p> <p>40. Did the Government comply with loan covenants, and if foreseen/required, allocate adequate funds for continued operations and maintenance after project completion? Was counterpart funding provided as agreed?</p>
NGO/Other	<p>41. How did NGOs perform with respect to the roles defined in the project? This may be based on timeliness and quality of service delivery, adherence to schedules and contracts, etc. Where available, use findings of client-satisfaction and beneficiaries surveys.</p>
Cofinancier(s)	<p>42. Were the committed funds provided in full and as agreed? Were there any issues regarding harmonization: reporting structures, special requirements, support missions?</p> <p>43. Were the cofinanciers flexible and responsive where necessary?</p> <p>44. How was the relationship between cofinancier and other partners?</p>
Combined Partner Performance	<p>45. As a whole, how did they perform? How well did they work together?</p>
<i>Rural Poverty Impact</i> ⁹	
Physical Assets	<p>46. Did households' ownership and access to land, water, livestock, tools, equipment, infrastructure and technology change?</p> <p>47. Did the project improve entitlement security of land, productive resources and technologies?</p> <p>48. <i>Where available, apply RIMS third-level indicators</i>¹⁰</p>
Financial Assets	<p>49. Did the project affect the financial resources of rural poor households and individuals?</p> <p>50. Did the project improve the availability of financial services for investment and consumption to the rural poor? Did the project improve institutional framework for rural financial services?</p>
Food Security	<p>51. Did the project affected food availability, whether produced or purchased, to ensure a minimum necessary intake by all members?</p> <p>52. Did the project improve children nutritional status and household food security?</p> <p>53. <i>Where available, compare baseline and completion values of third-level RIMS indicators</i>¹¹.</p>
Environment ¹²	<p>54. Did the project contribute to the protection or rehabilitation of natural and common property resources (land, water, forests and pastures)?</p> <p>55. Were environmental concerns taken into consideration during project implementation? I.e., was environmental impact discussed in agricultural expansion/intensification, infrastructure development, natural resources management activities, etc.?</p>

⁹ Rate each domain. Refer to both intended and unintended impact. Other factors that positively or negatively contributed to impact should be mentioned. If information is not provided, not relevant, or not assessable, say so. Rating should take into consideration the sustainability of benefits.

¹⁰ Project impact on physical assets can be analysed on the basis of the number of households with increased assets ownership index (compulsory RIMS third-level indicator).

¹¹ The following RIMS third-level indicators can be used for assessing project impact on household food security: number and percentage of chronic malnourished, acutely malnourished and underweight children (sex disaggregated); number of households experiencing hungry seasons; month duration of hungry seasons.

¹² Positive changes are high numbers (4-6); negative changes are low numbers (1-3). No impact would not be rated.

Criterion	Guiding Performance Questions
Human Assets	56. Did the project affect knowledge and skills of the rural poor? 57. Did the project improve access of the rural poor to safe water sources? 58. Did the project promote disease prevention and health care opportunities for the rural poor? 59. Did the project improve learning opportunities in rural areas (note gender differences)? 60. <i>Where available, compare baseline and completion values of RIMS third-level indicators¹³.</i>
Social Capital and Empowerment	61. Did the project affect the capacity of rural poor to influence decision making either on an individual or on a collective basis? 62. Did the project improve the collective capacity of rural poor to grasp potential economic opportunities and to develop stronger links with markets and external partners? 63. Did the project impact on social capital, social cohesion and self-help capacity of rural communities? 64. Did the project strengthen rural poor organizations and promote gender equality?
Agricultural Productivity	65. Did the project contribute to increasing agricultural, livestock and fish productivity measured in terms of cropping intensity, yields and land productivity?
Institutions and Services	66. Did the project affect institutions, policies or regulatory frameworks? 67. Did the project improve the capacity of local public institutions in servicing the rural poor and reorienting institutions' existing policies in favour of the poor? 68. Did the project affected sector and/or national policies relevant for the rural poor?
Markets	69. Did the project improve rural people's access to markets through better transport routes and means of transportation? 70. Did the project affect the participation of poor rural producers in competitive agribusiness value chain on equitable or favourable conditions?
Rural Poverty Impact	71. Provide a weighted average that gives a general view of project impact. This should not be the arithmetic average of impact domain ratings. Intended project objectives should be considered.
Overarching Factors	
Innovation	72. How innovative was the project? Was innovation discussed with the Government? (KSF 6.3) 73. Did the project introduce innovative ideas into the project area? What was the experience with introducing innovative ideas and concepts, or setting up processes for innovation? Was the innovative part of the project implemented as planned? 74. Was the project designed to lead to innovation, for instance, by pilot testing new concepts or technologies, evaluating, scaling them up? Innovations can be completely new, new to the country, new to the region, or new to the target population
Replicability and Scaling up	75. What potential exists for replicating the project, or some of its activities/components at the national level or in other countries? 76. Can the project be expanded beyond the target area/population? To what extent have prospects for future scaling up been discussed with the Government and external development partners? (KSF 6.4)
Innovation, Replicability and Scaling up	77. This will be an overall/combined rating of "innovation" and "replicability and scaling up". This rating will be used for the overall evaluation.
Sustainability and Ownership	78. Are project impacts sustainable beyond project interventions? Can they continue without external financing/support? How vulnerable is project continuity to political/economic change? Are there any institutional or capacity issues that could/should have been addressed to ensure sustainability? 79. Were project measures to ensure sustainability effective particularly concerning (a) more rational use of natural resources, (b) durability of institutional reforms, (c) continuing means to promote pro-poor mindsets and build pro-poor capacities and (d) financial sustainability of the organizations either implementing the project or supported/created by it? (KSF 5.4) 80. Did the project include a strategy for transferring ownership and responsibilities for managing project facilities after project completion to local stakeholders? If so, how well designed and effective was this strategy?
Targeting	81. Did the project include instruments and/or criteria for enhancing participation of vulnerable socio-economic categories in planning, prioritization and implementation of project initiatives? If yes, were they effective? Was the targeting approach appropriate to the country context? 82. Did the project provide benefits to the poorest socio-economic categories, including women, youth and indigenous people? 83. Were efforts to identify poverty characteristics and locations comprehensive, especially concerning women, youth and other disadvantaged people? (KSF 2.2) 84. Did the project analyse the needs of the rural poor and determine specific strategies to address their needs? Were different groups of poor identified and different strategies defined for each group? 85. What measures were included in the project to ensure service and goods produced by the project were relevant and accessible to the poor, or to ensure the poor were not excluded from accessing project benefits? Did the project meet priority needs of the poor?

¹³ The following RIMS third-level indicators can be used for assessing project impact on human assets: female/male household members that can read; men/women between 15 and 24 that can read; ratio of women to men between 15 and 24 that can read; number of households with access to improved water sources, number of households with access to improved sanitation.

Criterion	Guiding Performance Questions
Gender	86. Were gender issues given enough attention during project implementation? (KSF 2.3) 87. Was the project designed to specifically target the needs of women? 88. Did women's situation (workload, access to credit, healthcare, primary education, literacy) change? Did the project contribute to increase social capital, income-earning and employment opportunities for women?
Overall Performance	89. Provide a rating of project overall performance based on key performance indicators, assessment of impact and overarching factors, rate the project as a whole.
Estimated number of beneficiaries	90. Specify whether it refers to individuals, households, communities, etc.

PCR Quality	
Scope	91. Does the PCR cover all or nearly all of the elements outlined in chapter VI of the 2006 guidelines? Note major omissions.
Quality	92. Are the description, analysis and conclusions convincing or flawed? 93. Are data well chosen, well analysed and well presented? Quantitative or qualitative. Is there a re-estimated ERR? 94. Ease of assessment. How easy was it to find all the relevant information for this assessment?
Lessons	95. Are the lessons clearly drawn? Are these relevant?

