

# 2018 ARRI



2018 ANNUAL REPORT ON RESULTS AND IMPACT OF IFAD OPERATIONS

Independent Office  
of Evaluation



**IFAD**

Investing in rural people



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\* Available online at [www.ifad.org/evaluation/reports/arrri](http://www.ifad.org/evaluation/reports/arrri)

# Abbreviations and acronyms

4Ps	public-private-producers partnerships
AfDB	African Development Bank
APR	Asia and the Pacific Division (IFAD)
ARRI	Annual Report on Results and Impact of IFAD Operations
AsDB	Asian Development Bank
COSOP	country strategic opportunities programme
CPM	country programme manager
CPO	country programme officer
CSPE	country strategy and programme evaluation
ENRM	environment and natural resources management
ESA	East and Southern Africa Division (IFAD)
ESR	evaluation synthesis report
GEWE	gender equality and women's empowerment
ICO	IFAD Country Office
IFAD11	Eleventh Replenishment of IFAD's Resources
IFI	international financial institution
IOE	Independent Office of Evaluation of IFAD
KM	knowledge management
LAC	Latin America and the Caribbean Division (IFAD)
LICs	low-income countries
M&E	monitoring and evaluation
MFI	microfinance institutions
MICs	middle-income countries
MTR	midterm review
NEN	Near East, North Africa and Europe Division (IFAD)
NGO	non-governmental organization
OTELP	Odisha Tribal Empowerment and Livelihoods Programme (India)
PCR	project completion report
PCRv	project completion report validation
PMD	Programme Management Department (IFAD)
PPA	project performance assessment
PPE	project performance evaluation
RMF	Results Management Framework
SDG	Sustainable Development Goal
SIS	supervision and implementation support
SSTC	South-South and Triangular Cooperation
WCA	West and Central Africa Division (IFAD)

# Acknowledgements

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IOE would like to express its deep appreciation to IFAD Management and staff for the overall support and insightful comments on the draft report, which have been duly considered in line with the IFAD Evaluation Policy in preparing the final report.

The comments contained in IFAD Management's written response to the 2017 ARRI and feedback from the Evaluation Committee and Executive Board are also reflected in the 2018 ARRI.

# Foreword

The Independent Office of Evaluation of IFAD (IOE) is pleased to present the 2018 Annual Report on Results and Impact of IFAD Operations (ARRI). This flagship report presents a synthesis of IFAD's performance based on evaluative evidence. This year's report highlights results and systemic issues based on independent evaluations conducted in 2017.

The 2018 ARRI draws its quantitative findings from a sample of 320 project evaluations completed between 2002 and 2016 as well as 45 country strategy and programme evaluations. We now have a collection of 2,542 ratings from our project evaluations, which allows IOE to update and refine its statistical analyses.

The harmonization of the definition of our evaluation criteria with other institutions also allows IOE to compare IFAD's performance with other international financial institutions. Conducting benchmarking analysis, the 2018 ARRI finds that IFAD project performance continues to outperform the Asian Development Bank and African Development Bank in the agriculture sector in their respective regions. In Latin America and the Caribbean, IFAD project performance is on par with the World Bank, but falls behind in the Near East, North Africa and Europe region, as well as globally.

In addition to accountability, the ARRI promotes learning within IFAD and presents a learning theme to showcase an area important to improving IFAD's operational performance. The theme this year is targeting strategies to reach the rural poor, which is central to IFAD's mandate and critical to its overall portfolio performance.

Overall, the performance of IFAD operations has been positive. Seventy-six per cent of all evaluation ratings are moderately satisfactory or better in the period 2007-2016. Currently, 80 per cent or more projects assessed against the criteria of relevance, innovation, scaling up, rural poverty impact and IFAD performance as a partner are rated moderately satisfactory or better.

The 2018 ARRI highlights however that the portfolio performance trend is flat, with signs of deterioration. In the period 2014-2016, sustainability, efficiency, innovation, scaling up, gender equality and women's empowerment, government performance and rural poverty impact all declined slightly. Sustainability of benefits and efficiency remain longstanding bottlenecks for project performance, with the lowest means in the entire period of 2007-2016. In addition, based on evaluative evidence, IFAD projects are performing below the IFAD10 Results Measurement Framework targets set for all of the criteria, except adaptation to climate change.



At the country level, the 2018 ARRI highlights that knowledge management, partnership-building and country-level policy engagement are mutually reinforcing non-lending activities that need to complement IFAD's investment projects. Considering the most recent period, the performance of partnership-building slightly improved, while that of knowledge management and country-level policy engagement slightly declined. However, considering a wider timeframe, while the performance in knowledge management has greatly improved, there is a longstanding declining trend in partnership-building and country-level policy engagement. A focus on regional sharing, systemization of project experiences and stronger linkages between grant programmes and investment portfolios are key to innovation, scaling up and policy engagement.

The 2018 ARRI recommends that IFAD stem the initial deterioration exhibited and raise performance to ensure no one is left behind. Amidst the current business model changes, IFAD needs to holistically review its project-cycle processes and the resources allocated to each. IFAD also needs to strengthen its targeting strategies, given their central importance to IFAD's mandate and their link to good project performance. By strengthening its comparative advantage in poverty targeting, IFAD can achieve its ambitions of excellence and deliver more effective and sustainable results.

In closing, it is our hope that this edition of the ARRI will stimulate greater discussion on ways to improve the performance of IFAD operations. As IFAD moves forward towards IFAD11, the Fund has the opportunity to build on its strengths and substantially contribute to the 2030 Agenda for Sustainable Development commitment to "leave no one behind".



OSCAR A. GARCIA

Director

Independent Office of Evaluation of IFAD



**Cambodia**  
**Rural Livelihoods**  
**Improvement Project**  
**in Kratie, Preah Vihear**  
**and Ratanakiri**

A young farmer harvests rice in Krabaov village, Kulen district.

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# Executive summary

## Introduction

1. This sixteenth edition of the Annual Report on Results and Impact of IFAD Operations (ARRI), prepared by the Independent Office of Evaluation of IFAD (IOE) since 2003, reflects IFAD's continued commitment to strengthening accountability and learning for better development impact. The ARRI has two main objectives: (i) to present a synthesis of the performance of IFAD-supported operations based on a common evaluation methodology; and (ii) to highlight systemic and cross-cutting issues, lessons and challenges to enhance the development effectiveness of IFAD-funded operations. The 2018 ARRI also includes a learning theme chapter which provides a deeper analysis of targeting strategies for reaching rural poor people.
2. **Context.** The 2018 ARRI draws its qualitative findings from evaluations conducted in 2017 of projects that reached completion between 2012 and 2016. It is important to note that analysis of performance in the ARRI does not cover recently designed projects and initiatives. In 2017, IFAD initiated major business model changes through the Operational Excellence for Results (OpEx) exercise and a number of new strategic directions are being pursued as a result of the Eleventh Replenishment of IFAD's Resources (IFAD11) commitments. These include: (i) resource mobilization – assembling development finance to maximize impact; (ii) resource allocation – focusing on the poorest people and poorest countries; (iii) resource utilization – doing development differently; and (iv) transforming resources into development results – embracing a culture of results and innovation.
3. Evaluation plays a critical role in analysing the issues these commitments address and provides insights based on past experience and performance. Therefore, while the 2018 ARRI does not assess performance against the new IFAD11 targets, it provides guidance on how IFAD can better “focus on the poorest people and the poorest countries” through the learning theme on poverty targeting. Furthermore, the 2018 ARRI highlights facilitating and constraining factors affecting IFAD's performance, to enable it to increase effectiveness, achieve its strategic objectives and contribute to the 2030 Agenda vision of “leaving no one behind.”
4. **Age of the portfolio.** The 2018 ARRI also presents a quantitative and statistical analysis of ratings from 320 evaluations of completed and closed projects and 45 country strategy and programme evaluations (CSPEs). Of the 36 newly evaluated projects included this year, 17 reached completion from 2012 to 2014 and 19 from 2015 to 2016. The average project duration was 6.9 years, including five projects with implementation periods of 10 years or more.

5. **Methodology.** IOE uses a six-point ratings scale<sup>1</sup> to assess performance in each evaluation criterion. The ratings, which are the foundation of performance reporting in IOE evaluations, are aggregated and used in ARRI analyses to report on IFAD's operational performance. These ratings are recorded in an independent evaluation database which is publicly available online and includes ratings from independent evaluations carried out since 2002.
6. Project performance is assessed and rated across 10 evaluation criteria: rural poverty impact; relevance; effectiveness; efficiency; sustainability of benefits; gender equality and women's empowerment (GEWE); innovation; scaling up; environment and natural resources management (ENRM); and adaptation to climate change. In addition to two composite criteria that assess project performance (an average of relevance, effectiveness, efficiency and sustainability) and overall project achievement (all 10 criteria), each project is evaluated for how IFAD and the government perform as partners.
7. CSPEs assess and rate: (i) overall project portfolio achievement (based on the 10 criteria); (ii) performance of partners (IFAD and government); (iii) non-lending activities; and (iv) country strategy and programme performance (relevance and effectiveness). The ARRI focuses on the latter two points and presents ratings by the year in which the CSPE was conducted.
8. Project evaluation ratings are presented by year of completion in two data series in the ARRI: (i) all evaluation; and (ii) project completion report validation/project performance evaluation (PCR/PPE) only. The former presents project ratings from 320 evaluations from 2002; the latter contains only project-level data from a total of 189 PCRVs, PPEs and impact evaluations. The main trends in performance are explained through an analysis of the percentages of projects rated moderately satisfactory or better on a moving three-year basis to highlight long-term trends and smoothen short-term fluctuations.
9. **Updated methodology and analyses.** In line with the Harmonization Agreement part I, the 2018 ARRI reflects the following additional change to the criteria for project-level evaluations: the separate rating of the two criteria, innovation and scaling up. In conducting a trend analysis of the separate criteria, the 2018 ARRI assigns the rating given for the original combined criteria for past evaluations. At the country programme level, evaluations placed greater emphasis on portfolio performance and the performance of non-lending activities when assessing the performance of country strategic opportunities programmes (COSOPs).
10. For the first time, the qualitative analysis was conducted using NVivo, an advanced data management tool allowing deep-dive analysis. The 2018 ARRI also includes t-tests to compare data sets for statistical significance and correlation analyses to test for interrelationships among evaluation criteria.

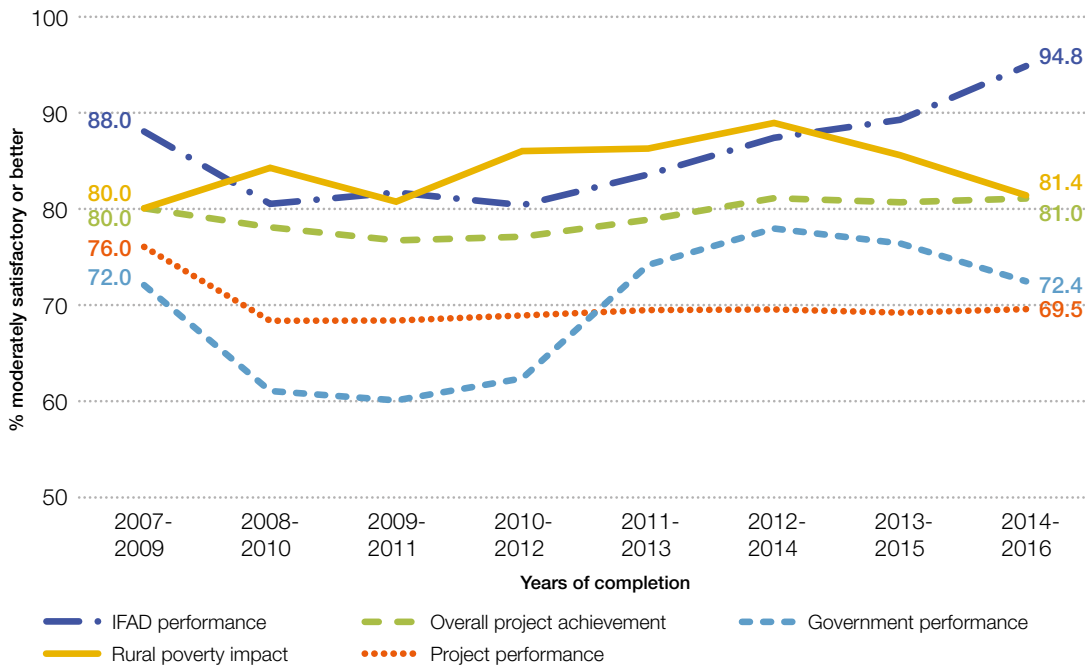
<sup>1</sup> Projects rated moderately satisfactory or better are in the "satisfactory" zone (4-6), while projects rated moderately unsatisfactory or worse are in the "unsatisfactory" zone (1-3).

## Portfolio performance

11. Overall, from 2007 to 2016, 76 per cent of project evaluation ratings are positive. When comparing performance between the periods 2007-2009 and 2014-2016, IFAD's performance as a partner shows good performance and improvement, while project performance has declined, as indicated in chart 1. Following a decline from 2009 to 2011, performance across the criteria improved up to the 2012-2014 period, after which rural poverty impact and government performance as a partner began to decline. In the period 2014-2016, only IFAD performance as a partner shows continuing improvement, having overtaken rural poverty impact as

Chart 1 Overview of the key project portfolio evaluation criteria

Percentage of projects rated moderately satisfactory or better, 2007-2016  
(year of completion)



Source: IOE evaluation database, May 2018.

the strongest performing criterion since 2013-2015, while trends in overall project achievement and project performance are flat, and declining in rural poverty impact and government performance as a partner.

12. A closer examination of performance by project-level evaluation criteria is provided in table 1. A comparison of changes in the percentage of positive ratings in the 10-year period between 2007-2009 and 2014-2016 indicates that the decline in project performance can be attributed to declines in relevance (from 96 to 90 per cent), effectiveness (from 80 to 76 per cent) and efficiency (from 64 to 53 per cent) as well as flat performance in sustainability.
13. When comparing the period 2013-2015 with 2014-2016, performance has declined for seven criteria: sustainability, innovation, efficiency, GEWE, government performance as a partner, rural poverty impact, and scaling up. Only three criteria show sizeable improvement

of 4-6 percentage point increases, namely IFAD performance as a partner, adaptation to climate change and ENRM. Relevance and effectiveness rose slightly by 1-2 percentage points, while overall project achievement and project performance are flat. Notably, within the 2014-2016 cohort of projects, 19 per cent have been implemented in countries with fragile situations which may be contributing to the flat and declining trend in performance.

14. In the period 2014-2016, the criteria with the highest positive ratings are IFAD performance as a partner, relevance, ENRM, innovation, and scaling up. While the first three criteria have also shown improvement, the newly separated criteria of innovation and scaling up have declined slightly. Efficiency remains the weakest performing criterion due to high project management cost ratios, frequent staff turnover, and delays in project start up and implementation. While sustainability of benefits shows slight improvement since 2007, performance in 2014-2016 declined as

Table 1 **Changes in percentage of projects rated moderately satisfactory or better by criteria over time**

Criteria	Baseline	Recent periods		Changes			
	2007-2009	2013-2015	2014-2016	2014-2016/ 2007-2009	2014-2016/ 2013-2015		
IFAD performance	88	89	95	7	▲	6	▲
Adaptation to climate change	75	76	81	6	▲	5	▲
ENRM	75	80	85	10	▲	4	▲
Relevance	96	88	90	-6	▼	2	▲
Effectiveness	80	76	76	-4	▼	1	—
Overall project achievement	80	81	81	1	—	0	—
Project performance	76	69	69	-7	▼	0	—
Sustainability	60	64	61	1	—	-3	▼
Innovation	72	89	86	14	▲	-3	▼
Efficiency	64	56	53	-11	▼	-3	▼
GEWE	88	81	77	-10	▼	-4	▼
Government performance	72	76	72	0	—	-4	▼
Rural poverty impact	80	86	81	1	—	-4	▼
Scaling up	72	89	84	12	▲	-5	▼

Source: IOE evaluation database, May 2018.

a result of recurrent issues of implementation delays, tenuous results at completion, limited beneficiary ownership and the absence of clear project exit strategies. Government performance as a partner, which is strongly correlated with efficiency and sustainability, was also underperforming in 2014-2016, due to insufficient government ownership of projects to scale them up.

15. Rural poverty impact has recently declined partly due to significant gaps in targeting strategies and a lack of long-term strategies to enhance beneficiaries linkages to institutions and enhance their legitimacy. Evaluations also identified some facilitating factors for greater rural poverty impact including: (i) building the capacity of public institutions and staff at central and local levels; (ii) decentralizing

services to enhance target groups' access to resources, technologies and services; and (iii) providing business development services and improving access to markets. Training and follow-up support, group development and leadership skills are considered positive elements for successful performance in human and social capital empowerment.

16. Performance in the criterion of gender equality and women's empowerment has also declined in 2014-2016 to 77 per cent. In some cases, evaluations found that both at design and during implementation there was limited understanding of women's specific needs, with consequential non-alignment with the project's operational strategy on gender. To improve performance, the 2017 evaluations highlight these good practices: (i) gender-sensitive

project designs; (ii) awareness campaigns and training on gender equality, women's rights and domestic violence; (iii) income-generating activities for women; and (iv) promoting women's leadership in groups.

17. The 2007-2016 overall average disconnect between IOE and the Programme Management Department (PMD) ratings is -0.30, which is only slightly higher than the 2007-2015 disconnect of -0.29. The highest disconnect between the mean IOE and PMD ratings is for relevance -0.55, while the lowest is in rural poverty impact -0.17.
18. **Internal benchmarking.** Internal benchmarking is done against the targets included in the Tenth Replenishment of IFAD's Resources (IFAD10) Results Management Framework (RMF) to draw attention to areas requiring special consideration. However, a more accurate picture of performance against

the IFAD10 targets can only be provided after the close of 2018, therefore in the 2019 ARRI. That said, the IFAD10 RMF only includes IOE ratings for tracking purposes. Achievement of targets is based on Management's self-assessment data, namely project completion report (PCR) ratings presented in the Report on IFAD's Development Effectiveness (RIDE). Notably, the IFAD11 RMF includes an indicator – Overall project achievement – which will be assessed for the first time against IOE ratings.

19. According to IOE ratings, currently only one out of the 10 outcome indicators has reached the IFAD10 RMF targets: adaptation to climate change (indicated in green in table 2) is 31 percentage points above the target based on the limited number of ratings from the past two years.<sup>2</sup> Five indicators are within 10 percentage points (blue) below the RMF targets namely, innovation, scaling up,

<sup>2</sup> Moving averages in the 2014-2016 cohorts include 44 projects in all evaluation data and 36 projects in the PCR/PPE data series in which adaptation to climate change was rated separately.

Table 2 **Internal benchmarking – against RMF targets**

Percentage of projects rated moderately satisfactory or better

Outcome indicators	Baseline tracked IOE ratings (2011-2013)	PCR/PPE 2014-2016	2018 targets from IFAD10 RMF – 2016-2018	Difference between PCR/PPE and 2018 target
Innovation	79	86	90	-4
ENRM	73	85	90	-5
Scaling up	79	84	90	-6
Rural poverty impact	86	81	90	-9
Adaptation to climate change	NA	81	50	31
GEWE	80	77	90	-13
Effectiveness	75	76	90	-14
Government performance	66	72	80	-8
Sustainability	65	61	85	-24
Efficiency	57	53	80	-27

Source: IOE evaluation database, May 2018.

rural poverty impact, ENRM and government performance. Two indicators (effectiveness and GEWE) are 15 points (orange) below target, while efficiency and sustainability are over 20 points (red) away from 2018 targets. The underperforming indicators will require special attention for the successful completion of IFAD10.

#### 20. External benchmarking of project performance.

Overall, IFAD's project performance remains positive based on the benchmarking analysis of IFAD operations with the performance of other development organizations' agriculture sector operations (table 3). At the regional level, IFAD maintains a higher share of positive ratings for project performance when comparing IFAD-funded projects in Africa, and Asia and the Pacific

regions with the African Development Bank (AfDB) and the Asian Development Bank (AsDB) respectively. IFAD-funded projects in Latin America and the Caribbean perform as well as those of the World Bank in the region, whereas they have a lower share of positive ratings in the Near East, North Africa and Europe region. At the global level, the World Bank shows a slightly higher percentage than IFAD when looking at projects rated positively among the agriculture sector operations. This reflects a decline in IFAD project performance compared to last year from 75 to 71 per cent in 2002-2015, rather than an improvement in World Bank performance.

