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Enabling poor rural people
to overcome poverty

Report on IFAD's Development Effectiveness

Note to Evaluation Committee members

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Evaluation Committee — Seventieth Session
Rome, 9 December 2011

For: **Review**

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Contents

Annexes

Abbreviations and acronyms

AfDB	African Development Bank
ARRI	Annual Report on Results and Impact of IFAD Operations
AsDB	Asian Development Bank
CGIAR	Consultative Group on International Agricultural Research
CLE	corporate-level evaluation
COSOP	country strategic opportunities programme
CPE	country programme evaluation
DAC	Development Assistance Committee (OECD)
HR	human resources
IEE	Independent External Evaluation of IFAD
IFI	international financial institution
IGA	income-generating activity
IOE	Independent Office of Evaluation of IFAD
IsDB	Islamic Development Bank
M&E	monitoring and evaluation
MDG	Millennium Development Goal
MfDR	managing for development results
MTP	Medium-term Plan
OECD	Organisation for Economic Co-operation and Development
OFID	OPEC Fund for International Development
PCR	project completion report
PMD	Programme Management Department
PPMS	Project Portfolio Management System
PRISMA	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions
PSR	project status report
QA	quality assurance
RIDE	Report on IFAD's Development Effectiveness
RIMS	Results and Impact Management System
RMF	Results Measurement Framework
SSC	South-South cooperation

Executive summary

1. This 2011 edition of the Report on IFAD's Development Effectiveness covers two areas: IFAD's delivery under its Medium-term Plan with regard to development assistance and institutional strengthening, including efficiency; and its results relative to the key measures and indicators identified by the Executive Board in the Results Measurement Framework of the Eighth Replenishment of IFAD's Resources (IFAD8).

2. IFAD is committing loans and grants for smallholder development at a level more than 60 per cent higher than at the equivalent stage of the Seventh Replenishment (2008), and it is on track to reach the record IFAD8 commitment target. Disbursement levels lag increases in commitments, but are already 35 per cent higher than in 2008. Projects are being implemented faster, with fewer time overruns. The rapid upturn in delivery is being underpinned by IFAD's assumption of direct supervision in 220 projects under implementation, compared with only 101 in 2008.

3. Country ownership continues to build, partly as a result of expansion of IFAD's network of small, but highly focused country offices. The Organisation for Economic Co-operation and Development/Development Assistance Committee reports that IFAD is the absolute leader among multilateral financial institutions in country ownership and use of national systems.

4. IFAD is responding to changing configurations in the structure of global and agricultural economies: it is strongly engaged in supporting South-South collaboration, and is rapidly expanding collaboration with the private sector – for which a new policy will be presented at the end of 2011. According to the Independent Office of Evaluation of IFAD (IOE), the Fund compares very well with other international financial institutions (IFIs for both development and implementation of gender strategy, and a new policy will be presented to pursue this even more. It has a new Climate Change Strategy, being implemented by a new (2010) Environment and Climate Division, and a dedicated smallholder adaptation programme is in development. IFAD has strengthened its partnerships, both financial and with smallholders (through support for farmers' organizations and indigenous peoples). And it is one of the leading institutions in planning for scaling up of operations to achieve the broad changes in investment and policy that a response to the global food security issue requires.

5. The rapid and far-reaching institutional Change and Reform Agenda underpins improvements in the delivery of development assistance, both quantitative and qualitative. New and specialized groupings have been formed, namely the Financial Operations Department and the Office of Strategy and Knowledge Management, and both policy dialogue engagement (at both global and national levels) and effective resource management have been tangibly strengthened. In the key area of human resources management, IFAD is rationalizing its workforce on the basis of a strategic workforce plan, and is concentrating its staff development in operations and in the field offices. It has asserted control over rising staff costs, and is taking the lead in the United Nations system in promoting a more modern and flexible approach to contracting, performance management and remuneration.

6. What does this translate into in terms of results? Overall, IOE finds IFAD performing better than its comparator IFIs in project impact. The Fund is on track to reach or exceed the ambitious RMF targets in most areas of impact, and on a three-year average basis, has improved in all the dimensions measured. The quality of projects at entry is strong, and has every probability of meeting the improvement targets. Ongoing projects continue to increase the number of people engaged and the level of services and material inputs provided. The proposed

budget for 2012 will comfortably exceed the RMF financial efficiency target, and process efficiency indicators are improving to meet targets by next year.

7. IFAD's key results challenge is project efficiency: it is improving, but in relative terms continues to remain weakest among outcome indicators. It is also affecting performance in other areas (e.g. project sustainability). Institutional efficiency is also a challenge, but that is largely under IFAD's own control, and convincing steps are being taken towards major improvements. The question of project efficiency is much more complex. On one hand, it involves elaboration of a much more modern approach to the smallholder economy in the context of broader agricultural and economic systems. On the other, it means forging new policies and partnerships to translate that approach into effective action. IFAD is putting into place the foundations of a long-term and systematic response: a new strategic framework, putting strengthening of the economic and business empowerment of the smallholder at the centre; a corporate-level evaluation of its Private-sector Development and Partnership Strategy – and a new private-sector policy; a new partnership policy (for early 2012); a strong investment emphasis on value-chain development; staff development for more robust planning for economic and financial benefits; and the elaboration of a policy dialogue position focused on creating the economic bases among smallholders for sustainable development anchored in sustainable intensification, saving and reinvestment.

8. All development organizations and governments face the challenge of economically viable and sustainable development in smallholder agriculture, particularly at the margins where the Fund's work is concentrated. IFAD's success in hammering out new solutions will be vital not only to its own performance, but to the many others who look to it as much for new solutions as for a reliable instrument in delivering resources to an area that has enormous potential – and that will be unlocked only when the right development code is entered.

Report on IFAD's Development Effectiveness

I. Introduction: Key aspects of the development context

1. The global situation today is very different from three years ago. The food price crisis has not passed: prices are high, volatility remains, and the problem has revealed itself to be structural rather than conjunctural. Moreover, the global economic growth that seemed to be carrying the global population towards meeting many of the Millennium Development Goal (MDG) targets has faltered. The nature of the global economy itself is changing rapidly.

2. What is clear is that agricultural development has a very important place in the future: it will be essential in addressing the food security and price challenge; and it has an important role in re-establishing conditions for sustained growth in developing countries in particular, but also in the global economy as a whole. Before the onset of the food price crisis, this was much less clear, and global engagement in promoting agricultural development plummeted. What has also become evident is that smallholder agriculture has a very important role in global agricultural development and food security. Its performance is vital to the economies of much of the developing world, and it is at the heart of the food security and income of poor rural people, who represent the majority of its population. This is being increasingly recognized: the level of references to smallholder agriculture in today's statements on the need to revitalize agriculture is unprecedented.

3. A changing set of global needs requires new responses: smallholder agriculture must adopt innovative approaches if it is to satisfy the demand for food and fuel, and to maximize its contribution to growth. It needs to be better linked to more effective marketing chains, and to have access to forms of intensification that are sustainable in both economic and environmental terms. Success in achieving this promises a pathway of inclusive growth for all. Failure might lead to new, and perhaps less sustainable, forms of agricultural development – marginalizing the vast population of poor rural people, with growing competition for the agricultural resources that are vital to their incomes and food security. The potential costs in terms of social welfare and stability are enormous.

4. Achieving success in smallholder development requires exploration of new solutions that are in tune with changing realities in developing and developed countries – and sharing of the lessons learned. It also requires a major effort to raise investment, scale up successes and improve the policy framework for inclusive agricultural growth. As the only international financial institution (IFI) focused on smallholder agricultural development, IFAD has an important role to play in responding to these broad needs. It has the longest experience in the changing smallholder environment. And it has the broadest policy, technical, financial and operational partnerships for addressing the smallholder problematic: with developing country governments, farmers' organizations and development institutions.

5. The most compelling argument for major, sustained global engagement in creating the conditions for smallholder development is success. To effectively influence policy and investment, IFAD must show that it is achieving positive results, that it has a credible message based on those results, and that it is capable of effectively managing and applying the resources that partners channel through it as they seek an experienced and capable collaborator in an area in which many have little expertise.

6. This Report on IFAD's Development Effectiveness (RIDE) seeks to identify the key dimensions of IFAD's performance – its successes and challenges – within the

planning and performance frameworks established by the Executive Board. The report measures performance against two major yardsticks: IFAD's rolling Medium-term Plan (MTP) and its Results Measurement Framework (RMF) as approved by the Executive Board under the mandate of the Governing Council in September 2009. The Executive Board has determined that reporting on the MTP will be done through the RIDE report. Correspondingly, section II reports on key achievements in relation to the objectives of the MTP. The RIDE report was established principally to report on IFAD's progress against the RMF's development and organizational effectiveness indicators. Section III presents IFAD's performance against those indicators, and section IV identifies key issues and principal actions being taken and planned to address them.

7. The structure of the RIDE report for 2012 reflects the demand expressed in the Executive Board for more streamlined reporting on what has been achieved and the principal issues that remain to be confronted. Thus the more detailed analysis of the results that lie behind the RMF data is presented in annex I. Annex II gives an overview of IFAD's planning and reporting systems and describes the logic chain behind the structure of the RMF.

II. Principal achievements under the MTP

8. The key development and organizational effectiveness results that the MTP is designed to achieve are those articulated in the RMF. The value added of the MTP is the specification of the means by which those results will be achieved over a rolling three-year period: increasing project and financial assistance; improving the quality of development operations; stimulating effective dialogue for policies that are more supportive of smallholder development; and building an effective and efficient institutional platform.

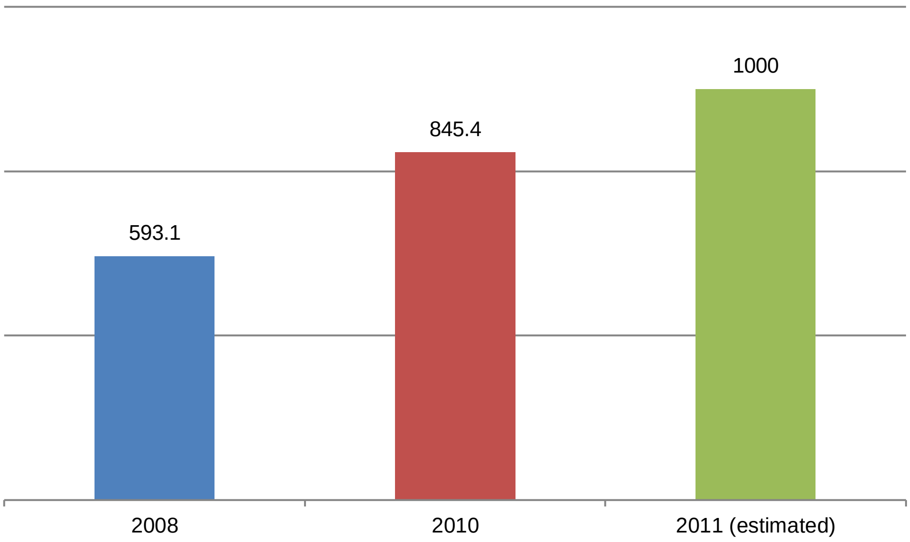
A. Increasing project and financial assistance

9. The key MTP output is a portfolio of loans and grants that is effective in terms of results and that is expanding to respond to the urgent need for higher levels of investment in the sector of agriculture critical to food security and poverty reduction in developing (including emerging) countries: the smallholder sector.

10. In 2011 IFAD is again on track to deliver a new record volume of loan and grant financing – attracting a higher volume of cofinancing. It has more projects under implementation that are achieving more and are better managed. And these projects are disbursing at record levels.

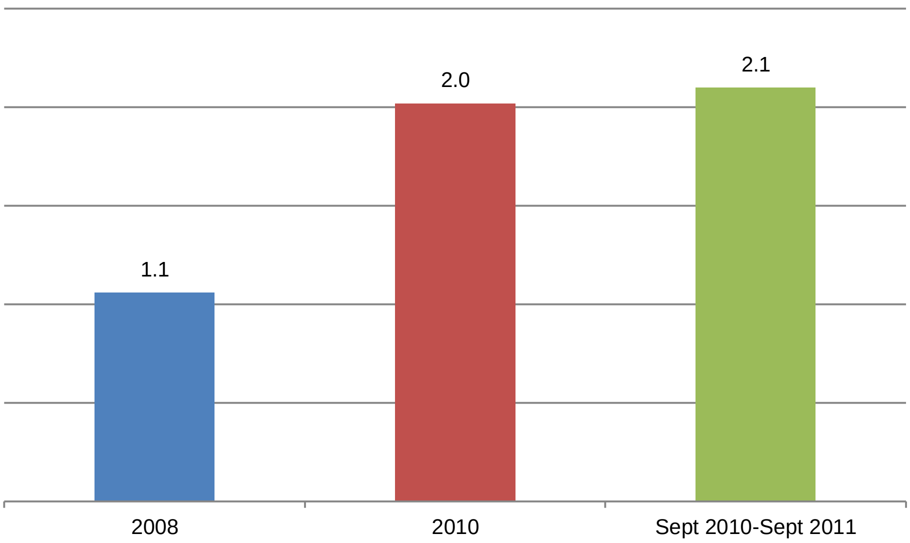
11. The anticipated volume of loans and grants for 2011 is US$1 billion compared with US$0.84 billion in 2010 – and US$0.59 billion at the equivalent point of the Seventh Replenishment of IFAD's Resources (IFAD7). IFAD's cofinancing ratio was 2.0 in 2010/2011, and thus above the target of 1.5 for project approvals in the Eighth Replenishment period (IFAD8). This means that, on average, IFAD approved US$2 of domestic contributions and international cofinancing for each dollar of IFAD financing. At the same point of IFAD7, IFAD's cofinancing ratio was only 1.1.

Graph 1
Loan and grant commitments
(Millions of United States dollars)



Source: Project Portfolio Management System (PPMS).

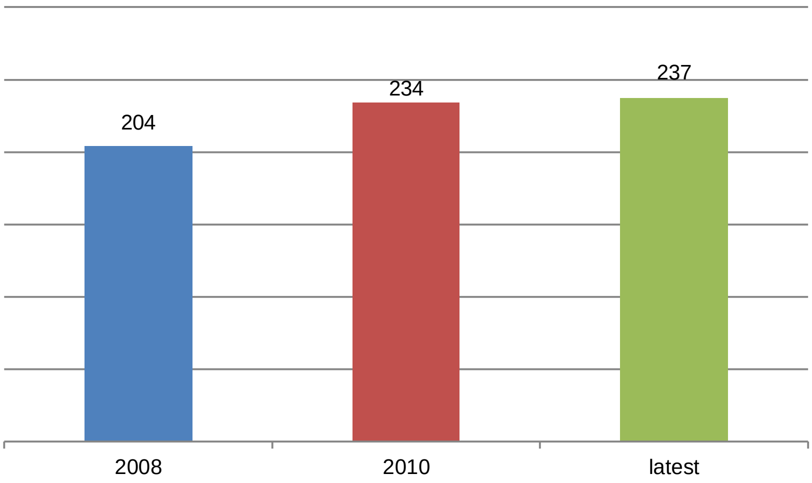
Graph 2
Cofinancing ratio
(US$ of domestic contributions and international cofinancing per US$ of IFAD financing)



Source: PPMS.

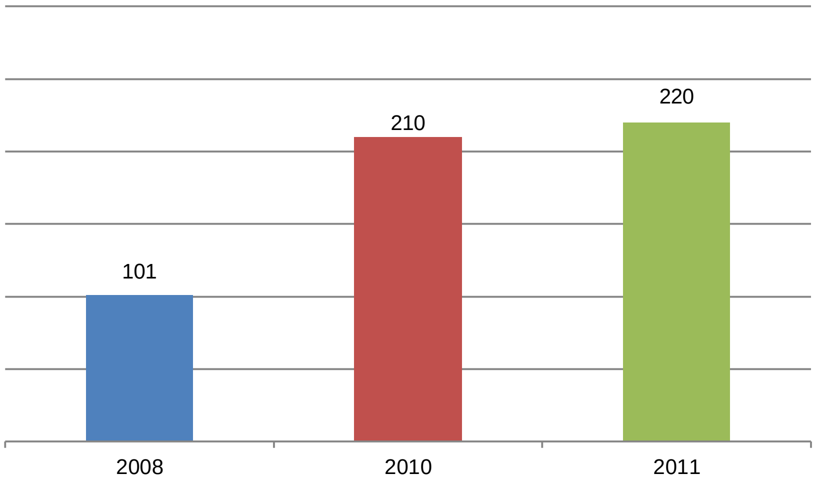
12. The number of projects under implementation is 237, compared with 234 in 2010 and 204 at the equivalent point of IFAD7. The relatively modest growth in the number of projects under implementation reflects two factors: first, that projects are being implemented faster with fewer time overruns (i.e. the overhead of extended projects is being reduced), reflecting the impact of IFAD's assumption of direct supervision in over 90 per cent of its projects; and second, that the average project size is being gradually increased within the limits allowed by the performance-based allocation system (PBAS).

Graph 3
Number of projects under implementation



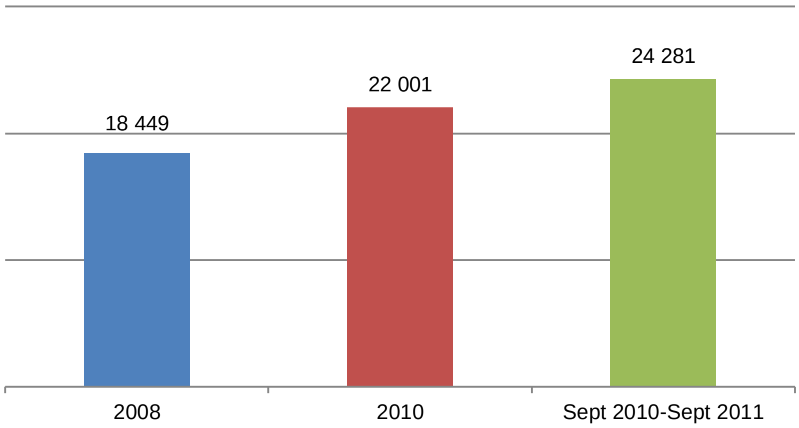
Source: PPMS.

Graph 4
Projects under IFAD supervision



Source: Programme Management Department.

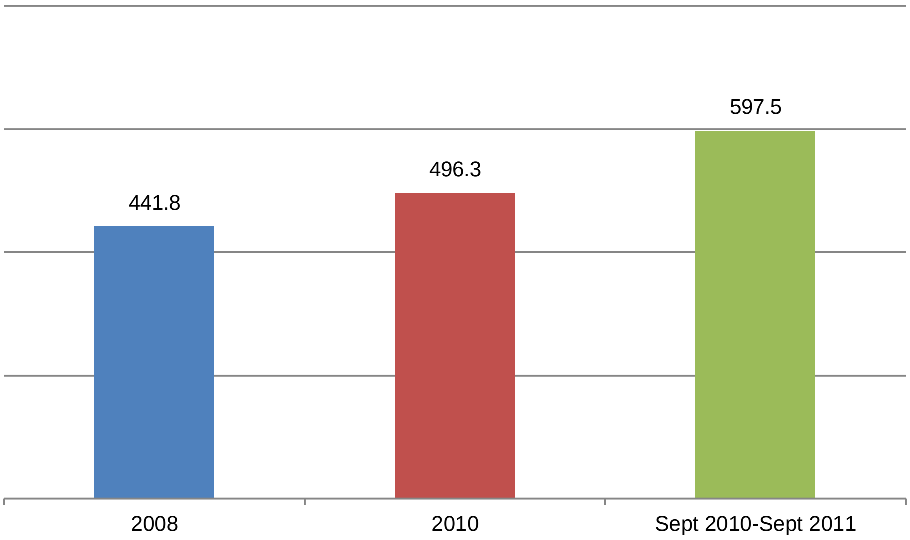
Graph 5
Average IFAD loan and grant size of projects



Source: PPMS.

13. As a result of the increased size of the portfolio and the more intense support given to implementation, the disbursement level is rising rapidly. Over a 12-month rolling period, disbursements increased by 35 per cent over the equivalent point of IFAD7 in 2008 and by 20 per cent over last year, reaching a record level of US$597.5 million. A key factor has been IFAD's assumption of direct supervision responsibility. Between 2008 and 2011 the number of projects directly supervised by IFAD rose by 120 per cent, from 101 to 220.

Graph 6
Loan and Debt Sustainability Framework grant disbursements
(12-month rolling, in millions of United States dollars)



Source: Loan and Grant System.

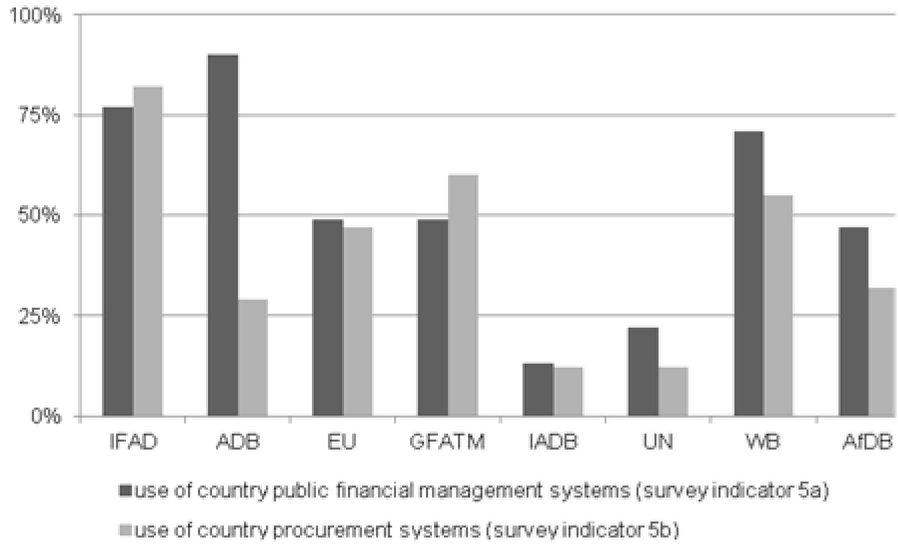
B. Improving the quality of development operations

14. The results achieved through this expanding programme of support for smallholder development are critically dependent on IFAD's operational delivery system. The MTP highlights nine operational areas for strengthening: (i) country ownership; (ii) South-South partnerships; (iii) private-sector engagement; (iv) country presence; (v) mainstreaming of environmental and natural resource management and climate change issues; (vi) scaling up; (vii) mainstreaming of gender issues; (viii) indigenous peoples; and (ix) partnership. Paragraphs 15-26 briefly describe developments in each of these priority areas.