Characteristics and quality of the 2010 cohort of PCRs

I. Basic characteristics

1. The cohort being reviewed is a completion cohort, as opposed to an entry cohort. The 25 projects reviewed in 2009/10 were approved between 1995 (Angola ID 1023) and 2002 (Eritrea ID 1097 and Gaza and the West Bank ID 1262). Ten projects (40 per cent) were approved between 1995 and 1998, while the large majority (15 projects or 60 per cent) were approved between 1999 and 2002. The total cost of the 25 projects reviewed in 2010 is US\$710 million. Of these 25 projects, five were implemented in the WCA region, four in ESA, four in APR, four in LAC and eight in NEN. Total IFAD financing of these projects is equivalent to about US\$358 million (50 per cent of the total amount), with an average disbursement rate of 96 per cent. This is around 10 percentage points higher than the average disbursement rate of the previous 2008/09 cohort (87 per cent). Twelve projects were directly supervised by IFAD, of which four were IFAD pilots; two were both cofinanced and supervised by World Bank; eight projects were supervised by UNOPS; one project was supervised by the Andean Development Corporation (CAF); two projects were supervised by the West Africa Development Bank (BOAD), of which one was also cofinanced by BOAD.
2. For the two-year cohort covering both 2009 and 2010, the total project cost is about US\$1.67 billion and total IFAD financing US\$736 million or about 16 per cent of the current portfolio of US\$4.56 billion. Of the 50 projects, 8 were implemented in WCA, 10 in ESA, 13 in APR, 9 in LAC and 10 in NEN. In the 2009 cohort only two projects were directly supervised by IFAD, so the total number of directly supervised projects in 2009–2010 is 14, or 28 per cent of the sample.
3. The projects are classified into four different project types. Most of them fall into the categories of rural development (11 projects) and agricultural development (8 projects). The credit category and the marketing and research category each contain two projects. The 11 rural development projects are almost exclusively integrated rural development projects. The eight agricultural development projects focus on very different aspects of agricultural development, depending on the main constraints affecting the rural poor (crop production, rural enterprise development, irrigation, forestry, development of non-timber forest products, agricultural development in general, etc.).
4. The average original loan implementation period of the portfolio under consideration is 6.3 years, with Gaza and the West Bank having the shortest duration (3.2 years) and Nigeria the longest (8 years). Altogether, 19 projects were extended for an average period of two years. This corresponds to a 32 per cent extension of the original implementation period. While the reasons for these extensions are not always explained in the PCRs, it appears that they stem from a combination of factors, mainly the almost systematic underestimation of the time needed to get a project started coupled with a mismatch between the loan envelope, the complexity of project design and the weak capacities of local implementation partners, which are often not sufficiently assessed at appraisal and hence overestimated.

II. Disconnect between PCRs and project status reports

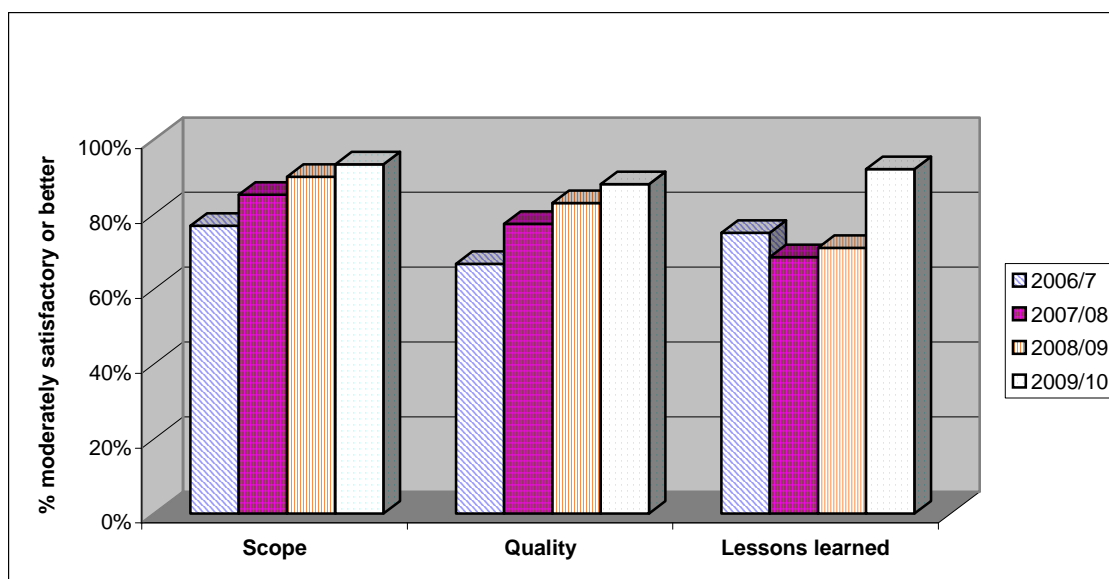
5. A review of the overall performance ratings attributed to all 25 projects during the last year of implementation and at completion shows that for about half of the projects considered, the last project status report ratings are slightly higher than the PCR ratings. In addition, both the mean (median) and the average performance rating of the cohort are higher by about 0.3 of a point on a scale of 6 points, which is not large.

III. Quality of PCRs

Overview

6. The quality of PCRs is measured against three indicators: (i) the scope of the report, which reflects how well the guidelines were respected; (ii) the quality and depth of the analysis; and (iii) the quality and relevance of lessons learned. The ratings given over the period (2008/10) show that the quality of PCRs is altogether steadily improving. Chart 1 presents the two-year moving averages for all three indicators and shows that the quality and scope of PCRs, and the lessons learned through them, have improved since the guidelines were introduced. This seems to indicate that the introduction of guidelines has led to a wider adoption of a more structured and thorough approach to the preparation of PCRs and to the completion process as a whole.

Chart 1
Quality of project completion reports



Scope

7. The scope of a PCR was assessed only when the report was prepared with IFAD's support, not when it was prepared by a cofinancier following its own procedures, as is the case of one PCR prepared by the World Bank (Ghana). As shown in chart 1, between 2008/09 and 2009/10 there has been an increase in projects rated 4 or better for the scope of their PCR, from 90 per cent to 93 per cent. In addition, no negative ratings have been given in 2009/10. This indicates that the PCRs are better at complying with guidelines, although there is still room for improvement. One of the main shortcomings is the lack of attention being paid to the preparation of the report, with the requested annexes found to be missing in many cases. In addition, only half of the 25 projects conducted a final stakeholder workshop, and not all of them had a thorough discussion of lessons learned and steps to be taken to ensure sustainability of the project's achievements. Conversely, well-prepared reports are those where a commendable effort has been made to closely follow the guidelines and devote sufficient time and resources to presenting a fair and comprehensive picture of the project, highlighting its main weaknesses and strengths (Bosnia and Herzegovina, China, Pakistan ID 524, Pakistan ID 1042, Senegal, Tunisia).

Quality

8. The quality of PCRs has slightly increased over the period from 2008/09 to 2009/10, as shown by the share of projects rated 4 or better, which has risen from 83 per cent to 88 per cent. However, while there have been no negative ratings in

2009/10, the share of average PCRs (rated 3 and 4) has increased. The better PCRs are objective, comprehensive, well-thought out and reflect a good level of analysis. The case of China is exemplary, as the PCR is at the same time exhaustive and concise, while fully able to substantiate its findings on a solid quantitative and qualitative basis. However, for the majority of projects (rated 3 and 4) weaknesses are still apparent with respect to: (i) methodological issues; (ii) focus on outputs rather than on outcomes; (iii) development objectives not well specified; (iv) disincentive for realism in reporting; (v) lack of empirical data to substantiate the findings; (vi) lack of in-depth quantitative and qualitative analysis; (vii) weak credibility of the main findings; and (viii) difficulty in bringing conclusions to the point. In most cases, the financial and economic analysis is missing and the assessment of efficiency is not well documented; the assessment of areas for replication and scaling up is also weak. In addition, a limitation of most PCRs is that not only do they contain few details of the activities of NGOs and cofinanciers, but they also provide very little information on the quality or effect of these activities.

Lessons learned

9. A comparison between 2008/09 and 2009/10 shows that there has been a substantial improvement in the quality of lessons learned, as indicated by the share of projects rated 4 or above, which has increased from 71 per cent to 92 per cent. The same improvement is also shown by the decreasing share of negative ratings (from 10 per cent to 2 per cent) and the increasing share of positive ratings (from 42 per cent to 58 per cent). However, it appears that despite a good average quality of lessons learned, more effort is needed when drawing the lessons. Indeed, when rated 3 or 4, it was found that the section on lessons learned reflected an account of the project's main achievements rather than actual lessons. In other cases, there is no correspondence between the complexity of the project and the quality of lessons learned, as some crucial issues (whether to be replicated or avoided) have not been captured. In addition, there is no correlation between the quality of lessons learned and whether or not a stakeholder workshop was held, which seems to indicate that the concept of lessons learned is not given enough attention during the completion process and is therefore not always fully understood. Clearly, efforts should be made to raise awareness of the need to draw true lessons from a project's experience throughout the entire completion process and during the stakeholder workshop in particular.