Table 3 External benchmarking – Project performance

Percentage of agriculture and rural development projects completed rated moderately satisfactory or better, 2002-2016 (year of completion)

	World		Africa		Asia and the Pacific		Latin America and the Caribbean		Near East, North Africa and Europe	
	IFAD	WB	IFAD	AfDB	IFAD	AsDB*	IFAD	WB	IFAD	WB
Percentage of projects rated moderately satisfactory or better	71%	74%	70%	48%	86%	62%	77%	77%	70%	79%
Number of agriculture projects evaluated	391	538	153	135	107	103	48	88	60	141

WB: World Bank; AfDB: African Development Bank; AsDB: Asian Development Bank. \*Data refers to 2002-2015

Source: AfDB Independent Development Evaluation Unit, AsDB Independent Evaluation Department, World Bank Independent Evaluation Group and IOE (all evaluation data series).

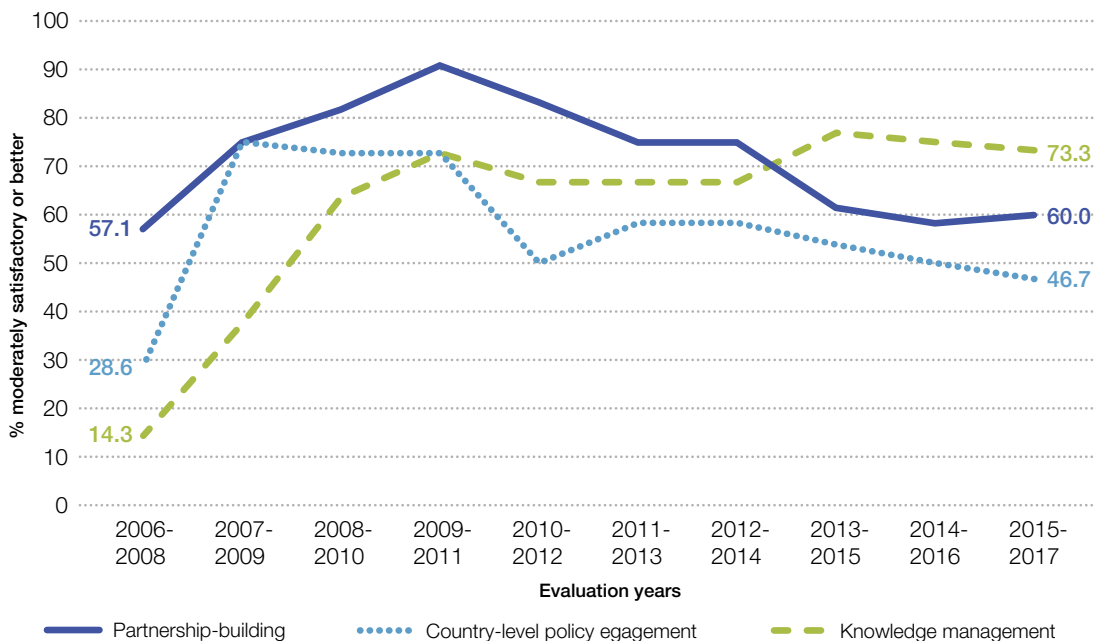


### Country programme performance

21. CSPEs analyse and report on performance beyond the project level and identify lessons that cut across IFAD country programmes. They assess portfolio performance, non-lending activities (i.e. country-level policy engagement, knowledge management, and partnership-building). This year's ARRI includes five new CSPEs carried out in Egypt, Cambodia, Cameroon, Georgia and Peru.
22. From 2006 until 2017, overall performance of non-lending activities improved, particularly for knowledge management. Significant improvement occurred for all three activities until 2009-2011, after which performance began to decline for partnership-building and country-level policy engagement. The period 2012-2014 marks another shift in performance, with improvement in knowledge management and a steady decline in partnership-building which ceases to be the strongest performing non-lending activity.
23. Examining each activity individually, knowledge management began as the weakest performing area to then surpass country-level policy engagement in 2009-2011 and partnership-building in 2013-2015, becoming the strongest non-lending criterion with 73.3 per cent of positive ratings. Country-level policy engagement has shown fluctuations in performance and in 2015-2017 declined to only 46.7 per cent of positive ratings, the lowest of the three. These recent declines in performance raise concerns in view of the IFAD10 targets for 2018, which are 85 per cent for policy engagement and 90 per cent for partnership-building.
24. Twenty-seven of the total 45 CSPEs were conducted in middle-income countries (MICs) and 18 in low-income countries (LICs); all of the 2017 CSPEs were for MICs. While average ratings across non-lending criteria are similar, MICs received a higher percentage of positive ratings for country-level policy engagement and knowledge management. LICs have more positive ratings for partnership; this is

Chart 2 Performance of non-lending activities, 2006-2017 (year of evaluation)

Percentage rated moderately satisfactory or better by criteria



Source: IOE evaluation database, May 2018.

consistent with past evaluation findings that there is more opportunity for partnership in LICs where a greater number of bilateral and multilateral agencies operate.

### 2018 learning theme on targeting strategies to reach the rural poor

25. Targeting is one of IFAD's principles of engagement and is central to its mandate of rural poverty reduction. Evidence suggests that strengthening targeting strategies is important for raising the overall performance of IFAD's portfolio. Five findings emerge from the evaluative evidence on IFAD's targeting.
26. **Finding 1. Although IFAD has a perceived advantage as an organization that focuses on poor rural people, there is a lack of agreement within the Fund on the target group and strategies needed. This is particularly important given the trend towards more market-oriented value chain projects.** The trend towards market-oriented projects as well as IFAD's increased focus on the need for greater attention in targeting to gender equality, indigenous peoples and youth calls attention to the possible need to re-examine and clarify IFAD's target group and strategies.
27. **Finding 2. Effective targeting requires robust poverty analysis and well-informed targeting strategies to meet the needs of poor rural people.** The second finding is based on evidence indicating the need for, and benefits of, rigorous poverty analysis and differentiated targeting strategies to meet the needs of different target groups. It draws attention to the importance of developing targeting strategies and designing and implementing projects on a foundation of strong contextual understanding. There is also the need for realistic and flexible targeting to allow for modifications in a rapidly changing world, particularly in fragile or post-conflict contexts.
28. **Finding 3. Robust data, monitoring, and supervision and implementation support (SIS) are crucial for good poverty targeting in design and implementation and require substantial investment in related systems and to develop capacity.** Effective targeting depends on strong data, monitoring and SIS to assess relevance and make adjustments where needed. In part, this requires institutional capacity on the part of implementing partners, IFAD and others responsible for design and implementation.
29. **Finding 4. Reaching the poorest people and the "last mile" is costly but essential, particularly given IFAD's mandate and international commitments.** There is a risk that the trend towards projects that have shorter implementation periods and quicker disbursement may drive IFAD's targeting focus away from the poorest people. This pursuit of efficiency may shift the targeting focus away from the poorest and most vulnerable and towards poor people who have the resources and capacity to leverage investment. The nature of the remote, rural and often fragile areas in which IFAD works may also increase costs and require a longer project duration.
30. **Finding 5. Government commitment and partnerships are important to reach the poorest groups.** This finding 5 points to the value of policy engagement with governments to ensure the poorest and most vulnerable are a priority. Meeting the needs – including the basic needs – of the most vulnerable groups may best be accomplished through partnering with other organizations better positioned to address those needs (e.g. non-governmental organizations [NGOs], other United Nations bodies such as the World Food Programme, the United Nations Children's Fund [UNICEF], etc.).
31. In sum, project performance is linked to well-defined targeting strategies and differentiated analysis at design is crucial to good targeting.

Ambiguous or overly ambitious targeting is a constraint, particularly in fragile and post-conflict situations. Furthermore, realistic, clear and flexible targeting strategies are important, particularly in rapidly changing contexts.

## Conclusions

32. **The broad picture of performance emerging from the 2018 ARRI is flat with signs of deterioration.** While 76 per cent of total project ratings were in the general “satisfactory” zone between 2007 and 2016, moderately satisfactory remains the norm with very few projects rated highly satisfactory for any evaluation criterion. When comparing performance in 2007 to the most recent period, only IFAD’s performance as a partner shows continuing improvement. Performance in rural poverty impact, government performance as a partner, and overall project achievement has returned to 2007 levels after reaching peaks in 2012-2014, whereas project performance is flat after an initial decline.

### Project portfolio trends

33. Rural poverty impact, a traditional area of strength, has declined recently and the trend in project performance remains flat. Of the four criteria that determine IFAD project performance, relevance shows some improvement while effectiveness is flat. Declining in the latest period, efficiency and sustainability remain the main bottlenecks for project performance. Overall, some recurring factors are mentioned as weaknesses across evaluations conducted in 2017 with regard to project performance: insufficient consideration of country context in the design phase; inadequate recognition of appropriate policies; weak targeting at design without sufficient focus on poor households; and the absence of long-term plans for sustainability. These inhibiting elements combined with the presence of some exceptionally long projects (over 10 years) and an unusual number of

project extensions (41 per cent of projects in the 2017 evaluations were extended) may have contributed to weaker performance in the 2018 ARRI, particularly in efficiency and sustainability.

34. Delays in start-up and implementation combined with high staff turnover of programme management drove the negative performance in efficiency. Thus, when low staff turnover is combined with no project extensions, high disbursement rates and/or high financial returns, efficiency ratings are strong and positive.
35. The declines in scaling up and sustainability can be overcome with the assurance of a valid exit strategy. The absence of a long-term plan, often paired with late disbursements that result in projects remaining operational until their closing dates, limits the potential for scaling up project results. These areas of challenge, while not being new to IFAD, undermine sustainability, which continues to be constrained by limited beneficiary engagement and ownership in the planning, implementation, maintenance and oversight of project activities.
36. The decline in a number of IOE ratings is corroborated by similar trends in PMD ratings for selected criteria. This finding may suggest that IFAD has become more stringent in project evaluation and/or that project performance has worsened. In both cases, monitoring project performance in future ARRIs will confirm what are the main drivers for the underperforming criteria, should the deterioration continue.
37. On the positive side, performance in ENRM has improved since 2011. Undertaking specific actions towards the conservation of natural resources and supporting organizations by creating awareness and providing guidance are effective in protecting sensitive ecosystems and fragile environments in

targeted areas. This improved performance may be the result of the increased attention and resources devoted to ENRM since 2011 with the creation of the Environment and Climate Division and issuance of the Social, Environmental and Climate Assessment Procedures in 2014.

38. IFAD performance as a partner exhibits the highest increase in satisfactory ratings. The 2017 evaluations confirm that IFAD is valued and trusted by governments for the quality and timeliness of its support, and for its focus and responsiveness. Country-level presence facilitates the establishment of valuable partnerships with governments, and consultations based in the IFAD Country Offices have proved effective and efficient for identifying problem-solving measures. It also may have contributed to the recent improved performance in relevance, though the high disconnect with PMD ratings remains.
39. The declining trend in government performance as a partner is accompanied by worsening performance in efficiency and sustainability. As already indicated in the 2017 ARRI, ultimately, institutional capacity needs to be built at the national level to achieve the proper balance between short-term compliance with IFAD requirements through SIS and achieving broader prospects for development goals and sustainability. Such capacity-building will be especially important in light of IFAD's aim to expedite the project design process through, in part, greater engagement by government.

#### Targeting findings and lessons

40. **Project performance has been linked to well-defined targeting strategies.** Comprehensive targeting approaches enable operations to reach the poorest groups by combining solid livelihood and
41. One of the main issues regarding targeting relates to shortcomings in differentiated poverty analyses at the design stage. An analysis of groups who are likely to be excluded or overlooked is needed, accompanied by a comprehensive understanding of the context in which targeted people live. Effective targeting also requires investment in monitoring and SIS to ensure appropriate strategies are implemented by assessing their continued relevance and making required adjustments. A key constraining factor for sufficiently differentiated analysis and proper implementation of targeting strategies has been the tightening of IFAD's budget, particularly between IFAD9 and IFAD10, which has limited the amount of funding available for project design and country programme delivery in general.
42. IFAD faces difficulties in addressing issues of inequality, which is multifaceted, multidimensional and fine-grained beyond simple geographic or socio-economic characteristics. IFAD projects often rely on self-targeting mechanisms for individual benefits without a clear targeting strategy and on trickle-down effects to poorer households. The inclusion of women is assumed rather than ensured through mechanisms built into the intervention.
43. Gender equality and women's empowerment is an area exhibiting a slow but steady decline since 2011, though its promotion is critical to the 2030 Agenda goals of improving food and nutrition security and eradicating

rural poverty. While GEWE is ranked as the fourth highest-performing criterion based on its average rating (4.18), it is ranked ninth in 2014-2016 based on its percentage of positive ratings (77 per cent). Among the key factors explaining decreasing performance in GEWE are weak gender strategies in project design, particularly regarding the participation and role of women.

#### Knowledge management, partnerships, and country-level policy engagement

##### 44. 2017 evaluations still underline the need to create synergies between investment operations and non-lending activities.

A key first step in this process is building strong knowledge management platforms within and across country programmes, so as to enable IFAD to draw from project experience to influence policymaking. Focus on regional sharing, systemization of project experiences and stronger linkages between grant programmes and investment portfolios are key to innovation, scaling up and policy engagement. A frequently cited challenge is the absence of a specific budget for country-level policy engagement, which would help create an enabling environment for project implementation and set the conditions for large numbers of rural people to move out of poverty at a scale that no single project can address. Notably, performance in country-level policy engagement is better in MICs versus LICs, reflecting their increasing demand for knowledge products and policy engagement. Effective integration of country-level policy engagement in country programmes, from design to completion, is not an end in itself, but a starting point for policy engagement and other scaling-up approaches as well as a key success factor for IFAD operations.

45. IFAD recognizes the importance of partnerships; however, more emphasis should be given to the quality and mix of partnerships that can achieve greater outreach and create synergies for scaling up. Cofinancing partnerships may boost performance in this area, and partnership with government is another indispensable element for implementing programmes and guaranteeing sustainability, in particular at the local and subnational level. A good mix of partnerships is fundamental to realize greater outreach and complementarity of results for scaling up and to create synergies.

46. In sum, as IFAD concludes IFAD10 and looks to start IFAD11 in 2019, it is critical to stem the initial deterioration exhibited in the 2018 ARRI. Properly designed and implemented targeting strategies play a central role in improving project performance and rural poverty impact. There may be trade-offs with regard to efficiency, particularly if IFAD truly realizes its purported comparative advantage – strong targeting of extremely poor and food-insecure people in rural areas – as the implementation of good targeting requires sufficient project duration to properly engage those left behind (e.g. indigenous peoples, the disabled, marginalized women). More resources and technical specialists are especially required to target marginalized communities and individuals “experiencing famine, drought, fragility and migration.” Targeting also contributes to meeting the IFAD11 ambition to “reduce inequalities within and among Member States” which requires addressing disparities beyond income, i.e. in land resources and gender relations through policies and by securing rights. Therefore, special attention is required to clarify IFAD’s targeting approaches in different contexts and invest in their application across the project cycle.

## Recommendations

47. The Board is invited to adopt the recommendations below. Given the central importance of targeting strategies to IFAD's mandate and their link to good project performance, most of the recommendations focus on this learning theme for which required actions are presented along the project cycle.
48. **Recommendation 1. Conduct a systemic review of IFAD project-cycle processes and examine the resources committed to each.** In light of the overall declining trend in ratings and major business model changes introduced recently by OpEx, a holistic review of IFAD's project-cycle processes, from project design to completion, and their relation to one another is required. The review would identify critical requirements (e.g. baseline studies) and pinpoint where resources are most effectively committed for improved development effectiveness.
49. **Recommendation 2. Revise IFAD's Targeting Policy and related guidelines.** Targeting still represents a challenge in IFAD's projects due partly to the lack of agreement in the Fund on the target group and the strategies needed to reach them. Therefore, IFAD must clarify in its targeting policy and related operational guidelines who IFAD interventions target and how to cater to the needs of the "extremely poor and most vulnerable rural people" as stated in the IFAD11 Consultation Report, as well as the "economically active poor." The revised targeting policy should serve as a chapeau that gives coherence and integrates the different policies and strategies relating to specific groups such as women, indigenous peoples, youth and people with disabilities. The revision of the operational guidelines on targeting – which is already planned – needs appropriate differentiated approaches for these specific groups, including young women and men and people with disabilities, in line with the 2030 Agenda commitment of "leaving no one behind."
50. **Recommendation 3. Develop appropriate targeting strategies based on robust and differentiated poverty and context analysis that are flexibly implemented.** During project design, interventions need to develop tailored strategies in light of the profiles of the target group and specific contexts. By conducting robust poverty and gender analysis, especially in fragile contexts, IFAD can provide the basis for identifying and reaching out to groups that are at risk of poverty and social exclusion, with a specific focus on women and youth. During implementation, targeting strategies must be monitored and adjusted to ensure that they effectively reach specific target groups and meet their different needs.
51. **Recommendation 4. Establish strong monitoring and evaluation systems and tap into local knowledge through country-level partnerships in order to capture differentiated poverty data for knowledge creation, and for policy engagement and advocacy in favour of IFAD's target groups.** Logical frameworks (logframes) should include indicators, targets and means of measurement relating to the participation of and expected outcomes relating to specific target groups, including women and youth. During supervision, monitoring of these logframes will allow for data collection on specific groups, which should be aggregated and used for poverty analysis of future projects and for country-level policy engagement. Strengthening partnerships with local institutions, possibly through grants, may contribute to project data collection and advocacy efforts for policy change.

52. **Recommendation 5. Ensure sustainability of rural poverty impacts through exit strategies that are inclusive of targeted beneficiaries and through sufficient project duration.**

Project sustainability is strongly linked to the planning of sound exit strategies accompanied by corresponding resources and institutional arrangements for effective implementation. However, the lack of an exit strategy is still a common feature in several projects included in the 2018 ARRI. To ensure that an exit strategy is inclusive of target groups, especially the extremely poor and most vulnerable, the project duration should be sufficient (about seven years) to implement participatory processes, ensure that targeted populations were reached and institutions for the poor were established long enough to be included in the exit strategy.

53. **2019 ARRI learning theme.** The Board is invited to adopt the recommendation to consider quality of project design at entry as the 2019 ARRI learning theme. Many constraining issues that contribute to weaker performance need to be addressed at design (e.g. limited poverty analysis). A closer examination of the design quality of completed projects can reveal substantive factors that contribute to projects successfully achieving their development objectives.



Peru  
Management of Natural  
Resources in the  
Southern Highlands  
Project

A young widow in her vegetable garden in Andahuaylas. She sells the surplus for cash for household needs.

©IFAD/Pablo Corral Vega



## Background

1. This is the sixteenth edition of the Annual Report on Results and Impact of IFAD Operations (ARRI), which the Independent Office of Evaluation of IFAD (IOE) has prepared annually since 2003. IFAD is among the few multilateral and bilateral organizations to produce such a report on an annual basis, reflecting the Fund's continued commitment to strengthening accountability and learning for better development impact.
2. **Objectives.** The ARRI has two main objectives: (i) present a synthesis of the performance of IFAD-supported operations based on a common evaluation methodology; and (ii) highlight systemic and cross-cutting issues, lessons and challenges that IFAD and recipient countries need to address to enhance the development effectiveness of IFAD-funded operations.
3. **Learning theme.** Since 2007, each ARRI focuses on a learning theme with the aim of deepening analysis on selected issues in order to enhance the performance of IFAD operations. The learning theme agreed upon with the Executive Board for the 2018 ARRI is targeting strategies to reach the rural poor. Going beyond evaluations conducted in 2017, the full study of the topic was published online as an issues paper and is summarized in the learning theme chapter.
4. **Independent evaluation database and data sources.** The independent evaluation database is publicly available online and includes project ratings from independent evaluations carried out by IOE since 2002. The 2018 ARRI draws on ratings from 320 evaluations of completed projects and 45 country strategy and programme evaluation (CSPEs).
5. **Methodology.** The 2018 ARRI follows the provisions of the second edition of the Evaluation Manual published in December 2015. This is the second year that this new methodology is reflected in the ARRI and the evaluation criteria and definitions included in the revised harmonization agreement between Management and IOE are also fully reflected. Greater details on the methodology and analyses are included in appendix 2.
6. Each project is assessed and rated across ten evaluation criteria: rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment (GEWE), innovation, scaling up, environment and natural resource management (ENRM), and adaptation to climate change.
7. IOE also has two composite evaluation criteria: project performance and overall project achievement. Project performance is an average of the ratings of four individual evaluation criteria (relevance, effectiveness,

efficiency and sustainability) in line with other international financial institutions (IFIs), whereas overall project achievement is based on (but not an average of) all ten criteria now applied by IOE. Finally, each project is evaluated for IFAD and government performances as partners. Project ratings are presented by year of completion.