15. In the area of country ownership, independent data show both strong and improving performance. On the crucial axes of use by multilateral institutions of country public financial management systems and of country procurement systems, the Development Assistance Committee of the Organisation for Economic Co-operation and Development (DAC/OECD) shows IFAD as best among global institutions and second best among all institutions[1] in the use of country public financial management systems. In the area of use of country procurement systems, IFAD leads all other multilateral institutions, both global and regional, by a significant margin (graph 7).

[1] Headed by the Asian Development Bank (AsDB), which, of course, works only in the Asia and the Pacific region.

Graph 7
Country ownership/use of national systems



Source: OECD, Aid effectiveness 2005-10: Progress in implementing the Paris Declaration (Paris: OECD/DAC, 2011).
GFATM: The Global Fund to Fight Aids, Tuberculosis and Malaria.

16. As stated in document REPL. IX/3/R.3, South-South cooperation (SSC) is central to IFAD's business model. The Fund's approach was discussed with the Executive Board in 2011, and in the IFAD9 consultation. Examples of SSC as a normal part of IFAD's country programming processes include the following modus operandi: national project managers participate in country programme processes in other countries in order to learn and share their own experiences; the increased recruitment of technical expertise from developing countries enhances South-South cross-learning; in countries with a narrow private-sector base, IFAD facilitates the engagement of private-sector entities across borders; project staff and participants visit poverty reduction projects in other countries to learn and replicate successful approaches; results-based country strategic opportunities programmes (COSOPs), especially for middle-income countries, explicitly identify areas for South-South knowledge exchange (e.g. the COSOPs for Brazil, China and India); many investment projects have an in-built training component, which makes it possible for project monitoring and evaluation (M&E) staff to visit other investment programmes to exchange experiences (e.g. the 2010 M&E workshop in India); annual regional country portfolio workshops bring together project managers from across regions to share experiences and lessons learned, and to identify ways and means to increase portfolio effectiveness; analytical work directed by IFAD's regional economist brings expertise from one country to assist experts in another, thereby also strengthening local capacities; and the regional electronic networks (FIDAMERICA, IFADAsia[2], FIDAFRIQUE, KariaNet[3]) provide platforms for regional stakeholders to share knowledge directly on issues of concern.

17. Stocktaking of South-South cooperation activities in 2011 is in progress, while table 1 provides a broad overview of the types of activities that IFAD has engaged in with country and regional partners.

[2] Formerly Knowledge Networking for Rural Development in Asia/Pacific Region (ENRAP).
[3] Knowledge Access in Rural Interconnected Areas Network.

Table 1
Some illustrative examples of IFAD support to South-South cooperation

Project	*Nature of activity*	*Date*	*IFAD's contribution (in US$)*
ICT Africa-Latin America	grant-funded	2005	150 000
Iraq-Iran civil societies cooperation	grant-funded	2006	200 000
Palenque learning route	grant-funded	2006	60 000
Pro-poor policy with FAO	grant-funded	2007	1 500 000
Competitiveness Greater Mekong Subregion	grant-funded	2007	609 000
Learning route Ecuador - Peru, market access	grant-funded	2007	900 000
Cambodia - China	in project	2008	200 000
Cooperation with farmers' organizations	grant-funded	2008	1 420 000
First Asia Regional Gathering Pastoral Women	grant-funded	2009	200 000
Terra Madre India and Brazil	grant-funded	2009	200 000
Total overseas training status, MIDPCR[a] LGED[b]	in project	2009	45 000
New Delhi Conference	grant-funded	2010	200 000
Brazil-Africa Agricultural Innovation Marketplace	grant-funded	2010	500 000
Indigenous partnerships	grant-funded	2010	100 000
Knowledge sharing, microfinance and social safety	grant-funded	2010	60 000
Promoting SSC with China, knowledge sharing	grant-funded	2010	200 000
Total			6 544 000

[a] MIDPCR = Market Infrastructure Development Project in Charland Regions.
[b] LGED = Local Government Engineering Department (Bangladesh).

18. If SSC has been an integral part of IFAD's business model for many years, engagement with the private sector has been much less an explicit and material part of the model, although very successful partnerships with the private sector for smallholder development have been achieved in Armenia, Sri Lanka and Uganda. Nonetheless, agriculture, including smallholder agriculture, is very much a private-sector activity, and engagement of the large- and medium-scale private sector is growing. There is increasing interest by the private sector in incorporating poor people into their supply chains, and public/private partnerships have been proliferating – especially along value chains.

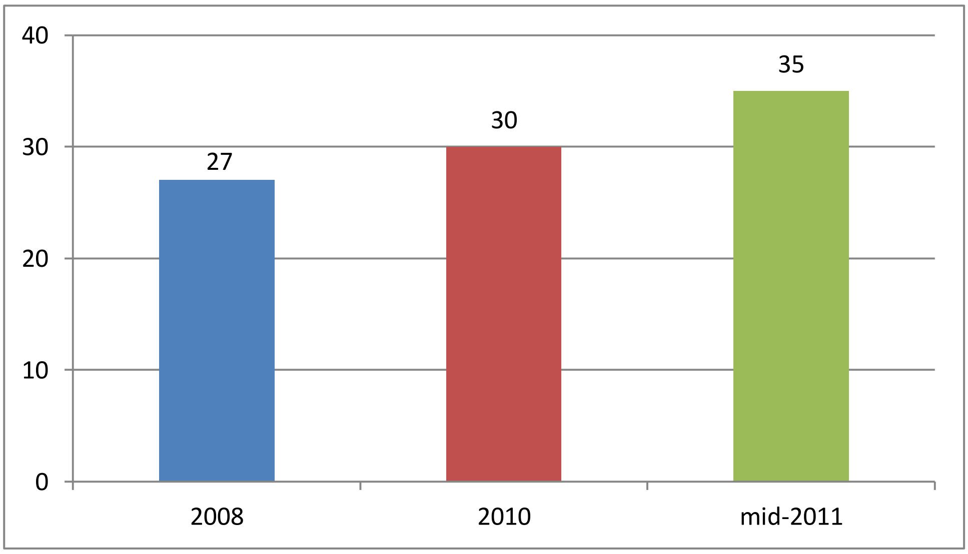
19. IFAD's existing strategy (2005-2010) dates from a period when rural economies had a different dynamic, and inclusion of engagement of the private sector as an important part of IFAD's new strategic framework has called for a new strategy. The Independent Office of Evaluation of IFAD (IOE) has helped respond to this need through a review of experiences and issues in the 2011 corporate-level evaluation (CLE) of IFAD's Private-Sector Development and Partnership Strategy. In light of this, and of discussions with the Executive Board in an informal seminar context, IFAD will present a new strategy on engagement with the private sector to the Executive Board in December 2011 (see table 2 for an overview of the policy and strategy instruments prepared, approved and planned for the IFAD8 period).

Table 2
New policies and guidance instruments adopted or to be adopted in the IFAD8 period

Executive Board session	*Instrument*
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	Revised Lending Policies and Criteria
May 2011	IFAD Strategic Framework 2011-2015
May 2011	IFAD Policy on Engagement with Middle-income Countries
May 2011	IFAD Environment and Natural Resource Management Policy
May 2011	Revised IFAD Evaluation Policy
May 2011	IFAD lending terms and conditions – Applicable euro interest rate
Planned	
December 2011	IFAD Policy on Gender Equality and Women's Empowerment
December 2011	Revisions to the Financial Regulations of IFAD
December 2011	IFAD Investment Policy Statement and Guidelines
December 2011	Deepening IFAD's Engagement with the Private Sector
April 2012	Strategy on partnership and collaboration at IFAD
September 2012	CLE on institutional efficiency and efficiency of IFAD-funded operations and Management's response

20. Country presence is a major component of IFAD's strategy for increasing country partnership and ownership, as well as for the mobilization of more national staff in IFAD operations. In 2010 IFAD produced an evaluation of experience to date that echoed the repeated positive observations of IOE, and agreed on a policy on the way forward with the Executive Board[4]. This included an expansion of the envelope to 40 offices. Currently, 35 offices have been approved, established on a lightly staffed basis, and hosted within sister United Nations agencies. Graph 8 shows the evolution of country presence.

Graph 8
Evolution of country presence
(Number of approved country offices)



Source: PMD

[4] Document EB 2010/101/R.15.

21. In mainstreaming environmental and natural resource management and climate change issues, the establishment of a new Environment and Climate Division (ECD) in 2010 prompted the production of the IFAD Climate Change Strategy in 2010 and a Environment and Natural Resource Management Policy in 2011. Mainstreaming has been strengthened by embedding ECD staff in regional divisions, and IFAD has prepared a new Smallholder Adaptation Programme that aims to strengthen the adaptation dimension of smallholder agricultural projects.

22. IOE reviewed IFAD's work in innovation and scaling up in 2010. In partnership with the Brookings Institution, IFAD has launched a major initiative to prepare for implementation of the scaling up approach central to the enhanced impact strategy of the new Strategic Framework. Partnership is a central dimension of scaling up, and IFAD is involving the World Bank and other development institutions from the beginning of its preparations, not least through comparing experience among IFIs.

23. In 2010 IOE produced a CLE on gender issues in IFAD. It found that IFAD is a leader among IFIs in taking progressive approaches to gender. Nonetheless, IFAD plans to do better. Drawing on the CLE, and on assessments of knowledge management support for the learning and experience base of its gender operations, IFAD will present its first gender policy to the Executive Board in December 2011.

24. Indigenous peoples are key partners in IFAD's work. In 2010 IFAD adopted a policy on Engagement with Indigenous Peoples. In that year alone, IFAD provided some US$106 million in regular loans and grants supporting the development of indigenous peoples. In February 2011 IFAD established the Indigenous Peoples' Forum to monitor and evaluate the implementation of IFAD's policy of engagement. This includes the policy's contribution to: realizing the provisions of the United Nations Declaration on the Rights of Indigenous Peoples; building and strengthening partnerships between IFAD and indigenous peoples in order to address poverty and sustainable development with culture and identity; and promoting the participation of indigenous peoples' organizations in IFAD activities at country, regional and international levels, at all stages of the programme cycle.

25. Another instrument in the implementation of IFAD's policy on engagement is the Indigenous Peoples Assistance Facility. This is a demand-driven fund that finances indigenous peoples' small projects based on their needs, priorities and identity. In 2011 IFAD strengthened this facility by increasing its financial resources and by decentralizing its management to indigenous peoples' regional organizations.

26. Partnerships are fundamental to IFAD's business model, be it in terms of project development and implementation, financial mobilization for investment in smallholder agriculture, or knowledge management and policy dialogue. IFAD has a wide variety of operational knowledge and financial partnerships with governments, farmers' organizations, IFIs, bilateral development organizations, United Nations organizations, NGOs, the consultative Group on International Agricultural Research (CGIAR) and other research institutions. It does not directly implement any project it finances, but cofinances a large percentage of the projects it is engaged in. And through the grant programme, but not limited to it, much of its knowledge work is undertaken by or in collaboration with external partners. The issue for IFAD is not to become a partnership organization, which it already is, but to manage those partnerships effectively. The fund has thus launched a review of its partnership portfolio and approach and will present a new partnership strategy in 2011, which was preceded by discussion with the Executive Board in 2010. IFAD is, of course, noted for its exceptionally strong partnerships with farmers' organizations (and, as noted above, indigenous peoples' organizations), which was expressed in further capacity-building grants in 2011. In the context of the urgent need for expanded investment in smallholder agriculture, a key objective in 2011 has been expansion and operationalization of IFAD's financial mobilization partnerships, in the form of both project-specific cofinancing and broad cofinancing arrangements such as

those concluded with the Government of Spain, OPEC Fund for International Development (OFID) and Islamic Development Bank (IsDB) in 2010.

C. Delivering effective dialogue

27. Responding to food security and rural poverty challenges requires a supportive policy environment at global and national levels, as well as decisions on investment levels and priorities. Both the new Strategic Framework and the MTP emphasize IFAD's role in policy dialogue at national, regional and global levels. From the immediate IFAD point of view, policy and programming development is critical to the success of the scaling-up agenda, and is vital to the success of particular projects. In 2010 and 2011, IFAD has moved to strengthen its policy dialogue and associated knowledge management capacities.

28. Such policy dialogue is a normal and essential element of IFAD's country operations, and has been strengthened by decentralization and increased engagement in country-level policy and coordination processes. The Annual Report on Results and Impact of IFAD Operations (ARRI) notes that "Policy dialogue has improved. In 2006-2008, 33 per cent of country programme evaluations (CPEs) had assessed performance in policy dialogue to be in the satisfactory zone. This increased to 70 per cent in 2008-2010. Partnership-building has improved marginally, from 61 per cent of CPEs in 2006-2008 reporting performance to be in the satisfactory zone to 75 per cent in 2008-2010. For both policy dialogue and partnership-building, close to two thirds of the country programmes are merely moderately satisfactory, implying there is room for betterment in these areas as well."

29. At the global level, IFAD has been engaged in the key processes in which the response to the food security and food price crisis is being hammered out. In addition to the intensive work on launching and discussing IFAD's own Rural Poverty Report 2011 in high-level bilateral and multilateral settings, as well as conducting the associated conference on New Directions for Smallholder Agriculture (publication in preparation), and hosting the highly successful, multi-agency Second Global AgriKnowledge ShareFair, IFAD has been heavily engaged in key multilateral processes (table 3).

Table 3
Key policy dialogue platforms and processes in 2011

Development forums and mechanisms	*IFAD's engagement*
G-20 Initiatives on food security and price volatility	Input on: price volatility; Principles for Responsible Agricultural Investments (PRAI) that Respect Rights, Livelihoods and Resources; Agricultural Market Information System (AMIS); Joint Risk Management Platform and Emergency Food Reserve for West Africa
World Economic Forum	Participant at global and regional level
Secretary-General's High-Level Task Force on the Global Food Security Crisis (HLTF)	Member and host to secretariat. Member of technical steering committee
Committee on World Food Security	Membership of secretariat and preparation of inputs on PRAI (paper on *How to increase food security and smallholder-sensitive investment in agriculture*)
OECD/DAC	Engagement in the procurement; financial management and gender groups
Global Donor Platform for Rural Development	Co-chair. Includes work with the Commission on Sustainable Agriculture and Climate Change
MDB Group on Management for Development Results	Support for Common Performance Assessment System (COMPAS) report and communities of practice in Africa (and Asia planned for late 2011). Preparation of inputs into the Busan
CGIAR	Member of CGIAR Fund Council. Major financier and previously co-chair of the Change Steering Team of the CGIAR Change Programme
United Nations Convention to Combat Desertification (UNCCD)	Host of Global Mechanism (resource mobilization)
Comprehensive Africa Agriculture Development Programme (CAADP)	Inputs in policy and programming discussions (also through global platform)
Global Agriculture and Food Security Programme (GAFSP)	Member of steering committee and implementing agency
Adaptation Fund	Multilateral implementing entity
Rio+20	Inputs into preparation process

D. Building an effective and efficient institutional platform

30. In addition to providing a framework for improving the direct delivery of support to smallholder development, the MTP also aims to make the organizational platform on which operations rest more effective and efficient. The main vehicle has been the Change and Reform Agenda, the strategic objectives of which are: ensuring the effective delivery of IFAD8 by enhancing the organizational capacity of the Fund; strengthening IFAD as a knowledge institution; improving the Fund's financial management; and improving the Fund's efficiency.

31. Following strengthening of PMD in 2010, a key objective in 2011 has been improving IFAD's financial management. Correspondingly, at the beginning of the year, the former Finance and Administration Department was split into two departments: a focused and specialized Financial Operations Department (FOD), headed by a Chief Financial Officer, and a Corporate Services Department, headed by a Head of Department.

32. Further changes within the framework of the FOD involved: reorganization of the Controller's and Financial Services Division to respond better to the evolving needs

of the Fund; a major IT investment to replace the Fund's Loan and Grant System; and transfer of the budget preparation and oversight function to FOD, with the creation of the Financial Planning and Risk Analysis Unit, to achieve better financial planning and budgetary execution. These changes are expected to result in shorter withdrawal (disbursement) processing time (the RMF measures "processing time for withdrawal applications"); maximum returns on investments subject to the conditions set by IFAD's Investment Policy; and better monitoring of the use of budgeted resources to encourage more efficient use.

33. Having sound financial management is key for an IFI. So is active exploration of options in resource mobilization to meet growing demand by development partners for investment in smallholder agriculture. In this context, a reorganized Resource Mobilization and Partnership Office (RMP) was established in 2011. Headed by a Senior Adviser to the President, this office will be instrumental in strengthening the Fund's resource mobilization capacity by enabling it to tap into both traditional and non-traditional sources. It will also play a major role in strengthening strategic partnerships to enable IFAD to reach one of its most important objectives for 2015 – greater scaling up of the Fund's programmes and projects – thus enhancing its development impact and efficiency.

34. The other main structural change introduced under the MTP in 2011 was finalization of the overall organization of strategy and knowledge management into a new office (SKM), led at the assistant president level. The main goal of this department, headed by IFAD's Chief Development Strategist, is to strengthen the Fund's analytical capability and its capacity for global policy dialogue and advocacy for smallholder agricultural development. In addition, it is also expected to make major contributions to country programming by (i) preparing policy and strategy documents[5] informed by state-of-the-art thinking; and (ii) developing more effective knowledge management instruments that focus on internal knowledge generation and dissemination, as well as on effective use of external knowledge sources.

E. Reforming human resources management

35. Achievement of IFAD's desired development results is critically dependent on strong human resources (HR) management, and this is a major objective of the MTP. Important progress was achieved in strategic workforce planning in 2010 (reflected, inter alia, in the growing proportion of the workforce dedicated to IFAD's operational programme, see paragraph 41), and staff deployment and recruitment have been rationalized in 2011. However, efficiency requirements dictate not only optimum deployment of staff resources, but also creation of a work environment in which planned staff outputs are delivered and staff productivity enhanced. Particularly important is that the system ensure that incentives are aligned with results, with good performance rewarded and weak performance challenged. In addition, as the compensation and benefits system is a major determinant of the overall cost structure and efficiency of the Fund, it needs to be reviewed periodically to ensure that it is aligned with the appropriate labour market comparators.

36. Staff rules and procedures govern the conditions of work and service at IFAD. They are currently being revised and are due to be completed in 2011. The new rules and procedures will reflect modern HR management practices and are expected to improve the Fund's work environment and staff performance management.

37. As part of the commitments under IFAD8, an external review of IFAD's HR management was undertaken and the results shared with the Executive Board. A number of important findings emerged: (i) the compensation of General Service

[5] The new IFAD Strategic Framework 2011-2015 was prepared by SKM and approved by the Executive Board in May 2011.

(GS) staff is costly and is not aligned with labour market conditions in Rome; (ii) the current system of performance management is too rigid, in particular relating to the possibility of pay-for-performance; and (iii) the ratio of General Service to Professional staff is high. The Fund is addressing the first two issues with the International Civil Service Commission (ICSC), with the possibility of introducing changes that will affect not only IFAD's compensation and performance management system, but also those of the Rome-based agencies and the United Nations system as a whole. The third issue – the ratio of GS to Professional staff – is being addressed in the context of the ongoing job audit.

38. Pending the outcome of these discussions and the job audit, Management has adopted the following measures: a freeze on hiring of new GS staff and on automatic GS salary increases for 2010 and 2011. In addition, with a view to controlling staff costs, cost-saving measures have been implemented, such as the streamlining of travel entitlements and removal of non-service-related insurance components for illness and accident. These have resulted in significant savings.

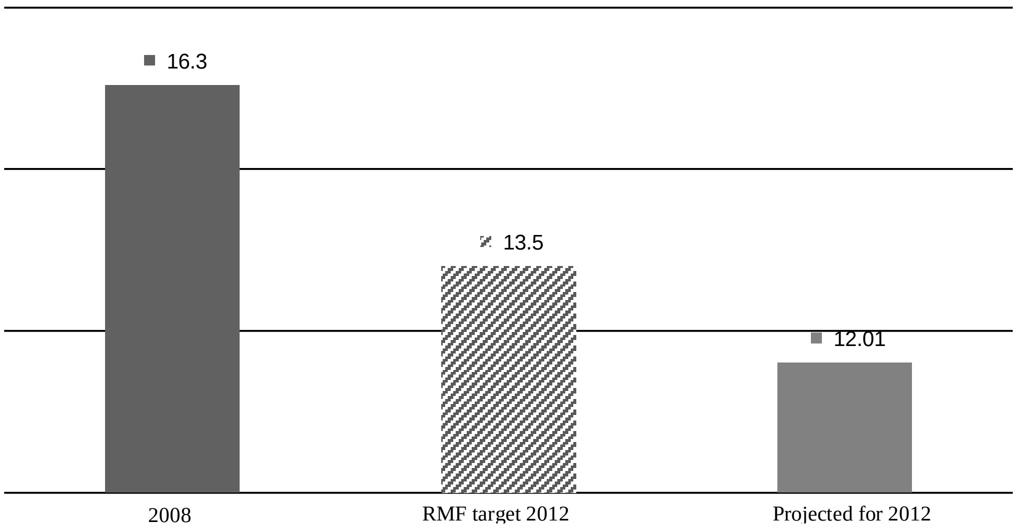
39. The performance enhancement system (PES) has been reviewed and improved, with a stronger focus in 2011 on addressing staff underperformance. An electronic system has been introduced, along with an enhanced 360-degree feedback system. Greater emphasis has been placed on skills enhancement. Despite these improvements, further work is needed to ensure that the PES becomes an effective tool for performance management and enhancement. Experience to date has shown that a better-designed PES must be accompanied by continuous training of managers in its effective use.