Targeting in IFAD projects

Introduction

1. With the increased volatility in food prices, higher incidence of poverty and hunger, and signs of stagnation in agricultural productivity, there is now an urgency to review IFAD's performance in terms of targeting. At the corporate level, this urgency also stems from a decline in performance in targeting, which dropped from 84 per cent in 2006 to 70 per cent in 2007 and 56 per cent in 2008. In 2009, however, with 80 per cent of the projects performing satisfactorily, performance has improved. Despite this improvement, targeting remains an area of concern. This is also because empirical evidence shows that strong targeting performance implies stronger performance in other areas, most importantly in relevance, effectiveness and gender.
2. In light of the above, during 2010 a review of the targeting in IFAD projects was undertaken with the objective of drawing lessons from: (i) PCRs submitted from 2006 to 2010; and (ii) quality assurance reviews conducted since early 2009. This annex summarizes the findings of the review.

Targeting and IFAD

3. Targeting in IFAD refers to the set of purposely designed, demand-driven and mutually agreed actions and measures that ensure that specific groups of people will benefit from a development initiative, or at least significantly increase the likelihood of their doing so. The target group for IFAD is defined as rural people living in poverty and food insecurity in developing countries. These include smallholder farmers, herders, small-scale entrepreneurs, fishers and landless agricultural labourers. The target group should typically include those who have the least access to natural resources and least control over assets. A significant part of these groups is constituted by socially excluded or marginalized people. This means that the target group should be determined not just by measures such as standard of living and poverty line suggested by conventional wisdom, but also by indicators such as the degree of poor people's control over decisions and resources, and their freedom of choice and action to shape their own lives.

Macroeconomic considerations

4. From a macro perspective, IFAD's focus on agricultural and rural development is well aligned with its mandate of poverty reduction. Agricultural investments have been found to be 2.5 to 3 times more effective in increasing the incomes of the poor than investments in non-agricultural sectors. Priorities within country programmes also need to be decided in terms of growth and poverty reduction. If country programmes focus on growth, then there is a need to consider the growth multiplier effect of investments in a subsector, often reflected through its linkages to the rest of the economy. For a more specific focus on poverty and targeting, another important factor is the poverty reduction/growth elasticity of the sector. Overall, increased productivity enables broad-based agricultural growth with decreased food prices that do not lower farm incomes. A number of surveys undertaken by the International Food Policy Research Institute have established that productivity increases in staple crops tend to be more pro-poor. Also, investments in related non-agricultural sectors determine the extent to which agricultural investments can lead to growth and poverty reduction. Agricultural growth itself is spurred by greater public expenditure in areas such as health or education. Therefore improved poverty reduction in target areas can be achieved through investments in non-agricultural sectors.

Demographic factors

5. Another important consideration for programmes is the demographic changes in the developing world. Rural-urban migration is an increasingly common phenomenon and a large number of rural poor contend that migration is one of

their key strategies to cope with crisis or to escape from absolute poverty. In general, the age profile of IFAD's target group is shifting; in both West Africa and South Asia – two of the poorest regions of the world – it is estimated that half or more of the workforce is below the age of 30. This implies a labour surplus, leading to mass unemployment, in the rural economy. It also offers an unprecedented opportunity in terms of infusion of labour into the economy. Therefore, when the opportunity of linking with markets exists, a focus on vocational training to enhance skills and employability would be helpful to the regions undergoing such changes.

Value chain and changing structure of rural economy

6. Along with demographic changes, the structure of rural economies is also undergoing a transition, with increasing ownership of resources by the organized private sector. This has the potential to lead to an increased concentration of markets in large value chains with the result that smallholders are excluded from this process. However, if larger farms focus on post-production processes (which have possibly higher margins) and outsource actual production to smallholders, then there is potential for increased incomes for the rural poor. The employment potential of value chains is also an important consideration. If large farms in the area (or a federation of smaller farms or smallholders) substantially increase production and employment possibilities, there could be positive implications for the poor as employees even if not as producers. Also, for more labour-intensive crops or products, there could be increased opportunities especially in areas where the majority of the poor are landless.

Targeting considerations

7. While an effective targeting strategy should take into consideration the macroeconomic and demographic context, it should also build upon the local context and the actual experiences of the poor people themselves. Therefore project design and implementation should take into account the multidimensional nature of poverty, including its economic, social and political implications. The effectiveness of a targeting strategy is also determined by whether it incorporates the dynamic nature of poverty in the design and implementation of projects. Poverty is dynamic in that it is: (i) **regenerative** in nature, which means people move in and out of poverty; (ii) **relational**, in the sense that the experience of poverty is contingent upon events and circumstances in the social environment that result in unequal distribution of resources; and (iii) **diversely perceived and conceptualized**, as are well-being and quality of life. The dynamic and multidimensional nature of poverty has implications for both identifying the poor and implementing targeting measures. This perspective encourages greater community participation in design and implementation.

Identifying the poor

8. This is a central theme of IFAD's targeting strategy that entails deciding on a target area (geographical regions in which to situate projects), and conducting a gender-sensitive analysis and rural appraisals in order to design appropriate products and project activities. A target area is often decided on with national stakeholders, including governments, and through the use of economic indicators. However at the project level, IFAD needs to adopt additional measures to ensure that the poorest sections are not excluded from project activities. For example, quantitative national or regional statistical data can be supplemented with community-based qualitative information. Participatory rural appraisals conducted within the community move beyond measuring only geographic indicators to capture more qualitative information and insights into the diversity within poor communities in terms of "what they have" and "what they do" that can be used during the design stage. Discussions should focus on not just the bases of exclusion but also the mechanisms of exclusion.

9. IFAD's projects have been successful in the use of participatory methods to identify the poor in several ways: (i) in Bangladesh, the Lao People's Democratic Republic, Lebanon and Nepal, participatory wealth rankings were used to select beneficiaries; (ii) in The Gambia participatory appraisals were used to understand overall trends in rainfall, food security, health, education, environmental issues and roads, and in designing project components, which helped to focus overall project objectives; (iii) in Mozambique, the Syrian Arab Republic and Viet Nam community-based methods helped to design project components, raise awareness in communities of the need to make contributions and build their capacity to undertake community projects.

Implementation of targeting measures

10. A number of different measures are used in IFAD projects to enable the target groups to participate in projects activities and benefit from them. Measures adopted include: (i) geographic targeting; (ii) additional indicators (non-income/land) and eligibility criteria; (iii) self-targeting; (iv) empowerment and participation of the poor; (v) direct targeting; and (vi) gender-based targeting. Targeting also needs to consider sociological aspects such as social inequalities and ethnic differences.
11. **Geographic targeting.** Projects using geographic targeting are likely to have a higher impact on poverty. The gains from geographic targeting may vary, however, based on: (i) local conditions such as homogeneity of poverty; (ii) selection of administrative units; and (iii) local capacity to administer the project. Where possible, geographic targeting should be complemented with other strategies that take into account intracommunity differences. In a number of projects in Belize, Eritrea, Ghana, Lebanon and Mali, geographic targeting was complemented with participatory wealth rankings and technical feasibility studies conducted in the communities.
12. **Additional indicators (non-income/land) and eligibility criteria.** The choice of indicators should be consistent with project activities and objectives, which may require consideration of both the economic and the non-economic dimensions of deprivation and poverty. But projects often rely on easily available national, means-based indicators such as income or assets. The data obtained may not be sufficient to uncover other processes that need to be addressed. In a number of projects, this lack of information has been addressed by using criteria that revolve around the project components or objectives. Non-economic indices of poverty used to select beneficiaries have included: (i) food deficits in villages (the Lao People's Democratic Republic) and limited access of communities to institutions and opportunities (Bangladesh and China). In some projects (Ghana), the selection of poor communities was based on feasibility criteria such as the existence of a market within five kilometres, which could determine the success of the project.
13. **Self-targeting.** This includes designing products and activities that are attractive to the poor while being less attractive to the non-poor. Often, self-targeting depends primarily on understanding the livelihood strategies of the target group and takes into consideration the priorities, capacities, demands and constraints of the poor communities being targeted. Average loan size and the design of financial products in projects that focus on rural financial services are useful in determining whether the right target groups have been addressed. For example, in the Southwest Anhui Integrated Agricultural Development Project in China, loans of an average size of US\$70 were given to the rural poor for crop production, livestock development and income generation. In the Ghana Root and Tuber Improvement Programme, the initial planting material provided was sufficient to plant only 0.1 acres of land. Therefore, participation in the project was not lucrative for the affluent and only the poor were motivated enough to participate.