8. CSPEs assess and rate: (i) overall project portfolio achievement (based on the ten criteria); (ii) performance of partners (IFAD and government); (iii) non-lending activities; and (iv) country strategy and programme performance (its relevance and effectiveness). With a focus on the latter two, the ARRI presents their ratings by the year the CSPE was conducted.
9. **Updated methodology and analyses.** The 2018 ARRI confirms the new aspects introduced in the 2017 ARRI. It reflects the changes in the definition of criteria for project-level evaluations and nomenclature based on the Harmonization Agreement part I: (i) impact sub-domains are not rated individually; (ii) human and social capital empowerment also includes reference to vulnerable groups and clarification on “collective action”; and (iii) the separate rating of the two criteria innovation and scaling up. In conducting trend analysis on the separated criteria, the 2018 ARRI assigns the rating given for the original combined criteria for past evaluations.
10. As suggested by Management in its comments to the 2017 ARRI, this year’s analysis aims to make reference to 2017 evaluations in a more systematic and inclusive way, by bringing numerous specific examples that help draw references and lessons learned from the projects evaluated during the course of the year. At the country programme level, evaluations increased emphasis on portfolio performance and the performance of non-lending activities when assessing the country strategic opportunities programme (COSOP) performance. For the first time, the qualitative analysis for the ARRI was conducted using NVivo, an advanced data management tool which allows queries and visualization of data in an efficient and organized manner by creating groups of qualitative criteria and allowing comparisons and deep-dive analysis of specific topics. The 2018 ARRI also includes t-tests of the evaluation criteria to compare data sets for statistical significance and correlation analyses of project completion report validation/project performance evaluation (PCRVP/PPE) ratings to test for interrelationships among evaluation criteria.
11. **Ratings scale and data series.** IOE uses a six-point rating scale as presented in table 1 to assess performance in each evaluation criterion. The ratings, which are the foundation of performance reporting in IOE evaluations, are aggregated and used in ARRI analyses for reporting on IFAD’s operational performance.

Table 1 **IOE rating system**

Score	Assessment	Category
6	Highly satisfactory	Satisfactory
5	Satisfactory	
4	Moderately satisfactory	
3	Moderately unsatisfactory	Unsatisfactory
2	Unsatisfactory	
1	Highly unsatisfactory	

Source: IFAD Evaluation Manual, 2015.

12. Project evaluation ratings are presented by year of completion in two data series in the ARRI: (i) all evaluation data; and (ii) PCRV/ PPE data only. The former presents project ratings from 320 evaluation reports starting in 2002; the latter contains only project-level data from 189 PCRVs, PPEs and impact evaluations (IEs). Main trends in performance are explained through an analysis of the percentages of projects rated moderately satisfactory or better. The ARRI uses three-year moving averages to highlight long-term trends and smoothen short-term fluctuations.
13. **Age of the portfolio.** Of the 36 newly evaluated projects included in this year's ARRI, one was approved in 1998 (PPE Palestine), seven were approved between 2002 and 2004, 25 from 2005 and 2009 and three from 2010 and 2011. All the projects are completed and closed: 17 were completed from 2012 to 2014 and 19 from 2015 to 2016. Average project duration was 6.9 years, including 5 projects with implementation periods of 10 years or more. It is important to note that analysis of performance does not take into account recently designed projects and initiatives.
14. **Document structure.** Chapter 1 provides the context for the 2018 ARRI and a ten-year overview of IFAD performance which is benchmarked against other comparable international financial institutions (IFIs) and internal targets adopted by the Fund. Chapter 2 examines more closely project portfolio trends by criterion through the lens of projects evaluated by IOE in 2017. Chapter 3 concentrates on country strategy and programme performance, with specific focus on non-lending activities and country strategies. Chapter 4 is dedicated to the learning theme targeting strategies to reach the rural poor. The main conclusions and recommendations are presented in chapter 5.

## Context of the 2018 ARRI

15. The 2018 ARRI draws its qualitative findings from evaluations conducted in 2017. During this year, IFAD initiated major business model changes through the Operational Excellence for Results (OpEx) exercise and a number of new strategic directions which are captured in the commitments for the Eleventh Replenishment of IFAD's Resources (IFAD11) period of 2019-2021 as presented in table 2. Evaluations play a critical role in identifying the issues which these commitments address and in shaping how Management should address them or make course corrections. While the 2018 ARRI does not measure performance against the IFAD11 targets, the examined evaluations may provide insights as to how to improve performance to meet these new targets. In particular, this year's ARRI can give guidance on how IFAD can better "focus on the poorest people and the poorest countries", especially through the learning theme on targeting to reach the poor.
16. "Leaving no one behind" is the theme of the IFAD11 Report. The report identifies IFAD's "strong targeting of extremely poor and food-insecure people in rural areas" as its comparative advantage and moving beyond business as usual to meet Sustainable Development Goal (SDG) 1 and SDG 2, in line with the 2017 ARRI. The reduction of income inequality within and among IFAD Member States is also highlighted as another objective for IFAD towards contributing to the 2030 Agenda for Sustainable Development (2030 Agenda). With respect to these objectives, IOE organized an international conference "Rural inequalities – Evaluating approaches to reduce disparities" which put forth for discussion the idea that to eradicate poverty and ensure no one is left behind, rural inequalities must be reduced. Disparities in terms of resources, resilience, relationships and rights were found to be root causes of rural poverty. The learning theme and evaluations included in the 2018 ARRI further highlight facilitating

Table 2 **Priorities and areas of reform for the IFAD11 period (2019-2021)**

IFAD11 priorities	Area of reform	Selected IOE contributions
<b>Resource mobilization</b> – assembling development finance to maximize impact	1.1 Increase resources by integrating borrowing into IFAD’s financial framework and achieving the target programmes of loans and grants of US\$3.5 billion	<ul style="list-style-type: none"> <li>• Corporate-level evaluation (CLE) on IFAD’s financial architecture (2018)</li> </ul>
	1.2 Strengthen IFAD’s role as an assembler of development finance to expand programme of work to US\$8.4 billion	
<b>Resource allocation</b> – focusing on the poorest people and the poorest countries	2.1 Optimize allocation of resources at macro-level, ensuring 90 per cent of core resources are allocated to low-income countries (LICs) and lower-middle-income countries (LMICs), 50 per cent to Africa, and 25-30 per cent to the most fragile situations	<ul style="list-style-type: none"> <li>• CLE on the performance-based allocation system (PBAS) (2016)</li> <li>• Learning theme on targeting (2018)*</li> </ul>
	2.2 Increase focus on the poorest and most vulnerable people within each country	
<b>Resource utilization</b> – doing development differently	3.1 Increase outward-facing capacity and advance IFAD’s decentralization	<ul style="list-style-type: none"> <li>• CLE on decentralization (2016)</li> <li>• Evaluation synthesis report (ESR) on gender transformation (2016)</li> <li>• ESR on policy engagement (2017)*</li> <li>• ESR on partnership (2017)*</li> <li>• CLE on fragile situations (2015)</li> <li>• ESRs on MICs (2016) and rural differentiation (2013)</li> </ul>
	3.2 Enhance focus, flexibility and agility in use of resources while considering appropriate risks	
	3.3 Mainstream key cross-cutting themes of nutrition, gender, youth and climate	
	3.4 Strengthen synergies between lending and non-lending engagement	
	3.5 Make strategic partnerships for financing, knowledge advocacy and global influence a cornerstone of IFAD operations	
	3.6 Pilot diversified products tailored to different country circumstances	
<b>Transforming resources into development results</b> – embracing a culture of results and innovation	4.1 Strengthen capacity and systems to manage for results	<ul style="list-style-type: none"> <li>• ESR on innovation (forthcoming in 2019)</li> </ul>
	4.2 Increase transparency and openness	
	4.3 Enhance IFAD’s service delivery platform	

\* Evaluations included in 2018 ARRI.

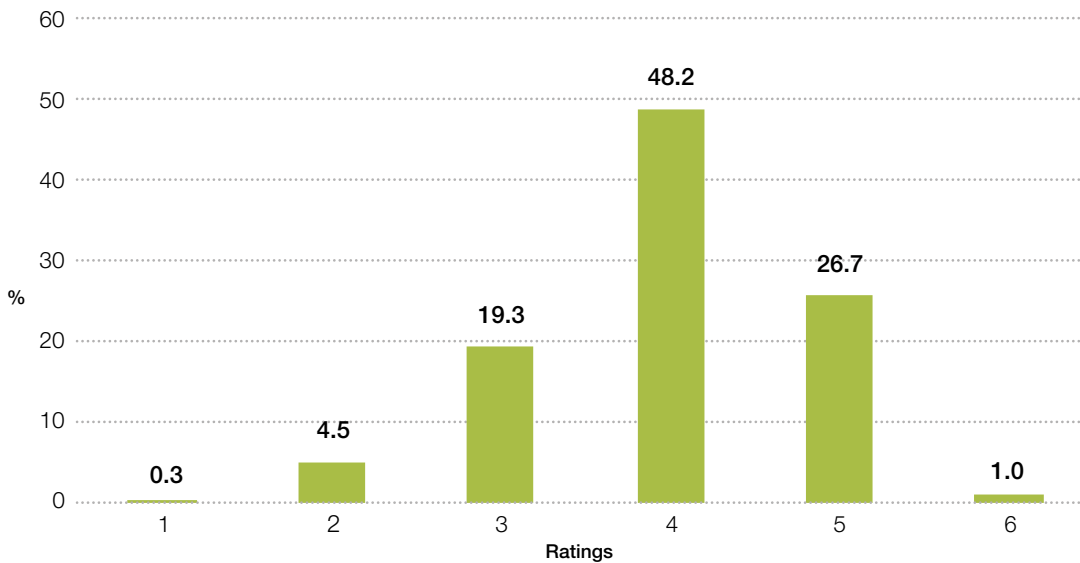
and constraining factors for IFAD to more effectively achieve its strategic objectives and contribute to the 2030 Agenda commitments.

17. Notably, the IFAD11 Results Measurement Framework (RMF) goes beyond the IFAD10 RMF, which merely included IOE ratings as a baseline for tracking purposes, and will use and report in the Report on IFAD’s Development Effectiveness (RIDE) on the IOE rating for overall project achievement, a new indicator in IFAD11. All non-lending activities and mainstreamed themes will

also be monitored. The IFAD11 RMF raises the performance bar by disaggregating performance at “satisfactory or better” levels for a number of key indicators, rather than only reporting “moderately satisfactory or better” performance, as recommended in the 2017 ARRI. These innovations strengthen the Fund’s push towards results-based management and increase its ability to assess IFAD’s performance along its theory of change.

Chart 1 **Distribution of all ratings**

Percentage by rating, 2007-2016 (N=2542)



Source: IOE evaluation database (PCR/V/PPE), May 2018.

## Overall portfolio performance 2007 to 2016

18. The majority of ratings from PCRVs and PPEs in the period 2007-2016 are moderately satisfactory (4) as shown in the distribution analysis of available ratings displayed in chart 1. Out of the total 2,542 ratings across the ten evaluation criteria, only 1.3 per cent are ratings 1 and 6 combined. The majority of the ratings (76 per cent) are moderately satisfactory or better and 28 per cent are satisfactory or better.
19. Table 3 presents the block analysis of the 2007-2016 PCR/V/PPE dataset ranking the 14 evaluation criteria by average mean. The best performing criteria, besides relevance, are IFAD's performance as a partner, innovation, GEWE and scaling up. This is positive given IFAD's approach since 2007, to use its limited resources to bring innovations on rural poverty to scale through partnership. The weakest performing areas are operational efficiency, sustainability of benefits, and government performance. The performance of adaptation to climate change is still based on a very small sample, therefore is only indicative.

## Trends in portfolio performance

20. Overall between 2007 and 2016, IFAD's performance as a partner shows good performance and improvement, while project performance and overall project achievement are flat, and rural poverty impact and government performance are declining, as indicated in chart 2. Following a low in 2009-2011,<sup>3</sup> performance across the criteria improved up to 2012-2014,<sup>4</sup> after which rural poverty impact and government performance as a partner began to decline. In 2014-2016, only IFAD as a partner shows continuing improvement, having overtaken rural poverty impact as the strongest performing criterion since 2013-2015, while other criteria are flat or declining.
21. Evaluations conducted from 2016 include sustainability along with relevance, effectiveness and efficiency in their assessment of project performance. This is reflected in the project performance trend line from 2010 and more strongly in projects that completed from 2013 onwards. The low proportion of moderately satisfactory or better ratings in project performance (69.5 per cent of projects in 2014-2016) is driven by declines

- 3** The 2015 ARRI attributed the dip in performance to the fact that part of the projects evaluated that completed in 2009-2011 were undertaken in countries with fragile situations and as a reflection of IFAD's first Evaluation Manual in 2008, which was the basis for projects evaluated from 2009 onwards. Efficiency and government performance were particularly weak.
- 4** The 2016 ARRI attributes the improved performance to the significant changes in IFAD's operating model since 2007 (e.g. ex ante review, direct supervision and decentralization) starting to be reflected in evaluation data.

Table 3 Ranking of averages and data dispersion per criteria, 2007-2016

Criteria	Average	Moderately satisfactory or better	Standard deviation	Coefficient of variation	
Relevance	4.30	87.8	0.71	17%	
IFAD performance	4.21	85.6	0.70	17%	Better performance
Innovation	4.20	82.0	0.88	22%	
GEWE	4.18	79.9	0.85	20%	
Scaling up	4.16	81.1	0.92	22%	
Rural poverty impact	4.08	83.4	0.76	19%	
Overall project achievement	3.98	78.6	0.79	20%	
Effectiveness	3.95	74.6	0.83	21%	Weaker performance
ENRM	3.94	75.0	0.77	20%	
Project performance	3.94	68.8	0.73	19%	
Government performance	3.83	69.7	0.86	23%	
Adaptation to climate change	3.79	71.7	0.81	21%	
Sustainability	3.68	60.6	0.78	21%	
Efficiency	3.60	55.3	0.94	26%	

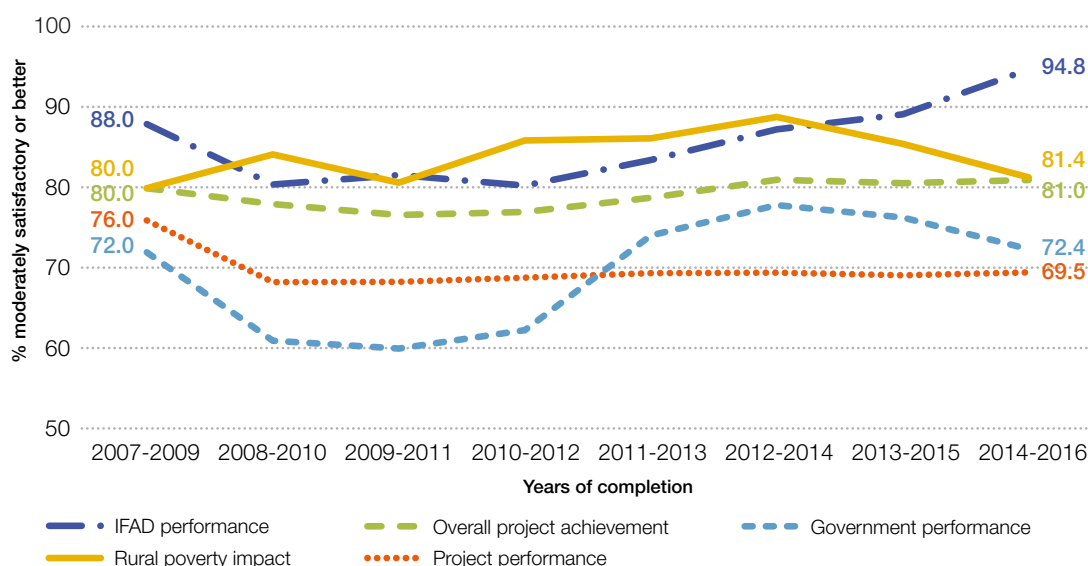
Source: IOE evaluation database (PCR/V/PPE), May 2018.

mainly in efficiency and sustainability. A more detailed analysis in appendix 5 shows similar declines in average PCR ratings starting in 2011.

22. **Performance of projects completed in 2014-2016.** For evaluated projects that completed in the latest period (2014-2016), the highest share of satisfactory ratings (4 and

Chart 2 Overview of the key project performance evaluation criteria

Percentage of projects rated moderately satisfactory or better, 2007-2016



Source: IOE evaluation database (PCR/V/PPE), May 2018.

above) are in IFAD's performance, relevance and innovation. Efficiency, sustainability, project performance and government performance show the highest share of unsatisfactory ratings. Notably, while IFAD's performance, relevance, innovation and ENRM are among the top four criteria in terms of average ratings in the period 2007-2016 in table 3; GEWE is ranked ninth in the most recent period in terms of total satisfactory ratings, indicating its recent deterioration.

23. The recent declining trend may be partially explained by the sizeable (19 per cent) of projects implemented in fragile contexts included in 2014-2016. When comparing mean ratings by criteria for the 11 projects in fragile contexts with the full cohort of 59 projects in 2014-2016, it is notable that the majority of mean ratings of projects in fragile contexts are lower across all evaluation criteria, except relevance, adaptation to climate change and government performance as a partner. In particular, performance in rural poverty impact (81.4 per cent moderately satisfactory or better ratings) would have been better with the exclusion of projects in

fragile contexts (85.4 per cent). The trends for sustainability, effectiveness and project performance also would have reversed; however, efficiency would still show a negative trend in 2014-2016. The only criteria for which the average rating was higher were relevance, adaptation to climate change and government performance as a partner.

### Benchmarking project performance

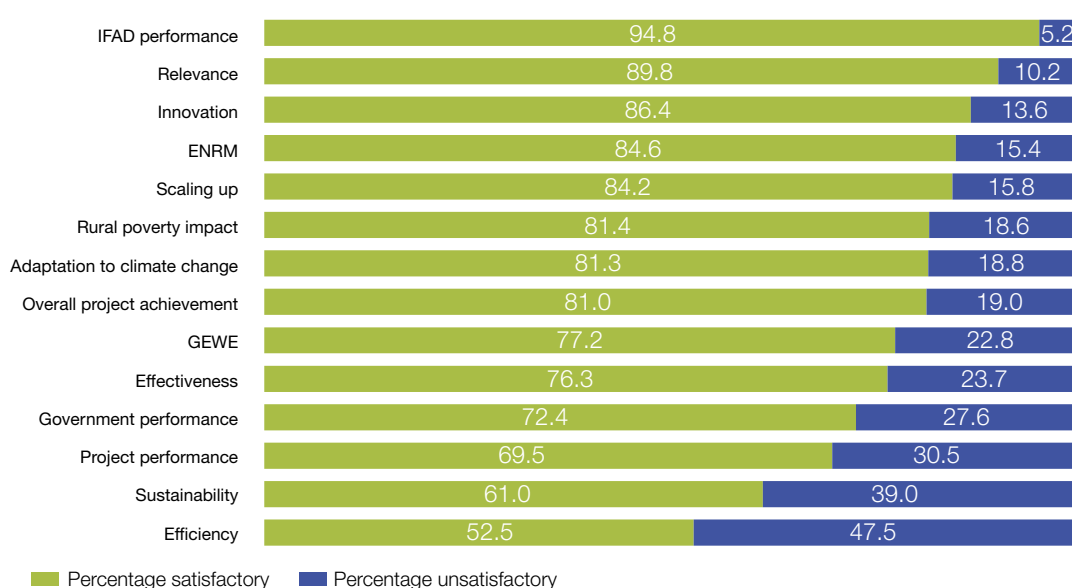
24. The ARRI benchmarks the performance of IFAD operations externally with the performance of the agriculture-sector operations of other development organizations. Internal benchmarking is done against the targets included in the IFAD10 RMF, and across the five geographic regions<sup>5</sup> covered by IFAD operations. Finally, a peer-to-peer comparison of IOE and the Programme Management Department (PMD) ratings is provided.