40. The Fund is encouraging greater staff rotation as a way to improve staff performance. In the past year, some 45 staff members have been rotated, including a number of directors. Significant resources have also been devoted to staff training to equip staff with the skills and knowledge to carry out their duties. Such training has focused on project and programme management, with major implications for organizational efficiency and development effectiveness. The first phase of the Voluntary Separation Programme (VSP) (2009) has been implemented and the second phase is under way. Up to 25 staff members are expected to take advantage of the programme. The VSP will contribute to lowering costs and will create room for acquiring the new skills and knowledge sets needed by the Fund. Further initiatives in the continued renewal of the workforce will be considered after completion of the HR reform initiatives currently under way.

F. Raising efficiency

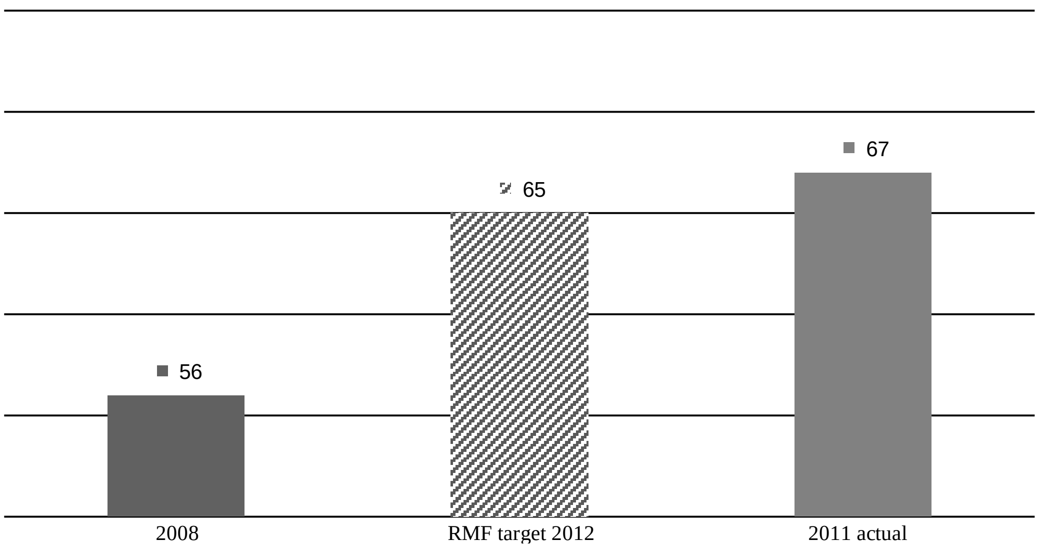
41. The principal goals of the MTP are to increase IFAD's development effectiveness and its efficiency. Achievements in improving development effectiveness are described in section IV. As a result of the Change and Reform Agenda that has been followed and elaborated since 2009, the Fund has surpassed the efficiency targets set for IFAD8. The efficiency ratio measured as a ratio of the administrative budget to the programme of loans and grants is projected to reach 12 per cent in 2012, surpassing the target of 13.5 per cent (graph 9). The proportion of the workforce assigned to programmes is now 67 per cent, as opposed to the target of 65 per cent (graph 10). And the time needed for processing of withdrawal applications for disbursing loans has declined from 35 days in 2009 to 29 days, a gain of 17 per cent.

Graph 9
Evolution of IFAD's efficiency ratio



Source: Office records.

Graph 10
Evolution of the proportion of the workforce assigned to programmes



Source: Office records.

III. Performance against RMF indicators for the Eighth Replenishment period (2010-2012)

A. Level 1: Macro-outcome indicators

42. The RMF established for the IFAD8 period is structured in five levels – the emergent norm among IFIs. Level 1 is not a measure of IFAD performance per se, but is intended to track developments at the global level in key areas in which IFAD is seeking to achieve impact. The sources for these data are established in the RMF itself, and they are not yet capturing the impact of food price rises and economic growth difficulties. They show an underlying picture of a high level of poverty globally, and a worrying level of undernutrition in the general population, but particularly among young children. The events of the last three years suggest that after a period of sustained improvement the situation of poverty has deteriorated.

Hunger is again on the rise, and trends in agricultural production are equivocal. Climate-induced production problems in major production areas have depressed output and kept the price of many commodities very high.

43. Smallholders, in particular, have been put in a very difficult situation. In many cases, price rises for agricultural products have been more than outweighed by rises in the prices of petroleum-linked production inputs, and both the volatility in output prices and greater unpredictability in growing conditions linked to climate change have inhibited investment in expanding production (which itself has become more expensive). For the many smallholders who are net food purchasers, the situation is particularly difficult, with even less income available for the purchase of more expensive inputs. At the same time, larger-scale investors better able to manage price risk are expanding their presence in agriculture in many developing countries, with a corresponding rise in competition for prime land and water resources – over which many smallholders have only tenuous legally recognized rights.

44. While the results achieved by IFAD in 2011 are encouraging, the scale of the food insecurity and rural poverty problem, and the emergence of greater competition for resources linked to new large-scale models of production, suggest that there are absolutely no grounds for complacency – and that the need for new models of smallholder development capable of responding to emergent economic and climate problems is, perhaps, greater today than ever before. Certainly, the implicit assumption of the 1990s and much of the first decade of the twenty-first century that the agricultural problem would solve itself – not least through the sustained and rapid expansion of non-rural and non-agriculture sectors – is no longer tenable, but neither is the traditional approach to rural development that isolated it from the demands of the urban space. It does seem that there has been a global upturn in investment in agriculture in developing countries, including in public expenditure sustained by domestic resources (comprising noteworthy attempts in some countries of sub-Saharan Africa to deliver on the commitments made in the Maputo Declaration on Agriculture and Food Security in Africa). But investment needs are immense after a very long period of very severe neglect, and current levels of investment remain far below what is necessary for a solution to the structural issues of global food security and poverty reduction.

Table 4
Level 1 RMF indicators: MDG 1, World Development Indicators and investment in agriculture

Indicator		*Baseline (year)*	*Actual (year)*	*2012 target*
1.1	MDG 1: Population living on less than a $1.25 a day[a]	26% (2005)	27% (2005)	21%
1.2	MDG 1: Prevalence of undernourishment in population[a]	17% (2002-2004)	16% (2005-2007)	10%
1.3	MDG 1: Children under five who are underweight[a]	27% (2005)	23% (2009)	17%
1.4	Crop production index (1999-2001 = 100)[b]	112.4 (2006)	122.2 (2009)	Tracked
1.5	Agricultural value added (annual % growth)[b]	4.1 (2004)	4.0 (2008)	Tracked
1.6	Level of official development assistance (ODA) to agriculture[c]	US$4.2 bn (2007)	US$4.9 bn (2009)	Tracked
1.7	Proportion of countries complying with the 10% Maputo Declaration (share of budget allocated to agriculture)[d]	23% (2005)	19% (2007)	Tracked

[a] United Nations, Millennium Development Goals Report 2011 (New York 2011).
[b] World Bank, World Development Indicators (cf. http://data.worldbank.org/).
[c] OECD, Stat extracts (cf. http://stats.oecd.org/Index.aspx?DatasetCode=ODA_SECTOR).
[d] 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).

B. Level 2: Country programme and project outcomes

45. IFAD is certainly not directly responsible for global changes in level 1 indicators, and that is why they are defined as tracking indicators rather than corporate performance indicators. It is more responsible for what is measured at level 2: country programme and project outcomes. At this level, IFAD's RMF assesses

performance against internationally accepted criteria of project performance: relevance, effectiveness and efficiency; rural poverty impact; and other performance criteria such as sustainability; innovation, replication and scaling up; and gender equality and women's empowerment. Annex 2 describes the underlying logic of the rising level of direct IFAD responsibility in levels 2 to 5, and it is evident that outcomes are partly determined by IFAD's work, partly by its country-level implementation partners and the general country institutional context, as well as by global and national economic and climate conditions – only some of which can be predicted at the project design stage or effectively managed during project implementation.

46. A key factor bearing on level 2 results, country programme and project outcomes, is that they involve the assessment of recently completed projects, some of which might have been designed a decade ago and all of which benefited from strengthened IFAD implementation support and policies only in their later years. For ease of understanding, the results have been colour-coded in table 5 (below). Green indicates that RMF targets for 2012 have already been surpassed. Yellow indicates that there is a reasonable possibility that they will be met or exceeded by 2012.

Table 5
Level 2 country programme and project outcomes

Indicator		*IEE[a] baseline (2005)*	*RMF baseline*	***Actual***	*RMF target (2012)*	*Target status*
Percentage of projects rated 4 or better at completion for:						
2.1	Effectiveness	67	87	**80**	90	**Yellow**
2.2	Rural poverty impact on target group	55	83	**80**	90	**Yellow**
2.3	Gender equality	-	76	**90**	80	**Green**
2.4	Innovation learning and/or scaling up	25-50	72	**86**	75	**Green**
2.5	Sustainability of benefits	40	75	**73**	75	**Yellow**
2.6	Relevance	100	94	**98**	90	**Green**
2.7	Efficiency	45	65	**69**	75	**Yellow**

[a] Independent External Evaluation of IFAD (IEE).
Source: Project completion reports (PCRs).
Note: Indicator 2.1, Contribution to increasing incomes, improving food security and empowering poor rural women and men, is tracked in detail in each CPE undertaken by IOE. The baseline refers to data presented in the RIDE report 2009, as the RMF baselines for 2009 were provisional. The actual data refer to the review period 01/07/2010-30/06/2011.

47. This year's data indicate that IFAD is comfortably exceeding the 2012 RMF targets for outcomes in the fields of gender equality (confirming the findings of the CLE), innovation, learning and scaling up, and relevance. It is very close to the 2012 target for sustainability of benefits and project efficiency, and within a reasonable distance for effectiveness and rural poverty impact on the target group.

48. The performance of the Fund has greatly improved in all six outcome areas since the Independent External Evaluation of IFAD. Such improvement is radical in the areas of sustainability (33 percentage points), innovation, replication and scaling up (31 points), rural poverty impact (28 points) and project efficiency (24 points).

49. Performance for effectiveness ostensibly shows declines from the baseline level. However, performance data are subject to important inter-year variations reflecting specific characteristics of the cohort of closing projects in any given year. The Fund's completed projects observed transitory underperformance in 2011, which was induced by a radical portfolio clean-up process that had led to the closure of eight non-performing projects in 2009 and 2010 (see annex I, paragraph 4 for details).

50. In order to offer a better representation of performance, two sets of three-year averages, for 2006-08 and 2009-2011 – obtained by aggregating the performance

of 79 and 74 projects, respectively – are presented in table 6. The three-year cohort covering 2009-2011 represents total IFAD financing of US$1.15 billion or about one fourth of the total current portfolio of US$4.6 billion. This relatively large representation, combined with the increasing quality of project completion reports (appendix 3 of annex 1), reduces year-to-year random variation in performance and adds to the robustness of the results presented in the RIDE report.

Table 6
Level 2 indicators: three-year performance averages

Indicator	*2006-2008*	***2009-2011***
Percentage of projects rated 4 or better at completion for:		
Effectiveness	80	**81**
Rural poverty impact	70	**81**
Gender	67	**88**
Innovation, replicability and scaling up	71	**82**
Sustainability	63	**73**
Relevance	90	**97**
Efficiency	65	**68**

Source: Project completion reports (PCRs).

51. As can be seen in table 6, projects completed during the recent three-year period (2009-2011) show remarkable improvements over 2006-2008 in key performance areas such as relevance, rural poverty impact, sustainability, innovation and gender. Improvement can also be noted in terms of the effectiveness of projects in achieving their development objectives. Performance has improved as well, albeit moderately, in enhancing the economic efficiency of the projects. Similarly, while sustainability performance is close to the target for 2012, it shows significant year-to-year variation. These questions are taken up in section IV.

52. IOE undertakes a separate and independent evaluation of a sample of projects annually. A comparison between the results thus produced by IOE and the self-evaluation data used in this report shows only a "small disconnect". In terms of outcome areas, IOE reports better results for innovation and scaling up and, to some extent, rural poverty impact, whereas self-evaluation reports somewhat better results in terms of efficiency, sustainability and gender (discussed in detail in the Response of IFAD Management to the ARRI Report, document EB 2011/104/R.8).

C. Level 3: Country programme and project outputs

53. This section reports on outputs at the third level of the hierarchy of results under the RMF, representing the products, goods and services that derive from IFAD-supported projects and are relevant to the achievement of outcomes. The data source is IFAD's Results and Impact Management System (RIMS), which allows aggregation of the outputs reported by the projects currently being implemented. In this context, it is important to recall that IFAD's growing programme of work following IFAD8 is not reflected in the RIMS data yet (table 7) because of the time lapse between project approval and start-up. The cumulative outputs presented in the table refer only to achievements of the 234 projects that were ongoing in 2010. Notwithstanding this time lag in reporting, results for the indicators below show robust improvement.

54. Outreach in terms of the number of people obtaining services through IFAD-supported projects rose substantially, from 29.2 million to 43.1 million. In 2010, 4.5 million people received training in crop production, up from 1.72 million in 2008. Women constitute two thirds of those trained in this area. Compared with the baseline in 2008, the number of people trained in business and entrepreneurship quadrupled to 716,000, and the number of people trained in

community management topics increased three-fold to 2.13 million. The proportion of women trained in these areas increased significantly, to over 60 per cent of participants. In rural financial services, the number of active borrowers decreased from 4.35 million to 2.7 million, whereas the number of voluntary savers increased by 45 per cent to 7.86 million in 2010. Here, also, more women than men were trained. In terms of physical outputs, significant increases can be noted in roads built (+20 per cent, reaching 18,000 kilometres) and area of under-construction or rehabilitated irrigation schemes (+63 per cent, reaching 373,000 hectares [ha]).

Table 7
IFAD's contribution to country programme and project outputs (level 3)

Indicator		*Baseline value*	***2010 achievements***
3.1	People receiving services from IFAD-supported projects (number)	29.2m	**43.1 m (target 2012: 60m)**
	Male: female ratio (percentage)	57:43	**54:45**
Natural resource management			
3.2	Common-property-resource (CPR) land under improved management practices (ha)	3.86m	**5.5m**
3.3	Area under constructed/rehabilitated irrigation schemes (ha)	228 000	**373 000**
Agricultural technologies			
3.4	People trained in crop production practices/technologies	1.72m	**4.51m**
	Male:female ratio (percentage)	50:50	**65:35**
3.5	People trained in livestock production practices/technologies	1.07m	**1.2m**
	Male:female ratio (percentage)	35:65	**44:56**
Rural financial services			
3.6	Active borrowers	4.35m	**2.70m**
	Male:female ratio (percentage)	52:48	**43.57**
3.7	Voluntary savers	5.44m	**7.86m**
	Male:female ratio (percentage)	51:49	**47:53**
Marketing			
3.8	Roads constructed/rehabilitated (km)	15 000	**18 000**
3.9	Marketing groups formed/strengthened	25 000	**13 000**
Microenterprise			
3.10	People trained in business and entrepreneurship	162 000	**716 000**
	Male:female ratio (percentage)	53:47	**39:61**
3.11	Enterprises accessing facilitated non-financial services	19 000	**57 000**
Policies and institutions			
3.12	People trained in community management topics	0.67m	**2.13m**
	Male:female ratio (percentage)	38:62	**23:67**
3.13	Village/community action plans prepared	24 000	**28 000**

Source: RIMS.
Note: Baseline year for indicator 3.1: 2007; for indicators 3.2-3.13: 2008.

D. Level 4: IFAD country programme, project design and implementation support indicators

55. Level 4 indicators refer to factors more directly under IFAD's control: the quality and effectiveness of IFAD's work in designing and supporting the implementation of projects

Table 8
RMF level 4: IFAD country programme, project design and implementation support

Indicator		*RMF baseline*	***Actual***	*RMF target (2012)*	*Target status*
Percentage of country programmes rated 4 or better for					
4.1	Contribution to increasing incomes, improving food security and empowering poor rural women and men	86	**100**	90	**Green**
4.2	Adherence to aid effectiveness agenda (client survey)	79	**74**	100	**Red**
Percentage of projects rated as 4 or better at-entry					
4.3	Effectiveness of thematic areas	94	**94**	90	**Green**
4.4	Projected impact on poverty measures	88	**94**	90	**Green**
4.5	Innovation, learning and scaling-up	81	**86**	90	**Yellow**
4.6	Sustainability of benefits	84	**80**	90	**Yellow**
Better implementation support					
4.7	Percentage of projects in the current portfolio with approved international cofinancing	56	**63**	65	**Yellow**
4.8	Average time (in months) from project approval to first disbursement (ongoing portfolio)	21	**19**[a]	14	**Yellow**
4.9	Percentage of problem projects in which major corrective actions are taken (proactivity index)	63	**50**	75	**Red**
4.10	Percentage of projects for which IFAD performance rated 4 or better	64	**77**	75	**Green**
4.11	Percentage of problem projects in ongoing portfolio	17	**18**	15	**Yellow**
4.12	Percentage of time overrun for completed projects (36-month rolling)	32	**19**	20	**Green**
4.13	Average days for processing withdrawal applications of directly supervised projects (12-month rolling)	35	**29**	31	**Green**

[a] For the 71 projects that became effective over the last two years, average time elapsed was 17.1 months.
Sources: ARRI (4.10), PPMS (4.7, 4.8, 4.12), project status reports (PSRs) (4.9, 4.10), quality assurance (QA) system (4.1, 4.3-4.6), Withdrawal Application Tracking System (WATS) (4.13).
Note: The baseline year was 2007 for indicators 4.10 and 4.11, 2008 for 4.1, 4.8, 4.9 and 2009 for 4.3-4.7 and 4.13e.

56. The first set of indicators refers to country programmes and partnerships. IFAD has been making major efforts to strengthen country-level partnerships through its expanded system of country presence, and strengthened partnerships are reflected in the high levels of cofinancing of IFAD-financed projects. “Country programmes” has two indicators: contribution to increasing incomes, improving food security and empowering poor rural women and men; and adherence to the aid effectiveness agenda. The former has achieved a 100 per cent performance level. The data for the latter, based on client surveys in which donors are heavily represented, appear anomalous, suggesting a slight downturn in performance, which is inconsistent with IFAD’s investments in strengthening country-level collaboration and with the results of the survey of the Multilateral Organisation Performance Assessment Network (MOPAN), which show a high level of satisfaction with IFAD’s work – as well as with IFAD’s strong engagement in managing for development results (MfDR). The key factor weighing on the result appears to be a low score among donors for IFAD’s aid harmonization, which appears to be heavily influenced by IFAD’s absence from general budget support mechanisms. This is, indeed, a fact. However, the lack of engagement in budget support reflects both specific guidance to IFAD from the Executive Board and IFAD’s focus on agriculture-sector harmonization mechanisms, in which many donors are not represented by virtue of their focus on other sectors.

57. The performance data for quality of design reflect assessments produced by IFAD's quality assurance (QA) system, specifically by an international panel of external experts that has been mandated to assist IFAD in bringing an uncompromising approach to being on the cutting edge of work in its field. In terms of the quality of design with regard to "effectiveness of thematic areas" and "projected impact on poverty measures", performance was above the target for 2012. The level of acceptable design in terms of sustainability, while quite high at 80 per cent, still lags the field, a problem linked to a fully satisfactory answer to the efficiency question. The performance data on implementation support principally reflect the change in status of a project, i.e. improvement in the performance status of a project during implementation. This is only partly under IFAD's control. As has previously been noted by IOE, problems in project implementation frequently reflect broader country institutional conditions, some of which are intractable. The indicator for implementation support measures only improvement in the status of problem projects. Thus it is to be expected that progress becomes ever harder, as those projects susceptible to improvement improve and are taken out of the universe to which the data refer, leaving a residual group on whose performance IFAD can have little effective impact.

58. Level 4 data on implementation support, while showing some solid achievements, also point to areas that need additional effort. There has been very substantial improvement, surpassing the 2012 targets, in the percentage of time overruns for completed projects. Stronger implementation support means that projects are being implemented faster, and projects that are not showing signs of meeting objectives, and for which there is no feasible solution, are being closed rather than extended indefinitely – returning the resources unused to the pool of resources available for new commitments. There has also been very good progress, surpassing the target for 2012, in the average number of days for processing withdrawal applications of directly supervised projects. This largely expresses internal process improvement (although not exclusively, because performance also reflects the quality of withdrawal applications received from national authorities) and efforts to better train the staff of national institutions. Progress towards the ambitious target for the percentage of projects with approved international financing is very close to the target for 2012, and there are good prospects for reaching or even surpassing it next year. Equally, the percentage of projects for which IFAD performance rated 4 or better has improved significantly over the baseline, and has surpassed the target set for 2012.

59. The percentage of problem projects in the ongoing portfolio is close to target, but appears to be showing no positive movement from the baseline. This is not necessarily a negative finding. Assessments of project status have been made much less subjective than at the time the baseline measure was recorded, and a number of regional divisions have made important one-off upwards revisions. The small apparent deterioration is thus explained by access to a larger set of information, now made possible by direct supervision and by added rigour in assessing performance. A more rigorous approach to decisions to cancel non-performing projects will certainly reduce the figure in the future – to the benefit of the performance data, but also, and more importantly, freeing loan, grant and management resources for commitment elsewhere.