14. **Empowerment and participation of the poor.** Since poverty can entail both a lack of resources and a sense of powerlessness, IFAD projects have contained community-building activities and empowering measures both as a means of ending poverty and as an end in themselves to strengthen the poor. Participatory approaches have been successfully incorporated into the design phase of projects such as: the Village Management and Development Project in Senegal, to design appropriate rural finance products; Fouta Djallon Agricultural Rehabilitation and Local Development Programme in Guinea; South-Western Region Small Farmers Project (PROPESUR) in the Dominican Republic; Small Farmers Technical Assistance Services Project in the Plurinational State of Bolivia. The Rural Development Project for the Central Region (PRODAP-II) in El Salvador used participatory approaches in project activities. This resulted in the enhancement of social capital and, most importantly, the empowerment of beneficiary groups. In other projects such as the Rural Development Project (PRODER III) in the Congo, farmers' groups were chosen as delivery mechanisms in order to enhance participation by the poor. In the Ibarra-San Lorenzo Development Project in Ecuador, local resource allocation committees were created among the indigenous communities to ensure that benefits deriving from the planned natural resource management activities and the value chains supported by the project would accrue to the poorer segments. In a number of projects, strong organizations of the poor were built through projects that adopted community-driven development approaches. Self-help group models were encouraged in microfinance operations in India.
15. **Direct targeting.** When individual people or households need to be selected for project benefits, direct targeting is used. Projects may include eligibility criteria to be developed and applied with community participation (or exclusion criteria to avoid leakage to the relatively well-off), and quotas for disadvantaged groups such as ethnic minorities or focus groups for women or young people. In a number of projects, these have been used to ensure that rules or stipulations are framed in such a way that the participation of focus groups in the projects is ensured.
16. **Gender-based targeting.** Gender equality and women's empowerment have gained increasing importance both as objectives and as instruments for poverty reduction, and not just as token components or activities in IFAD projects. Gender needs are recognized and addressed at different levels: (i) **strategic gender needs** (addressing issues of equity and empowerment, such as access of women to resources or institutions); (ii) **practical gender needs** (activities designed around women's daily concrete life experiences); (iii) **inter-household dynamics** (exchanges in the community, larger networks); and (iv) **intra-household dynamics** (resource allocation within households, understanding the rights and responsibilities within households).
17. For projects that were recently designed in regions ranging from Africa to Latin America to South Asia and Eastern Europe, mainstreaming gender has been given prominence in the design process. In the Cape Verde Rural Poverty Reduction Programme and the Development of the Puno-Cusco Corridor Project in Peru the integration of women into local decision-making bodies was emphasized in the design reviews. The reviews suggested raising women's awareness of their legal and civil rights. The participatory process adopted by the Community-based Rural Development Project in Burkina Faso has allowed women to participate increasingly in decision-making bodies and hence their status vis-à-vis men has improved. Similarly, young people have been increasingly involved in decision-making processes. Further, participation was encouraged through affirmative action and quotas for women in local bodies. In a number of projects, gender was mainstreamed into the project activities by first ensuring representation of women in project coordination units and among service delivery staff. In the Southwest Anhui project in China, 27 per cent of the management officials were women and 40 per cent of the beneficiaries were also women. Mainstreaming gender equity

into various projects such as PROPESUR in the Dominican Republic, PRODAP-II in El Salvador, the Yarmouk Agricultural Resources Development Project in Jordan, the Livestock and Rural Finance Development Project in Bosnia and Herzegovina, and the Integrated Agricultural Development Project in the Governorate of Zaghuan in Tunisia have achieved appreciable results for women's empowerment in various spheres, including favourable gender ratio in the management of agricultural organizations; credits to rural businesses; landed properties; and greater participation of men in housework.

Monitoring performance and impact assessment

18. Measures for monitoring performance in terms of supporting the poor and assessing impact on beneficiaries should be an integral part of the targeting strategy and can be incorporated into the project monitoring and evaluation (M&E) systems and processes. A number of quality assurance reviews have concentrated on M&E systems in projects. The focus has been on institutional arrangements and government ownership, together with early baseline surveys. Several additional steps can be taken to ensure targeting has been effective, including: (i) processes should be monitored to keep track of who participates in project activities, who does not and why they do not, and who benefits – in other words, the focus should extend beyond results and outreach to include causal links; (ii) output-based reporting should be replaced by outcome-based reporting; (iii) data should be disaggregated by gender; (iv) participatory rural appraisals should be used to measure outcomes.

Targeting in value chain projects

19. A large number of IFAD projects, especially in the recent portfolio, are engaging with value chains. A value chain is the sequence of productive processes from the provision of specific inputs for a particular product to primary production, processing, marketing and final consumption. It also entails the organizational arrangements linking and coordinating the producers, processors, merchants, and distributors of a particular product. The effects on poverty reduction are not clear yet and depend on local contexts, the organization of the value chain, the local and global markets, the employment potential and the relationships between the different actors in the supply chain. Although long-term impacts of value chains are more difficult to predict and depend on dynamic economic development models, concerns have been raised about the increased concentration of markets in large value chains because this may result in smallholders being excluded from participation. The employment potential of value chains is also an important consideration.
20. In IFAD, quality assurance reviews have often raised concerns about the pro-poor potential of new projects with value chain components. Related literature suggests that four dimensions should be assessed: (i) **actors:** at the most basic level, the value chain analysis should map all the actors participating in the production, processing, marketing and sales of the product; (ii) **markets and sector:** the potential growth of the market, margins along the value chain for other comparable chains in the market could indicate prospects for smallholders; (iii) **employment:** the effect on rural employment could be an important criterion for engaging in the value chain; and (iv) **governance or power relations:** often the benefits accruing to the poor depend on the relations between the different segments of the value chain. In agricultural value chains a good intervention point for IFAD projects is in supporting farmers' organizations and enabling them to participate more effectively in value chains.

Conclusion

21. Overall, given the increase in poverty and hunger levels around the globe and the decline in IFAD's targeting performance, the urgency for further and more intensive targeting in IFAD projects is clear. To this end, an effective targeting strategy will

be one that: (i) recognizes both the macroeconomic context and the multidimensionality of poverty; (ii) mainstreams gender in targeting; (iii) involves communities in the design, implementation and monitoring processes; (iv) implements targeting measures such as: geographic targeting; self-targeting; empowerment and capacity-building; non-income land indicators; direct targeting, including eligibility criteria to be developed and applied with community participation; (v) monitors and assesses performance of targeting in projects; and (vi) participates in value chains with a comprehensive understanding of the implications of such models.

Medium-term Plan: Logical framework 2010–2012 – Preliminary report on key performance indicators

IFAD STRATEGIC OUTCOMES 2010–2012

Strategic outcomes	Measures of success and sources of verification	Performance projections for 2010-2012
Increased incomes and enhanced food security for poor rural women and men	<p>IFAD contributes to:</p> <ul style="list-style-type: none"> • Increasing incomes • Improving food security • Empowering poor rural women and men, i.e. increasing number of rural households moving from subsistence to profitable agriculture production • Reducing levels of ecosystem degradation • Raising number of targeted rural households reporting increased incomes from off-farm activities <p>Sources of verification: World Bank and United Nations data; ARRI¹⁴</p>	<p>Guided by the IFAD Strategic Framework 2007–2010, IFAD works with poor rural women and men to develop locally specific opportunities by ensuring that poor rural people have better access to, and the skills and organization they need to take advantage of:</p> <ul style="list-style-type: none"> ▪ Natural resources, especially secure access to land and water, and improved natural resource management and sustainable agriculture practices ▪ Improved agricultural technologies and effective production services to enhance productivity ▪ A broad range of financial services for production and smallholder productivity ▪ Transparent and competitive markets for agricultural inputs and produce to enable integration into national and international value chains ▪ Opportunities for rural off-farm employment and enterprise development that can be profitably exploited ▪ Local and national policy and programming processes for effective participation of poor rural women and men ▪ Improved policy framework and environments for smallholder development at both national and regional levels ▪ Strengthened in-country capacities for agricultural and rural development

¹⁴ ARRI: Annual Report on Results and Impact of IFAD Operations.