25. **External benchmarking.** This section benchmarks IFAD's performance with the performance of other IFIs and regional

<sup>5</sup> Asia and the Pacific, East and Southern Africa, Latin America and the Caribbean, Near East, North Africa and Europe, and West and Central Africa.

Chart 3 Ranking of all criteria by share of overall satisfactory ratings, 2014-2016 only

Percentage of projects with overall satisfactory/unsatisfactory ratings



Source: IOE evaluation database (PCR/V/PPE), May 2018.

Table 4 External benchmarking – Project performance

Completed agriculture and rural development projects rated moderately satisfactory or better, 2002-2016 (year of completion)<sup>6</sup>

	World		Africa		Asia and the Pacific		Latin America and the Caribbean		Near East, North Africa and Europe	
	IFAD	WB	IFAD	AfDB	IFAD	AsDB*	IFAD	WB	IFAD	WB
Percentage of projects rated moderately satisfactory or better	71%	74%	70%	48%	86%	62%	77%	77%	70%	79%
Number of agriculture projects evaluated	391	538	153	135	107	103	48	88	60	141

WB: World Bank; AfDB: African Development Bank; AsDB: Asian Development Bank. \*Data refers to 2002-2015.

Source: AfDB Independent Development Evaluation Unit, AsDB Independent Evaluation Department, World Bank Independent Evaluation Group of the World Bank and IOE evaluation database (all evaluations).

development banks, in particular the African and Asian Development Banks and the World Bank.<sup>7</sup> Although each organization is different in size and has a different geographic focus, their operating model is similar to IFAD as, unlike the United Nations specialized agencies, programmes and funds, the African and Asian Development Banks and the World Bank also provide loans for investment operations with sovereign guarantees. As members of the Evaluation Cooperation Group of the Multilateral Development Banks, their independent evaluation offices use similar methodologies and maintain independent evaluation databases.

26. Overall, IFAD's project performance remains positive based on the benchmarking analysis presented in table 4. At the regional level, IFAD maintains the highest share of positive ratings for project performance, when comparing IFAD-funded projects in the Africa, and the Asia and the Pacific regions with the African Development Bank (AfDB) and the Asian Development Bank (AsDB) respectively. IFAD-funded projects in Latin America and the Caribbean perform as well as those of the World Bank in the same region, whereas they have a lower share of positive ratings in the Near East, North Africa and Europe Region.

27. At the global level, this year the World Bank shows a slightly higher percentage than IFAD when looking at projects rated positively within the agricultural sector operations. This reflects a decline in IFAD project performance from 75 to 71 per cent, rather than an improvement in World Bank performance.

28. Due to the different sample size and composition of the performance ratings between the banks, the data needs to be interpreted with some caution. While the World Bank does not include sustainability in its project performance ratings, it is now included in the ratings at AsDB, AfDB and IFAD. The AsDB has always included sustainability while the Independent Development Evaluation unit at the AfDB<sup>8</sup> has included it since 2013. IOE has included sustainability in the project performance rating since 2016, as per its updated evaluation methodology. This enhances the comparability with the performance of AsDB and AfDB. However, as sustainability is an area of weak performance in IFAD operations, it has contributed to the lower rating for IFAD project performance as compared to last year and to the World Bank's project performance, which does not include sustainability.

<sup>6</sup> The Inter-American Development Bank and the International Bank for Reconstruction and Development are not included in the benchmarking analysis because the former does not use a rating system, while the nature of focus and coverage of the latter is significantly different from IFAD.

<sup>7</sup> Data from the World Bank has been adjusted in the 2018 ARRI: in the past the analysis was based on the "number of evaluations", including projects that were rated more than once in the time period considered. In this year's ARRI, the World Bank data has been aligned with AsDB and AfDB data and it only refers to the number of projects carried out in the time period considered for the analysis.

<sup>8</sup> As AfDB used three different rating frameworks to rate their agricultural projects until 2013 which are not identical to IFAD's, IOE must calculate their project performance using comparable ratings.



Table 5 **Internal benchmarking – against RMF targets**  
Percentage of projects rated moderately satisfactory or better

Outcome indicators	Baseline tracked IOE ratings (2011-2013)	PCR/PPE 2014-2016	2018 targets from IFAD10 RMF – 2016-2018	Difference between PCR/PPE and 2018 target
Innovation	79	86	90	-4
ENRM	73	85	90	-5
Scaling up	79	84	90	-6
Rural poverty impact	86	81	90	-9
Adaptation to climate change	NA	81	50	31
GEWE	80	77	90	-13
Effectiveness	75	76	90	-14
Government performance	66	72	80	-8
Sustainability	65	61	85	-24
Efficiency	57	53	80	-27

Source: IOE evaluation database (PCR/PPE), May 2018.

29. **Internal benchmarking.** Table 5 benchmarks select outcome indicators by their percentage of positive IOE ratings as compared to their IFAD10 RMF targets in order to draw attention to areas that may be lagging and require special consideration. However, a more accurate picture of performance against the IFAD10 targets can only be provided after the close of 2018, presented in the 2019 ARRI. That said, the IFAD10 RMF is only tracked against IOE ratings (2011-2013), and are verified by Management self-assessment data, namely PCR ratings presented in the Report on IFAD's Development Effectiveness (RIDE).

30. According to IOE ratings, currently only one out of the ten outcome indicators have reached the IFAD10 RMF targets. Adaptation to climate change (indicated in green in table 5) is 31 percentage points above the target based on the limited number of ratings from the past two years.<sup>9</sup> Five indicators are within 10 percentage points (blue) below the RMF targets – namely innovation, scaling up, rural poverty impact, ENRM, and government performance. Two indicators (effectiveness

and GEWE) are 15 points (orange) below target, while efficiency and sustainability are over 20 points (red) away from 2018 targets. The underperforming indicators will require particular attention to successfully complete IFAD10.

31. When comparing PCR/PPE 2014-2016 performance against the tracked IOE baseline ratings (2011-2013), some significant improvements are shown for innovation, scaling up, ENRM and government performance. A slight increase for effectiveness is accompanied by a decline in efficiency, rural poverty impact, GEWE and sustainability.

32. Providing a more differentiated assessment of performance, table 6 benchmarks project performance, rural poverty impact and overall project achievement across IFAD's five geographical regions. It is important to note that benchmarking performance across regions should not be considered tantamount to assessing the performance of the corresponding IFAD regional division, which is only one of many factors affecting project performance.

<sup>9</sup> The three-year moving average includes only the 44 projects in the 2014-2016 cohort of the all data series and 36 projects in the 2014-2016 cohort of the PCR/PPE data series, for which adaptation to climate change was rated separately.

Table 6 Internal benchmarking – Geographic regions, 2007-2016

Project performance	Asia and the Pacific N=46	East and Southern Africa N=37	Near East, North Africa and Europe N=42	Latin America and the Caribbean N=28	West and Central Africa N=36
Percentage of projects rated moderately satisfactory or better	87	68	67	61	56
Percentage of projects rated satisfactory or better	33	11	7	23	6

Rural poverty impact	Asia and the Pacific N=44	East and Southern Africa N=35	Near East, North Africa and Europe N=42	Latin America and the Caribbean N=26	West and Central Africa N=34
Percentage of projects rated moderately satisfactory or better	93	89	86	77	68
Percentage of projects rated satisfactory or better	39	29	29	46	23

Overall project achievement	Asia and the Pacific N=46	Near East, North Africa and Europe N=42	East and Southern Africa N=36	Latin America and the Caribbean N=27	West and Central Africa N=36
Percentage of projects rated moderately satisfactory or better	87	86	78	74	64
Percentage of projects rated satisfactory or better	44	14	19	22	19

Source: IOE evaluation database (PCR/V/PPE), May 2018.

10 78 per cent in Latin America and the Caribbean Division (LAC), 69 per cent in East and Southern Africa Division (ESA), 66 per cent in Near East, North Africa and Europe Division (NEN) and 52 per cent in West and Central Africa Division (WCA).

33. As in previous years, Asia and the Pacific Division (APR) shows the best results regarding the three evaluation criteria analysed. Between 2007 and 2016, APR had the highest proportion of projects rated moderately satisfactory or better, and also the highest proportion of projects that are satisfactory or better. One key factor is that 91 per cent of the projects evaluated by IOE in APR show a moderately satisfactory or better performance for government performance,<sup>10</sup> confirming again that it is a key determinant of successful outcomes. The performance of IFAD operations in the WCA region continues to be the weakest, also due to government performance (only 54.3 per cent of projects rated

moderately satisfactory or better). This is further supported by the continued strong correlation between project performance and government performance in Asia (0.67) and WCA (0.82).

34. **Peer-to-peer comparison.** Since 2015, the ARRI presents the results of the peer-to-peer comparison between IOE and PMD ratings for all evaluation criteria using the mean values. The peer-to-peer comparison aims at assessing the “net disconnect” between PMD and IOE ratings for each criteria included in PCRs and PCR/Vs/PPEs to get a better understanding of where differences lie in reporting on performance.

35. The PMD ratings were higher on average for all criteria among the 189 projects assessed in the analysis presented in table 7. The differences in the mean ratings of IOE and PMD are also statistically significant for all criteria. The overall average disconnect between IOE and PMD ratings is -0.30 which is only slightly higher than last year's disconnect of -0.29. Similar to last year, relevance shows the highest disconnect between IOE and PMD ratings -0.55. The lowest disconnect is for rural poverty impact -0.17 points which is slightly wider than last year's -0.15. The disconnect by region is highest for WCA (-0.39) followed by NEN and LAC (-0.30), APR (-0.27) and ESA (-0.24) with the lowest disconnect.
36. In the case of efficiency, sustainability and government performance, the actual gap is between generally positive ratings for PMD and an average IOE rating which is well below moderately satisfactory. However, based on a correlation analysis conducted on IOE and PMD ratings, efficiency, government performance and overall project achievement are highly correlated, which indicates there is no disconnect between the PMD and IOE ratings. On the other hand, the criteria GEWE, scaling up and adaptation to climate change are not correlated at all, indicating a clear disconnect between IOE's and Management's assessments. In appendix 5, a more detailed comparison between IOE and PCR ratings for all criteria across time shows similar declining trends, despite larger or smaller disconnects observed for some criteria.

Table 7 **Comparison of IOE and PMD ratings for completed projects by evaluation criteria, 2007-2016 (N=189)**

Criteria	Mean ratings		Disconnect	T-test (comparison of means)
	IOE	PMD		p-value
Relevance	4.30	4.85	<b>-0.55</b>	0.00*
Scaling up	4.16	4.51	<b>-0.36</b>	0.00*
Sustainability	3.68	4.01	<b>-0.34</b>	0.00*
IFAD performance	4.21	4.54	<b>-0.33</b>	0.00*
Overall project achievement	3.98	4.31	<b>-0.33</b>	0.00*
Government performance	3.83	4.15	<b>-0.32</b>	0.00*
Efficiency	3.60	3.91	<b>-0.31</b>	0.00*
Project performance	3.94	4.23	<b>-0.29</b>	0.00*
GEWE	4.18	4.45	<b>-0.27</b>	0.00*
Effectiveness	3.95	4.21	<b>-0.26</b>	0.00*
Innovation	4.20	4.43	<b>-0.23</b>	0.00*
ENRM	3.94	4.18	<b>-0.23</b>	0.00*
Rural poverty impact	4.08	4.25	<b>-0.17</b>	0.00*

\* Indicates significance at 1 per cent level.

Source: IOE evaluation database (PCR/PPE) and PMD project completion report (PCR) rating database.



Egypt

West Noubaria Project

In West Noubaria, a young man provides farmers with seeds and buys their tomatoes at an agreed price.

©IFAD/Taysir Al Ghanem

## 2 Project portfolio trends 2007-2016

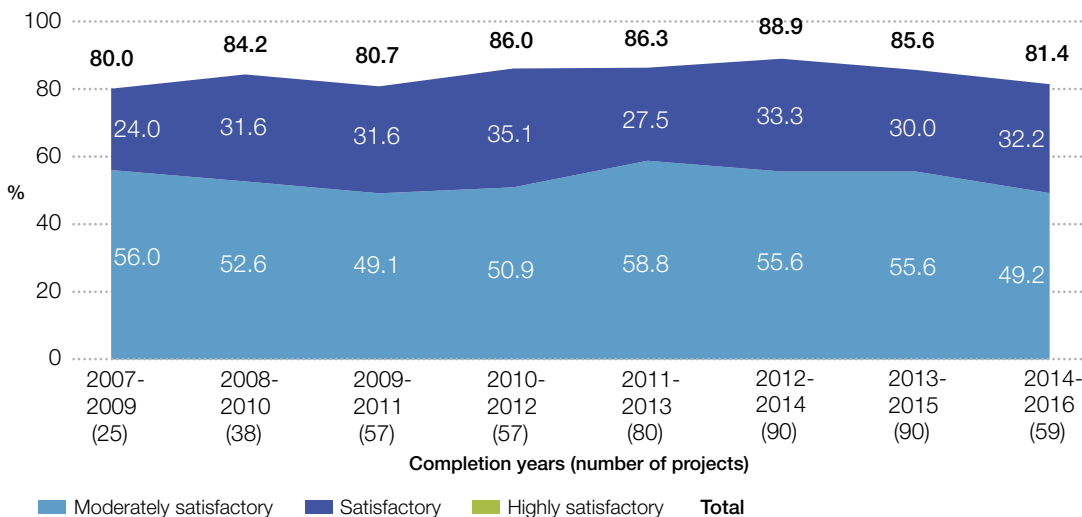
37. This chapter presents the analysis of the independent evaluation ratings for the whole set of evaluation criteria assessed by IOE in its project-based evaluations according to: (i) trends in performance over time by moving averages; and (ii) trends in performance by replenishment periods. For each criterion, the percentage of moderately satisfactory and better ratings of projects that completed between 2007 and 2016 are presented in three-year moving periods. It is important to note that the qualitative analysis by criteria highlights trends and drivers based only on evaluations conducted in 2017. Finally, detailed analysis comparing IOE and PCR mean ratings for each criterion as well as by region is found in appendix 5.

### Rural poverty impact

38. Rural poverty impact shows consistent overall improvement from 2009-2011 to 2012-2014 for projects rated moderately satisfactory or better but then declined to 81.4 per cent in 2014-2016. Between 2007 and 2016, an overall portion of 84.1 per cent of projects received positive ratings. However, in 2013-2015, the trend of positive ratings starts to slightly decline by 4.2 share points. Satisfactory ratings represent 32.2 per cent of projects in 2014-2016, guaranteeing steady good performance. No highly satisfactory ratings have been reported in rural poverty impact.

Chart 4 Rural poverty impact

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/PPE), May 2018.

**39. Analysis of drivers for rural poverty impact.**

This section assesses performance of rural poverty impact. Given that the reduction of rural poverty is IFAD's primary objective, the key features of positive and less positive rural poverty impact are provided by its four sub-domains: household income and assets; human and social capital and empowerment; food security and agricultural productivity; and institutions and policies.

**40. Household income and assets.** This rural poverty impact subdomain provides a means of assessing the flow of economic benefits and accumulated items of economic value to individuals and households. For IFAD10, IFAD Management aims to have 40 million rural people experiencing economic mobility measured as economic change in status (10 per cent or more) in terms of income, consumption, wealth, food diversity or nutrition. In order to achieve the IFAD10 target as well as contribute substantially to the 2030 Agenda commitments to eradicate poverty and leave no one behind, IFAD needs to scale up its results for greater impact through partnership and policy engagement.

**41.** The 2017 evaluations found that IFAD projects made a positive contribution to raise incomes and diversify incomes sources, mainly through: (i) employment opportunities; (ii) diversification of livelihoods; (iii) support to agricultural productivity; (iv) improved access to microfinance markets; (v) access to natural resources and technology; (vi) diversification of sources of income; (vii) improvements in animal husbandry (livestock and fisheries); and (viii) financing infrastructure and crop-processing projects.

**42.** The PPE for the Northern Region Sustainable Livelihoods through Livestock Development Project in the Lao People's Democratic Republic shows that five years after project completion, most households continue to attribute the improvements in household income and assets to the increase in the

number of animals. This is due not only to the provision of animals by the project, but especially to the introduction of enhanced livestock management practices (and in particular vaccinations) by the project, which added to the livestock's value, and enhanced its potential for raising cash income when required. The improvements in income and assets are also associated to the access to microfinance through the Lao Women's Union in the rural areas. This led to small loans for small-scale livestock producers in the project area, smoothened their consumption and increased personal savings over the past 10 years, as reported by project beneficiaries.

**43.** Despite the positive results, better impact on income and assets is constrained by the following factors: (i) flaws in the design of the microfinance component, including scarce attention to financial literacy and microfinance institutions's (MFIs) capacity-building; (ii) unidimensional-focus programmes in otherwise complex, multidimensional rural livelihood systems; and (iii) introduction of dispersed, small-scale pilot initiatives with very little assessment, learning or dissemination of experiences. Furthermore, measuring the impacts on income and assets is constrained by limited data on household income and assets, in particular the absence of baseline surveys, midterm reviews (MTRs) and functional monitoring and evaluation (M&E) systems.

**44.** The impact evaluation of the agricultural support project in Georgia highlights how increases in incomes were expected for beneficiaries of the irrigation activities, through increased production and diversification. However, an inadequate water supply during the main watering season, and the absence of on-farm irrigation (due to the project's main focus on primary and secondary canals) led to planting and production that were less than expected. Statistical analysis suggests that the project did not have a significant impact on non-agricultural incomes, as had been envisaged in the project logical framework.

45. **Human and social capital and empowerment.** Empowerment is one of IFAD's key principles of engagement, and essential for sustainable reduction of poverty and hunger. IFAD's notable comparative advantages as compared to other IFIs are the targeting and participatory approaches promoted in IFAD operations which have a positive impact on the empowerment of individuals.
46. The 2017 evaluations' positive ratings for rural poverty impact are related to human and social capital empowerment in terms of: (i) training and follow-up support in various areas, technical and agriculture-related; (ii) group development and leadership skills by introducing inclusive decision-making processes within communities; (iii) access of individual households to higher quality and quantity of natural resources by increasing productive capacity; (iv) access to information on marketing to facilitate participation in collective marketing initiatives, thus giving the poor "social empowerment"; (v) promoting local leadership; and (vi) increasing literacy rates for both men and women.
47. The evaluation of the Rural Empowerment for Agricultural Development Programme in Central Sulawesi in Indonesia highlights the positive impact on empowerment resulting from the provision of productive inputs, which effectively strengthened human assets and social capital. Most of the programme households were able to send their children to school and to spend more on family health. A significant change in community behaviour, such as improved public speaking skills and participation in the formulation of village regulations was also noted.
48. For projects rated unsatisfactory for rural poverty impact, 2017 evaluations underline some key elements constraining a positive outcome in human and social capital empowerment, such as: (i) credit activities not highly beneficial for improving access to credit for productive purposes; (ii) significant gaps in the targeting strategy and processes (i.e. women and youth in particular left out of programme operations, due to the overwhelming focus on land); (iii) lack of strengthening of business planning, financial literacy, marketing and good governance as well as continuous technical backstopping of these functions; and (iv) lack of a long-term strategy which would give beneficiaries enhanced legitimacy and better linkages with institutions.
49. The evaluation of the Fisheries Development Project in Eritrea asserts that the project's objective, according to project design, was to reorganize and strengthen the existing cooperative societies and establish new cooperatives in order to respond to the needs of poor fishers and potential artisanal fishers including youth, women and demobilized soldiers. By the end of 2016, at the time of the final supervision mission, most of the groups to be supported by the Fisheries Development Project were still at the early formation stage and therefore required intensified technical support and working capital to operate as businesses.
50. **Food security and agricultural productivity.** Food security lies at the heart of IFAD's mandate and two of the IFAD10 RMF impact targets relate to this subdomain. However, the lack of robust evidence on food security and agricultural productivity is noted across almost all 2017 evaluations in which rural poverty impact is rated negatively. Some positive factors that contribute to agricultural productivity impact are related to: (i) increases in agricultural productivity, especially due to technological changes in production systems; (ii) a more diversified diet for women and children; (iii) better use of rehabilitated land; (iv) improvement of infrastructure which enhanced food security by providing access to markets; and (v) support to micro-projects in agriculture, livestock and fisheries, together with improved access to water and irrigation.