60. The indicator referring to the average time from project approval to first disbursement is, at first sight, somewhat problematic: performance has improved relative to the baseline, but not fast enough to give confidence in achieving the goal in 2012. If looked at more closely, over 70 projects that became effective over the last two years disbursed on average after 17.1 months for the first time. This figure presents a more realistic picture than the 19 months reported as the RMF figure for all ongoing projects (with first disbursements between 1998 and 2011). It reflects the changes recently introduced in the General Conditions, and measures

more recent performance than does the RMF indicator. Also, a cluster of projects are subject to long effectiveness delays because of lengthy parliamentary ratification processes, which seem to be more pronounced in one region (Latin America) than in others. IFAD has no direct control over either of these factors, and implementation support has little impact. However, it does suggest that IFAD should consider three issues more actively: earlier cancellation of approved projects that seem to receive flagging support from national authorities even before effectiveness (possibly because of political change); stronger political and institutional assessment of future support at the project preparation stage and enhanced implementation readiness of projects at approval; and better design to facilitate fast-tracking in situations where normal processes appear particularly slow.

E. Level 5: Institutional management and efficiency

61. Institutional management and efficiency is an area in which IFAD can exercise direct and almost complete control over performance. It is not directly subject to global conditions and does not depend on the performance of national and other partner institutions. Reflecting the major efforts in institutional reform since 2009, performance has been good overall, and is largely on track to meet or surpass all targets by the end of 2012.

Table 9
Level 5: IFAD's institutional management and efficiency

Indicator		*RMF baseline*	***Actual***	*RMF target (2012)*	*Target status*
Improved resource mobilization and management					
5.1	Percentage achieved of IFAD8 replenishment pledges (at time of reporting)	55	**86**	100	**Yellow**
Improved human resources management					
5.2	Staff engagement index: Percentage of staff positively engaged in IFAD objectives	70	**69.4**[a]	75	**Yellow**
5.3	Percentage of workforce in programmes (Cluster 1)	56	**67**	65	**Green**
5.4	Percentage of workforce from Lists B and C Member States	33	**40**	tracked	**Green**
5.5	Percentage of women in P-5 posts and above	30	**28**	35	**Yellow**
5.6	Average time to fill professional vacancies (12-month rolling)	141	**124**[b]	100	**Yellow**
Improved risk management					
5.7	Percentage of actions overdue on high-priority internal audit recommendations	76	**66**[c]	20	**Red**
Improved administrative efficiency					
5.8	Percentage of budgeted expenses per US$1 of loan and grant commitments	16.3	**14.1** (planned)	13.5	**Yellow**

[a] This figure refers to the Staff Engagement Index 2010. The 2011 data will be available in November.
[b] The year-to-date figure is 119 days and the median (12-month rolling) is 101 days.
[c] The actual number of high-priority recommendations overdue has decreased from 31 to 21 over the last year.
Sources: Office records.
Note: Indicator 5.7 "Cost per pay slip" is no longer tracked. 2007 was the baseline year for indicator 5.6, 2008 for 5.2-5.5, 5.8 and 5.9 and 2009 for indicator 5.1.

62. Perhaps the key efficiency indicator is the level of budgeted expenses per United States dollar of loan and grant commitments (expressed in percentages). Here, progress is unambiguous. The baseline was 16.3 per cent. The 2011 budget figure was 14.1 per cent. The planned figure for 2012 is 12 per cent – relative to a 2012 target of 13.5 per cent.

63. There are two process efficiency indicators in the RMF: average days for processing withdrawal applications of directly supervised projects (level 4) and average time to fill professional vacancies (level 5). The strong performance in the former was described in paragraph 41. The introduction of better recruitment planning and automation of first-level applicant screening is having an impact in the HR area: the baseline number (of days) was 141. The 12-month rolling average is 124. However, the average for the first nine months of 2011 is 119, and the median is 101. On the basis of the current trend, which is broadly indicative of internal process improvement (which the indicator was selected to measure), the RMF target for 2012 will be fully reached.

64. In the area of HR indicators, progress in the percentage of workforce in programmes (which can also be taken as an indicator of overall efficiency and institutional focus) has been very positive, and the 2012 target has already been surpassed. The baseline was 56 per cent. The target for 2012 is 65 per cent. The latest figure is 67 per cent. Also positive is the movement in the percentage of workforce from Lists B and C Member States, for which no target was established (it is used as a tracking indicator). The baseline was 33 per cent. Today it is 40 per cent.

65. Data on the staff engagement index and the percentage of women in P-5 posts and above have no particular indicative meaning at this point. The annual staff engagement survey for 2011 has not yet been implemented. The figure reported is the last available figure, for 2010. The 2011 results will be reported orally in the December 2011 session of the Executive Board. The data on the percentage of women in P-5 posts and above reflects a number of resignations, and the true picture will emerge only at the conclusion of recruitment for the vacant positions. Again, the latest data will be reported orally in the December 2011 session of the Executive Board. The CPE on gender reported that IFAD compared very favourably with other IFIs in the percentage of women professional staff.

66. Finally, the only red-flagged item at level 5 is the percentage of actions overdue on high-priority internal audit recommendations, which is a risk-management indicator. The percentage of actions overdue has, indeed, risen, but more important is the number of actions overdue. Here progress has been very marked: the actual number has fallen from 31 to 21 over the year, a reduction of 32 per cent.

IV. Principal issues and solutions

67. On the basis of the RMF performance data, the key development effectiveness issues that IFAD’s confronts are project efficiency and, to a lesser extent, sustainability. Other important issues identified in the PCRs that are the basis of the RMF data are: natural resource management and the performance of recipient governments. These issues are all underlined by IOE in the ARRI to be presented to the Executive Board in December 2011, and IFAD Management agrees with these findings.

68. The issues of sustainability and efficiency are intertwined. In particular, if project efficiency is limited in terms of the generation of direct and indirect financial and economic benefits to smallholders and governments, then it is unlikely that the changes that projects promote – and their costs – will be sustained by project partners when they become their responsibility alone. As noted elsewhere, IFAD has shifted its approach to project benefits. In the past, there was a very strong emphasis on social empowerment, including community development. Those remain key objectives, but today IFAD places much greater emphasis on the individual and social underpinnings of continued empowerment, particularly on the improved capacity of households and individuals, women and men, to organize and sustain themselves as successful small businesses in various forms of mutually profitable relations with the non-farm private sector (in many developing countries, smallholdings are the farm private sector, or a very major part of it).

69. In fact, project efficiency depends on many immediate factors, including: the sensitivity of project designs to farm-level financial issues and benefits; the performance of project managers in effectively and rapidly turning project resources into the services that generate financial returns at the farm level; and overall consistency between the "development model" of project design/ implementation and the evolving structure of the rural economy and its key actors.

70. This last point is discussed in the conclusion of this report. On the more immediately operational level, after a long period in which project financial and economic analysis was rather marginal to project design and analysis (in IFAD as in the concessional lending of all IFIs), IFAD is retraining its operational staff in financial and economic analysis and is insisting on higher levels of quality in this area within the quality enhancement and assurance processes (and which is already being reflected in the appropriate design quality indicator). Project managers, who are not IFAD staff, are being trained in better management of procurement and disbursement. This, in turn, is being reflected in both higher overall disbursement and faster project implementation (reflected in shorter time overruns in closing projects).

71. Naturally, effective project management requires strong information and monitoring systems. This has long been a problem for all IFIs dependent on implementation partners at the national level for the actual execution of projects, and has regularly been highlighted for IFAD by IOE. In effect, the development of corporate-level monitoring systems, which is under IFAD control, has not been accompanied sufficiently by progress at the project level. In September 2010, IFAD presented to the Executive Board a comprehensive Action plan for strengthening the self-evaluation system (document EB 2011/103/R.6), including an important thrust in the foundation area of evaluation of development effectiveness – the project monitoring and evaluation system level.

72. A decisive factor in efficiency, as in other dimensions of project performance, is the performance of project partners: notably IFAD itself and governments. According to IOE, "The rating of IFAD's performance as a partner has improved steadily and substantially over the past decade. The percentage of projects in which IFAD's performance was rated in the satisfactory zone has risen from 39 per cent in 2002-2004 to 77 per cent in 2008-2010" (ARRI 2011). In contrast, IOE also observes in the same report that "the performance of government as a partner has remained broadly unchanged over the past decade: some two thirds (65 per cent) of evaluations rate government performance in the satisfactory zone." In part, the challenge of government performance is also a question of effective government capacity, as supported by the level of development of national economies and administrative systems. In this regard, IOE has commented in the past on the statistical correlation between project performance, government performance and national development levels. Nonetheless, IFAD's scaling-up thrust will increase the need for full and effective partnership with governments, tailored to government capacity. Approaches to project design and plans for IFAD country offices will both take into greater account the buy-in of government to projects, as well as their concrete capacity to support them as active partners.

73. Natural resource management is clearly an area in which IFAD needs stronger performance, particularly in light of the major challenge that climate change is beginning to pose to smallholders. As noted in paragraph 21, IFAD has already taken decisive steps to strengthen its capacities and its policies, and the coming to fruition of plans for a dedicated Smallholder Adaptation Programme promise stronger performance in the future, not just in new projects, but also in ones under implementation as part of the retrofitting strategy of the programme.

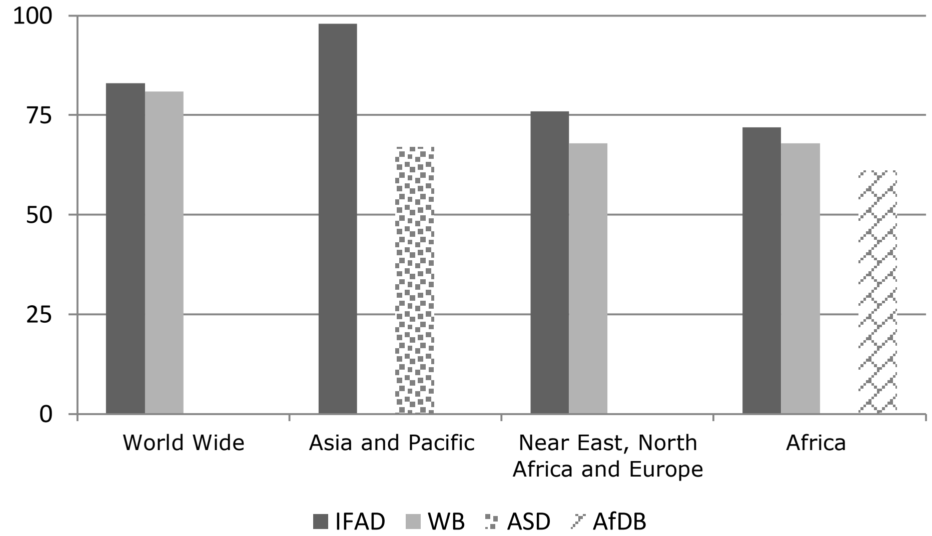
V. Conclusion

74. The data presented in this report suggest that IFAD's development impact and effectiveness are progressing strongly. In terms of resource delivery, commitments and disbursements, the 2011 level rose relative to 2010 and is very much higher at the end of the second year of IFAD8 than at the equivalent point of IFAD7. Not only are IFAD's own commitments and disbursements at record levels, but so is the mobilization of national and international cofinancing, which, as a proportion of the total value of projects, is at twice the level of the second year of IFAD7 and considerably more than that in absolute terms.

75. This suggests that IFAD is on the right track: projects are delivering, and that success is drawing the resources of other parties into activities designed and supervised by IFAD. That, in turn, is precipitating even more demand from developing countries, and one of the key issues of the future is whether IFAD can sustain the increasing level of response to that demand that has marked both the Seventh and Eighth Replenishment periods.

76. What is important is not only how much assistance is delivered, but how effective it is. The data presented show a rapid increase in the development outputs achieved by ongoing projects, in terms of the number of people directly benefitting and type of benefit. Assessment of projects at completion shows that IFAD's performance continues to improve in most key dimensions of development effectiveness and that the RMF targets will be met, if they have not already been surpassed.

Graph 11
Benchmarking project performance among IFIs[6]
(Percentage of projects rated moderately satisfactory or better)



Sources: See IFAD Strategic Framework 2011-2015.

77. An important question for IFAD Member States is not only whether IFAD is reaching its targets, but how well it is performing relative to other IFIs in the effectiveness of the projects financed. Benchmarking among institutions with different mandates, sectoral focus and business models is extremely difficult, although it is attempted by IOE. Its findings are presented in graph 11. They suggest that IFAD projects perform slightly better than the World Bank worldwide,

[6] Data for Africa (2003-07) were taken from the AfDB/IFAD Joint Evaluation Report (2010), table 3. IFAD data refer to evaluation data for 2002-2010, except for Africa data (2003-2007), which are from the Joint Evaluation Report with AfDB on Agriculture in Africa (2009). World Bank data (2005-2010) for projects worldwide include agricultural operations and other operations that are part of the core development goal of *expanding economic opportunities,* such as transport, power and communications services. World Bank data for Africa include all sector operations. 'Project success', as used at AsDB (2001-2006), is a composite of relevance, effectiveness, efficiency and sustainability.

significantly better than the AsDB in operations in Asia and the Pacific, and better than the African Development Bank (AfDB) and the World Bank in Africa.

78. In relation to the targets set for it by its Member States, as well as in comparison with other development institutions, IFAD is performing well. However, the question remains, is it performing well enough? That question itself has to be contextualized: performing well enough for what? IFAD is seeking to go far beyond the status of an effective user of its resources to achieve its own objectives. It seeks to be a pivotal part of the development architecture relative to a crucial global development issue: smallholder development's contribution to the global economy, to developing countries, and to the income and food security of poor rural people. It seeks to be a catalyst in creating a global and national environment in which the potential contribution of smallholder agriculture to improvement in all these areas is actually realized through a major increase in global investment, in the policy framework and in change on the ground.

79. To do that, it needs to have very compelling cases of success to scale up, strong knowledge management, and effective policy dialogue. The data show that IFAD is attracting additional resources to smallholder development and, under its Change and Reform Agenda, has laid the foundations for a stronger knowledge management capacity and role. For an organization of its size, its engagement in important policies bearing on sustainable smallholder development is very significant. However, there is one critical area in which it is evident that IFAD needs to make more progress, and that is the efficiency of its projects. Performance relative to project efficiency has been less inclined to improvement, notwithstanding the impact made in other areas by improved support to project implementation. The issue of efficiency – of the economic and financial cost:benefit ratio of smallholder development – is critical to the construction of a more dynamic growth process. It determines the capacity of smallholders themselves to profit, to save and to reinvest for growth; the engagement of the profit-seeking private sector; and the commitment of governments as they consider options in responding to national growth and food security challenges.

80. The efficiency ratings of recently closed projects reflect IFAD's design approach of up to a decade ago – and, indeed, the global and local conditions prevailing at the time. IFAD's approach has changed radically, as has the approach of governments and farmers. A characteristic element of new projects is a heavy emphasis on small-scale farming as a business, on market linkages, on value chain development, and on the involvement of the private sector as an investment and service partner. The new Strategic Framework squarely addresses these issues, and there is a new policy on engagement with the private sector in the making, as well as increased practical engagement. In the meantime, the CLE of institutional efficiency and of the efficiency of IFAD-funded operations will provide a thorough review of experiences and recommendations for improvement. What is clearly at stake in the project efficiency story is the consolidation of a more modern approach to smallholder development that is closely attuned to modern demands on agriculture and to the modern aspirations of smallholders and poor rural people. To the extent that IFAD systematically rises to that challenge – conceptually and operationally, within itself and in its partnerships – it will improve the efficiency of its projects, but more importantly it will provide the relevant, sustainable and successful model of smallholder development in the larger economy that the broader situation calls for.

81. In a situation in which development resources are themselves under pressure, the efficiency challenge is as much internal to IFAD as it is in the projects it develops and finances. In approaching the value for money equation, the value of IFAD's results has been well established, and this reflects important changes in how it goes about its development business. The question is, can IFAD do the same job of modernization on its own business processes? Since 2009, this has been the

objective of the Change and Reform Agenda, which explicitly seeks to create a more agile and efficient organization. The critical financial area has been put on a new and highly professional basis, and Member States have been clearly shown IFAD's long-term financial position, while risk management has been dramatically upgraded in the context of the pervasive volatility of the external financial system. Knowledge management, which is critical to IFAD's value added, has been embedded in a dedicated and stronger management framework – as has IFAD's ability to identify strategic issues and responses. And in the HR management area, which has been seen as ripe for change from the time of the IEE, not only has IFAD moved quickly to align its workforce better with operational requirements and productivity targets, but it has emerged as a recognized force for change in the area of staff compensation in the United Nations system as a whole.

82. Value-for-money is not the same as cutting costs. However, IFAD has also moved forward quickly in this area. Budget growth has been very modest, in spite of the very rapid growth in the programme of loans and grants, and real increases have been reserved exclusively for the programme operational area. The proposed budget for 2011 shows IFAD's intentions for the future: a zero per cent real increase for the budget as a whole; a real increase of only 1.5 per cent for programme operations; and real cuts for the rest.

Project outcomes: Recent trends

A. Introduction

1. In analysing the performance of project outcomes for 2011, the RIDE report uses the results observed during 24 recently completed projects (appendix 1 to this annex) that represent the universe of projects reviewed in 2011. In seeking explanations as to why performance was as it was, this report has used mainly these 24 projects. The statistical analysis, however, is done using three-year moving averages for two sets of three-year data, i.e. 2006-2008 versus 2009-2011. These represent 79 and 74 completed projects, respectively, for a total of 153 projects. For the three-year cohort covering 2009-2011, total IFAD financing is some US$1.15 billion or about one fourth of the current value of the portfolio. This cohort of projects is representative of the portfolio, and balances out random variations in performance that may occur in any given year's universe.

2. In order to standardize the approach, a simple template was used to assess all PCRs against the same set of criteria (appendix 2). In addition, the quality and scope of PCRs was assessed and has been presented in appendix 3. IFAD's self-evaluation instruments use a six-point scale of assessment criteria[1] that allows results to be compared with those generated by IOE. Interestingly, there has been a reduction in the difference between the evaluation of project performance during implementation and at completion, from a 0.3 average difference in 2009-2010 on a 6-point scale to 0.1 in 2010-2011 (appendix 4). This shows increased objectivity and more critical self-assessment of performance during implementation.

3. In line with IFAD's current Results Measurement Framework (RMF), this annex presents results in the following areas:[2]

   (i) **Project performance**, consisting of relevance, effectiveness and efficiency;

   (ii) **Rural poverty impact**, such as household income and assets, food security and agricultural productivity, institutions and policies, etc.; and

   (iii) **Other performance criteria**, in particular, innovations, replicability and scaling up, sustainability and ownership, and gender.

4. The PCRs reviewed this year also reflect the performance of three projects that were closed in advance as part of a radical portfolio clean-up (Chad #1259, Cameroon and Guinea). In Cameroon the project suffered from serious implementation delays, in Guinea from weak project management and government financial difficulties, and in Chad (#1259) from an overambitious design and weak implementation capacity (see appendix 3, paragraph 5). In addition, this current cohort includes five additional low-performing projects (Cambodia, Grenada, Mexico, Pakistan and the Bolivarian Republic of Venezuela) that were not extended, and which had a significant dampening effect on the overall performance rating. This is essentially a transitory underperformance induced by the portfolio clean-up process. Had the Fund allowed these projects to continue their operations, performance scores would have been better in the shorter run. In the longer run, however, this would have had a far more severe impact on project efficiency and effectiveness and ultimately on rural poverty.

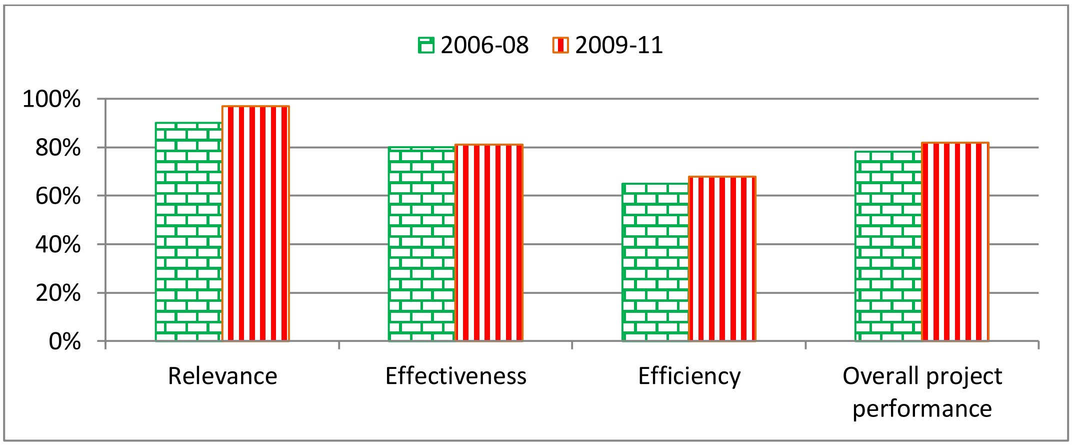
[1] A rating of 6 is equal to highly satisfactory; 5 = satisfactory; 4 = moderately satisfactory; 3 = moderately unsatisfactory; 2 = unsatisfactory and 1 = highly unsatisfactory. A score of 4 or higher reflects overall positive performance.
[2] The PCR review contains a larger set of areas of assessment and is presented in the Annual Report on Project Performance.

B. Recent trends in performance

Project performance

5. With regard to project performance,[3] from 2006-2008 to 2009-2011 there has been an increase of 4 percentage points in the share of projects rated moderately satisfactory or better (rated 4 or above on a 6-point scale). As can be seen in the following chart, this increase in project performance reflects a significant increase in relevance, followed by the increases in effectiveness and efficiency.

Chart 1
Recent trends in project performance



6. A short analysis is presented in the following paragraphs of how the constituent elements of project performance – relevance, effectiveness and efficiency – have performed over time and why.