IFAD OPERATIONAL OUTCOMES 2010–2012

Operational outcomes	Measures of success and sources of verification				Performance projections for 2010–2012	
<p>1. People receiving services from IFAD-supported projects</p> <ul style="list-style-type: none"> People benefiting from IFAD assistance, with gender focus <p>2. Natural resource management</p> <ul style="list-style-type: none"> Improved access to land and water resources Area impacted by constructed irrigation <p>3. Agricultural technologies</p> <ul style="list-style-type: none"> Increase in use of sustainable agriculture approaches and reduction in land and sea degradation Improved access to agricultural technology, know-how and efficient production services <p>4. Rural financial services</p> <ul style="list-style-type: none"> Improved access to financial services and savings instruments Broad range of financial services and savings instruments <p>5. Marketing</p> <ul style="list-style-type: none"> Improved access to markets: transparent, competitive, functioning and efficient markets for agricultural inputs and produce <p>6. Microenterprise</p> <ul style="list-style-type: none"> Opportunities for rural, off-farm employment and enterprise development Enhanced private-sector capacity and investment in rural economy <p>7. Policies and institutions</p> <ul style="list-style-type: none"> Strengthened organizations and institutions supporting interests of poor rural people Enabling local and national policies Improved capacity for programme development and implementation (government, NGO, private sector) 	Indicator	Baseline value (2007/08)	RIDE 2010	2012 target	<p>Asia and the Pacific Region:</p> <ul style="list-style-type: none"> COSOPs US\$967 mn in loan and grant approvals US\$480 mn disbursement under ongoing portfolio <p>East and Southern Africa Region:</p> <ul style="list-style-type: none"> COSOPs US\$654 mn in loan and grant approvals US\$320 mn disbursement under ongoing portfolio <p>Latin America and the Caribbean Region:</p> <ul style="list-style-type: none"> COSOPs US\$320 mn in loan and grant approvals US\$196 mn disbursement under ongoing portfolio <p>Near East and North Africa Region:</p> <ul style="list-style-type: none"> COSOPs US\$374 mn in loan and grant approvals US\$270 mn disbursement under ongoing portfolio <p>West and Central Africa Region:</p> <ul style="list-style-type: none"> 10 COSOPs US\$595 mn in loan and grant approvals US\$255 mn disbursement under ongoing portfolio <p>Global/regional programmes:</p> <ul style="list-style-type: none"> US\$150 mn in global and regional grant approvals, including small grants <p>Knowledge management and innovation (KMI):</p> <ul style="list-style-type: none"> Integrated KMI agenda – mainstreaming KMI into IFAD's core business <p>Policy dialogue:</p> <ul style="list-style-type: none"> New strategic framework 2011-2015 <i>Rural Poverty Report</i> – IFAD flagship publication Focused IFAD global-, regional- and national-level policy dialogue 	
	3.1 People receiving services from IFAD-supported projects (no.)	29.2 million	36.6 million	60 million		
	Male:female ratio (percentage)	57:43	51:49	50:50		
	Natural resource management					
	3.2 Common-property-resource (CPR) land under improved management practices (ha)	3.9 million	4.9 million			
	3.3 Area under constructed/rehabilitated irrigation schemes (ha)	228 000	322 000			
	Agricultural technologies					
	3.4 People trained in crop production practices/technologies	1.7 million	4.1 million			
	Male:female ratio (percentage)	50:50	63:37			
	3.5 People trained in livestock production practices/technologies	1.1 million	1.1 million			
	Male:female ratio (percentage)	35:65	44:56			
	Rural financial services					
	3.6 Active borrowers	4.4 million	4.8 million			
	Male:female ratio (percentage)	52:48	51:49			
	3.7 Voluntary savers	5.4 million	8.4 million			
	Male:female ratio (percentage)	51:49	49:51			
	Marketing					
	3.8 Roads constructed/rehabilitated (km)	15 000	21 000			
	3.9 Marketing groups formed/strengthened	25 000	28 000			
	Microenterprise					
3.10 People trained in business and entrepreneurship	162 000	277 000				
Male:female ratio (percentage)	53:47	48:52				
3.11 Enterprises accessing facilitated non-financial services	19 000	34 000				
Policies and institutions						
3.12 People trained in community management topics	672 000	1 169 000				
Male:female ratio (percentage)	38:62	24:76				
3.13 Village/community action plans prepared	24 000	29 000				
Countries with IFAD country presence						
Sources of verification: Annual RIDE; RIMS						
		25 (2009)	29	40		

IFAD COUNTRY STRATEGIC OPPORTUNITIES PROGRAMME (COSOP) OUTCOMES 2010–2012 – CMR 1⁶

Operational outputs	Measures of success and sources of verification (Level 2)					Performance projections for 2010
Programme Management Department (PMD):	<i>RMF Indicator</i>	<i>Source</i>	<i>Baseline</i>	<i>Result 2010</i>	<i>2012 target</i>	<u>Achieved</u>
	Percentage of projects rated 4 or better at completion for:					<ul style="list-style-type: none"> • COSOP for the Dominican Republic ▪ COSOP for Azerbaijan ▪ COSOP for Côte d'Ivoire ▪ COSOP for Nigeria ▪ COSOP for Senegal ▪ COSOP for Sierra Leone
High-quality in-country strategies designed and implemented, with their relevance regularly assessed	Effectiveness	ARRI PCR	82 87	77 86	90 90	<ul style="list-style-type: none"> ▪ COSOP for the Lao People's Democratic Republic
	Rural poverty Impact on the target group (e.g. physical and financial assets, food security, empowerment)	ARRI PCR	91 83	86 84	90 90	<u>Pending, – to be updated after close of year</u>
	Gender equality	PCR	76	88	80	<ul style="list-style-type: none"> ▪ COSOP for India ▪ COSOP for the Lao People's Democratic Republic
	Innovation, learning and/or scaling up	ARRI PCR	100 72	95 79	80 75	
	Sustainability of benefits	ARRI PCR	73 75	65 76	75 75	
	Relevance	ARRI PCR	91 94	97 98	90 90	
	Efficiency	ARRI PCR	55 65	57 66	75 75	
	Percentage of country programmes rated 4 or better at entry for:					
	Adherence to aid effectiveness agenda	Client Survey	79	100	100	
	Sources of verification: Annual RIDE; RIMS					

⁶ CMR: corporate management result.

IFAD PROJECT OUTCOMES 2010–2012 – CMR 2

Operational outputs	Measures of success and sources of verification (Level 4)					Performance projections for 2010	
PMD: Design and approval of new, high-quality loan- and grant-funded operations	<i>Indicator</i>	<i>Source</i>	<i>Baseline (year)</i>	<i>Result 2010</i>	<i>2012 target</i>	<i>Region</i>	<i>Target for loan and grant approvals (US\$ million)</i>
	No. of quality enhancement (QE) reviews completed	QE Panel reports	TBD	TBD	tracked	Asia and the Pacific	200
	Percentage of projects rated 4 or better at entry for:					East and Southern Africa	268
	Gender equity	QA at entry	82	85	92	Latin America and the Caribbean	132
	Effectiveness	QA at entry	93 (2008/09)	97	90	Near East and North Africa	125
	Rural poverty impact on the target group (e.g. through physical and financial assets, food security, empowerment)	QA at entry	91 (2008/09)	97	90	West and Central Africa	166
	Sustainability of benefits	QA at entry	81 (2008/09)	72	90	Note: Actual loan and grant approvals for 2010 will be reported at the close of the year	
	Innovation, learning and scaling up	QA at entry	86 (2008/09)	78	90		
	Sources of verification: Annual RIDE; RIMS						

IFAD PROJECT OUTCOMES 2010–2012 – CMR 2 (CONT'D)

Operational outputs	Measures of success and sources of verification (Level 4)	Performance Projections for 2010	
<p>PMD:</p> <p>Design and approval of new, high-quality global and regional grant-funded operations</p> <p>Design and approval of new, high-quality small grant-funded operations</p>	<p>Better grant project design measured by:</p> <ul style="list-style-type: none"> ▪ No. of financing agreements entered into with CGIAR¹² centres ▪ No. of financing agreements entered into with FFR¹³ grant recipients ▪ No. of global and regional grants approved <p>Better implementation support for large global/regional grants:</p> <ul style="list-style-type: none"> ▪ Percentage of projects rated 4 or better for overall implementation progress ▪ No. of technical reviews of large grants (Grants QE minutes – see Grant Secretariat xDESK site) <p>No. of technical reviews of small grants including supplementary funds (grants consolidated tracking sheet – see Grant Secretariat xDESK site)</p> <ul style="list-style-type: none"> ▪ Small global and regional grants <p>Supplementary-funded grants</p> <p>Sources of verification: Executive Board documents and LGS¹⁴ Divisional Portfolio Performance Report (see PTA¹⁵ xDESK site)</p>	<p><i>Global and regional grant-funded programmes</i></p>	<p><i>Target for disbursements in 2010</i></p>
		<p>Large global and regional commitments for:</p> <ul style="list-style-type: none"> ▪ Sustainable agriculture ▪ Land and water ▪ Farmers' organizations, market access and policy ▪ Rural financial systems ▪ Smallholder farming as business ▪ Targeting, indigenous peoples, youth and women's empowerment ▪ 3 regional grants under IPAF¹⁶ ▪ Knowledge management 	<p>US\$32 mn</p>
		<p>Small global and regional grants</p>	<p>US\$8 mn</p>
		<p>Supplementary-funded grants</p>	<p>US\$ 67.5 mn for 23 grants under European Commission/CGIAR facility and 15 grants under FFR</p>
		<p><u>Note:</u> Actual amounts for global and regional grant-funded programmes in 2010 will be reported at the close of the year</p>	

¹² CGIAR: Consultative Group on International Agricultural Research.