However, enhancing agricultural productivity is not a sufficient condition to improve food security, on which there is a prevailing lack of data.

51. The evaluation of the South Sudan Livelihood Development Project confirms that the yields for maize and beans, for instance, more than doubled. Additionally, the majority of farmers planted cereals like sorghum and finger millet, and mixed and diversified production with other crops. There was a change in cropping patterns as a result of training, the prioritization of crops and livestock on the basis of economic considerations, and the provision of improved technologies and seeds. Women used more vegetables for household food diversification and sold vegetables to buy essential household items.
52. In Indonesia, the impact survey on the Rural Empowerment for Agricultural Development Programme reconfirmed the programme's contribution to improved household food security. The integrated approach adopted by the programme ensured farmer's access to appropriate technology, improved genetic seeds, farm machinery, equipment and infrastructure. The shift of the programme's focus since the MTR from a heavy infrastructure programme into an agriculture productivity programme was proven to be a positive shift.
53. **Institutions and policies.** The contributions of IFAD operations to the quality and performance of institutions, policies and regulatory frameworks are critical for the sustainability and scaling up of IFAD's country programme results. The positive trend in performance confirms that IFAD projects have the potential to generate changes in public institutions and policies mainly through: (i) building capacity of public institutions and staff at provincial and district level; (ii) local organizations undertaking the coordination and management role for civil works for land restoration activities; (iii) business development service providers mobilizing the target groups, arranging training and liaison with the banks; (iv) institutional decentralization of services to enhance access of beneficiaries to technical services; and (v) establishing various local committees (e.g. for procurement, transparency and M&E) to manage and oversee implementation of projects on a daily basis.
54. The evaluation of the South Sudan Livelihood Development Project highlighted how the project made a strong effort to institutionalize the participatory approach in poverty reduction in South Sudan. The establishment of the steering committee and the project management unit at the national level helped to realign roles and responsibilities with state-led development philosophy. Despite a slow start, the project's coordination of the various stakeholders, albeit in a weak form, was relatively worthy and contributed to the achievement of project objectives. In short, although activities were delayed, the project improved the capacity of the implementation agencies, created new alliances between members and influenced regulations for better results.
55. Limited impact in terms of institutions and policies is mainly due to maintaining emphasis largely at the household level, rather than strengthening local governments or community institutions, as well as lack of provisions for studies on institutions, policies, laws and regulations that would support long-term development. In Zambia, the Smallholder Livestock Investment Project worked within government structures and in this way contributed to building their capacity. The unplanned innovation to develop stable in-country production strengthened national capacity to sustainably provide the inputs needed for ongoing vaccination campaigns. However, the positive impact on institutional capacity was put into question by the 2014 experience where the Government of Zambia was unable to continue implementation of the



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**Box 1 Rural poverty impact – Key performance factors**

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>• Building capacity of public institutions and staff at central and local levels.</li> <li>• Improved access to microfinance markets.</li> <li>• Business development services to mobilize target groups.</li> <li>• Enhanced access to rural resources and technology through decentralization of services to beneficiaries.</li> <li>• Diversification of sources of income and better use of rehabilitated land.</li> <li>• Training and follow-up support.</li> <li>• Group development and leadership skills.</li> <li>• Access to information on marketing.</li> <li>• Improved literacy for both men and women.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant gaps in the targeting strategy and processes.</li> <li>• Limited impact from maintaining emphasis at the household level rather than strengthening local governments and community institutions.</li> <li>• Insufficient baseline surveys, MTRs and functional M&amp;E systems.</li> <li>• Introduction of dispersed and small-scale pilot initiatives with very little assessment.</li> <li>• Weak institutional capacity.</li> <li>• Little evidence from data on food security and agricultural productivity.</li> </ul>

vaccination campaign and other key activities after the scaling down of project support. There is no evidence that the project engaged in dialogue on policies needed to support sustainable disease control. The failure of the Government to follow through on planned cost-recovery policies or to develop regulations to control cattle movement impacted negatively on the project's impact and sustainability.

### Project performance criteria

56. The analysis of project performance, which is a composite of relevance, effectiveness, efficiency and sustainability, is presented in two parts. The first part discusses the trends in performance for the four individual criteria and key features of good or weaker performance where appropriate. The second part outlines the trends for the composite criterion.
57. **Relevance.** IFAD operations with good performance remain highly relevant within the data series and a consistent positive, though

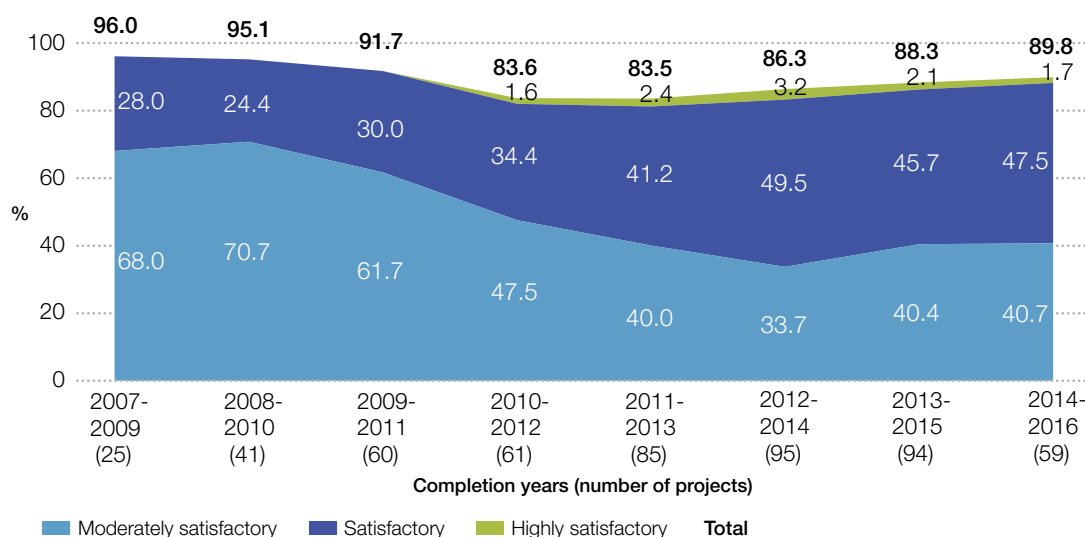
flat, trend is confirmed with 89.8 per cent of projects rated positively in 2014-2016. An average of 89.3 per cent of all projects between 2007 and 2016 are rated moderately satisfactory or better. The overall performance shows a declining trend for projects rated moderately satisfactory from 2008-2010. Relevance reached a high plateau (over 85 per cent of projects) between 2012-2014 and 2014-2016. In 2014-2016, satisfactory ratings cover the largest share of positive ratings (47.5 per cent), while moderately satisfactory and highly satisfactory represent respectively 40.7 per cent and 1.7 per cent of projects.

58. **Analysis of drivers for relevance.**

The 2017 evaluations identify some good results in the performance of projects due to key drivers such as: (i) decentralization policies and strong policy relevance with active government participation; (ii) flexible investments; (iii) value chain development; (iv) efficient project management; (v) flexible project design allowing continued alignment despite changes in government; and (vi) good

Chart 5 **Project relevance**

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/PPE), May 2018.

targeting with regard to poverty focus. The evaluation of the Inner Mongolia Autonomous Region Advancement Programme, which received a highly satisfactory rating in line with Management's, highlights the success of a well-articulated programme to match government priorities, with many activities supporting existing government structures. According to the evaluation of the Odisha Particularly Vulnerable Tribal Groups

Empowerment and Livelihoods Improvement Programme in India (rated highly satisfactory), targeting was well designed and a demand-driven development fund provided additional funding for well-performing activities and new activities during project implementation, as detailed in box 2. The PPE of Market Strengthening and Livelihood Diversification in the Southern Highlands in Peru (rated satisfactory by IOE and highly satisfactory by

### Box 2 **Good practice on relevance: India – Odisha Tribal Empowerment and Livelihoods Programme (OTELP)**

- High relevance of objectives, which identified tribal communities as a priority target group. The OTELP objectives remain largely in line with various government policies, which have paid special attention to the Scheduled Tribes as a uniquely vulnerable social group.
- The project adopted an integrated rural watershed development intervention for all categories from the poorest to the not-so-poor, using different instruments for addressing poverty reduction (high relevance of design). The design focused on investments in human and social capital as well as in production and economic development, which ensured a sustainable poverty reduction approach, embedded from inception.
- A demand-driven development fund provided additional funding for activities performing well and for new activities during project implementation. This is relevant as it favoured bottom-up planning and field experience from project implementation.

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**Box 3 Relevance – Key performance factors**

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>• Decentralization policies with active government participation.</li> <li>• Flexible project design and good targeting with regard to poverty focus.</li> <li>• Value chain development.</li> <li>• Flexible investments.</li> <li>• Efficient project management.</li> <li>• Participatory approach to enhance sustainable access to financial services.</li> </ul>	<ul style="list-style-type: none"> <li>• Poor targeting mechanisms.</li> <li>• Design issues and continuous changes in implementation.</li> <li>• Insufficient consideration of country's context (underestimation of political instability as well as state of financial markets in the design phase).</li> <li>• Inadequate recognition of appropriate policies as well as supervising framework.</li> <li>• Weak partnerships with other projects within country portfolios.</li> </ul>

Management) was found highly relevant to the policies of the national and subnational public bodies of Peru, IFAD policies and strategies, and the expectations of the users and local actors, especially to their approach to demand; the areas covered by the project corresponded to areas/municipalities defined as areas of poverty by national authorities.

59. Constraints to relevance are often linked to:
- (i) lack of consideration of country context and financial markets at project design;
  - (ii) dearth of partnerships; (iii) poor targeting mechanisms, in some cases only based on geography rather than the poverty approach (standardized approaches compromising targeting efforts); (iv) lack of recognition of appropriate policies as well as regulatory and supervising framework; (v) lack of focus on resilience in a highly unstable and conflict-prone context, and underestimation of political instability and conflicts; and (vi) poor selection of performance indicators.
60. The PPE of Post-Tsunami Agricultural and Fisheries Rehabilitation Programme in the Maldives identified as a programme objective the restoration of the GDP rather than rural livelihoods, rural poverty and the empowerment of rural people, which are more within IFAD's mandate. In addition,

with such a small loan amount, the objective of contributing to agricultural GDP was too ambitious. The targeting strategy was neither clear nor coherent in both the agricultural and fishery components. In Cameroon, the Rural Microfinance Development Support Project was designed without a thorough understanding of the country context and the financial market. The project also did not develop the planned partnerships with other projects in the IFAD portfolio, which could have provided technical and managerial support to small producers to help them take full advantage of new financial services.

61. **Effectiveness.** The performance of projects in achieving their development objectives reached a plateau from 2011 until 2014-2016, with 76.3 per cent having positive ratings. On average, 75.5 per cent of all PCR/V/PPE projects between 2007 and 2016 were also rated primarily satisfactory. In particular, the share of projects rated moderately satisfactory covered 49.2 per cent of the sample in 2014-2016, confirming a growing trend started in 2012-2013. The weight of satisfactory ratings stabilizes at 27.1 per cent in 2014-2016, despite having reached a significant peak in 2012-2014 (32.6 per cent). No projects were rated highly satisfactory in the PCR/V/PPE data series analysed.

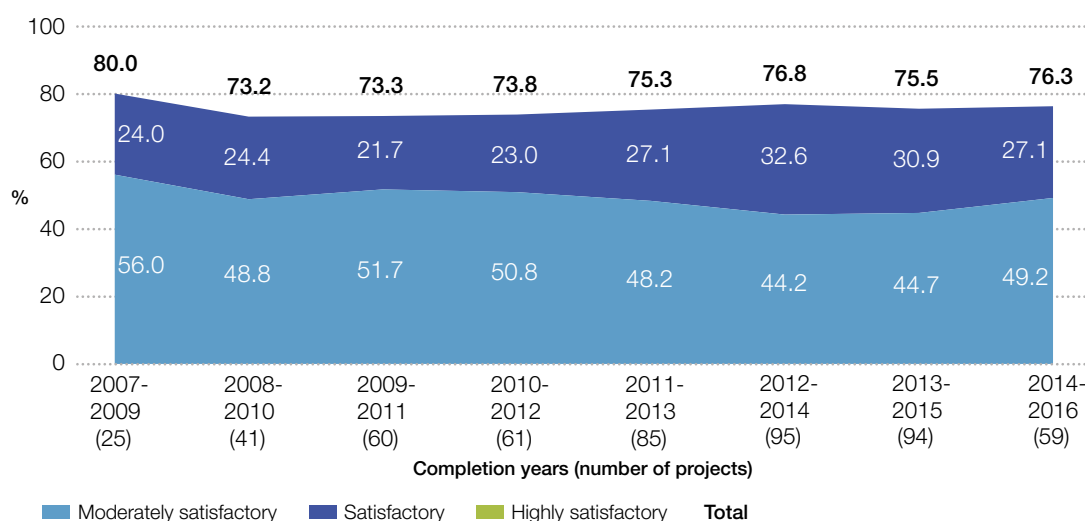
**62. Analysis of drivers for effectiveness.**

The 2017 evaluations found some common elements of good performance among those projects rated highly satisfactory, such as capacity-building, improving procurement, resource mobilization, and significant results in terms of value chain development. However, despite the projects' achievement of the main objective to empower poor rural households to benefit from business opportunities, it is evident that even highly satisfactory projects display some significant shortcomings. For example, according to the evaluation of the Developing Business for the Rural Poor Project in Viet Nam, the project achieved significant results in terms of value chain development; however, as identified in the 2014 supervision mission report, the Value Chain Task Forces at the district level lacked the experience and capacity needed to identify business and market opportunities. It was therefore challenging for them to help value chain actors foster the linkages with common interest groups that were considered essential to addressing rural poverty. Key provincial actors in the value chain did not receive capacity-building until late in the project and the capacity-building activities did not follow a strategic plan.

63. The increase in moderately satisfactory ratings for effectiveness in the 2017 evaluations is driven by some common positive elements such as: (i) vocational training and matching grants generating new income activities; (ii) support to farmers to apply improved agricultural technologies; (iii) strengthening of capacity and knowledge as detailed in box 4; (iv) strong participatory approach; and (v) diversification in sources of incomes for target groups. The evaluation of the Market Growth and Access Intensification Project in Bhutan highlights how the project has been effective by implementing a wide range of activities including distribution of seeds and planting material, farmer training, electric fencing and supplying post-harvest equipment. Support to market development was guaranteed by collective institutions, such as vegetable production and marketing groups under the Vegetable Value Chain Programme-East whereby farmers organized into groups to produce vegetables to supply local schools. The groups were trained, supplied with small equipment, such as irrigation pipes and sprinkler sets. At the same time, support for infrastructure development was provided through the construction of new farm roads and irrigation

**Chart 6 Project effectiveness**

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/V/PPE), May 2018.

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**Box 4 Good practice on effectiveness: Nigeria (Community-based Natural Resource Management Programme – Niger Delta Region)**

- The objective of strengthening community development capacity of the rural community and service providers was achieved, especially with regard to youth.
- CADAs (commodity apex development associations) were formed and strengthened, reaching the appraisal youth target. As shown by the supervision mission in 2015, some CADAs showed significant momentum, implemented saving and credit activities and had a clear mandate and sense of purpose. As an immediate consequence, beneficiaries and youth began to view agriculture as a business and entrepreneurship opportunity.
- With regard to the sustainable livelihood project subcomponent, the successful establishment of microenterprises has improved the livelihoods of rural poor people.

systems, and rehabilitation of existing farm roads and irrigation systems.

64. The issues for projects/programmes with non-satisfactory ratings in effectiveness are mostly related to: (i) a lack of access to financing from commercial banks or MFIs for beneficiaries; (ii) programmes are slow to react to the changing political contexts; (iii) IFAD activities are redundant and not coordinated with other donors and agencies, such as a lack of business analysis on local subsidies from governments, causing

unexpected competition; (iv) weak design of targeting strategies without sufficient focus on poor households and groups; (v) inability to engage in contractual relationships with local government and the private sector; (vi) beneficiaries not able to assimilate new techniques; and (vii) a lack of national policy analysis on rural development and poverty reduction.

65. The PPE of the Northern Region Sustainable Livelihoods through Livestock Development Project in the Lao People's Democratic

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**Box 5 Effectiveness – Key performance factors**

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>• Strengthening of capacity and knowledge.</li> <li>• Strong participatory approach.</li> <li>• Diversification in sources of income for target groups.</li> <li>• Strengthening of rural institutions.</li> <li>• Vocational training and matching grants.</li> </ul>	<ul style="list-style-type: none"> <li>• Weak targeting design and absence of quantitative targets.</li> <li>• Inadequate access to financial services.</li> <li>• Programme not suitable to changing political context.</li> <li>• Inability to engage in contractual relationships with local government and private sector.</li> <li>• Need for better coordination with other donors and agencies.</li> <li>• Inability to engage in contractual relationships with local government and private sector.</li> </ul>

Republic highlighted how, while the project was strong in terms of delivering outputs (e.g. provision of vaccinations, animals through the Village Livelihood Fund, and small-scale infrastructure), it was weak in achieving intermediate outcomes requiring learning, changing practices and behaviours. As such, the uptake on new practices and the establishment of viable livestock production groups and village livelihood funds were limited and, in addition, the project did not manage to reach the poorest households within the targeted poor districts. The evaluation of the Participative Development and Rural Modernization Project in Panama underlined how technical assistance was basically limited to activities related to production and its intervention was mainly at the beginning of implementation and the execution of productive plans.

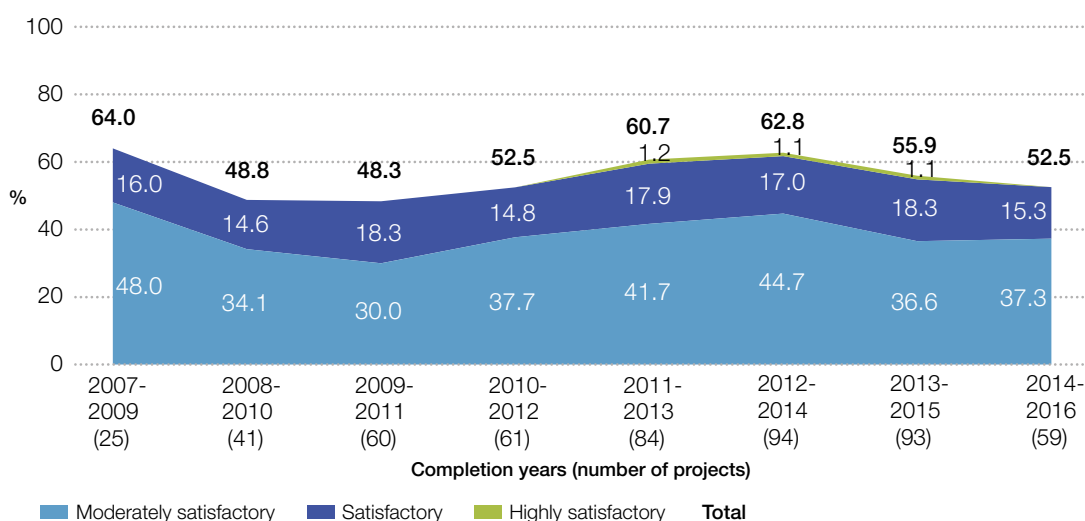
66. **Efficiency.** Operational efficiency remains the weakest performing criterion, especially in the latest two time periods analysed with only 52.5 per cent showing positive ratings in 2014-2016. The trend shows that only an average of 55.7 per cent of projects were rated moderately satisfactory or better between 2007 and 2016. This results in almost half of

IFAD operations being considered inefficient, despite improved performance in 2011-2013 (1.2 per cent of projects were rated highly satisfactory) and between 2012 and 2014 (1.1 per cent highly satisfactory). The weight of moderately satisfactory ratings registers a consistent decline since 2012 (from 44.7 per cent in 2012-2014 to 37.3 per cent in 2014-2016) and affects overall project performance. Satisfactory ratings represent 15.3 per cent of projects in 2014-2016. No higher ratings compensate for the declining trend within the group of PCR/V/PPE data series analysed.