Relevance

7. Relevance is the extent to which the project strategy and activities are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. The relevance of IFAD projects remains high within the new cohort of projects completed during 2009-2011, with a considerable change compared with that of 2006-2008 (97 versus 90 per cent).

8. Of the 24 projects reviewed in 2011, seven were found to be highly relevant. This is in line with past assessments and shows consistency of project design with the IFAD mandate, the poverty reduction strategies of its partner countries and the needs of poor rural people. In addition, the components and objectives were coherent and complemented and supported each other. Of these projects, the relevance of three was enhanced (Armenia, Mauritania #1180 and Viet Nam) as their designs drew on projects previously implemented in the same country, thus benefitting from experience and a favourable institutional basis. This year's review also demonstrated that the adoption of a participatory planning process in which rural communities are at the centre of project strategy (e.g. in Burundi, Brazil, Ethiopia, the Lao People's Democratic Republic, Mauritania #1179 and 1180, the Philippines and the United Republic of Tanzania) contributed to fostering the relevance of project interventions, since it ensured that the strategies adopted were in line with beneficiary priorities. In other cases, the project's relevance has been further enhanced by its flexibility in adjusting its components and objectives to a changing context, as happened in Brazil, Chad (#1144) and the Lao People's Democratic Republic. Where weaknesses were observed (Mexico), project design was too complex and had overambitious objectives. In addition, appraisal of the institutional framework was insufficient.

[3] This is calculated as the arithmetical average of the ratings for the three core project performance criteria: relevance, effectiveness and efficiency.

Box 1: How an IFAD-supported project made a difference in Burundi

The Rural Recovery and Development Programme in Burundi was designed within the context of the civil war with the aim of rebuilding this conflict-torn society. The programme achieved significant results in restoring social cohesion, re-establishing peoples' livelihoods (including the agricultural production base) and improving household food security. More specifically, the project:

- Supported the creation of numerous groups and associations (1,750 producers' organizations, 799 community development committees, 33 communal committees of community development and 4 provincial development committees;
- Helped some 33,100 vulnerable households restart agricultural production (distribution of start-up kits, herd restocking, marshland development, etc.);
- Led to a dramatic increase in the percentage of households eating two meals a day – from 13 per cent in 2000 to 69 per cent in 2009.

The success is explained mainly by:

- Very high relevance of project interventions to the project participants; and
- A highly participatory approach, in which beneficiary participants played a key role in defining the implementation pace and direction.

IFAD acquired important knowledge and experience in the area of post-conflict and recovery measures, and these were used to develop a wider programme of intervention in Burundi for the period 2009-2014, focused on social reconstruction and re-establishment of democratic governance.

Effectiveness

9. Effectiveness is the extent to which project objectives have been achieved or are expected to be achieved, taking into account their relative importance. A comparison of the 2006-2008 cohort with that of 2009-2011 shows that the effectiveness of projects' interventions has slightly increased. In addition, the percentage of projects negatively rated (1 and 2) has dropped from 11 to 7 per cent.

10. In 2011, two projects were rated highly effective (Armenia and the United Republic of Tanzania) and six effective (Burundi, India, Mauritania #1180, Morocco, the Philippines and Viet Nam). In the Tanzanian project, several factors helped achieve excellence: (i) participation of stakeholders at different levels in policy formulation, as well as in reviews of project implementation; (ii) effective collaboration with the IFAD Rural Financial Services Programme (RFSP); and (iii) close collaboration among partners. IFAD's country presence since 2008 and joint IFAD/AfDB supervision missions have also played important roles.

11. It is interesting to note that all the projects rated as highly effective or effective were also rated positively in terms of relevance. Above all, a high level of project effectiveness was achieved because of close cooperation and communication among partners (Armenia, Burundi, India, Mauritania #1180, Morocco, the Philippines, the United Republic of Tanzania and Viet Nam). The less-effective projects (Cambodia, Cameroon, Grenada, Guinea and the Bolivarian Republic of Venezuela, rated 3, and Chad #1259 and Mexico, rated 2) faced a number of obstacles, such as: (i) overambitious and highly complex project designs (Cambodia, Chad #1259 and Mexico); (ii) weak project management capacity (Chad #1259, Grenada and Guinea); (iii) complex political and economic context of the country (Guinea, the Bolivarian Republic of Venezuela); (iv) changing political and institutional circumstances from the project's conception to the time of its implementation (Cambodia and Mexico); and (v) unsatisfactory partner performance (Grenada, Guinea and Mexico).

Efficiency

12. Efficiency is a measure of how resources/inputs (funds, expertise, time, etc.) are converted into results, and valued in economic terms. IFAD projects often fall short in terms of efficiency, as the share of projects rated satisfactory or better has only increased slightly, from 65 per cent for the 2006-2008 cohort to 68 per cent for that of 2009-2011. In addition, a better assessment of IFAD interventions shows that the efficiency of project interventions is increasingly mostly average, with 62 per cent of projects rated 3 or 4 during 2009-2011 versus 51 per cent in 2006-2008. In interpreting these data on efficiency, it is also important to note that project efficiency is not adequately and consistently measured, partly due to

limitations in data availability and to measurement challenges presented by quantifying non-physical results (e.g. social capital, poor rural people's empowerment, etc.).

13. In 2011, a highly satisfactory efficiency level (rated 6) was achieved in India, while a satisfactory efficiency level (rated 5) was achieved in six projects (Armenia, Burundi, Indonesia, the Lao People's Democratic Republic, the Philippines and the United Republic of Tanzania). Apart from the highly efficient project implemented in India, whose case is explained in detail in box 2, common features of the efficient projects are: (i) lower cost per beneficiary and/or higher economic internal rate of return (EIRR) than anticipated at appraisal; (ii) good disbursement capacity; (iii) sound project management; (iv) appropriate project design; (v) capability and appropriate size of project management; (vi) strong community participation; (vii) low effectiveness lag; (viii) appropriate choice of partner institutions and overall satisfactory institutional arrangements. In the Philippines, as an illustration, the area demonstrating marked efficiency of project operations was the execution of social investments – communities control planning, implementation, monitoring and maintenance of these investments. In the Lao People's Democratic Republic, the project achieved high effectiveness against its costs, as the actual investment per person or household benefitting from project activities (such as irrigation, water supply or road access) was less than budgeted at the appraisal stage. In Armenia, project execution took just four years – being completed 21 months ahead of schedule with a 100 per cent disbursement, and yielding a disbursement factor of 1.35, indicating a very good financial performance. In the United Republic of Tanzania, even if not quantifiable, the presence of an outposted country programme manager had a positive effect on programme efficiency, both in qualitative and quantitative terms.

14. Three projects were rated moderately inefficient (rated 3) in 2011 (Cameroon, the Bolivarian Republic of Venezuela and Yemen), while four were rated inefficient (Chad #1259, Grenada, Guinea and Mexico) (rated 2) due to a combination of factors, including: (i) delays from loan approval to effectiveness; (ii) low disbursement; (iii) inadequate and untimely payment of counterpart funds; (iv) poor implementation performance; (v) high operating costs; (vi) high staff turnover; and (vii) cumbersome procurement procedures. In Mexico, the project not only suffered from a considerable effectiveness lag, but was also hampered by a long delay from effectiveness to the beginning of de facto implementation. In Grenada, project efficiency was deemed unsatisfactory due to: (i) low overall disbursement; (ii) implementation delays; and (iii) a share of implementation costs higher than originally planned and also higher than the goods and services actually delivered to the target population. In Yemen, project management registered just over 79 per cent of estimated cost overruns owing to substantial salaries and allowances and numerous staff members.

15. In 2011, in the majority of cases (54 per cent), project efficiency was judged as moderately satisfactory (rated 4). In Chad #1144, the refocusing of project activities at the mid-term review (MTR), combined with an appropriate reallocation of funds, contributed positively to increasing its relative efficiency. In Pakistan, an increase in inflation over the project period, together with currency depreciation, negatively impacted project efficiency, as the cost of rebuilding in some areas turned out to be much higher than the amount repaid. On the other hand, project efficiency benefitted from public community infrastructures, which proved less expensive than projected, as well as from working through partner organizations – a number of community organizations had access to community-level procurement of construction materials, which reduced overall construction costs.

16. Strongly linked to the project efficiency issue is the extension of the implementation period. Generally, project life is extended to give time to achieve planned results. However, this is costly for IFAD and indicative of a sluggish benefit

flow, to the detriment of the economic efficiency of the project involved. In 2011, out of the cohort of 24 projects, 10 were extended for an average of 1.9 years, bringing the average project implementation period at completion up to 9.1 years. From an efficiency point of view, project extensions are only meaningful when these help the project achieve critical results or complete activities already initiated with beneficiaries. In Burundi, for example, two extensions of the loan closing date, combined with good project design, sound project management and a close partnership, allowed the project to achieve its expected results. However, project extensions are not efficient if they are used to lengthen the life of an already weakly performing project. In the case of Yemen, the project was extended for a period of two years, during which it registered high recurrent costs.

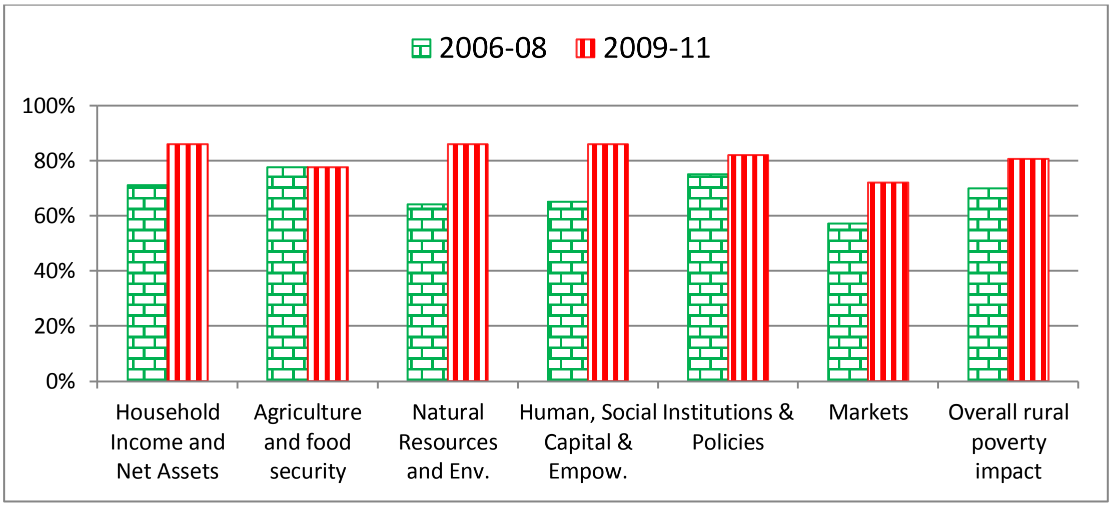
Box 2 – Achieving high efficiency in India

The overall goal of the National Microfinance Support Programme was to expand the horizontal and vertical outreach of microfinance institutions (MFIs) and programmes, and to mainstream them in terms of access to resources of the formal financial sector, so as to enhance the access of poor people to microfinance services. The programme has been efficient. In fact, there was no significant delay in the start-up of implementation, and a sufficient fund flow contributed significantly to achieving efficiency. In addition, since most of the programme activities were implemented without delay, efficiency in the time scale was achieved, as distinct from other projects implemented in the country. The Foundation for Microcredit (SFMC) department of the Small Industries Development Bank of India (SIDBI) has been complying with the fiduciary requirements within the anticipated costs, and the programme has overachieved the targets in support of MFIs and for outreach to beneficiaries. The actual programme cost per beneficiary was US$29, which is highly cost-effective compared with that of the previous Maharashtra Rural Credit Project (US$310).

Rural poverty impact

17. This year, rural poverty impact was measured against six key impact indicators. Five of them are those identified in the 2009 IOE evaluation manual: (i) household income and net assets; (ii) food security and agricultural productivity; (iii) natural resources and environment; (iv) human and social capital and empowerment; and (v) institutions and policies. A further impact domain concerns markets – an indicator not addressed in the IOE methodology.

Chart 2
Recent trends in rural poverty impact



Household income and net assets

18. This impact domain includes the flow of economic benefits derived from the production and/or sale of goods and services (income); the stock of accumulated infrastructure, land, housing, livestock, tools and equipment (physical assets); and savings and credit (financial assets). With regard to this domain, a comparison of the 2006-2008 and 2009-2011 cohorts shows that there has been a marked increase in projects rated satisfactory or better from 71 to 86 per cent. Interestingly, there has also been a rise in positive ratings (6 and 5) from 42 to 49 per cent, together with a simultaneous decrease in negative ratings (1 and 2) from 9 to 5 per cent.

19. In 2011, four projects experienced a highly satisfactory impact on this domain (Armenia, Burundi, India and the United Republic of Tanzania), while a satisfactory impact was achieved in nine projects (Chad #1144, China, Ethiopia, Indonesia, the Lao People's Democratic Republic, Mauritania #1180, Morocco, the Philippines and Viet Nam). Notable impact concerned:

- In Burundi, a significant contribution towards increasing and diversifying incomes and assets was provided by the activities in support of agricultural production (improved access to inputs, livestock restocking, support to food and cash crop production and bee-keeping), as well as by protection of marshland and development of water supply systems.
- In the United Republic of Tanzania, production and income sources were diversified through the introduction of contract farming. Some groups began the processing of agricultural products, which further diversified their product range and increased their incomes by adding value. As a result of higher profit margins, project beneficiaries improved their housing, acquired various assets (motorbikes, draught animals, livestock and ploughs) and sent their children to school.

20. **Weaknesses**. In 2011, three projects had moderately unsatisfactory impact (rated 3) (Cambodia, Guinea and Mauritania #1179), while another three projects had unsatisfactory impact (rated 2) (Chad #1259, Grenada and Mexico). In Cambodia, the assumption that microfinance loans would finance income-generating activities (IGAs) was found to be unrealistic and not adapted to local conditions. In Chad #1259, the financial services component was never begun, due to the project's closure 3.5 years ahead of schedule due to poor overall project performance. In Mexico, an increase in smallholder incomes has been achieved only because of rising rubber prices, as there has not been a significant increase in rubber productivity. In Grenada, the project diverted its focus to the building of human capital and took only some pilot steps to support IGAs.

Food security and agricultural productivity[4]

21. This impact domain concerns changes in food security in relation to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields. A comparison between the 2006-2008 and 2009-2011 cohorts shows that the share of projects rated satisfactory or better has increased only slightly, from 72 to 77 per cent. In addition, while the share of negative ratings has decreased by only 1 percentage point (from 9 to 8 per cent), the share of average ratings has increased from 44 to 54 per cent. In addition, if considering only the agricultural productivity impact domain, from 2006-2008 to 2009-2011 the share of projects rated moderately satisfactory or better has dropped by 2 percentage points (from 77 to 75 per cent). These overall results are not rewarding, as this domain is central to IFAD's mandate. At the same time, this

[4] In line with the new IOE methodology, this impact domain is the result of the merging of two former domains: "agricultural productivity" and "food security", which in the past were analysed and assessed separately by the self-evaluation system.

picture highlights how difficult it is for an institution to achieve considerable improvement in the agriculture sector.

22. **Strong impact**. In 2011, if considering the combined impact domain of food security and agricultural productivity, a highly satisfactory impact (6) was achieved by two projects, in Burundi and Viet Nam, while seven projects had a satisfactory impact (5) (Armenia, Brazil, China, India, Indonesia, the Lao People's Democratic Republic and the United Republic of Tanzania).

23. With regard to agricultural productivity, notable achievements were attained through**:**

- Improved access to inputs and markets (Burundi, China, the United Republic of Tanzania and Viet Nam);
- Introduction of new products and production techniques (Brazil, Burundi and Indonesia);
- Major investments to rehabilitate/develop irrigation schemes (Armenia and Viet Nam);
- Introduction of organic fertilizers (Brazil, Burundi and Indonesia);
- Better access to financial services (China, India and Indonesia);
- Introduction of diversified or new high-yielding crops (Brazil, Indonesia and the Lao People's Democratic Republic);
- Improvement in livestock production (Armenia, Burundi, Indonesia, the Lao People's Democratic Republic and Viet Nam).

24. In terms of food security, good results were achieved in the following countries:

- In Viet Nam, as a result of great improvements in agricultural production and productivity, there was clear project impact on food security, as the "hungry months" disappeared and some families even had paddy to sell.
- In Burundi, it was estimated that 42 per cent of households increased their agricultural production by 30-50 per cent. Consequently, the percentage of households having two meals a day has increased dramatically, from 13 per cent in 2000 to 69 per cent in 2009.
- In the United Republic of Tanzania, the food security of poor rural people increased through higher production, higher yields, higher incomes and access to market and storage facilities. Due to higher incomes, some farmers can now afford three meals a day instead of only one.
- In Armenia, the project has contributed to increasing the purchasing power of rural people to buy food through increased family revenue for the 2,090 people with new employment, the owners of 306 enterprises, 538 farmers benefiting from new markets and 4,355 farmers now using irrigation.

25. **Weak impact**. In 2011, IFAD's project interventions had a moderately unsatisfactory impact in three cases (Cameroon, Mauritania #1179 and the Bolivarian Republic of Venezuela), and an unsatisfactory impact in four (Chad #1259, Grenada, Mexico and Pakistan). As a general observation, these projects (with the exception of Mauritania #1179 and the Bolivarian Republic of Venezuela) have had generally poor implementation. In Chad #1259, the project did not contribute to improving food security because it had a negligible impact on agricultural production and productivity – implementing only few isolated training activities. In Cameroon, IGAs directly related to agriculture were few in number, not always successful and in direct competition with other government-led activities. Consequently, the impact on food security was also poor. Other reasons for low impact concern an initially erratic project design or changing priorities during project implementation. In this regard, in Mauritania #1179, despite the difficult agroecological conditions of the area, the project was not designed to

directly contribute to improving household food security. In the case of Pakistan, low impact was due to the diversion of attention from the project's original focus, as funds were reallocated from irrigation schemes and livestock replacement towards housing construction.

Box 3 – Enhancing agricultural production and productivity in Morocco

The Rural Development Project for Taourirt-Taforalt pursued a wide range of activities for more than 10 years aimed at improving agricultural production and productivity and at diversifying agricultural production. Altogether, 20,738 training and extension activities were conducted. Some 5,840 ha of land were de-rocked, agricultural production was intensified, improved cropping and soil- and water-conservation techniques were introduced on 18,620 m^2, and small- to medium-sized irrigation systems were developed on 5,000 ha. Strong support was provided to land development, with rehabilitation of 14,095 ha of rangeland, introduction of fodder shrubs and support to the regeneration of perennial tree species on 17,198 ha (land resting). This has allowed agricultural production to be expanded, intensified and diversified. Crop yields have doubled or tripled and new crops were introduced. Women and young people have particularly benefited. They have engaged in new, profitable value chains (i.e. goat- and sheep-rearing, bee-keeping, and cultivation of olives, capers, almonds and aromatic and medicinal plants), which has helped them earn higher incomes and diversify their income sources and diets. Certain areas have particularly benefited, such as the regions of Sidi Bouhria and Rislane, which were developed into almond production zones during the lifetime of the project.

Natural resources and environment

26. The focus on natural resources and environment involves assessing the extent to which project interventions contributed to preserving or rehabilitating the environment – which often represents the main source of livelihoods of poor rural people – or, on the contrary, to the further depletion of the natural resource base. This impact domain has improved markedly, as the share of projects rated moderately satisfactory or better has increased from 64 per cent in 2006-2008 to 86 per cent in 2009-2011.

27. **Strong impact** (rated 5). In 2011, six projects (Armenia, Brazil, Burundi, Indonesia, Morocco, Yemen) were rated satisfactory because they contributed positively to the protection and rehabilitation of the natural resource base. The common finding among these projects was that the caring and attention to the environment was an in-built feature of their design, expressed either as a specific component or as one of their development objectives. Another factor has been a new emphasis on agroecological practices, such as in the case of Brazil and Yemen, where new environmentally friendly productive methods were adopted and organic inputs were used instead of chemical ones. In Armenia, the project had a noticeable impact on the environment by increasing the availability of natural gas as an alternative fuel and, at the same time, by reducing illegal wood harvesting. In some cases, increased project attention to the environment had a ripple effect on agricultural productivity. In Morocco, improved irrigation systems have allowed increased fodder production on irrigated land, which has reduced the pressure on rangelands. In Burundi, the development of marshland contributed to generating an increase in rice yields under traditional farming systems and also through intensified rice production techniques.

28. **Weak impact** (rated 3 and 1). Two projects (Guinea and Pakistan) were rated 3, as they had moderately unsatisfactory impact on the environment and natural resources. In Guinea, although the project was well aware of some detrimental environmental issues, it undertook only a few activities in natural resource management and environmental protection. In Pakistan, the negative impact on the environment was a result of a highly intensive reconstruction process, as well as poor solid waste management and overexploitation of building materials. These two examples underline the lack of attention to and interest in natural resources and the environment that characterized some project interventions. In Chad #1259 (rated 1), the reasons for the project's highly unsatisfactory impact on natural resources and the environment are to be found at both design and implementation levels. In fact, despite the fact that drought and desertification were the most serious threats to the rural populations in the region, the project was not focused on natural resources and the environment, but on rural development. In addition, it failed to provide support to environmental protection for the following reasons:

(i) the *ouadis* development plans were altogether weak; (ii) natural resource and environmental issues were not given enough attention during the participatory rural appraisal process; and thus (iii) only a few fencing activities were identified and performed.