¹³ FFR: Financing Facility for Remittances.

¹⁴ LGS: Loans and Grants System.

¹⁵ PTA: Policy and Technical Advisory Division.

¹⁶ IPAF: Indigenous Peoples Assistance Facility.

IFAD PROJECT IMPLEMENTATION OUTCOMES 2010–2012 – CMR 3

Operational outputs	Measures of success and sources of verification (Level 4)				Performance projections for 2010	
PMD: Ongoing portfolio of loan- and grant-funded projects efficiently supervised and effective and sustainable development results delivered	<i>Indicator</i>	<i>Baseline (year)</i>	<i>Result 2010</i>	<i>2012 target</i>	<i>Region/Programme</i>	<i>Target for disbursements in 2010 (US\$ million)</i>
	Ongoing projects actually receiving international co-financing (as %)	56 (2009)	58%	65%	Asia and the Pacific	150
	Average time (months) from project approval to first disbursement	21.4 (2008/09)	16.7	14	East and Southern Africa	100
	Problem projects in which major corrective actions are taken (proactivity index)	63 (2008)	50%	75%	Latin America and the Caribbean	60
	Projects for which IFAD performance is rated 4 or better (as %)	64 (2006/08)	71% (2007/09)	75%	Near East and North Africa	90
	Problem projects in ongoing portfolio (as %)	17 (2007)	18%	15%	West and Central Africa	70
	Time overruns for completed projects (as %)	32 (2007/08)	15%	20%	Global and regional grant-funded programmes	35
	Average days for processing withdrawal applications	35 (2009)	28	-10% over 2009	Note: Actual disbursements for 2010 will be reported at the close of the year.	
Sources of verification: Annual RIDE; RIMS						

IFAD PROJECT DESIGN AND IMPLEMENTATION OUTCOMES 2010–2012 – CMR 3

Operational outputs	Measures of success and sources of verification (Level 4)	Performance projections for 2010																					
<p>Project design and implementation</p> <p>PMD Office of the President and Vice-President (OPV):</p> <ul style="list-style-type: none"> ▪ Improved country programme sustainability ▪ Strengthened support to programme and project implementation 	<p>Approved policy and strategy documents</p> <p>Sources of verification: Annual RIDE</p>	<p><u>Achieved</u></p> <ul style="list-style-type: none"> ▪ Procurement guidelines <p><u>Pending – to be updated after close of year</u></p> <ul style="list-style-type: none"> ▪ Middle-income country strategy ▪ Grant procedures ▪ Review COSOP guidelines ▪ Strengthened project design processes ▪ New direct supervision procedures ▪ Country presence strategy ▪ Toolbox/procedures for grants, indigenous peoples, land, rural finance, scaling up, PRS²² and SWAp²³ programmes ▪ Consolidated loan and grant project design 																					
<p>Environment and climate change</p> <p>PMD Environment and Climate Division (ECD) Finance and Administration Department (FAD):</p> <ul style="list-style-type: none"> ▪ Environmental and climate change issues mainstreamed 	<ul style="list-style-type: none"> ▪ No. of new COSOPs and project documents reflecting climate and environment risks and opportunities ▪ Percentage increase in no. of projects rated 4 or more on environment in project completion reports for 2013–2014 cohort (baseline: 77% in 2008–2009 cohort 2-year average) ▪ Average rating on natural resource intervention. (ARRI and PCR treat environment and national resource management as part of one impact domain) ▪ No. of projects with satisfactory ratings under ARRI (ARRI 2008 annual: 27%, 3-year moving average: 55%) ▪ No. of QE Panel reports highlighting climate change concerns, QE Panel summary assessments record ratings on climate change issues ▪ GEF²⁴ funds increased ▪ Green building certificate and yearly calculation of carbon imprint for IFAD headquarters ▪ Monitoring IFAD headquarters energy consumption and carbon emissions ▪ GEF5 replenishment meeting held at IFAD ▪ No. of substantive contributions made by IFAD to international forums (GEF Assembly, COPs,²⁵ GDPRD,²⁶ UN/IFI meetings) <p>Sources of verification: Annual RIDE</p>	<p><u>Achieved</u></p> <ul style="list-style-type: none"> ▪ IFAD Climate Change Strategy ▪ ECD established ▪ Adaptation Fund accreditation secured <p><u>Pending – to be updated after close of year</u></p> <ul style="list-style-type: none"> ▪ Climate negotiations engagement ▪ KM: CLIMTRAIN screening tool, internal network established ▪ GEF: Business plans agreed <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;"><i>GEF</i></th> <th style="width: 20%; text-align: center;"><i>Target 2010</i></th> </tr> </thead> <tbody> <tr> <td>No. of concept notes approved</td> <td></td> <td style="text-align: center;">4</td> </tr> <tr> <td>No. of grants endorsed</td> <td></td> <td style="text-align: center;">8</td> </tr> <tr> <td>No. of grants supervised</td> <td></td> <td style="text-align: center;">10</td> </tr> <tr> <td>No. of strategic environment assessments</td> <td></td> <td style="text-align: center;">5</td> </tr> <tr> <td>No. of environmental social review notes</td> <td></td> <td style="text-align: center;">25</td> </tr> <tr> <td>No. of IFAD grants secured</td> <td></td> <td style="text-align: center;">8</td> </tr> </tbody> </table> <p><u>Note:</u> Actual numbers will be updated at the close of the year</p>		<i>GEF</i>	<i>Target 2010</i>	No. of concept notes approved		4	No. of grants endorsed		8	No. of grants supervised		10	No. of strategic environment assessments		5	No. of environmental social review notes		25	No. of IFAD grants secured		8
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²² PRS: poverty reduction strategy.

²³ SWAp: sector-wide approach.

²⁴ GEF: Global Environment Facility.

²⁵ COP: Conference of the Parties (United Nations Framework Convention on Climate Change (UNFCCC))

²⁶ GDPRD: Global Donor Platform for Rural Development.

IFAD KNOWLEDGE MANAGEMENT, POLICY ADVOCACY AND COMMUNICATION OUTCOMES 2010–2012 – CMR 8

Operational outputs	Measures of success and sources of verification (Level 5)	Performance projections for 2010
<p>Office of the Chief Development Strategist (CDS) North American Liaison Office (NAL) OPV PMD:</p> <ul style="list-style-type: none"> ▪ International policy environment favourable to the interests of poor rural people ▪ National policy and programming for effective participation of poor rural people ▪ Improved national policy framework for smallholder development ▪ Strengthened in-country capacities for agricultural and rural development 	<ul style="list-style-type: none"> ▪ 2010: Identification of two institutional issue priorities for international policy engagement in 2011 ▪ 2010: Baseline self-assessment of IFAD's institutional capacity for international policy engagement ▪ 2011 and 2012: Score of moderately satisfactory or better on performance assessment scale for two international policy engagement initiatives ▪ 2012: Strengthened institutional capacity for international policy engagement in at least two lagging areas identified by 2010 baseline self-assessment <p>Sources of verification: Annual RIDE</p>	<p><u>Achieved</u></p> <ul style="list-style-type: none"> ▪ Strategic Framework 2011-2015 ▪ Global agriculture and development dialogue (ongoing) ▪ IFAD conference on smallholder farming as a business (scheduled for 2011) ▪ Attention to concerns of smallholder farmers in MDG Summit outcome document ▪ Office of CDS created <p><u>Pending – to be updated after close of year</u></p> <ul style="list-style-type: none"> ▪ Framework for rapid response for post-disaster rehabilitation and reconstruction ▪ Corporate approach and capacity for international policy engagement ▪ Indigenous people's meeting linked to GC ▪ Best deal for smallholders – Cancun, meeting of the UN Framework Convention on Climate Change, Agriculture and Rural Development ▪ Number of technical advisory notes (target: 15)

Operational outputs	Measures of success and sources of verification (Level 5)	Performance projections for 2010
<p>CDS Communications Division (COM) PMD FAD NAL:</p> <p>Integrated KMI agenda – mainstreaming KMI into IFAD's core business</p>	<ul style="list-style-type: none"> ▪ Improved environment and culture for knowledge management and innovation (KMI). ▪ Active level of participation by staff ▪ Successful evaluation by CPM²⁷ of the CPM forum ▪ Improved communication abilities and skills noted in performance evaluation system ▪ No. of thematic consultations and seminars <p>Sources of verification: IFAD reports and website</p>	<p><u>Achieved</u></p> <ul style="list-style-type: none"> ▪ Rural Poverty Report ▪ Awareness of IFAD's work at country, regional and corporate levels increased ▪ IFAD Intranet accessible to ICOs (as of 30 September 2010, more than 70% of the 25 operative field offices have had the virtual private network (VPN) client installed and tested) <p><u>Pending – to be updated after close of year</u></p> <ul style="list-style-type: none"> ▪ Development research digest ▪ Corporate innovation agenda ▪ Corporate publications approach ▪ IFAD working paper series started ▪ QE reviews shared ▪ CPM forum initiated ▪ Thematic, regional networks integrated into corporate knowledge management ▪ Learning tools for knowledge management and innovation established ▪ Knowledge management and web 2.0 methods and tools mainstreamed. ▪ CLIMTRAIN training package completed?