67. **Analysis of drivers for efficiency.** The most common key factors inhibiting efficiency in the 2017 evaluations are related to: (i) delays in start-up, implementation and long procurement processes; (ii) high turnover of programme management and other changes in staff, as well as key positions unfilled; (iii) lack of a functioning steering committee; (iv) inadequate preparedness of the programme coordination unit; (v) long and slow MTR process; (vi) lack of attention to high transportation and supervision costs; (vii) failure to implement the cost-recovery mechanism; (viii) economic and financial return of the project significantly

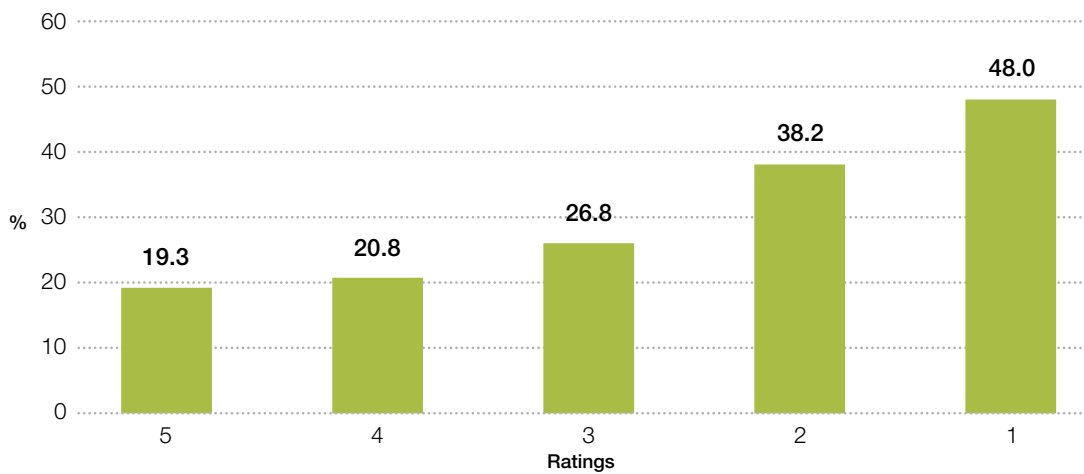
Chart 7 **Project efficiency**

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/V/PPE), May 2018.

Chart 8 **Project management costs of total project costs by efficiency rating, 2014-2016**



Source: IOE evaluation database (PCR/V/PPE), May 2018.

over-estimated; and (ix) high project management cost ratios. With regard to the latter, when analysing the 2017 evaluations, a trend of higher project management costs for projects rated as less efficient was evident. Chart 8 presents the average project management costs for projects evaluated in 2017 by their efficiency rating and shows that the higher the cost, the lower the efficiency rating. It also indicates 20 per cent of total costs as being the threshold beyond which higher project management cost ratios, resulting from other related factors (e.g. implementation delays), become a key driver for unsatisfactory performance.

68. The PPE for the Rural Financial Intermediation Programme in Lesotho (rated unsatisfactory) highlights how, despite a short effectiveness lag, project implementation experienced a slow start-up mainly due to the inadequate preparedness of the programme coordination unit, including the lack of familiarity with IFAD procedures, poor financial management, and inappropriate staffing. Additionally, the proportion of project management costs was unreasonably high (33 per cent), which critically hampered the efficiency of the programme. The high costs, despite being justified with overspending for additional staff and lack of commitment from the Central

Bank of Lesotho, were actually already high at appraisal; moreover, audit and supervision reports repeatedly mentioned potential misuse and misappropriation of funds (ineligible expenditures, overpayment of staff, etc.) for which appropriate actions were taken by IFAD.<sup>11</sup>

69. The 2017 evaluations found that good project efficiency is overall based on: (i) project management efficiency (management units in place at all levels), as well as low project management costs; (ii) limited staff turnover; (iii) project completion without extension; (iv) good partnership arrangements and good integration within the government; and (v) high disbursement rates and financial return. A combination of these factors may also counterbalance initial high project management cost ratios as illustrated in box 6 by the Developing Business with the Rural Poor Project in Cao Bang Province, Viet Nam.

70. The evaluation of the Market Growth and Access Intensification Project in Bhutan (rated moderately satisfactory) highlighted that the project management structure was almost entirely integrated into the government systems with numerous institutions having responsibilities for different interventions within their field of expertise. The majority

<sup>11</sup> IFAD took actions to recover amounts financed by IFAD, lowered the threshold for Statements of Expenditure to ensure withdrawal applications received greater scrutiny to prevent recurrence and the project finance manager was not renewed.

**Box 6 Good practice on efficiency: Viet Nam – Developing Business for the Rural Poor Project in Cao Bang Province (DBRP)**

- Despite high management costs, the timely implementation, low cost per beneficiary, and good investment performance resulted in a high rating in efficiency (no project extension, 6.2 years project duration and brief 5-month effectiveness lag).
- Efforts to create a more decentralized management structure after the MTR improved project efficiency.
- Innovative approach adopted (market linkages through value chain development).

of planned activities were carried out successfully, while the cost per beneficiary decreased significantly, most likely due to the significant expansion of project activities over a larger population.

71. The evaluation of the Rural Empowerment for Agricultural Development Programme in Indonesia also found performance in efficiency satisfactory for the following reasons: (i) the arrangement and set-up of the programme management unit were as per the original design, with management units well established at the national, provincial and district levels to handle daily programme

operations; (ii) implementation oversight was ensured by the establishment of programme steering committees at the various administrative levels; and (iii) programme management staff remained constant with limited turnover. This latter factor in particular contributed considerably to strengthening programme management performance, despite some delays in procurement.

72. **Sustainability of benefits.** IFAD operations have shown a stable trend in performance when considering the prospects of keeping net benefits beyond the phase of initial

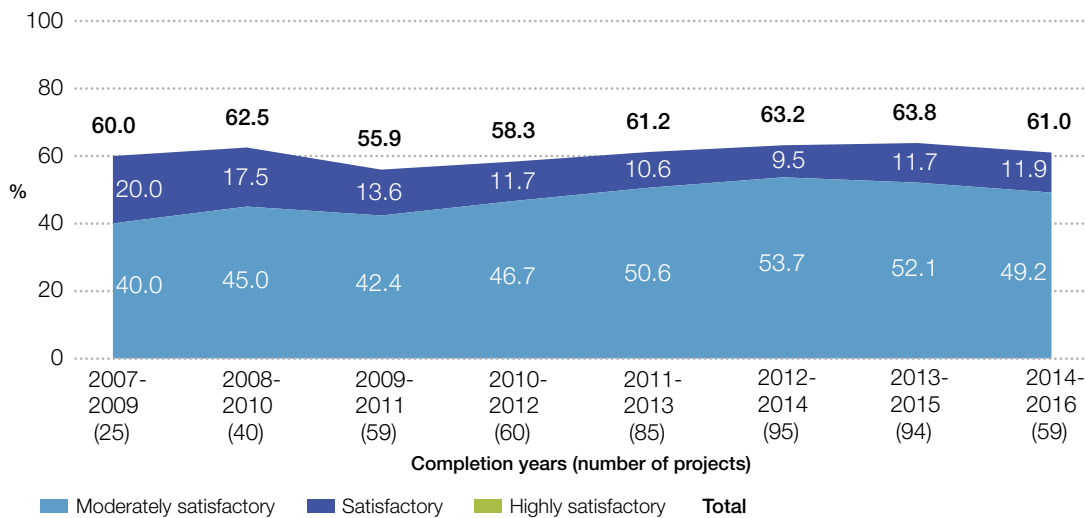
**Box 7 Efficiency – Key performance factors**

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>• Efficient project management (all units in place at all levels) and low project management costs.</li> <li>• Limited staff turnover.</li> <li>• Project completed without extension.</li> <li>• Good partnership arrangements and good integration with governments.</li> <li>• High disbursement rate and financial return.</li> </ul>	<ul style="list-style-type: none"> <li>• Delay in start-up, implementation and long procurement processes.</li> <li>• Project extensions.</li> <li>• High turnover of programme management with frequent changes in staff, as well as key positions remaining unfilled.</li> <li>• High project management cost ratios.</li> <li>• Overestimation of economic internal rate of return.</li> <li>• Inefficient functioning of strategic guidance body.</li> <li>• Long and slow MTR process.</li> </ul>



Chart 9 **Project sustainability**

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/V/PPE), May 2018.

support. An average of 60.7 per cent of projects has been rated moderately satisfactory or better between 2007 and 2016, with peaks in 2012-2014 (63.2 per cent) and 2013-2015 (63.8 per cent). However, the PCR/V/PPE data series analysed shows a slight decline in positive ratings in 2014-2016 to 61 per cent, whereas only 49.2 per cent of projects are rated moderately satisfactory (-3.0 points compared to 2013-2015) and 11.9 per cent are considered satisfactory. No highly satisfactory ratings were registered in the time periods considered.

### 73. Analysis of drivers for sustainability.

The decrease in positive ratings for sustainability in the 2017 evaluations refers to both moderately satisfactory and satisfactory projects. Some common key drivers that contribute to this declining trend can be linked to: (i) lack of further support in terms of both capacity-building and financial assistance (long-term plan for sustainability), mainly caused by the absence of an exit strategy; (ii) lack of a market-oriented strategy focused on demand; (iii) late disbursements causing projects to

### Box 8 Sustainability – Key performance factors

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>Valid exit strategy.</li> <li>Investing in community infrastructure.</li> <li>Training processes and exchange of expertise.</li> </ul>	<ul style="list-style-type: none"> <li>Absence of a long-term plan for sustainability (exit strategy).</li> <li>Insufficient market-oriented strategy focused on demand.</li> <li>Late disbursements causing projects to become operational only near closing date.</li> </ul>

become operational only towards the closing date; and (iv) lack of verification of the actual degree of participation of local communities in planning processes.

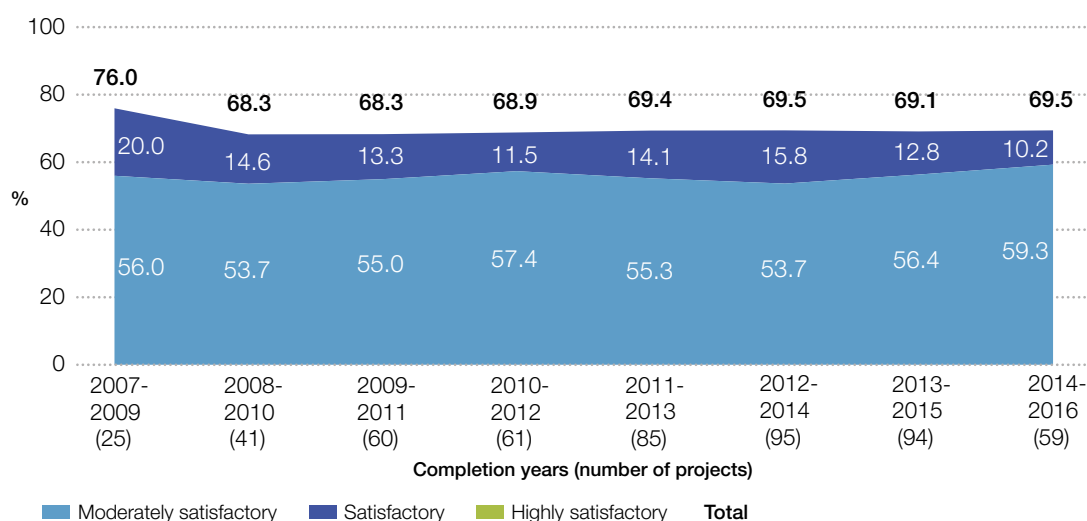
- 74. The evaluation of the Community-based Natural Resource Management Programme in Nigeria describes how the lack of an exit strategy strongly impacted sustainability: the continuous changes and re-direction of the programme after the MTR reduced the time that programme actors had to effectively implement activities, and negatively affected local institutions' progress towards independence. The evaluation of the Product Initiatives Support Programme in Rural Areas in Haiti found that the programme did not succeed in creating the institutional environment for sustainability. The national operator failed to consolidate programme-supported MFIs and obtain accreditation from central authorities, consequently, the MFIs still relied heavily on programme support.
- 75. A positive example of sustainability and of a valid exit strategy is the Sustainable Natural Resource Management and Productivity Enhancement Project in the Lao People's

Democratic Republic. The main reason for considering this project sustainable is linked to the local government showing ownership by maintaining a project management structure at national, provincial and district levels and providing the necessary budget to continue management activities after project completion. Formal handover of the subprojects to the production groups and local authorities was prepared properly (registration, official documentation, and accounts) for all subprojects in the last year of the project along with the comprehensive post-project sustainability plan to provincial and district authorities. The PPE for the Participatory Natural Resource Management Programme in Palestine, despite the long effectiveness lag, is another positive instance of sustainability and of how experiences and operations have been mainstreamed into wider policy as well as into other projects implemented by the Government. The programme's mechanisms for setting beneficiary eligibility, in terms of co-contribution (for land) and collateral ensured sufficient buy-in from the beneficiaries.

- 76. **Project performance.** The composite criterion is the arithmetic average of the

Chart 10 **Project performance**

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/V/PPE), May 2018.

ratings for relevance, effectiveness, efficiency and sustainability. An average of 70 per cent of projects evaluated between 2007 and 2016 show primarily positive ratings. In 2014-2016, projects rated moderately satisfactory (59.3 per cent) are increasing versus previous time periods. However, projects with satisfactory ratings declined 2.6 points in 2014-2016 versus 2013-2015 (from 12.8 per cent to 10.2 per cent).

**77. Analysis of drivers for project performance.** The 2017 evaluations find several issues and constraining factors in project performance, mainly driven by the negative trends of efficiency and sustainability. Shortcomings in targeting design, lack of exit strategies, long implementation processes, high project management costs and lack of suitable data are some of the key reasons why the criteria registers negative performance.

**Other performance criteria**

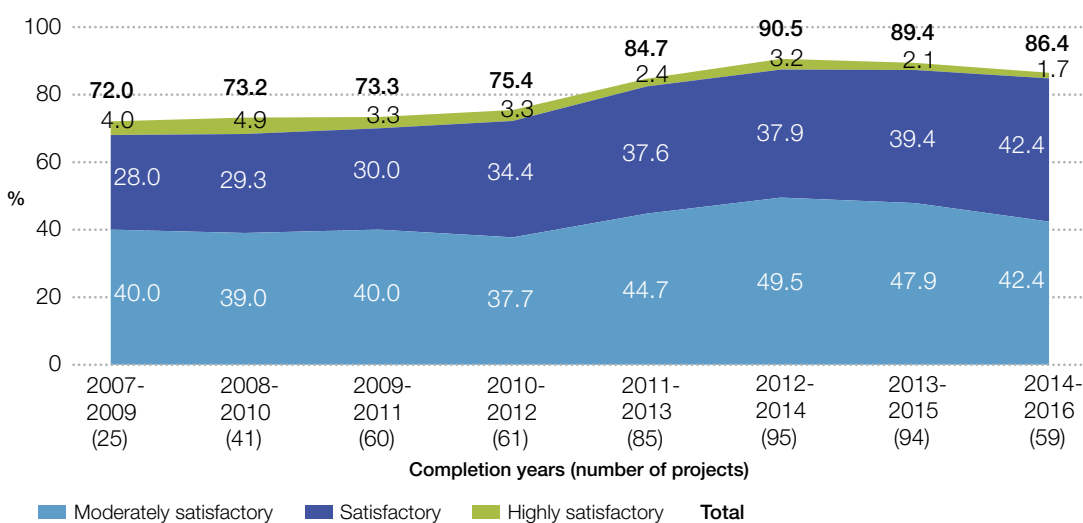
**78.** This section analyses innovation; replication and scaling up; attention to GEWE; ENRM; and adaptation to climate change.

**79. Innovation.** As of 2017, IOE rates innovation and scaling up separately, following the harmonization agreement with Management. In conducting trend analysis on the separated criteria, the 2018 ARRI assigns the rating given for the combined criteria for past evaluations; the separate ratings begin to appear in the 2011-2013 period. The 2018 ARRI is the first document reporting separate analysis for the two criteria. IFAD’s contribution to promoting innovation has been improving since 2009. The percentage of satisfactory ratings in particular, grows steadily and consistently since 2007 and is confirmed in the latest time period of 2014-2016 (42.4 per cent). However, highly satisfactory ratings drop 2.3 points between 2007 and 2016.

**80. Analysis of drivers for innovation.** The assessment of innovation by IOE focuses on the extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction. The 2017 evaluations found that projects were successful in introducing innovative approaches such as: (i) collaboration with NGOs in the implementation of land management interventions, with governments as the coordinating entity;

**Chart 11 Innovation**

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/V/PPE), May 2018.

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**Box 9 Innovation – Key performance factors**

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>• Mainstreaming and strengthening integrated agricultural approaches into government practice.</li> <li>• Relevant production and management technologies introduced at design.</li> <li>• Coordination of local-level organizations of producers to scale up access to larger markets and bulk-source inputs.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of transition pathways in the project design to allow expansion of technologies in quantities and over time.</li> <li>• Small-scale initiatives with very little assessment learning or dissemination of experiences.</li> </ul>

(ii) relevant production and livestock management technologies introduced at design; (iii) adaptations and instruments ranging from methodological approaches to innovative instruments such as territorial investment plans; and (iv) novel attempts to link local-level producer organizations to take advantage of larger-scale markets and to bulk-source inputs.

81. The evaluation of the Enhancement of the Peasant Camelid Economy Support Project in the Plurinational State of Bolivia highlights the introduction of three main innovations: (i) mobile childcare centres; (ii) agreements with public universities; and (iii) local knowledge certification. These three innovations had a positive impact on the implementation of activities and results. Better childcare allowed women to participate in different groups and allowed some of them to become active leaders. Production practices were improved by research conducted by public universities; and a virtual technical assistance market formed by local talent was created.

82. In terms of innovation in project design, the evaluation of China's Dabieshan Area Poverty Reduction Programme promoted a number of innovative concepts at design. In particular, its modular approach was innovative with its flexible implementation strategy allowing

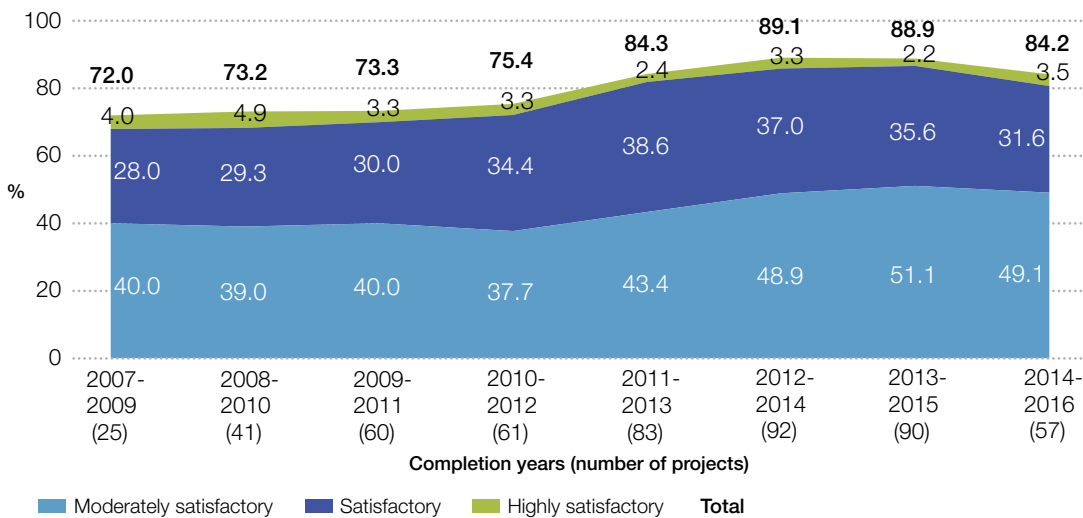
for inputs and associated activities to be undertaken in a specific time sequence, thus promoting more efficient market-driven production. The programme piloted the technical envoy system which targeted poor and vulnerable households through extension service provision that helped beneficiaries upgrade their production with higher yields and better quality.

83. In El Salvador, the Rural Development and Modernization Project for the Central and Paracentral Regions introduced two innovative approaches generated by the project: reinforcement of the basic-grains value chain through a business and service centre; and the setting up of the rural-youth-citizens' participation network. While the former may be logistically innovative, the latter was innovative in terms of creating a new dynamic that serves a key target group and that can be scaled up.