Box 4 – Caring for natural resources and the environment in Brazil

The Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East (also known as the Dom Helder Camara Project) particularly emphasized natural resource and environmental management – one of its specific objectives was to promote the rational use and conservation of natural resources. Moreover, an essential element of the project's strategy was a production approach that respected the environment and provided incentives to beneficiaries for putting the surrounding natural resources to sustainable use. In this way, the environmental dimension was an integral part of the whole project strategy. The project emphasized agroecological practices having a positive impact on the environment. As a result, new, environmentally friendly productive methods were adopted by targeted families in their crop production and animal husbandry. In addition, farmers substituted organic/biological inputs for chemical ones, almost abandoned slash-and-burn practices, and applied sustainable practices in natural resource management and water harvesting. In addition, the project played an active role in mobilizing a Global Environment Facility (GEF) grant, which was conceived as complementary to the project, in order to contribute to the sustainable development and improved quality of life of poor communities affected by soil degradation. The GEF Sertão project, started in early 2009, contributed to the combatting of such degradation in 24 projects at the grass-roots level.

Human, social capital and empowerment

29. The impact domain for human and social capital and empowerment assesses the extent to which projects have built the collective (social capital, such as sustainable grass-roots organizations) and individual (human capital) capacities of poor people. With 86 per cent of projects rated satisfactory or better in 2009-2011, compared with 65 per cent in 2006-2008, it is clear that dramatic improvements have been achieved, making it a highly performing impact domain. In addition, from 2006-2008 to 2009-2011, the share of positive ratings (5 and 6) has increased from 37 to 51 per cent, while the share of negative ratings (1 and 2) has dropped from 12 to 4 per cent.

30. In general, the 2011 results have confirmed that IFAD continues to be successful in strongly enhancing the human capital of poor rural people by providing better access to basic infrastructure for safe water and sound health care and sanitation, travel and communication, and better social services to address fundamental needs such as literacy and numeracy. The results of the 2011 cohort of projects also reported a substantial contribution to fostering the social capital of community-based organizations. The institutions of poor rural people have been strengthened to take charge of their own development process, design their own development strategies, gain access to markets, exert stronger bargaining power and build sustainable strategies. In a great number of cases, this has been achieved through the introduction of a participatory planning process, together with a decentralization-based approach when implementing project initiatives. In addition, a further positive contribution has been the building of social capital of local-level government agencies through the provision of technical capacity-building. Thus local governments have achieved greater capacity to plan and manage development activities.

Institutions and policies

31. The institutions and policies domain assesses the contribution of IFAD to the strengthening of government institutions at federal, state/provincial and other levels, as well as the involvement of the private sector and selected institutions. In this domain, the share of projects rated satisfactory or better has increased from 75 per cent in 2006-2008 to 82 per cent in 2009-2011. Most notably, there has also been a decrease in the share of negative ratings (1 and 2) by 6 percentage points, as well as an increase in the share of positive ratings (5 and 6) by the same percentage.

32. **Strong impact** (rated 6 and 5). A highly satisfactory impact was noted for the project implemented in Armenia (see box 5 below), while 10 projects achieved satisfactory impact (Brazil, Burundi, Ethiopia, Indonesia, the Lao People's

Democratic Republic, Mauritania #1179 and #1180, the Philippines, the United Republic of Tanzania and Viet Nam). In Indonesia, the Lao People's Democratic Republic and Mauritania #1179, positive project impact referred to direct support to the governments' national poverty reduction programmes and/or the implementation of other national policies. Another common feature of some projects (Burundi, Ethiopia, Indonesia, Mauritania #1179 and Viet Nam) concerns support to encouraging and mainstreaming an effective decentralized decision-making process by promoting devolution and local development processes at district and commune/village levels. The establishment of land tenure rights and arrangements has also been an important achievement in Mauritania #1180 and the Philippines.

33. Some projects had a significant impact on creating and/or reorienting financial institutions in favour of poor rural people. For example, in Armenia, project-supported partner financial institutions have been stimulated to significantly expand their rural branch networks, their lending operations in rural areas and their financing of agriculture. A similar notable impact has been achieved in Brazil, where the project supported the creation of new financial institutions providing microcredit.

34. **Weak impact**. Within this domain, moderately unsatisfactory impact was achieved in Cameroon (3); an unsatisfactory impact in Grenada, Guinea and Mexico (2); and a highly unsatisfactory impact in Chad #1259 (1). In Cameroon, the project's reorientation towards villages at the expense of communes reduced its impact on local democratization and decentralization processes. In Guinea, the project had only an indirect impact on the decentralization and deconcentration processes of government structures and it had no impact on beneficiary representation at the local level. Finally, in Chad #1259, the project had no impact on institutions and policies, as the self-managed financial service schemes were not created.

Markets

35. This impact domain measures a project's impact on physical access to markets – including roads and means of transportation – and on market information. Compared with the cohort of 2006-2008, in 2009-2011 IFAD's performance within this impact domain has improved dramatically, as the share of projects rated 4 or better has increased from 57 to 72 per cent. The improvement has occurred in the positive ratings (5 and 6), with an increase from 21 to 31 per cent, matched by a notable reduction in the share of negative ratings from 21 to 7 per cent. However, there is not much room for complacency, as this is the domain where IFAD's projects have achieved the weakest impact, thus underscoring the need for further and more substantial efforts.

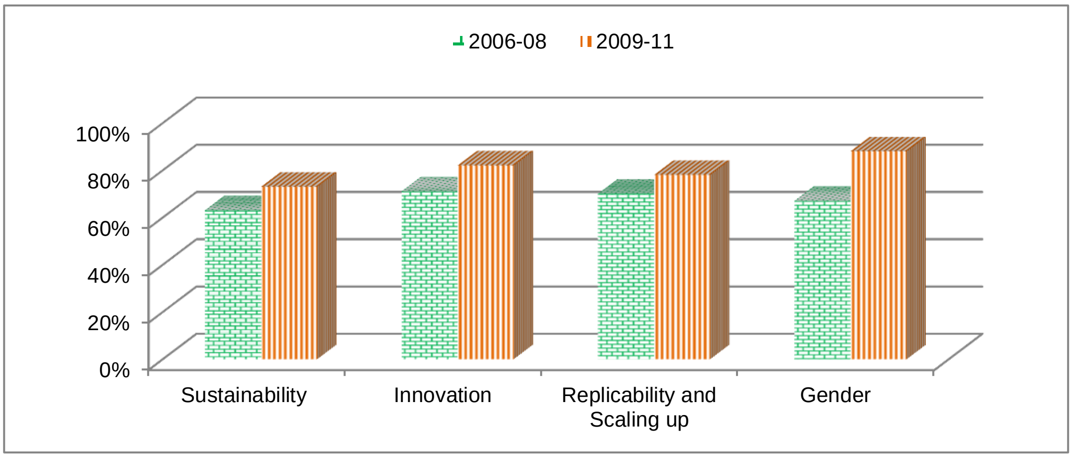
36. **Strong impact** (rated 6 and 5). In the case of the United Republic of Tanzania, the impact on markets has been highly satisfactory. The project explicitly focused on improvement of the agricultural marketing systems in order to increase smallholder incomes and diversify their production in an equitable partnership with the private sector. As a result, it contributed greatly to developing markets and to the business orientation of all stakeholders. In Armenia, through the implemented value-chain approach, the project contributed directly to improvement of input and output markets. The former improved as a result of value-chain processors organizing inputs for their supplier/contracted farmers. The latter improved through expansion of demand for high-value agricultural produce. In three other cases (Armenia, Cambodia and China), the development of road infrastructure facilitated collection of produce, improved access to markets and strengthened business relations between processors and suppliers. The improved market infrastructure combined with reduced transportation costs has helped farmers sell at market rather than at farm gate, thus resulting in higher profits.

37. Projects with a **moderately unsatisfactory impact** (3) included interventions in Cameroon, Guinea, Morocco and the Bolivarian Republic of Venezuela, while unsatisfactory results (2) were achieved in Grenada and Mexico. For the majority of these projects, poor achievements within the market domain are linked to overall poor project implementation results. In Guinea, despite its redesigned value-chain feature, the programme suffered from failure to implement the three major activities with a potentially high long-term impact: (i) the strategic value-chain development programme; (ii) a market information system; and (iii) a market price observatory. In Mexico, the project did not succeed in developing marketing capacities and failed in setting up a mechanism to share market-related knowledge. In the Bolivarian Republic of Venezuela, although some efforts in marketing training were implemented, processing and marketing difficulties were encountered in the cocoa and mandarin production chains.

"Other performance" area

38. From 2006-2008 to 2009-2011, the "other performance criteria"[5] have all registered considerable improvement. More specifically, the gender domain and the innovation, replication and scaling-up domain, have experienced an increase of 21 and 17 percentage points, respectively. Good results have also been achieved in terms of targeting and sustainability.

Chart 3
Recent trends in sustainability, innovation and scaling up



Sustainability and ownership

39. From 2006-2008 to 2009-2011, performance in terms of sustainability and ownership[6] has improved significantly – the share of projects rated as moderately satisfactory or better has increased from 63 to 73 per cent.

40. However, there is not much room for complacency, as this is still a relatively weak impact domain compared with others. In addition, with regard to sustainability, a large proportion of projects are still merely moderately satisfactory, as the percentage of average ratings has increased from 60 per cent in 2006-2008 to 64 per cent in 2009-2011, while the percentage of positive ratings has dropped by 2 percentage points (from 29 to 27 per cent). These results confirm that there are still significant challenges in ensuring the sustainability of benefits.

[5] These include: sustainability and ownership; innovation, replication and scaling up; targeting; and gender. In the past, these were referred to as "overarching factors". This year they have been renamed "other performance criteria" for consistency with the new IOE evaluation methodology.
[6] Sustainability and ownership of interventions concerns the likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life. What are the 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?

41. **Strong impact** (rated 5). In 2011, strong impact in terms of sustainability and ownership concerned seven projects (Armenia, Brazil, Burundi, Chad #1144, Mauritania #1180, the Philippines and the United Republic of Tanzania). The Government's willingness and commitment at all levels (national, regional, provincial and municipal) to ensure political sustainability and to provide financial support after project closure is a shared feature among the majority of these projects, which were deemed sustainable. For example, in the United Republic of Tanzania, project activities have been integrated into local government plans and budgets. In Mauritania #1180, maintenance of road infrastructure has been ensured by the government master plan. The beneficiaries' high sense of ownership of project achievements, with active participation in project implementation, is another factor contributing greatly to the sustainability of the processes initiated. For example, in Burundi, community development committees and the diverse groups and associations have reached a level of autonomy at which they can be expected to continue playing their roles without the support of the programme. In Chad #1144, the sustainability of project results has been secured by the approval of a new project in the same region.

42. **Weak impact** (rated 2 and 3). In 2011, five projects were rated moderately unsatisfactory (3) (Cameroon, Cambodia, Grenada, Guinea and the Bolivarian Republic of Venezuela), while three projects (Chad #1259, Mexico and Pakistan) were rated unsatisfactory (2). In two cases (Chad #1259 and Mexico), the low likelihood of sustainability is directly linked to an altogether weak implementation performance. In the other cases, sustainability of project interventions has been hampered by the following issues: (i) lack of an exit strategy; (ii) lack of provision to ensure adequate maintenance of the infrastructure; (iii) need of longer-term support for grass-roots organizations; (iv) limited community ownership and contributions; (v) dependence on continuous external financial support.

Innovation, replicability and scaling up

43. The review of PCRs has shown that IFAD performance in 2009-2011 in the overall domain of innovation, replicability and scaling up[7] has improved notably, with 82 per cent of projects rated moderately satisfactory or better, compared with 65 per cent in 2006-2008. The distribution of ratings among various categories show good results, as well – the share of negative ratings (1 and 2) has dramatically decreased from 22 per cent in 2006-2008 to 8 per cent in 2009-2011, while the share of average ratings has increased from 38 to 48 per cent.

44. For the overall domain, among those reviewed in 2011, three projects implemented in Burundi, India and Viet Nam were assessed as **highly satisfactory** (6). There were also 10 projects rated 5, which were implemented in: Armenia, Brazil, Cambodia, Ethiopia, Indonesia, the Lao People's Democratic Republic, Mauritania #1179, Morocco, the Philippines and the United Republic of Tanzania. All these projects have scored high, as they successfully adopted new models of execution and introduced technical, social and institutional innovations. In Cambodia, the project was the first multisector loan project, with several components and several financial agencies involved. In Ethiopia, the project used a multiphase design in which a longer-term approach was adopted to ensure better integration of pastoral communities into the national economy. In India, the project pioneered innovative features in terms of geographical coverage and choice of executing agency, as the borrower of the IFAD loan was a bank and not the Government. In the Lao People's Democratic Republic, the key project innovation was the level and depth of integration with government planning and administrative systems.

[7] "Innovation, replicability and scaling up" covers the extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector or other agencies.

45. A further common innovative feature among a great number of these projects was the adoption of a participatory approach and/or promotion of decentralization processes. In the Philippines, for example, the project pioneered a participatory community development approach and empowerment and the involvement of local government units in project development planning and implementation. In other cases (Armenia, Brazil, Indonesia, the United Republic of Tanzania and Viet Nam), a shared finding concerned the new institutions providing financial services to poor rural people. In Armenia, for example, the project provided large loans for enterprises driving value chains. In the Philippines, the project effected changes in the strategy of forming self-help groups.

46. Replicability and scaling up in these projects were also positively assessed, as the innovations introduced were replicated (or deemed highly replicable) by other IFAD operations in the country or region (for example, in Brazil, Burundi, Cambodia, Ethiopia and Mauritania #1179). In other cases, the government adopted successful innovations. For example, in Indonesia, some project-established institutions have already been embraced in other government initiatives. In Viet Nam, successful participatory planning and decentralized approaches have been learned and adopted by local government. In the United Republic of Tanzania, the Government is planning to replicate the programme nationally. In the Philippines, Ancestral Domain Sustainable Development and Protection Plans are being promoted as a national model in indigenous land tenure processes.

47. The **least successful projects** in terms of innovation, replicability and scaling up were those implemented in Grenada (3), and in Chad #1259 and Mexico (2). In Grenada, project design was innovative, as it had a strong bias towards rural enterprise development. However, there was a lack of suitable actors to appropriately implement this innovative feature; those available had no experience, expertise or capacity in a business-oriented approach. In the other two cases, owing to the projects' poor implementation performance, there were very few chances for replication and scaling up.

Gender

48. From the 2006-2008 to the 2009-2011 cohort, there has been a marked improvement – from 67 to 88 per cent – in addressing gender issues.[8] This result shows a higher level of awareness of gender aspects at both design and implementation levels. On the other hand, it must be stressed that, although the percentage of negative ratings has dropped from 16 to 5 per cent, there is an increase in projects assessed as mostly average (from 34 to 56 per cent).

49. Specific features of the two **highly satisfactory** projects (the Philippines and Viet Nam) as well as of the eight projects rated satisfactory (Burundi, India, Mauritania #1179 and #1180, Morocco, the United Republic of Tanzania, the Bolivarian Republic of Venezuela and Yemen) are: (i) gender-specific project design or the presence of a gender-dedicated component/objective; (ii) gender as a cross-cutting strategy during implementation; and (iii) efforts to mainstream gender equality and women's empowerment in design, implementation and supervision.

50. In the Bolivarian Republic of Venezuela, the project adopted a comprehensive gender approach aimed at reducing social and economic inequalities affecting women. In a great number of cases, the role of women was given importance by ensuring their involvement and participation in all aspects of project implementation. In some cases (Burundi, Mauritania #1180, Morocco, the United Republic of Tanzania, the Bolivarian Republic of Venezuela, Viet Nam and Yemen), an important factor contributing to women's empowerment was the provision of training, above all literacy training. As a result of the successful projects, women

[8] This criterion assesses the extent to which gender issues were given attention during project implementation, whether a project was specifically designed to address the needs of women, and if the project contributed to improving the situation of women in general (education, workload, access to credit, land, IGA, employment opportunities, etc.).

were given more opportunities not only through their involvement in profitable economic activities, but also through taking part in local decision-making processes, thus becoming better integrated into the socio-economic mainstream. Finally, women's greater access to financial services (India, the United Republic of Tanzania and the Bolivarian Republic of Venezuela) has strongly contributed to their empowerment not only within their own households, but also on a wider social level.

51. **Weaknesses** (rated 3 and 2). In terms of gender, one project has been rated moderately unsatisfactory (3) (Chad #1259), while another two (Mexico and Pakistan) have been rated unsatisfactory (2). In Pakistan, despite mentioning gender in the project design – and the priority to be given to woman-headed households – very little was done in project implementation to provide this promised support. In Mexico, the project design did not entail any strategy to achieve a change in mentality that would facilitate the incorporation of gender-driven actions.

Box 5 – Reducing discrimination against women in Mauritania

IFAD interventions in Mauritania have brought about important changes in the traditional village society of Mauritania. The Poverty Reduction Project in Aftout South and Karakoro has given women a voice in decentralized decision-making processes at the local level. The consultative communal committees established under the project are civil society organizations and direct partners of the municipal councils. All of them have at least three women members. Also, by employing mainly women trainers, the participation of women was strengthened in literacy training and in sessions of Information, education and communication on hygiene, health, education and early marriage. This, combined with the creation of 30 women's cooperatives, has had a positive impact on the image of women at the village level. The Maghama Improved Flood Recession Farming Project – Phase II reached similar results. Literacy training, information, education and communication, and support to IGAs have opened up new employment opportunities and thus new sources of income for women and young people (mid-wives, health workers, plumbers, veterinary helpers, village animators, solar panel technicians, etc.). The project has also introduced women village focal points and village intermediaries for information, education and communication. As a result, women now face less discrimination and practices against women's rights, such as early marriage, are being progressively abandoned.

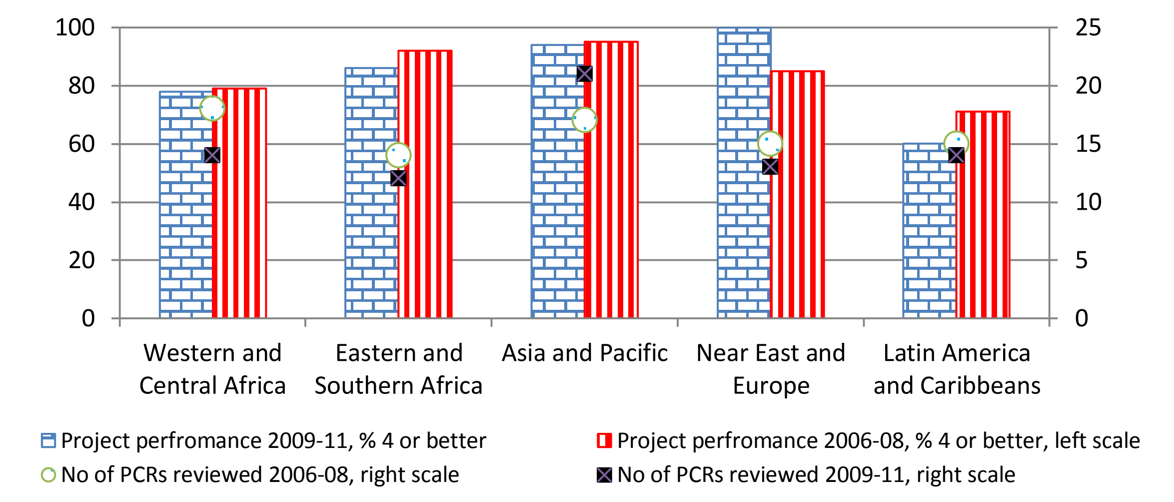
C. Performance by region

52. This section relies on analyses of the percentage of projects rated moderately satisfactory or better based on two main evaluation criteria: (i) project performance and (ii) rural poverty impact. For each region, results have been analysed comparing the three-year averages for 2009-2011 against the 2006-2008 period. A total of 153 PCRs were analysed to obtain these scores.

53. In interpreting the results, it is important to note that performance is not directly attributable to the performance of IFAD's regional divisions, as performance is explained much more by in-country efforts. Within this premise, chart 4 highlights project performance[9] in each region.

[9] This is calculated as the arithmetical average of the ratings for the three core project performance criteria: relevance, effectiveness and efficiency.

Chart 4
Project performance by region



54. With the exception of the Near East, North Africa and Europe (NEN) region, all other regions have experienced an improvement in project performance. Latin America and the Caribbean (LAC) has experienced the strongest improvement, albeit from a low base. Asia and the Pacific's (APR) performance has been high and stable, whereas West and Central Africa's (WCA) has been moderately high and stable. East and Southern Africa (ESA) has shown some improvement. While NEN's performance dropped, it did so from a very high base in 2006-2008 and so remains in a satisfactory zone.

55. With regard to rural poverty impact, while APR and NEN showed stable performance, ESA and LAC showed improvements. A drop in the performance in WCA is explained by a large-scale clean-up of the portfolio, which, while adversely affecting the short-term performance score, will help bring significant improvements over a longer period (paragraph 4 of this annex).

Table 1
Rural poverty impact by region

Period	*West and Central Africa*	*East and Southern Africa*	*Asia and the Pacific*	*Near East, North Africa and Europe*	*Latin America and the Caribbean*
2006-2008	83	73	90	85	63
2009-2011	71	83	90	85	71

D. Conclusions

56. The three-year averages for the period 2009-2011 compared with the 2006-2008 time frame show that overall project performance in IFAD-supported operations has improved over time. This is underpinned by significant improvements in performance in terms of relevance, rural poverty impact, gender, innovation, replication and scaling up, and in government performance. This result is a reflection of the concerted efforts of the Fund in the recent past to strengthen its development effectiveness.

57. With respect to the effectiveness of the projects reviewed in achieving their development objectives, while improvements have been recorded, IFAD needs to make additional efforts during design, mainly by setting more realistic targets and designing less complex projects, and during implementation, by streamlining inputs and activities in a way that contributes directly to achieving project objectives. Economic efficiency of the projects, although improving, remains weak in relative terms. Sustainability of project benefits shows a similar trend: performance has improved quite significantly in recent years and IFAD is on track to achieve the

target set for 2012, but year-to-year variation is high. With the solid gains achieved in recent years in project outcomes, IFAD’s performance is overwhelmingly in the satisfactory zone. However, there is scope for improving performance further to move towards excellence.