²⁷ CPM: country programme manager.

IFAD KNOWLEDGE MANAGEMENT, POLICY ADVOCACY AND COMMUNICATION OUTCOMES 2010–2012 – CMR 8 (CONT'D)

Operational outputs	Measures of success and sources of verification (Level 5)	Performance projections for 2010
COM Office of the General Counsel (LEG)	<ul style="list-style-type: none"> ▪ Increased capacity among key IFAD staff (including in ICOs) to communicate IFAD's message (number of staff receiving communication training each year) <p>Sources of verification: IFAD reports and website</p>	<p><u>Achieved</u></p> <ul style="list-style-type: none"> ▪ Rural Poverty Report launch (scheduled for 6 December at Chatham House in London) ▪ Replenishment efforts advanced by strategic communications ▪ IFAD staff informed about human resource (HR) reform issues through internal communications ▪ New disclosure policy <p><u>Pending – to be updated after close of year</u></p> <ul style="list-style-type: none"> ▪ Communication strategy ▪ Communication toolkit and guidelines for ICOs ▪ Annual Report ▪ Focus on 10 priority countries selected by PMD ▪ Occasional Paper series ▪ IFAD's image boosted by communication training of IFAD staff

IFAD RESOURCE MOBILIZATION OUTCOMES 2010–2012 – CMR 10

Operational outputs	Measures of success and sources of verification	Performance projections for 2010											
<p>Arab Gulf Liaison Office (AGL) FAD LEG OPV PMD:</p> <p>Improved resource mobilization and management</p> <ul style="list-style-type: none"> IFAD replenishment contributions at US\$1.2 bn to expand PoW²⁹ at US\$3 bn 	<ul style="list-style-type: none"> Pledges and paid-in contributions received for a total of US\$1.2 bn Fill current ACA³⁰ projected gap in year 2012 in order to maintain same level of PoW Remaining pledges to IFAD8 announced Demonstrated increased support to IFAD from the Arab Gulf States Additional resources to PoW, including through cofinancing: tracked Additional resources from foundations: tracked <p>Sources of verification: IFAD9 report; annual financial statements; annual audits</p>	<p><u>Achieved</u></p> <ul style="list-style-type: none"> Establish AGL Liaise with Gulf States on pledges to IFAD8 Lay foundations for participation in IFAD8 and IFAD9 Additional resources for PoW through cofinancing Additional resources from foundations <p><u>Pending – to be updated after close of year</u></p> <ul style="list-style-type: none"> Approved ACA 7-year ceiling absorbing gap between resource requirements and resources available New resource mobilization strategy IFAD mid-term review <table border="1" data-bbox="1413 683 2107 842"> <thead> <tr> <th>Category</th> <th>Target 2010</th> </tr> </thead> <tbody> <tr> <td>Paid contributions</td> <td>US\$296 mn</td> </tr> <tr> <td>Internal resources³²</td> <td>US\$408 mn</td> </tr> </tbody> </table> <p><u>Note:</u> Results for 2010 will be reported at the close of the year</p>		Category	Target 2010	Paid contributions	US\$296 mn	Internal resources ³²	US\$408 mn				
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<p>Supplementary funds</p> <ul style="list-style-type: none"> Supplementary cofinancing at US\$48.5 mn received <p>Cofinancing</p> <ul style="list-style-type: none"> Ratio of cofinancing to own resources: 1.5 times. Total volume of cofinancing US\$4.5 bn 	<ul style="list-style-type: none"> Increased mobilization of financial resources for rural poverty <p>Sources of verification: Executive Board reports; <i>Annual Report</i></p>	<table border="1" data-bbox="1413 916 2107 1276"> <thead> <tr> <th>Category</th> <th>Target 2010</th> </tr> </thead> <tbody> <tr> <td>Supplementary funds</td> <td>US\$21mn</td> </tr> <tr> <td>GEF supplementary funds</td> <td>US\$14mn</td> </tr> <tr> <td>Foundations</td> <td>US\$5-10mn</td> </tr> <tr> <td>Cofinancing</td> <td>US\$1.2bn</td> </tr> </tbody> </table> <p><u>Note:</u> Results for 2010 will be reported at the close of the year</p>		Category	Target 2010	Supplementary funds	US\$21mn	GEF supplementary funds	US\$14mn	Foundations	US\$5-10mn	Cofinancing	US\$1.2bn
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²⁹ PoW: programme of work

³⁰ ACA: advance commitment authority.

³² Including investment income, loan reflows and cancellations.

IFAD STRATEGIC PLANNING AND BUDGETING, AND HUMAN RESOURCE MANAGEMENT OUTCOMES 2010–2012 – CMR 5

Operational outputs	Measures of success and sources of verification	Performance Projections for 2010
<p>Strategic planning and budgeting</p> <p>Strategic Planning and Budget Division (SPB)</p> <p>OPV:</p> <ul style="list-style-type: none"> ▪ 3-year rolling administrative plan and integrated budget prepared using zero-based and results-based budgeting approach ▪ Administrative and capital budgets aligned with operational targets ▪ Performance reporting on results 	<ul style="list-style-type: none"> ▪ Increased overall efficiency: 16.3% (2008); 15.5% (2009); 14.4% (2010); 13.5% (2012 target) ▪ Percentage increase of the budget allocated to expenditures in direct support of programme design and implementation ▪ Administrative processes are benchmarked, measured and managed for increased efficiency ▪ Key findings of performance reviews are integrated into management decisions and planning ▪ Increased automation of administration and liberation of resources for value-addition <p>Sources of verification: RIDE, Quarterly Performance Conversations</p>	<p><u>achieved</u></p> <ul style="list-style-type: none"> ▪ MTP for 2010–2012 ▪ Quarterly and annual performance reviews ▪ Strategic workforce plan (SWP) ▪ zero-based budget, estimate of supplementary funds (scheduled for Executive Board approval in December)
<p>Human resource reform</p> <p>Human Resources Division (HRD)</p> <p>OPV</p> <p>LEG:</p> <ul style="list-style-type: none"> ▪ Improved human resource management ▪ Strategic workforce plan to establish HRD management objectives: staffing levels, skills mix, career structures, in alignment with corporate results 	<ul style="list-style-type: none"> ▪ Percentage of staff who have attended at least one in-house training course (year-to-date) ▪ Average time to fill professional vacancies: 119 days (2009) – 178 days (2010 Q3) – 100 days (2012 target) ▪ No. of recruitments concluded (25) ▪ Progress in revamping performance management process (100%) ▪ VSP-2³⁶ defined and completed in 2010 ▪ No. of in-house corporate training courses organized (15) ▪ No. of IFAD contracts issued to country/national staff (15) ▪ Staff engagement index: 75% (baseline year 2008, value 68.4%, target 2012 75%) ▪ Percentage of progress in implementation of automation of some existing manual processes <p>Sources of verification: HRD management plans for 2010</p>	<p><u>Achieved</u></p> <ul style="list-style-type: none"> ▪ Reconfigure HRD ▪ Revise staff rules ▪ Finalize job families ▪ Standardize job classifications ▪ Revise performance management system ▪ Implement revised HR³⁷ procedures: promotions, VSP-2, rotations, redeployment, anti-harassment and contract type (ongoing) ▪ Review staff benefits (ongoing) ▪ Automate HR processes (ongoing) <p><u>Pending – to be updated after close of year</u></p> <ul style="list-style-type: none"> ▪ Litigation on staff issues (three cases) ▪ No. of headquarters and ICO staff recruited (target: 30 and 30)

³⁶ VSP-2: Voluntary Separation Programme – Phase 2.