84. **Scaling up.** In the period 2014-2016, 84.2 per cent of ratings for scaling up are positive, representing a 4.7 point decline from the previous period. The separate ratings for innovation and scaling up highlight that the scaling up rating for satisfactory projects declines faster than for innovation starting in 2013-2015: from 35.6 per cent in 2012-2014 to 31.6 per cent in 2014-2016 (whereas innovation actually shows improvement in the

Chart 12 **Scaling up<sup>12</sup>**

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/V/PPE), May 2018.

same time periods). It is worth mentioning that at the same time the highly satisfactory ratings for projects in the PCR/V/PPE data grew more for scaling up than innovation: in 2014-2016 the latter showed a 1.7 per cent of projects versus a 3.5 per cent of projects rated highly satisfactory for scaling up. Projects with moderately satisfactory ratings in 2014-2016 represent 49.1 per cent of the PCR/V/PPE data series analysed.

85. **Analysis of drivers for scaling up.** This criterion is especially critical as a means for augmenting the impact of IFAD's country programmes to reduce rural poverty and the extent to which project interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies. Scaling up also requires extended support from IFAD, often through several project phases. Only nine of the 2017 evaluations register a moderately unsatisfactory or below rating, evidence that scaling up provides a positive contribution to IFAD's project performance. However, the trend of scaling up, as a separate criterion from innovation, highlights the decline in both moderately satisfactory and satisfactory ratings. Some

remarks included in the 2017 evaluations emphasize how and why some of the projects are likely to be scaled up by: (i) mainstreaming and strengthening integrated and modular agriculture development approaches into government practice; (ii) establishing functional public-private partnerships across value chain stakeholders, including producer associations, local development agencies and municipalities; (iii) creating spaces for dialogue of public policies; and (iv) broadening project interventions across other geographical areas (horizontal scaling up). One of the main assumptions that guarantee a successful scaling up outcome is the preparation of an exit strategy, outlining concrete proposals on how the programme experience could be replicated and scaled up with preliminary cost estimates and the involvement of governments and donors.

86. The evaluation of the Odisha Tribal Empowerment and Livelihood Programme in India shows how scaling up had already taken place by project completion. In 2011, as a result of the success of the IFAD programme in Odisha, the state government agreed to allocate significant additional national funding to scale up OTELP across larger areas of the

<sup>12</sup> In conducting trend analysis on scaling up separately from innovations, the 2018 ARRI assigns the rating given for the combined criteria for past evaluations; the separate ratings began in the 2011-2013 period.

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**Box 10 Scaling up – Key performance factors**

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>• Preparation of an exit strategy.</li> <li>• Establishing functional public-private partnerships across value chain stakeholders.</li> <li>• Creating spaces for dialogue of public policies.</li> <li>• Broadening project interventions across other geographical areas (horizontal scaling up).</li> </ul>	<ul style="list-style-type: none"> <li>• Absence of specific strategies for scaling up.</li> <li>• Beneficiaries not provided with the necessary tools and equipment needed to initiate their own businesses.</li> <li>• Absence of a clear legal framework and a specific engagement plan with government or other partners.</li> </ul>

state. In addition, convergence with central government schemes was being pursued with multiple programmes and this scaling up was further confirmed by the India country programme evaluation mission. In Indonesia, the Rural Empowerment for Agricultural Development Programme laid out the pathway for scaling up the programme horizontally, i.e. other villages within the programme area, other districts of Central Sulawesi, and eventually other provinces of Indonesia. The programme's national support unit also had prepared an exit strategy, which outlined concrete proposals on how the programme experience could be replicated and scaled up. Moreover, the Government at both the central and local levels has taken steps to scale up the programme approach with dedicated budgetary provisions.

87. The unsatisfactory performance among the 2017 evaluations is mainly driven by the absence of a specific strategy for scaling up in project designs, such as the Rural Livelihood Development Project in Bosnia and Herzegovina. In some cases, projects have a good potential for scaling up, but the challenges of operationalizing experiences and lessons on a larger scale are hindered by lack of a specific plan. In South Sudan, the Livelihood Development Project envisaged at design the establishment of the Boma

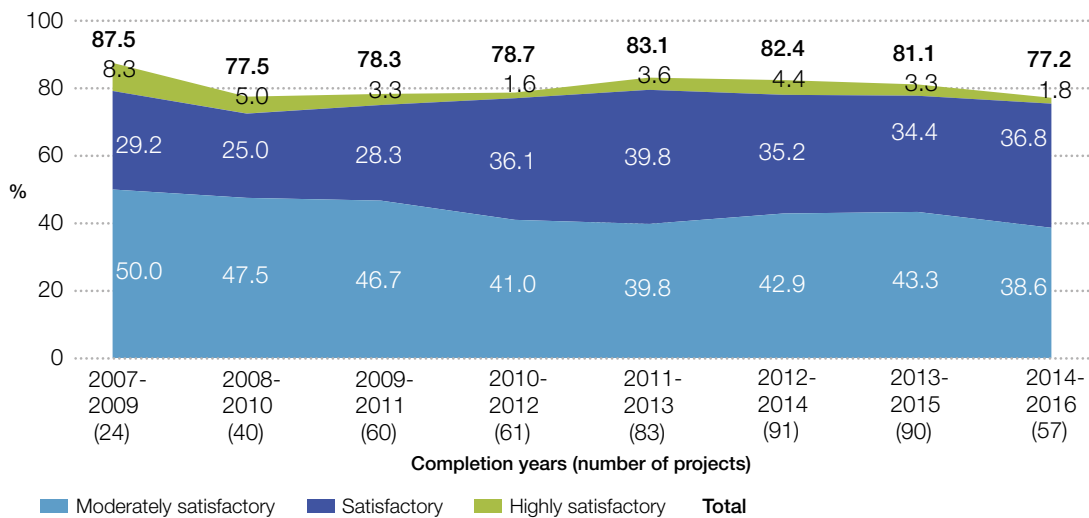
development committees and county offices, to act as representatives and entry points for service delivery, as critical to ensure that the agricultural and economic needs of communities were met. This was to be achieved through the ratification of the Local Government Act which stipulated roles and responsibilities of local government, and Boma development committee and county offices in support of decentralization. While the project directly supported Boma development committees to develop their capacity, challenges related to conflict and limitations in administrative capacity and governance hindered a systematic scaling up of project activities.

88. **Gender equality and women's empowerment (GEWE).** The promotion of GEWE is critical to meet the challenge of improving food and nutrition security and eradicating rural poverty. An overall average of 80.7 per cent of projects between 2007 and 2016 are rated moderately satisfactory or better. A review of IFAD's performance on GEWE over time shows that performance has steadily declined to 77.2 per cent of positive ratings in 2014-2016.<sup>13</sup> Moderately satisfactory ratings go from 43.3 per cent in 2013-2015 to 38.6 per cent in 2014-2016 (-4.7 share points).

<sup>13</sup> In 2014, PMD developed a six-point gender marker system to assess programmes in which 5 signifies full gender mainstreaming and 6 indicates gender transformative. Introducing new standards, it may have affected ratings in evaluations conducted in 2014 onwards.

Chart 13 **Gender equality and women's empowerment**

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/V/PPE), May 2018.

89. **Analysis of GEWE.** IFAD has traditionally given great importance to achieving positive results in GEWE. Moreover, the 2030 Agenda promotes GEWE as a basic human right across all development goals. Practices considered effective in 2017 evaluations are linked to: (i) awareness campaigns and training on gender equality, women's rights and domestic violence; (ii) promoting women to leadership and management positions; (iii) technology transfer intended to promote

income-generating activities for women; (iv) mainstreaming gender-sensitive monitoring of project activities (i.e. updated project log frame to include gender indicators and sex-disaggregated information); (v) setting up gender-specific participation targets for the different productive enterprises; (vi) opening of mobile childcare centres; (vii) gender-sensitive project design; (viii) providing women with access to resources (improved income through membership in farming groups), assets (in-kind

### Box 11 **GEWE – Key performance factors**

#### Facilitating factors

- Gender-sensitive project design.
- Promoting awareness campaigns and trainings on gender equality, women's rights and domestic violence.
- Income-generating activities for women.
- Promoting women in leadership and management positions.
- Providing women with more benefits through access to resources, assets and services.

#### Constraining factors

- Non-alignment with project's operational strategy on gender.
- Participation of women not a specific project issue in the design phase.
- Absence of outcome data to evaluate actual impact on women's empowerment.
- Low participation of women in project staff capacity-building.

payments) and services (savings and credit services through solidarity groups).

90. The PPE for the Northern Region Sustainable Livelihoods through Livestock Development Project in the Lao People's Democratic Republic included a gender action plan which set targets to ensure equitable involvement of women in training, community groups and livestock ownership. The project triggered a process of change in women's participation and a positive impact on the lives of women in the project area. Women who participated in village-based livestock production groups received livestock extension training, gained access to loans from the village livelihood funds and received gender-sensitivity training.

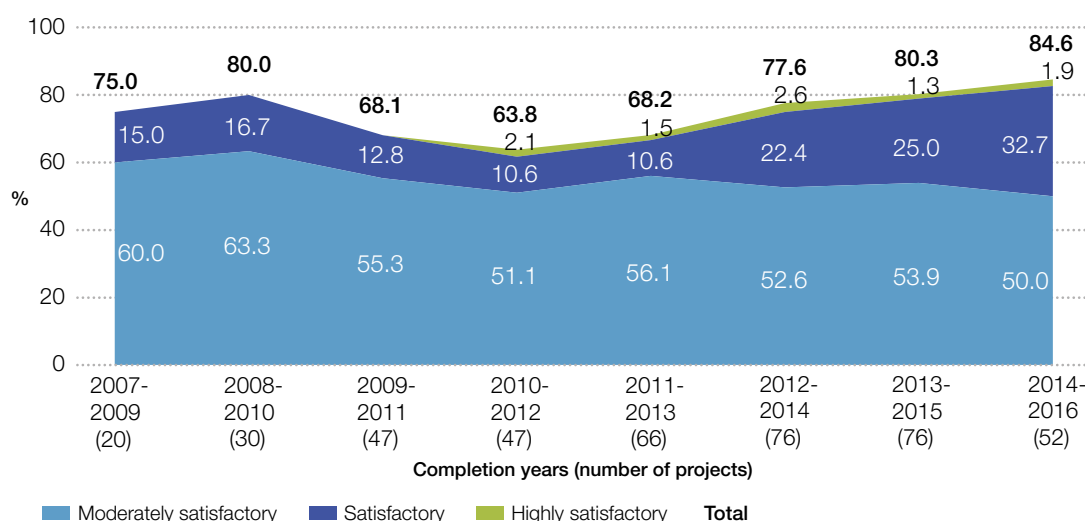
91. Examples of shortcomings in GEWE found in 2017 evaluations are mainly explained by: (i) lack of alignment with the projects' operational strategies on gender; (ii) lack of outcome data which makes it difficult to judge the actual impact on women's empowerment and mainstreaming of gender-sensitive initiatives; and (iii) not including women's participation as a specific project issue in the design phase.

92. The evaluation of the Smallholder Livestock Investment Project in Zambia points out that the project appraisal document paid considerable attention to gender and that the baseline and end-line studies both provided disaggregated data for male and female-headed households. However, women did not participate in the disease control activities due to a cultural barrier to women handling cattle (which was not identified at the appraisal stage). At the end of project workshops only 15 per cent of the participants were women (including field officers and project staff). In Georgia, the IE for the Agricultural Support Project emphasized that the project had no significant impact on woman-headed households nor to the outcome variables of interest, such as income, food security, moving out of poverty and asset index. Similarly, the results suggested no significant changes in women's roles regarding decisions on buying assets or deciding which agricultural products are grown harvested produced.

93. **Environment and natural resources management (ENRM).** This is the second year that this criterion is rated separately

Chart 14 **Environment and natural resources management**

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/V/PPE), May 2018.



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 Box 12 ENRM – Key performance factors

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>• Acknowledging the presence of a sensitive ecosystem in the design phase.</li> <li>• Building infrastructure in line with government guidelines and without negative implications for the environment.</li> <li>• Undertaking specific actions towards the conservation of natural resources.</li> <li>• Supporting groups and organizations providing guidance on the short-term implementation of environmental strategies.</li> </ul>	<ul style="list-style-type: none"> <li>• Omission of clear budget lines for ENRM activities.</li> <li>• Need for data to monitor processes supporting results on environmental impact.</li> <li>• Insufficient coordination with relevant government and technical partners involved in ENRM.</li> </ul>

from adaptation to climate change, which is a positive step forward. Of the PCRV/ PPE projects included in the period 2014-2016, 84.6 per cent performed moderately satisfactory or better in terms of ENRM. Since 2010 a significant positive trend shows consistent growth of satisfactory projects, from 63.8 per cent in 2010-2012 to 84.6 per cent in 2014-2016; their weight goes from 10.6 per cent in 2010-2012 to 32.7 per cent in 2014-2016, contributing to the decrease in unsatisfactory ratings across time.

94. **Analysis of environment and natural resources management.** The 2017 evaluations indicate an overall positive impact from IFAD-funded activities and highlight the following facilitating factors: (i) building infrastructure in line with government guidelines and without any major implications for the environment, as well as obtaining environmental licenses from the relevant entities; (ii) undertaking specific actions towards the conservation of natural resources and mitigation of potential negative impacts on the environment due to inadequate management of productive activities; (iii) training activities to support groups and organizations by raising awareness and

providing guidance on the development and implementation of environmental strategies; (iv) introducing an environmental impact assessment for all micro-projects dealing with infrastructure reconstruction; and (v) acknowledging in project design the presence of sensitive ecosystems and fragile environments in the target area.

95. The evaluation of the Fisheries Development Project in Eritrea indicates how support provided to the coastal resource management was successful in achieving stock assessment, monitoring and controlling fish resource exploitation within the required parameters, mangrove development and conservation, establishing marine and coastal protected areas and protecting endangered species. Not only were these targets met, but institutional capacities were enhanced and the Ministry of Agriculture agreed to continue support after project closure.
96. Notwithstanding overall improvement, the performance of IFAD operations in this area shows limitations in some fields, such as the lack of data/monitoring processes supporting results on environmental impact or environmental management plans not reflected in the project's implementation

plan, nor systematically discussed in the progress reports. There is also an ongoing need to improve coordination with relevant government and technical partners involved in ENRM with clear budget lines for ENRM activities and improved alignment with IFAD country strategies. It is also necessary to be able to distinguish between direct results from ENRM activities (e.g. on soil) and sustainable environmental adaptations that have improved farmers' livelihoods.

97. The Mountain to Markets Programme in Albania recognized that an estimated 60 per cent of agricultural land is affected by severe soil erosion. There is a proven link between poverty and soil degradation, with districts and communes with high poverty levels having comparably higher levels of land degradation and deforestation. The project achieved environmental sustainability by supporting activities and investments that were environmentally-friendly and compliant with both national regulations and with the IFAD Environment Policy and Guidelines. More specifically, the programme required

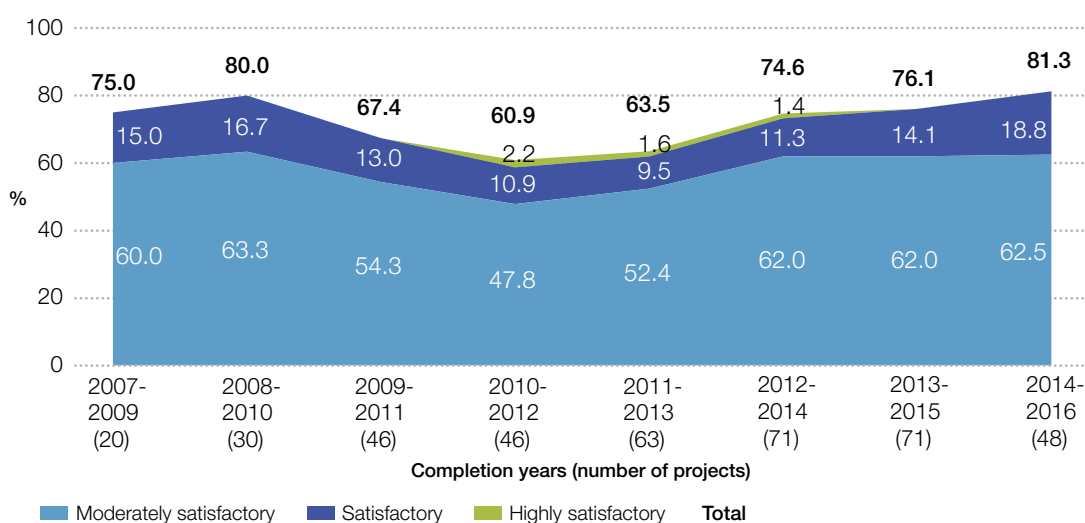
that each grant application from potential beneficiaries be certified by the communes that their proposal had no negative environmental impact.

98. **Adaptation to climate change.** Of the 48 projects rated for this criteria in the 2014-2016 cohort in the ARRI 2018, 81.3 per cent received positive ratings in terms of adaptation to climate change. The projects that contributed to the steady positive performance were rated satisfactory: in 2012-2014 satisfactory ratings were at 11.3 per cent, which grew to 18.8 per cent in 2014-2016. Moderately satisfactory ratings reached 62.5 per cent of projects in 2014-2016. No highly satisfactory rating is shown from 2013.

99. IFAD's commitment in IFAD10 was to mainstream climate change into 100 per cent of project designs and COSOPs by 2018. As a result of its increasing importance in IFAD's work, adaptation to climate change has been rated separately from natural resources management and environment for the past

Chart 15 **Adaptation to climate change**

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/V/PPE), May 2018.

two years. Due to the criterion's limited evidence, tracking adaptation to climate change is more difficult than the more well-established ENRM criterion.

100. Of the 36 projects included in the 2017 PCR/ PPE reports, seven had no information or data on the assessment of adaptation to climate change and only five reported a satisfactory (5) rating. Key common elements to the best performing projects are linked to: (i) implementation of on-farm interventions that increased resilience to climate-related shocks and contributed to climate change adaptation; (ii) introduction of diversified crop production tolerant to drought or new technologies to support beneficiaries to cope with possible results of climate change; (iii) strengthening legal and regulatory frameworks of vulnerable economic sectors; and (iv) partnering with governments to support fragile ecosystems.
101. The PPE for the Participatory Natural Resource Management Programme in Palestine highlights how despite the appraisal report not making reference to climate

change under the summary of environmental impacts, the programme did actually implement interventions that contributed to climate change mitigation and adaptation. The programme's achievements show a long-term positive impact on the beneficiary households' adaptation to climate change. The potential for this long-term impact can be assessed with regard to climate-resilient livelihood practices, environmentally-friendly adaptation through farming system practices, integrated approaches to land and water management to enhance climate change adaptability, delivering agricultural credit that supports adaptation to climate change for all actors in "green growth" value chains, and the degree of inclusion of streamlining gender aspects to climate vulnerability.

102. Less-performing activities related to adaptation to climate change could be improved by: (i) full consideration of climate change in the design phase and during implementation, while keeping the objectives and initiatives clearly separated from ENRM; (ii) better alignment with national, municipal and communal

**Box 13 Adaptation to climate change – Key performance factors**

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>• Partnering with governments to support fragile ecosystems.</li> <li>• Implementation of on-farm interventions to increase resilience to climate-related shocks.</li> <li>• Introduction of diversified crop production.</li> <li>• Strengthening legal and regulatory frameworks of vulnerable economic sectors.</li> </ul>	<ul style="list-style-type: none"> <li>• Little consideration for climate change in the design phase and during implementation.</li> <li>• Need to recognize threats and vulnerabilities during the project life in order to allow staff to give climate change adaptation more consideration.</li> </ul>

policies and strategies to enhance project performance; and (iii) recognition of threats and vulnerabilities related to climate change throughout the project life.