58. Regarding rural poverty impact, there have been improvements in performance in all impact domains. Marked improvements have been achieved in the domains of household income and net assets; natural resources and environment; and human and social capital and empowerment. Performance in the food security and agricultural productivity impact domain lags behind other criteria, which highlights how difficult it is to make significant, sustainable improvements in the agriculture sector.

59. Of particular interest is the general tendency of a decreasing share of unsatisfactory ratings (1 and 2) to the benefit of average ratings. This is particularly evident in the case of natural resources and environment, and markets. In the case of household income and net assets, institutions and policies, and human and social capital and empowerment, there has been a decrease in the share of negative ratings to the benefit of positive ones. On the other hand, in the case of food security and agricultural productivity, the share of average ratings has increased to the detriment of the share of positive ratings. More specifically, with regard to human and social capital and empowerment, the share of negative ratings has declined by 8 percentage points, while there has been an increase of 14 percentage points in the share of positive ratings. This is a significant increase and demonstrates that the impact of IFAD interventions on human and social capital and empowerment has substantially improved over the past three years.

60. In terms of other performance criteria included in IFAD’s RMF, improvements were significant in the areas of gender, innovation and replicability and scaling up. From 2006-2008 to 2009-2011, the share of the projects rated 4 or better has increased by 21 per cent, 17 per cent and 16 per cent, respectively. With 88 per cent of projects rated 4 or better in 2009-2011, IFAD’s impact on gender is the strongest among the performance criteria.

List of completed projects reviewed in 2011

Region	Country	Project Id	Project name	Project type	IFAD approved financing (USD '000)	Project board approval	Loan effectiveness	Project completion date	Current closing	Cooperating institution	Disbursed amount (%)
PA	Cameroon	1136	PADC	RURAL	11757	23 Apr 02	25 May 03	30 Jun 09	31 Dec 10	IFAD/IFAD	67
PA	Chad	1144	PSANG - Phase II	RURAL	11674	03 May 00	12 Dec 01	31 Dec 09	30 Giu 10	UNOPS	91
PA	Chad	1259	PRODER-K	RURAL	13000	10 Apr 03	15 May 05	31 Dec 09	30 Jun 10	IFAD/IFAD	30
PA	Guinea	1135	PPDR-HG	RURAL	14015	09 Dec 99	18 Jan 01	01 Mar 10	30 Sept 10	IFAD/IFAD	46
PA	Mauritania	1179	PASK	RURAL	11327	12 Sept 01	31 Oct 02	31 Dec 09	30 Jun 10	UNOPS	90
PA	Mauritania	1180	Maghama II	RURAL	10128	05 Sept 02	23 Jul 03	31 Jul 10	31 Jan 11	IFAD/IFAD	99
PF	Burundi	1105	PRDMR	RURAL	19998	28 Apr 99	04 Aug 99	30 Jun 10	31 Dec 10	IFAD/IFAD	97
PF	Ethiopia	1237	Pastoral Community Proj.	RURAL	20000	11 Sept 03	05 Apr 04	30 Jun 09	31 Dec 09	World Bank: IDA	100
PF	Tanzania	1166	AMSDP	AGRIC	16345	06 Dec 01	04 Oct 02	31 Dec 09	30 Jun 10	IFAD/IFAD	100
PI	Cambodia	1175	Kampong Thom & Kampot	AGRIC	9994	07 Dec 00	29 Mar 01	31 Dec 09	30 Jun 10	IFAD/IFAD	93
PI	China	1227	RFSP	CREDI	14669	21 Apr 04	13 Sept 05	31 Mar 10	30 Sept 10	IFAD/IFAD	96
PI	India	1121	National Microfinance	CREDI	21961	04 May 00	01 Apr 02	30 Jun 09	31 Dec 09	IFAD/IFAD	100
PI	Indonesia	1112	PIDRA	RURAL	23520	04 May 00	31 Jan 01	31 Mar 09	30 Sept 09	IFAD Pilot	98
PI	Laos	1207	Oudomxai Community	AGRIC	13414	23 Apr 02	19 Sept 02	31 Mar 10	30 Sept 10	IFAD/IFAD	100
PI	Pakistan	1385	REACH	RURAL	26389	20 Apr 06	01 Aug 06	30 Sept 09	31 Mar 10	World Bank: IDA	100
PI	Philippines	1137	Northern Mindanao-CIREMP	RURAL	14805	06 Dec 01	01 Apr 03	30 Jun 09	31 Dec 09	IFAD/IFAD	80
PI	Viet Nam	1202	RIDP in Tuyen Quang	RURAL	20906	06 Dec 01	21 Aug 02	30 Sept 09	31 Mar 10	IFAD/IFAD	95
PL	Brazil	1101	Dom Helder Camara	CREDI	25000	03 Dec 98	21 Dec 00	31 Dec 09	31 Dec 10	IFAD Pilot	100
PL	Grenada	1181	Rural Enterprise Project	RURAL	4194	26 Apr 01	03 Oct 02	30 Jun 09	31 Dec 09	CDB	76
PL	Mexico	1141	Rural Dev. Rubber	AGRIC	25000	03 May 00	21 Dec 01	31 Dec 09	21 Jan 11	IFAD/IFAD	68
PL	Venezuela	1186	Barlovento	RSRCH	13000	13 Sept 00	29 Jul 03	30 Sept 09	31 Mar 10	IFAD/IFAD	62
PN	Armenia	1307	RAEDP	CREDI	15301	02 Dec 04	19 Jul 05	30 Sept 09	31 Mar 10	IFAD/IFAD	100
PN	Morocco	1010	Rural Dev. Taourirt - Taf	AGRIC	19520	04 Dec 96	16 Oct 98	31 Dec 09	30 Jun 10	UNOPS	80
PN	Yemen	1095	Al-Mahara Rural Dev.	AGRIC	12241	09 Dec 99	26 Lug 00	30 Sept 09	31 Mar 10	UNOPS	98

PCR assessment guidelines – 2011 PCR Review

Criterion	Guiding Performance Questions
Core Performance Criteria	
Relevance	1. Were project objectives realistic and consistent with national agriculture and rural development strategies and poverty reduction strategies? 2. Was project design focusing on the priorities and the needs of poor rural people? Did the project remain consistent with poor rural people's needs during its implementation? Did time overtake the project in ways that render it irrelevant? 3. Did project goal and objectives reflect IFAD's strategy in the country as embedded in the COSOP, as well as relevant IFAD sector and subsector policies? Were IFAD policy concerns (targeting, innovation, etc.) adequately incorporated into design? 4. Was the project design and objectives realistic and logical? Was the logical framework adequate? Were the outcome, impact and input/output indicators appropriate? Were planned outputs meaningful to achieving project objectives and goals? 5. Were appropriate M&E arrangements embedded into project design? 6. Were human, physical and financial resources sufficient and well-targeted to achieve the expected outcomes? 7. Were arrangements for annual work planning and budgeting, progress monitoring and impact evaluation adequate? <u>Were the roles of the implementing agencies appropriate considering institutional mindsets and past performance?</u> 8. Did design adequately reflect lessons learnt from relevant, past rural development programmes and operations by IFAD and/or others? **Design-related issues** 9. Was the process design participatory in the sense that it took into consideration the inputs and needs of key stakeholders, and analysed their asset bases and the development opportunities open to them? 10. Were inappropriate design assumptions promptly identified? Was the project changed or restructured accordingly? Was the logical framework updated to reflect changes during implementation? 11. During project preparation, were alternative approaches considered and evaluated? 12. What are the main factors that contributed to a positive or less positive assessment of relevance?
Effectiveness	13. To what extent have the objectives of the project been achieved both in quantitative and in qualitative terms? 14. If the project is not yet complete, is it likely that so far objectives may be accomplished in full/in part before its closure? 15. What factors in project design and implementation account for the estimated results in terms of effectiveness? 16. If there were shortfalls, what caused them? Include problems that may have arisen from poor design or implementation. 17. Did the project provide the expected benefits to the target population? 18. What changes in the overall context (e.g. policy framework, political situation, institutional set up, economic shocks, civil unrest, etc.) have affected or are likely to affect project implementation and overall results? 19. Were the M&E systems in place and operational? Were stakeholders and beneficiaries consultations included as routine M&E activities?
Efficiency	20. How efficiently was the project implemented? 21. What are the costs of investments to develop specific project outputs (e.g. what is the cost of constructing one kilometre of rural road)? The quality of works/supplies needs to be fully (and explicitly) recognized for such input/output comparisons. 22. Is the cost ratio of inputs to outputs comparable to local, national or regional benchmarks? 23. What are the costs per beneficiaries (both at the time of appraisal and at the time of evaluation) and how do they compare to other operations (or those of other donors) in the same countries or in other countries? 24. 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? 25. Where available, how does IRR compare to with EIRR (estimated during design)? 26. Were timetables adequately met? Were there any cost overruns? Also note if any cost-/time-saving measures were/could have been taken. 27. Was the project affected by delays in loan effectiveness and implementation? What were the causes? Could any of the problems have been anticipated? 28. By how much time was the original closing date extended, and what were the additional administrative costs that were incurred during the extension period? 29. What factors help account for project efficiency performance?
Project Performance	This overall rating is calculated as an arithmetic average of the ratings for the three core performance criteria (Relevance, Effectiveness, Efficiency).
***(i)* Partner Performance**	
IFAD	30. How did IFAD perform with respect to the roles defined in the project design? 31. Did IFAD mobilize adequate technical expertise in preparatory and project design works? 32. Was the design process participatory (with nation and local agencies, grassroots organizations) and did it promote ownership by the borrower?

	33. Did IFAD adequately integrate comments made by its quality enhancement and quality assurance processes? 34. 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 context, especially during the MTR? 35. What was the performance of IFAD in projects that are under the direct supervision and implementation support? Did IFAD exercise its developmental and fiduciary responsibilities, including compliance with loan and grant agreement? Where applicable, what is the role and performance of IFAD's country presence team (including proxy country presence arrangements)? 36. Was prompt action taken to ensure the timely implementation of recommendations stemming from the supervision and implementation support missions, including the MTR? Were specific efforts made to incorporate the lessons learned and recommendations from previous independent evaluations in project design and implementation? 37. Has IFAD been active in creating an effective partnership for implementation as well as maintaining coordination among key partners to ensure the achievement of project objectives, including the replication and scaling up of pro-poor innovations? 38. How was the relationship between IFAD and other partners? Did IFAD support the CI by taking prompt action whenever required? Did IFAD help to enforce CI recommendations? 39. Has IFAD sought to influence poverty policies? Has IFAD made proactive efforts to be engaged in policy dialogue activities at different levels, in order to ensure, inter alia, the replication and scaling up of pro-poor innovations? 40. Has IFAD, together with government, contributed to planning an exit strategy?
Cooperating Institution	41. How did the CI perform with respect to the roles defined in the project? 42. Has the supervision programme been properly managed (frequency, composition, continuity)? Did supervision mission provide adequate services and support? Was there an adequate balance between fiduciary supervision and implementation support? 43. Has the CI been effective in financial management? 44. Has the CI been responsive to requests and advice from IFAD when carrying out its supervision and project implementation processes? 45. Have implementation problems been highlighted and appropriate remedies suggested? 46. Were CI reports from supervision missions adequate? Were reports filed in a timely manner? 47. Has the CI sought to monitor project impacts and IFAD concerns (e.g. targeting, participation, empowerment and gender aspects)?
Government	48. To what extent was the Government involved in project design steps? Has cooperation with key potential implementation staff being maximised? 49. Has the Government correctly assumed ownership and responsibility for the project? 50. Did Government assure adequate staff and project management? Did government follow up on the recommendations of donors and support missions? 51. By its actions and policies, has Government been fully supporting of project goals? Did government provide policy guidance to project management staff when required? 52. Did government ensure suitable coordination of the various departments involved in execution? 53. Did government comply with loan covenants, and if foreseen/required, allocated adequate funds for continued operations and maintenance after project completion? Was counterpart funding provided as agreed? 54. Have the flow of funds and procurement procedures been suitable for ensuring timely implementation? 55. Has auditing been undertaken in a timely manner and reports submitted as required? 56. Did the government (and IFAD) take the initiative to suitably modify the project design (if required) during implementation in response to any major changes in the context? 57. Was prompt action taken to ensure the timely implementation of recommendations from supervision and implementation support missions, including the MTR? 58. Has an effective M&E system put in place and does it generate information on performance and impact which is useful for project managers when they are called upon to take critical decisions? 59. Has the government (and IFAD) contributed to planning and exit strategy and/or making arrangements for continued funding of certain activities? 60. Has the government engaged in a policy dialogue with IFAD concerning the promotion of pro-poor innovations?
NGO/CBOs	61. How did NGOs perform with respect to the roles defined in the project? Did they fulfil their contractual service agreements? (This may be based on timeliness and quality of service delivery, adherence to schedules and contracts, etc.) 62. Have NGOs/CBOs acted to strengthen the capacities of poor rural organizations? 63. Can NGOs/CBOs contribute to the sustainability of project activities?
Combined partner Performance	64. As a whole, how did they perform? How well did they work together? (No need to come give an overall rating)
Rural Poverty Impact[16]	
Household income and Net assets	65. Did the project affect the composition and level of household incomes (more incomes sources, more diversification, higher incomes)? 66. Did households' ownership and access to land, water, livestock, tools, equipment, infrastructure and technology change? Did other household assets change (house, bicycles, radios, television sets, telephones, etc.)?

[16] 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.

	67. Were poor people able to access financial markets more easily? 68. Did poor people have better access to input and output markets? 69. Did the project improve entitlement security of land, productive resources and technologies? *70.* Did the project improve the availability of financial services for investment and consumption to poor rural people?
Food Security	71. Did the project affected food availability, whether produced or purchased, to ensure a minimum necessary intake by all members? 72. Did the project improve children nutritional status and household food security? 73. To what extent did poor rural people improve their access to input and output markets that could help them enhance their productivity and access to food?
Agricultural Productivity	*74.* Did the project contribute to increase agricultural, livestock and fish productivity measured in terms of cropping intensity, yields and land productivity?
Natural Resources and Environment[17]	75. Did the project contribute to the protection or rehabilitation of natural and common property resources (land, water, forests and pastures)? 76. 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.? 77. Did local communities access to natural resources change (in general and specifically for poor people)? 78. Has the degree of environmental vulnerability changed (e.g. exposure to pollutants, climate change effects, volatility in resources, potential natural disasters)?
Human and Social Capital and Empowerment	79. Did the project affect knowledge and skills of poor rural people? Did poor people gain access to better health and education facilities? 80. Did the project improve access of poor rural people to safe water sources? 81. Did rural people's organizations and grassroots institutions change? 82. Did the project affect the capacity of poor rural people to influence decision making either on individual or collective basis? To what extent did the project empower poor rural people vis a vis development actors and local and national public authorities? 83. Did the project improve the collective capacity of poor rural people to grasp potential economic opportunities and to develop stronger links with markets and external partners? 84. Did the project impact on social capital, social cohesion and self-help capacity of rural communities?
Institutions and Policies	85. Did the project affect institutions, policies or regulatory frameworks? 86. Did the project improve the capacity of local public institutions in servicing poor rural people and reorienting institutions' existing policies in favour of poor people? 87. Did the project affected sector and/or national policies relevant for poor rural people? 88. Did the project improve institutional framework for rural financial services? Were there any changes in rural financial institutions (e.g. in facilitating access for poor rural people)? 89. Did market structures and other institutional factors affecting poor producers' access to markets change?
Markets	90. Did the project improve rural people's access to markets through better transport routs and means of transportation? 91. Did the project affect the participation of poor rural producers in competitive agribusiness value chain on equitable or favourable conditions?
Rural Poverty Impact	92. Provide a weighted average which gives a general view of project impact. This should not be the arithmetic average of impact domain ratings. Intended project objectives should be considered.
Other Performance Criteria	
Pro-Poor Innovation Replicability and Scaling up	93. How innovative was the project? What are the characteristics of innovation(s) promoted by the project or programme? 94. Did the project introduce innovative ideas into the project area? (Innovations can be completely new, new to the country, new to the region, or new to the target population) 95. How did the innovation originate (e.g. through the beneficiaries, government, IFAD, NGOs, research institutions, etc.)? 96. Was the project designed to lead to innovation, for instance, by pilot testing new concepts or technologies, evaluating, up-scaling them and was it adapted in any particular way during project/programme design? 97. Was the innovative part of the project implemented as planned? 98. Was the successfully promoted innovations documented and shared? 99. Have these innovations been replicated and scaled up and, if so, by whom? If not, what are the realistic prospects that they can and will be replicated and scaled up by the government, other donors and/or the private sectors?
Sustainability and Ownership	100. Was a specific exit strategy or approach prepared and agreed on by key partners to ensure post-project sustainability? 101. What are the chances that project impacts may be sustainable beyond project interventions? What is the likely resilience of economic activities to shocks or progressive exposure to competition and reduction of subsidies? 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? 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? 102. Is there a clear indication of government commitment after the loan closing date, for example in terms

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

	of provision of funds for selected activities, human resources availability, continuity of pro-poor policies and participatory development approaches, and institutional support? 103. Do project activities benefit from the engagement, participation and ownership of local communities, grassroots organizations, and poor rural people? 104. Are adopted approaches technically viable? Do project users have access to adequate training for maintenance and to spare parts and repairs? 105. Are the ecosystem and environmental resources (e.g. fresh water availability, soil fertility, vegetative cover) likely to contribute to project benefits or is there a depletion process taking place?
Targeting	106. Did the project include instruments and/or criteria for enhancing participation of vulnerable socio-economic categories in planning, prioritisation and implementation of project initiatives? If yes, were they effective? Was the targeting approach appropriate to the country context? 107. Did the project provide benefits to the poorest socio-economic categories, including women, youth and indigenous people? 108. Were efforts to identify poverty characteristics and locations comprehensive, especially concerning women, youth and other disadvantaged people? (KSF 2.2) 109. Did the project analyse the needs of poor rural people and determine specific strategies to address their needs? Were different groups of poor identified and different strategies defined for each group? 110. What measures were included in the project to ensure service and goods produced by the project were relevant and accessible to poor people, or to ensure poor people were not excluded from accessing project benefits? Did the project meet priority needs of poor people?
Gender equality and women's empowerment	111. Were gender issues given enough attention during project implementation? (KSF 2.3) 112. Was the project designed to specifically target the needs of women? 113. Did women's situation (workloads, 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	114. Provide a rating of project overall performance based on the ratings of six evaluation criteria (relevance, effectiveness, efficiency, rural poverty impact, sustainability and innovation, replication and scaling up). The project is rated as a whole.
Estimated number of beneficiaries	115. Specify whether it refers to individuals, households, communities, etc.
PCR Quality	
Scope	116. Does the PCR cover all or nearly all of the elements outlined in Chapter VI of the 2006 guidelines? Note major omissions.
Quality	117. Are the description, analysis and conclusions convincing or flawed? 118. Are data well chosen, well analysed and well presented? Quantitative or qualitative. Is there a re-estimated ERR? 119. Ease of assessment. How easy was it to find all the relevant information for this assessment?
Lessons learned	120. Are the lessons clearly drawn? Are these relevant?
Candour	121. Is the assessment made reflects openness, frankness, and self-criticality?

Characteristics and quality of the 2011 cohort of project completion reports

A. Basic characteristics

1. The cohort being reviewed is a completion cohort, as opposed to an entry cohort and the 24 projects reviewed in 2011 were approved between 1996 (Morocco 1010) and 2006 (Pakistan 1385). Five projects (21 per cent) were approved between 1996 and 1999, while the large majority of the projects (19 projects or 79 per cent) were approved between 2000 and 2006. The total project cost of the 24 projects reviewed in 2011 is US$828 million. Of these 24 projects, six were implemented in the WCA region, three in the ESA, eight in APR, four in LAC, three in NEN. Total IFAD financing of these projects is equivalent to about US$388 million (47 per cent of total amount) with an average disbursement rate of 88 per cent. OF these 24 projects, 17 were directly supervised by IFAD, of which, two were IFAD-pilot, two projects were supervised by the WB, four projects were supervised by the United Nations Office for Project Service (UNOPS), and one project was supervised by the Caribbean Development Bank (CDB).

2. For the three-year cohort covering 2009, 2010 and 2011, the total project cost is about US$2.6 billion and a total IFAD financing of US$1.15 billion or about one-fourth of the total current portfolio of US$4.6 billion. Of the 74 projects in this cohort, 14 were implemented in the WCA region, 12 in the ESA, 21 in APR, 14 in LAC, 13 in NEN. The total number of directly supervised projects in 2009-11 is 31 or 42 per cent of the universe.

3. **Project type.** The projects are classified into four different project types. The great majority of them (79 per cent) fall into the categories of *Rural Development* (13 projects), and *Agricultural Development* (six projects). Four projects fall in the category of *Credit, and only one in the category of Marketing and Research*. *The 13 Rural Development projects* concern almost exclusively integrated rural development projects. With regard to the six *Agricultural Development* projects, it is interesting to note that are focused on very different aspects of agricultural development, depending on the main constraints affecting poor rural people (crop production; community development; rural infrastructure development; rural financial services; land development; agriculture development in general; support to processing and commercialization of agriculture production).

4. **Original loan and implementation period and extensions.** The average original loan implementation period of the portfolio under consideration is of 7.2 years with Pakistan having the shortest duration (3.1 years) and Morocco the longest (11.2 years), respectively. Altogether, 10 projects were extended for an average period of 1.9 year. While the reasons for these extensions are not always explained in the PCRs, it appears that they rest on 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 is often overestimated. In Brazil, the project was extended by three and a half years to compensate for the late start and the initial disbursement delays. In Burundi, the project was extended twice to compensate for initial political instability, insecurity and country's arrears that have negatively affected programme implementation.