³⁷ HR: human resources

IFAD FINANCIAL MANAGEMENT OUTCOMES 2010–2012 – CMR 4

Operational outputs	Measures of success and sources of verification	Performance Projections for 2010
<p>FAD OPV SPB LEG:</p> <ul style="list-style-type: none"> Robust financial management of regular and extra-budgetary funds. 	<ul style="list-style-type: none"> Unqualified audit opinion on all public financial statements issued by IFAD (IFAD and hosted entities) Unqualified audit attestation on management assertion on the effectiveness of controls over financial reporting (2012) Error-free processing of receipt and payment transactions (approximately 4,000 in 2010, 4,500 in 2011, 5,000 in 2012) Timely processing of receipt and payment transactions (to less than 3 days average processing time by 2012) Business case of PeopleSoft Functional Upgrade by early 2011 – implementation by end 2011. Introduction of improved lending terms (2010) and new financial products (2011, 2012) Timely and effective debt servicing and proactive loan and grant closure actions Streamlined disbursement processing model based on matrix reporting (2010 pilots launched, 2011 fully operational) Principal on investments is protected, liquidity is ensured, and rate of return is matched with benchmarks <p>Sources of verification: IFAD financial model; Executive Board documents; FISCO³⁸ and FALCO³⁹ documents; <i>Annual Report</i></p>	<p><u>Achieved</u></p> <ul style="list-style-type: none"> Adequate financial control and reliable reporting (ongoing) Efficient and effective loan administration of portfolio (ongoing) Liquidity policy Investment policy External review of financial operations Strengthened financial risk management ongoing Revised Lending Policies and Criteria <p><u>Pending – to be updated after close of year</u></p> <ul style="list-style-type: none"> Value adding processing of financial transactions Appropriate management of cash resources and investments, including proactive asset and liability management Financial accountability framework Medium-term financial projections Accounting for single-currency lending (including currency management), new loans of IFAD Adequate legal framework for investment of IFAD resources

³⁸ FISCO: Investment and Finance Advisory Committee.

³⁹ FALCO: Investment, Finance and Asset Liability Management Advisory Committee.

IFAD ADMINISTRATIVE, AND INFORMATION AND COMMUNICATIONS TECHNOLOGY OUTCOMES 2010–2012 – CMR 7

Operational outputs	Measures of success and sources of verification	Performance projections for 2010
<p>FAD: Administrative Services Division (ADM) LEG:</p> <p>Improved administrative efficiency</p>	<ul style="list-style-type: none"> ▪ Efficiency gains and cost reductions ▪ Percentage of systems downtime ▪ No. of people moved into new offices ▪ No. of client requests addressed ▪ Leadership in Energy and Environmental Design (LEED) certification, reduced quantity of paper usage and increased compensation for recycling practices <p>Sources of verification: Client survey; quality control reports; administrative procedures and manuals; statistics extracted from Footprint systems</p>	<p><u>Achieved</u></p> <ul style="list-style-type: none"> ▪ Headquarters procurement guidelines revised ▪ Common procurement team pilot project for the Rome-based agencies ▪ Security risk assessment ▪ Timely and efficient processing of visa and related privileges and immunities of staff ▪ Logistics and facilities management ▪ Electronic records management ▪ Headquarters security strategy ▪ Greening of building ▪ Arbitration on IFAD headquarters <p><u>Pending – to be updated after close of year</u></p> <ul style="list-style-type: none"> ▪ Revised ADM manual ▪ Reinforced headquarters external perimeter for security risks (badge readers phase I) ▪ number of women staff security trained (target: 50)
<p>FAD: Information and Communications Technology Division (ICT)</p> <ul style="list-style-type: none"> ▪ Uninterrupted and improved IT systems and services ▪ Large and small IT projects implemented ▪ Secure and reliable computing environment for headquarters and ICOs 	<ul style="list-style-type: none"> ▪ ICT client satisfaction surveys ▪ Application systems uptime (>99%) ▪ Infrastructure systems uptime (>99%) ▪ Corporate systems accessible from ICOs (>90%) ▪ Capital budget projects delivered on schedule (>75%) ▪ Additional financial and staffing resources made available for large and small projects <p>Sources of verification: ICT strategy; ICT applications portfolio; ITGC⁴¹ quarterly status reports</p>	<p><u>Achieved</u></p> <ul style="list-style-type: none"> ▪ Upgrade of PeopleSoft financial platform ▪ Dashboards for workforce analysis ▪ OPTICS⁴² for OPV correspondence <p><u>Pending – to be updated after close of year</u></p> <ul style="list-style-type: none"> ▪ Interactive web-based platform for Member State representatives ▪ ICT for regional knowledge networks ▪ New ICT strategy and corporate ICT initiatives

⁴¹ ITGC: Information Technology Governance Committee.

⁴² OPTICS: OPV Tracking Incoming Correspondence System.

IFAD ENTERPRISE RISK MANAGEMENT, BUSINESS CONTINUITY AND GOVERNANCE OUTCOMES 2010–2012 – CMRS 6 AND 9

Operational outputs	Measures of success and sources of verification	Performance projections for 2010								
<p>Enterprise risk management (ERM) and mitigation</p> <p>Office of Audit and Oversight (AUO)</p> <p>OPV:</p> <ul style="list-style-type: none"> ▪ Improved enterprise risk management mainstreamed 	<ul style="list-style-type: none"> ▪ Percentage of high-priority internal audit recommendations overdue: 52% (Q3) ▪ Key corporate, departmental and divisional objectives/risks monitored and mitigated <p>Sources of verification: AUO audit reports; AUO annual report; annual ERM report; quarterly conversations on performance and results</p>	<p><u>Achieved</u></p> <ul style="list-style-type: none"> ▪ Annual rolling 3-year MTP ▪ Implementation of audit recommendations ▪ RIDE ▪ Annual ERM reports <p><u>Pending to be updated after close of year</u></p> <ul style="list-style-type: none"> ▪ Consultant performance management systematized 								
	<ul style="list-style-type: none"> ▪ Approved policy with governance structure, including nomination of BC manager and establishment of crisis management and response teams ▪ Approved business impact analysis ▪ Template for emergency and BC plans for functional emergencies ▪ Crisis teams trained and staff aware of their roles under BC plans ▪ Functional strategies and plans tested, completed and put in place in critical areas: ICT, cash management, facilities, travel, and security ▪ AUO to follow up on high-priority recommendations <p>Sources of verification: IFAD business continuity plan; ERMC⁴⁶ reports; security risk assessment reports</p>	<p><u>Achieved</u></p> <ul style="list-style-type: none"> ▪ BC testing of critical functions ▪ Recovery plans for critical functional areas ▪ ICT infrastructure availability in headquarters and ICOs ▪ Offsite hosting of recovery equipment and system ▪ Roadmap for enhanced BC ▪ BC governance structure ▪ BC impact analysis ▪ Security assessments through DSS peer process <p><u>Pending – to be updated after close of year</u></p> <ul style="list-style-type: none"> ▪ IFAD BC policy and plan ▪ Staff tracking system 								
<p>Legal compliance of policies, programmes and projects</p> <p>LEG:</p> <ul style="list-style-type: none"> ▪ Appropriate legal framework for IFAD policies and programmes 	<p>No. of loan agreements and other project-related legal documents drafted and negotiated (including grants)</p> <p>No. of host country agreements</p>	<p><u>Pending – to be updated after close of year</u></p> <ul style="list-style-type: none"> ▪ Legal agreement for supplementary funding <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;"><i>Category</i></th> <th style="text-align: center;"><i>Target 2010</i></th> </tr> </thead> <tbody> <tr> <td>Loan and grant agreements</td> <td style="text-align: center;">52</td> </tr> <tr> <td>Global and regional grants</td> <td style="text-align: center;">42</td> </tr> <tr> <td>Environmental grants</td> <td style="text-align: center;">8</td> </tr> </tbody> </table> <p><u>Note:</u> Results for 2010 will be updated at the close of the year</p>	<i>Category</i>	<i>Target 2010</i>	Loan and grant agreements	52	Global and regional grants	42	Environmental grants	8
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⁴⁶ ERMC: Enterprise Risk Management Committee.

IFAD ENTERPRISE RISK MANAGEMENT, BUSINESS CONTINUITY AND GOVERNANCE OUTCOMES 2010–2012 – CMRS 6 AND 9 (CONT'D)

Operational outputs	Measures of success and sources of verification	Performance projections for 2010		
Support to Members' governance activities Office of the Secretary (SEC)	<ul style="list-style-type: none"> ▪ Smooth functioning of governing body deliberating process ▪ Increased engagement by IFAD membership <p>Source:</p> <ul style="list-style-type: none"> ▪ Percentage of governing body documents submitted on time to SEC in accordance with procedures ▪ Percentage of governing body documents dispatched to governing bodies on time ▪ No. of hours interpreted ▪ No. of words edited and translated 	<i>Category</i>	<i>Result 2010</i>	<i>Target 2010</i>
		Governing Council session	1	1
		Executive Board sessions	3	3
		Audit Committee meetings	7	6
		Evaluation Committee sessions	5	5
		PBAS meetings	3	3
		Convenors and Friends meetings	5	5

PBAS: Performance-based allocation system