5. On the other hand, in 2011 there were three projects which were closed in advance (Chad #1259, Cameroon, Guinea), as a result of a generally poor performance. In Cameroon, the project suffered throughout from implementation delays, late payment of services providers and general lack of motivation among implementation partners. As a result, it was completed one year ahead of time with an overall disbursement rate of only 70 per cent. In Guinea, the 10 year flexible programme,

was implemented during a period of social and political instability as well as it experienced serious delays, mainly due to weak project management and Government's financial difficulties. Thus, IFAD decided to close the programme one year ahead of time. In Chad #1259, the project was effectively operation for three years instead of eight, suffering from an overambitious design, country's cumbersome procedures, overall weak implementation capacity of the Project Management Unit, which all led to the unilateral IFAD's decision to close it ahead of time.

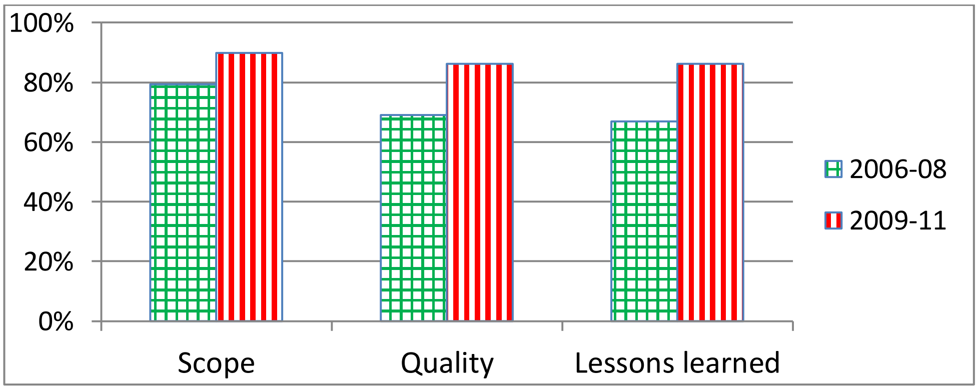
B. Disconnect between PCRs and project status reports

6. A review of the overall performance rating attributed to all 24 projects during the last year of implementation and at completion shows that for about 25 per cent of the concerned projects, the last project status reports (PSRs) are only slightly higher than the PCRs ratings. This represents an improvement compared to last year, when for about 50 per cent of the relevant projects, the PSRs ratings were found to be higher than the PCRs ratings. Overall, the average performance rating of the PSRs is higher than the average of the PCRs by only 0.1 point – negligible in a 6-point scale. This is also lower than last year's value (0.3). It is also interesting to note that there has been a better alignment between PCRs and PSRs in this year's cohort, especially with regards to the projects rated unsatisfactorily performing (1 or 2).

C. Quality of PCRs

7. **Overview.** The quality of the PCRs is measured against four 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; (iv) the candour of the PCR (which has been analysed for the first time). The ratings given over the period 2009/10/11 show that the overall quality of the PCRs has improved compared to the 2006/07/08 period. The below chart reflecting the three year moving averages for all indicators shows that the scope, the quality, and the lessons learned of PCRs have improved since the introduction of the guidelines.

Chart 1
Quality of the project completion reports over time



8. **Scope.** As shown in the chart above, from 2006/07/08 to 2009/10/11, there has been an increase of projects rated '4' or better for their scope of their PCR, from 80 per cent to 90 per cent. In addition, no negative ratings have been given in 2009/10/11. This means that there has been a notable effort in order to make the PCRs better aligned to the guidelines. However, there is need for further improvements, as the share of average PCRs ('3' and '4') has been increasing (from 47 per cent to 55 per cent), while the share of positive ratings has risen only by one percentage point (from 44 per cent to 45 per cent).

9. In 2011, three PCRs were assessed as being highly satisfactory with regard to their scope (Chad #1144, Philippines, Morocco), while eight PCRs were considered being satisfactory (Burundi, Mauritania #1180, Chad #1259, Guinea, Indonesia, Pakistan, Grenada and Armenia). In addition, no negative rating ('1' and '2') was given to any

PCR. These well prepared reports showed a notable effort and commitment to be fully compliant with the format and structure of the Completion Guidelines issued by Project Management Department in 2006.

10. **Quality.** With regard to the quality of the PCRs, this has notably improved within the period 2006-08 and 2009-11, as the share of PCRs rated '4' or better has increased from 69 per cent to 86 per cent. In just one case (Philippines) the PCR was assessed as highly satisfactory, while nine PCRs (Burundi, Ethiopia, the United Republic of Tanzania, China, Lao, Pakistan, Mexico, Grenada and Armenia) were considered to have a satisfactory quality. In the exemplary case of the Philippines, the PCR was assessed as being well written and comprehensive, as well as reflecting a good level of analysis substantiated by a notable amount of quantitative and qualitative data.

11. Four PCRs (Mauritania #1179, Cambodia, Viet Nam and the Bolivarian Republic of Venezuela) were considered to be moderately unsatisfactory (rated '3') in terms of quality. The main weaknesses are: i) lack of evidence (quantitative and qualitative data) to substantiate the findings; ii) lack of an in-depth analysis of the results and causes; iii) contradictions in presenting the results; iv) analysis of effectiveness made based on outputs rather than on the achievement of development objectives. In addition, as already highlighted in the past, in the majority of cases, the financial and economic analyses are missing and thus the assessment of efficiency is not well covered. In general, more effort is needed to build an efficient M&E system. In many projects, this is still a major issue, especially with regard to the impact section.

12. **Lessons Learned.** A comparison between 2009/10/11 and 2006/07/08 shows that there has been a substantial improvement in the quality of lessons learned, as evidenced by the share of PCRs rated '4' or better that has passed from 67 per cent in 2006-08 to 86 per cent in 2009-11. The same improvement is also showed by the decreasing share of negative ratings (from 13 per cent to 3 per cent), as well as by an increasing share of positive ratings (from 44 per cent to 55 per cent).

13. In 2011, a satisfactory rating ('5') have been awarded to twelve PCRs (Burundi, Ethiopia, the United Republic of Tanzania, Mauritania #1179, Mauritania #1180, China, Pakistan, Philippines, Brazil, Mexico, Grenada, Morocco). In terms of lessons learned, these PCRs share some common findings, such as: i) the lessons learned are clearly drawn, and they are relevant, specific and practical; ii) they are well rooted in the project's history and build on a proper analysis of the project's main successful factors as well as on its major shortcomings; iii) they embrace strategic and operational issues; iv) they are substantive and meaningful enough to provide useful inputs for future interventions.

14. Conversely, in five PCRs, lessons learned have been rated only moderately unsatisfactory ('3') (Cameroon, Cambodia, India, Viet Nam, the Bolivarian Republic of Venezuela), while one PCR (Chad #1259) has been assessed as highly unsatisfactory ('1'). As a common finding, it seems that the concept of lessons learned was not given enough attention during the project's completion process and was not fully understood. The main issues are: i) some of the lessons learned were not generated from proper analysis in the report, as they were vague and too generic; ii) they were presented as sketched points and did not constitute a coherent and comprehensive reflection on project's main strengths and weaknesses; iii) they were mixed up with the recommendations; iv) they were an account of project's main achievements rather than actual lessons.

15. **Candour.** In 2011, for the first time, PCRs have been rated also in terms of their candour, namely considering if the PCRs have been transparent in their assessments, as well as self-critical in highlighting both positive and problem areas. Given that this was the first time for rating PCR in terms of their candour, no comparison has been possible with previous years. During 2011, 79 per cent of PCRs have been assessed as satisfactory or better in terms of candour. At the same time, no PCR has received a negative rating ('1' and '2'). Three PCRs were rated ('6') (Burundi, Mexico and

Philippines), while nine PCRs (Grenada, Armenia, Morocco, Brazil, China, the Lao People's Democratic Republic, Cameroon, Chad #1144, Ethiopia) were rated '5'. The common finding among these PCRs was their willingness and capacity to be fair and objective in assessing project's results, by not being biased towards positive features, but - on the contrary - by presenting and dealing with project's shortcomings in a transparent and critical way. A valid example is provided by the PCRs of Grenada and Mexico, where projects' poor results and performance have been presented in a fair and objective way, also by adopting a constructive approach in their self-critical assessment. Conversely, five PCRs (Mauritania #1180, Chad #1259, Guinea, Cambodia and the Bolivarian Republic of Venezuela) were given a rate of '3'. This is because they were considered to be weak, as these were not adequately self-critical and had some contradictions with other project documents (e.g. supervision reports).

Overall Project Performance Rating, 2011

Project ID	Country	Project	PCR Rating 2011	Last PSR Rating[18] (2009 or 2010)
1307	Armenia	Rural Areas Economic Development Programme (RAEDP)	6	5.5
1101	Brazil	Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East (Dom Helder Camara)	5	5
1105	Burundi	Rural Recovery and Development Programme (PRDMR)	5	5
1175	Cambodia	Community Based Rural Development project in Kampong Thom and Kampot (Kampong Thom and Kampot)	4	4.5
1136	Cameroon	Community Development Support Project (PADC)	3	3
1144	Chad	Food Security Project in the Northern Guéra Region (PSANG – II)	5	4
1259	Chad	Kanem Rural Development Project (PRODER-K)	2	2
1227	China	Rural Finance Sector Programme (RFSP)	4	4.5
1237	Ethiopia	Pastoral Community Development Project (PCDP)	5	5
1181	Grenada	Rural Enterprise Project (GREP)	3	4
1135	Guinea	Programme for Participatory Rural Development in Haute-Guinée (PPDR-HG)	3	3
1121	India	National Microfinance Support Programme (NMSP)	5	5.5
1112	Indonesia	Post-crisis Program for Participatory Integrated Rural Development in Rain-Fed Areas (PIDRA)	4	4.5
1207	Lao	Oudomxai Community Initiatives Support Project (OCISP)	5	5.5
1179	Mauritania	Poverty Reduction Project in Aftout South and Karakoro (PASK)	4	4
1180	Mauritania	Maghama Improved Flood Recession Farming Project (Maghama II)	5	4.5
1141	Mexico	Project for the Rural Development of the Rubber Producing Regions in Mexico (Rural Develop. Rubber)	2	2
1010	Morocco	Rural Development Project for Taourirt-Tafouralt (Rural. Dev. Taourirt – Taf)	5	5
1385	Pakistan	Restoration of Earthquake Affected Communities and Households (REACH)	3	5
1137	Philippines	Northern Mindanao Community Initiatives and Resource Management Project (NMCIREMP)	5	5
1166	Tanzania	Agricultural Marketing Systems Development Programme (AMSDP)	5	5
1186	Venezuela	AGRO-PRODUCTIVE-CHAINS DEVELOPMENT PROJECT IN THE BARLOVENTO REGION (Barlovento)	4	3
1202	Viet Nam	Rural Income Diversification Project in Tueyn Quang Province (RIDP)	5	5
1095	Yemen	Al-Mahara Rural Development Project (Al Mahara Rural. Dev.)	4	4.5
		Average7	**4.2**	**4.3**

[18] This is an average of two main indicators: i) likelihoods of achieving the development objectives and ii) overall implementation progress.

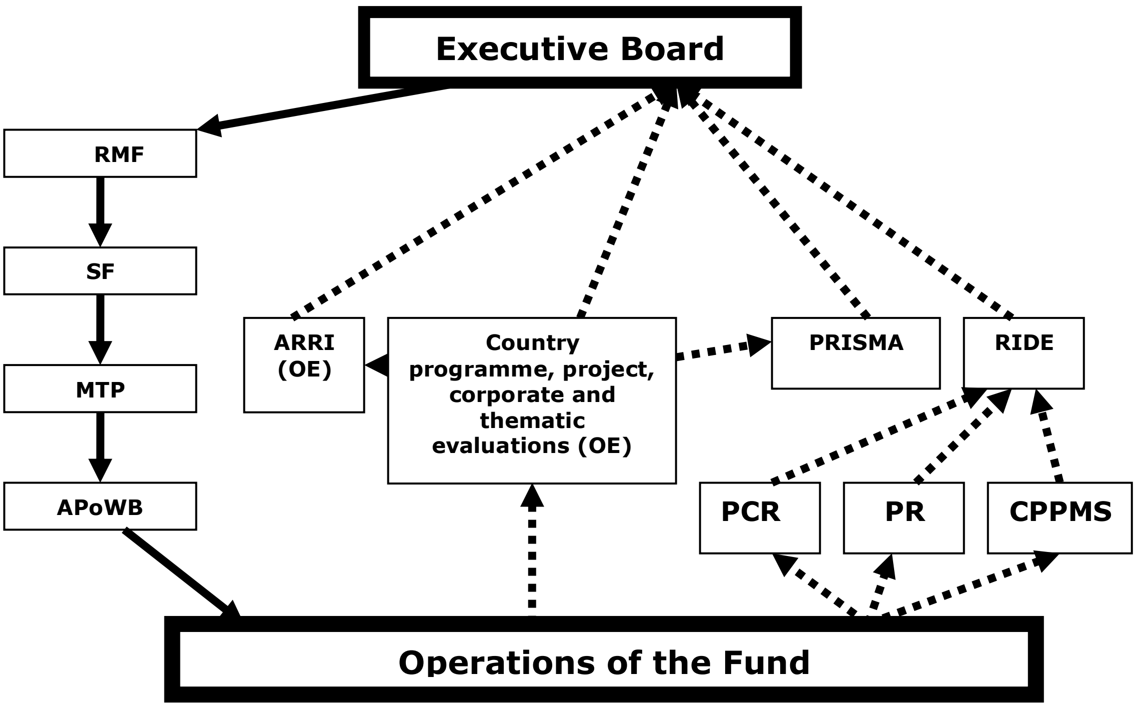
IFAD managing for development results system and Results Measurement Framework

Part 1. System of results measurement and reporting in IFAD

1. The Report on IFAD's Development Effectiveness to the Executive Board is the apex of IFAD's system of managing for development results (MfDR). It reports progress actually achieved against the objectives and measures established in the Results Measurement Framework (RMF). In doing so, the RIDE report presents a subset of the data on performance that are produced and discussed by all IFAD divisions and units on a quarterly basis for real-time management purposes within the framework of IFAD's MfDR initiative, as captured by its corporate planning and performance management system (CPPMS). The CPPMS is in turn supported by: the arms-length quality assurance (QA) system for project design; project completion reports (PCRs); and the annual corporate portfolio review (PR), which is publicly disclosed (as are the ARRI report and the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions [PRISMA] – and all IFAD's corporate planning documents).

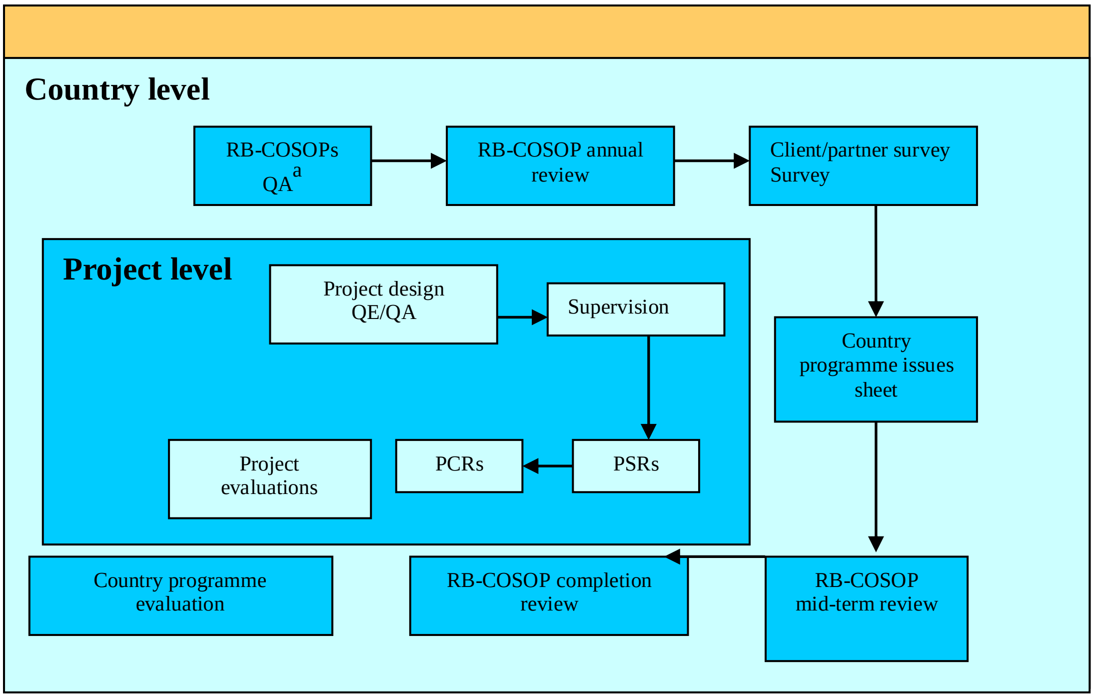
2. Figure 1 sketches the key components of IFAD's high-level results planning, monitoring and reporting system. Figure 2 presents IFAD's project/programme-level system of results management and quality control.

Figure 1.
IFAD's planning, reporting and results-feedback system



3. The Annual Report on Results and Impact of IFAD Operations (ARRI), produced by the Independent Office of Evaluation of IFAD (IOE), offers an independent perspective on results and performance, summarizing the outcomes of its country programme, project, corporate and thematic evaluations. Principal lessons learned from these evaluations and corresponding actions taken by IFAD Management for operational results are presented to the Executive Board in the context of the PRISMA report. RMF level 2 performance indicators are based on the data generated from the annual universe of new PCRs. IOE has reviewed the PCR findings and made its own assessments. In the ARRI report on IFAD operations evaluated in 2010, it qualifies the difference between the IFAD version and the IOE version of the PCR results as "relatively minor in scale".

Figure 2
Results measurement at country and project levels



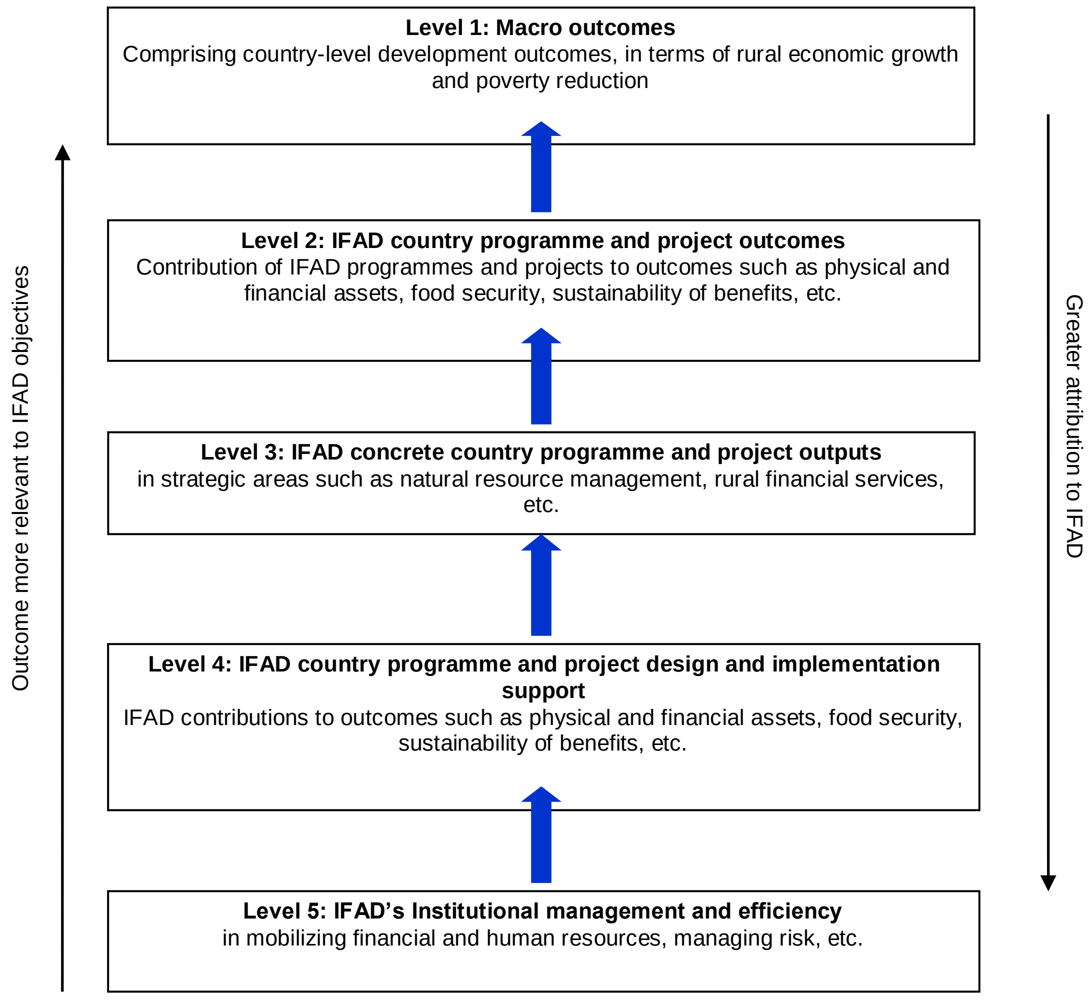
[a] QA = quality assurance.

Part 2. Structure of IFAD Results Measurement Framework

4. The RMF monitors IFAD's development effectiveness at five levels. Level 1 (macro outcomes) tracks key macro-variables, 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 to its achievement (without the possibility of direct quantitative attribution). IFAD does not monitor results at this level independently, but relies on the data sources used by the international community as a whole.

5. 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 macro-level 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 IFAD's work to ensure the best outputs and outcomes in projects. Level 5 involves indicators of how well IFAD manages its resources within the organization to optimize performance at the higher and more direct impact levels.

Figure 3
Structure of IFAD's Eighth Replenishment Results Measurement Framework and results chain



6. The RMF levels are organized according to IFAD's effective capability to control the variable measured. Level 5 (IFAD's 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 a s a strategic guide to its operations.