103. For example, despite the particular vulnerability of the region to the expected adverse consequences of climate change, the Post-Tsunami Agricultural and Fisheries Rehabilitation Programme in the Maldives did not take into consideration the possible effects of climate change and sea-level changes. The 2013 supervision mission report indicated that programme design did not provide for any specific activities aimed at addressing either climate change resilience through adaptation, or climate change mitigation. Even though climate change was not an issue in the IFAD agenda when the programme was originally conceived, by the time of the “revitalization” and associated restructuring of

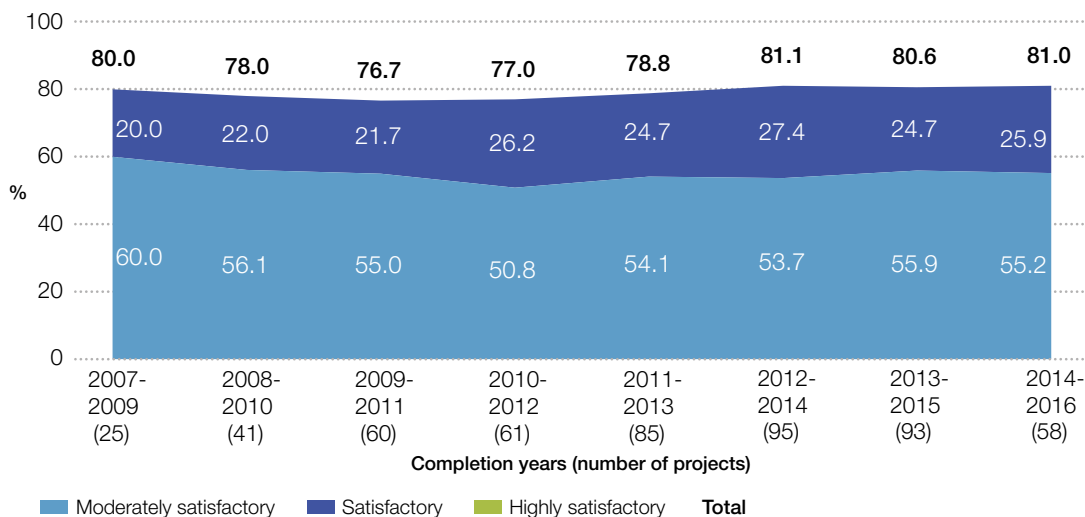
the programme such issues were of interest to IFAD, and given the vulnerability of the islands to climate change, such issues should have been addressed. For example, the programme could have implemented coastal zone planting (e.g. mangrove and salt marsh vegetation) and some other measures to prevent flooding and coastal erosion.

### Overall project achievement

104. An average of 79.2 per cent of IFAD projects are rated primarily satisfactory between 2007 and 2016 and this is confirmed by a consistent positive trend increasing to 81.0 per cent in 2014-2016. However, the ratio between moderately satisfactory (no highly satisfactory ratings have ever been reported) and satisfactory ratings has plateaued since 2012.

Chart 16 Overall project achievement

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/PPE), May 2018.

## Performance of partners

105. The following paragraphs assess the contribution of two key partners (IFAD and the government) to project design and execution, monitoring and reporting, and SIS.

### 106. IFAD's performance as a partner.

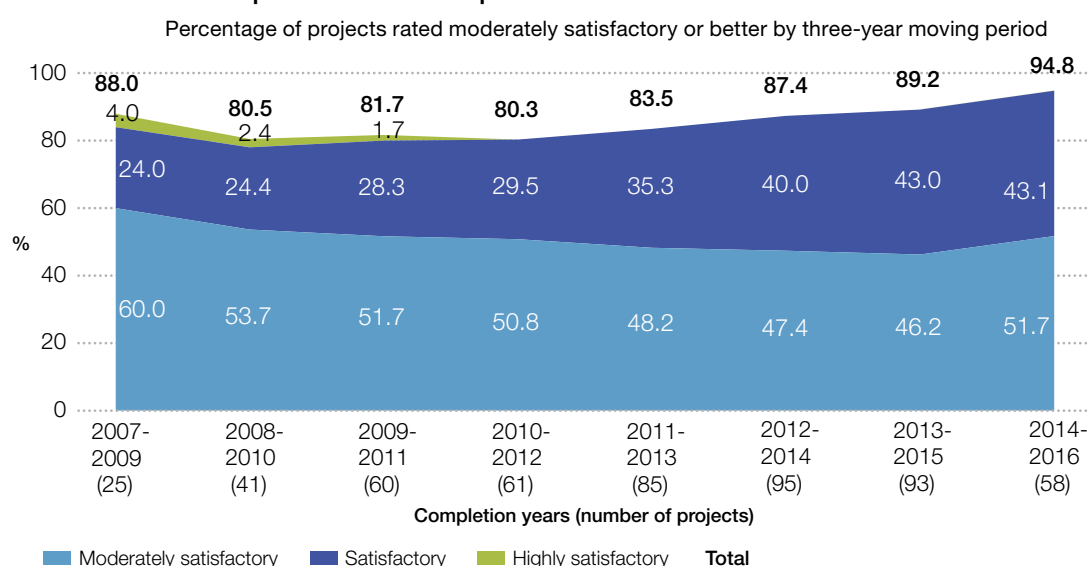
IFAD's performance as a partner was evaluated moderately satisfactory or better in 94.8 per cent of projects in 2014-2016 (on average, 85.7 per cent of IFAD projects have been considered satisfactory between 2007 and 2016). This high share is primarily due to the significant increase of moderately satisfactory ratings between 2013-2015 and 2014-2016: from 46.2 per cent to 51.7 per cent. Satisfactory ratings in 2014-2016 show a flat trend (from 43.0 in 2013-2015 to 43.1 in 2014-2016). Highly satisfactory ratings have not appeared in the overall trend since 2010.

107. **Analysis of IFAD as a partner.** The 2017 evaluations confirm that IFAD is valued and trusted by governments for the quality and timeliness of its support, for its focus, flexibility and responsiveness. In many instances, IFAD

has proven its strength by: (i) its willingness to assist in addressing emerging implementation issues; (ii) identifying opportunities to integrate specific issues into projects; (iii) executing start-up workshops and supporting the development of accounting procedures; (iv) executing efficient supervision missions, particularly useful when revealing and tackling specific issues (e.g. the quality of selected outputs, the partial use of the value-added approach, and pro-poor targeting); (v) ensuring its presence at country level establishes valuable partnerships with governments; (vi) ensuring satisfactory quality of financial management; and (vii) providing effective and efficient problem-solving measures through the IFAD Country Offices (ICOs).

108. The PPE of the Market Strengthening and Livelihood Diversification in the Southern Highlands Project in Peru mentions how useful it has been to have the IFAD office in the country become a sub-regional office in mid-2015. Thanks to its presence at the country level, IFAD established valuable partnerships with the Peruvian authorities at the central and local levels. In addition, the Fund has become well known to beneficiaries

Chart 17 IFAD's performance as a partner



Source: IOE evaluation database (PCR/V/PPE), May 2018.

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**Box 14 IFAD's performance as a partner – Key performance factors**

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>• Ensuring presence at country level to establish valuable partnerships with governments and private sector.</li> <li>• ICO-based consultations effective and efficient for problem-solving measures.</li> <li>• IFAD's willingness to assist in addressing emerging implementation issues.</li> <li>• IFAD's capability to integrate specific issues into projects.</li> <li>• Executing efficient supervision missions, by tackling issues concerned with quality of outputs or pro-poor targeting.</li> </ul>	<ul style="list-style-type: none"> <li>• Need for more attention to differentiated targeting approach.</li> <li>• Absence of proactive support to projects during first years of implementation.</li> <li>• Quality and frequency of supervision missions.</li> <li>• Low and delayed disbursements.</li> <li>• High staff turnover.</li> <li>• Need for a more proactive role in improving M&amp;E system design.</li> <li>• Risk of duplication of activities when multiples agencies are involved.</li> </ul>

for its contribution to the development of the Sierra Sur. IFAD also played a key role in the design phase of the project, capitalizing on the experiences and lessons learned from previous operations. IFAD has also been recognized for leaving sufficient room for manoeuvre for the project team to experiment with new approaches, learn from mistakes, and improve their impact through strategies that enhanced the dignity of users, who are viewed as the true repositories of the knowledge and cultural heritage required to increase their well-being.

109. In Viet Nam, the Developing Business for the Rural Poor Project in Cao Bang Province is a good example of how IFAD has been very successful in providing guidance to implementing partners who lacked expertise in the new approach introduced by the above project. The provision of timely recommendations on the implementation strategy following the MTR in 2011 enabled the project to make significant changes and to achieve its intended results. In particular, IFAD's suggestion to focus on short value chains rather than on only the two initial value chains led to an increase in participating

communes. IFAD was also able to support the project's decentralized implementation.

110. On the other hand, some key aspects have been identified as the main causes for lower ratings for IFAD performance as a partner, such as: (i) rigid approach to the formation of groups or a multitude of small activities; (ii) lack of proactive and consistent support to projects during early years of implementation; (iii) low quality and frequency of supervision missions; (iv) need for more attention during the implementation of a differentiated targeting approach; (v) low and delayed disbursements from the IFAD loan; (vi) recommendations inconsistent with previous missions or not followed up; (vii) need to update logical framework with well-informed revisits to key assumptions in line with changing political contexts; (viii) high staff turnover at the beginning of the project and poor fiduciary management capacity; (ix) need for a more proactive role in supporting the improvement of the M&E system design; (x) country programme manager (CPM) turnover delaying project implementation; (xi) need to seek a broader participation of the private sector; and (xii) entering projects where already a

considerable number of agencies including other United Nations agencies, development banks, bilateral agencies, various large and small-scale international NGOs and local organizations are already in place, with the risk of duplication of activities.

111. **Government performance.** The performance of governments as partners shows a slowdown for projects rated moderately satisfactory or better in 2014-2016 versus 2013-2015, decreasing from 76.3 per cent to 72.4 per cent. After showing consistent improvement since 2010, it seems that both moderately satisfactory (51.7 per cent in 2014-2016) and satisfactory ratings (20.7 per cent in 2014-2016) reached a plateau first and then decreased slightly in the last time period. Despite peak time periods like 2012-2014, where positive ratings affected 77.9 per cent of projects, the average between 2007 and 2016 is 69.5 per cent.

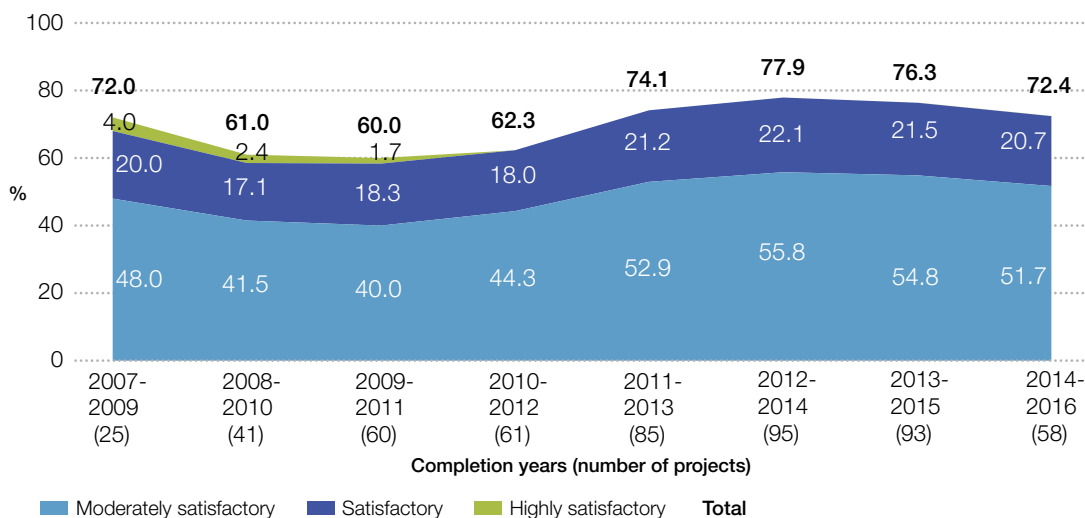
112. **Analysis of government as a partner.** The 2017 evaluations include cases of both good and weaker government performance. Common elements for negative ratings are mainly linked to: (i) delay in setting up

M&E, weak data collection and data entry processes; (ii) internal and external audit reports not always up to standard; (iii) lack of project supervision by government; (iv) insufficient support by governments to strengthen the capacity of project management units; (v) low quality of reporting on implementation progress and outputs by implementation agencies made it difficult to monitor and assess the effectiveness of the targeting approach adopted; and (vi) changes of government led to constant changes in programme coordination, limiting the stability of activities and resulting in serious delays.

113. The evaluation of the Productive Initiatives Support Programme in Rural Areas in Haiti mentions limited government involvement and ownership. For instance, the Government did not participate in the PCR process or provide any comments on the final report. The Participative Development and Rural Modernization Project in Panama is another example where some of the delays experienced by the project were also the result of external factors such as changes in government and weaknesses in internal management, coordination and planning.

Chart 18 **Government performance as a partner**

Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCR/V/PPE), May 2018.

Box 15 **Government performance as a partner – Key performance factors**

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>• Government taking strong ownership of projects and ability to scale them up.</li> <li>• Establishing appropriate organizational structure with the government line agencies.</li> <li>• Promoting regular steering committees.</li> <li>• Supporting the presence of project representatives in each participating district.</li> </ul>	<ul style="list-style-type: none"> <li>• Government’s weak supervision of projects.</li> <li>• Insufficient support by governments or strengthening capacity of the project management unit.</li> <li>• Changes of local governments leading to constant changes in programme coordination, causing delays and instability.</li> <li>• Delays in recruitment of key staff and commissioning of surveys.</li> <li>• Poor fiduciary management capacity.</li> </ul>

The Panamanian Government experienced changes in public administration, which affected the flow of processes and created delays in project implementation.

**IFAD performance by replenishment period**

115. This section presents IFAD portfolio performance by replenishment periods, with a focus on the most recently completed periods IFAD8 and IFAD9.<sup>14</sup> The “all data” series has been used for the analysis and reporting on performance by IFAD replenishment periods because the ARRI reports on performance trends since the IFAD5 replenishment period (2001-2003) onwards, and PCR/V/PPE data is not available from that period.

116. The charts and tables displaying the ratings by replenishment period in annex 5 show good performance of operations exiting the portfolio in IFAD9. The best performing criteria in terms of highest percentage of moderately satisfactory and better project ratings are relevance (90 per cent), IFAD performance (87 per cent), and rural poverty impact (85 per cent). The criteria with the lowest percentage of moderately satisfactory or better ratings are efficiency (56 per cent), sustainability (66 per cent) and project performance (70 per cent).

114. The Government of the Lao People’s Democratic Republic showed strong ownership of the Northern Region Sustainable Livelihoods through Livestock Development Project and actively participated in all supervision missions, providing relevant and timely support to project implementation. Quarterly plans for each district were prepared and used as a basis for monitoring project progress. The Government carried out the statutory requirements in line with the loan agreement: the supervision mission reports indicated that the finance and accounting function of the project was well established and in accordance with the appropriate standards.

<sup>14</sup> The number of evaluations completed in the IFAD10 period are limited.



117. Overall improvement can be observed when comparing IFAD9 with IFAD8. The greatest improvement occurred in government performance, which increased from 66 per cent to 78 per cent, followed by ENRM from 68 per cent to 77 per cent, and innovation and scaling up which increased from 76 per cent to 85 per cent and from 76 to 84 per cent respectively. Although sustainability is the second weakest performing criteria in both IFAD8 and IFAD9, it improved from 61 per cent to 66 per cent.
118. For six indicators (relevance, effectiveness, innovation, ENRM, IFAD as a partner and government as a partner) improvement between IFAD8 and IFAD9 resulted from an increase in projects rated “satisfactory”, indicating better quality of performance. Notably, thematic areas which are being mainstreamed, such as gender equality and adaptation to climate change, as well as sustainability and rural poverty impact, all improved primarily due to an increase in the percentage of projects that are rated moderately satisfactory.<sup>15</sup>
119. The improved performance between IFAD9 and IFAD8 is further confirmed for select criteria based on a two sample t-test on PCR/V/PPE data. The study detailed in appendix II compares the average ratings for evaluation criteria between IFAD9 and IFAD8. While the difference between IFAD9 and IFAD8 average ratings is positive for all criteria except rural poverty impact, they are statistically significant only for ENRM, IFAD performance as a partner, innovation, government performance and project performance.
120. For IFAD10, no trend analysis can be performed as only 11 projects are included in the sample. For indicative purposes only and, given Management’s interest in IFAD10 project performance as expressed last year, a significant improvement from IFAD9 to IFAD10 is already identified for ENRM and adaptation to climate change.

**15** The IFAD10 mainstreaming approach entails ensuring 100 per cent of IFAD projects or COSOPs address these issues.



**Uganda**  
**District Livelihoods**  
**Support Programme**

A vendor at the lake shore market that is now more accessible thanks to the Laboke-Kololo rural road. The road makes it easier for farmers to get their produce to the market, where fishers also sell their daily catch.

# 3

## Country strategy and programme performance 2006-2017

121. **Background.** CSPEs provide a broader assessment of the IFAD-government partnership in the reduction of rural poverty and serve to inform the development of new country strategies and IFAD-supported activities in the country.
122. This chapter on CSPEs analyses and reports on performance beyond the project level and identifies lessons that cut across IFAD country programmes. In accordance, this chapter outlines IFAD's performance in relation to: (i) non-lending activities (i.e. country-level policy engagement, knowledge management (KM) and partnership-building); (ii) country strategies (i.e. the COSOP) in terms of relevance and effectiveness; and (iii) cross-cutting issues of importance to ongoing and future IFAD country strategies.
123. Historically, a total of 67 CSPEs have been undertaken by IOE since the product was introduced in the 1990s (see annex 5 for complete list). Of these, 45 CSPEs have been completed since 2006 based on a consistent methodology including the use of ratings, which allows for aggregating results across country programmes. This year's ARRI include five new CSPEs carried out in Cambodia, Cameroon, Egypt, Georgia and Peru.

### Performance of non-lending activities

124. KM, partnership-building and country-level policy engagement are mutually reinforcing actions to complement IFAD's investment projects. They are increasingly recognized as essential instruments to promote institutional and policy transformation at country level and scale up the impact of IFAD operations for deeper results in rural poverty reduction.
125. Table 8 is a summary of 45 country programmes evaluated since 2006. The total percentage of country programmes that are considered moderately satisfactory for the overall non-lending activities is 64.4 per cent, which is similar to the 65 per cent reached in the ARRI 2017. There is a similar small decrease for highly satisfactory ratings, that show 4.4 per cent of programmes versus 5 per cent last year. A total of 68.9 per cent of the 45 programmes since 2006 is considered to be performing positively (versus 70 per cent in the 2017 ARRI).
126. In the period 2006-2017, partnership-building shows the highest percentage of positive ratings (71.1 per cent), followed by KM (62.2 per cent) and country-level policy engagement (53.3 per cent). The criterion with the weakest performance is country-level policy engagement with the lowest portion

of positive ratings and average rating (3.6). The average rating is below 4 for all three non-lending activities throughout the period, with partnership-building showing the highest average rating at 3.9.

127. Twenty-seven out of the 45 CSPEs performed by IOE were conducted in middle-income countries (MICs) and eighteen in LICs. Four of the 2017 CSPEs were done in lower MICs (Cambodia, Cameroon, Egypt, Georgia) and one in an upper MIC (Peru). In addition, except for Egypt, all other 2017 CSPEs were performed for the first time in those countries. This allows for comparison of the performance of non-lending activities in countries with similar characteristics. Chart 19 shows the proportion of satisfactory and unsatisfactory ratings for LICs and MICs across the four non-lending evaluation criteria. While the average ratings across non-lending criteria is similar, MICs receive a higher percentage of satisfactory ratings for country-level policy engagement and KM. LICs have more satisfactory ratings for partnership which is consistent with past evaluation findings that there is more

opportunity for partnership in LICs where a greater number of bilateral and multilateral agencies are operating.

128. **Trends in country strategy and programme performance 2006-2017.** The trends in performance of non-lending activities starting from 2006 are presented in chart 20. The analysis focuses on the period 2015-2017 and the factors of good and less good performance emerging from the 2017 CSPEs.
129. From 2006 until 2017, overall performance of non-lending activities improved, particularly for KM. Significant improvement occurred for all three until 2009-2011, after which performance began to decline for partnership-building and country-level policy engagement. The period 2012-2014 marks another shift in performance, with improvement in KM and a steady decline in partnership-building which ceases to be the strongest performing non-lending activity.
130. Focusing on each activity individually, KM began as the weakest performing area but steadily improved, overpassing country-level

Table 8 **Performance of non-lending activities**

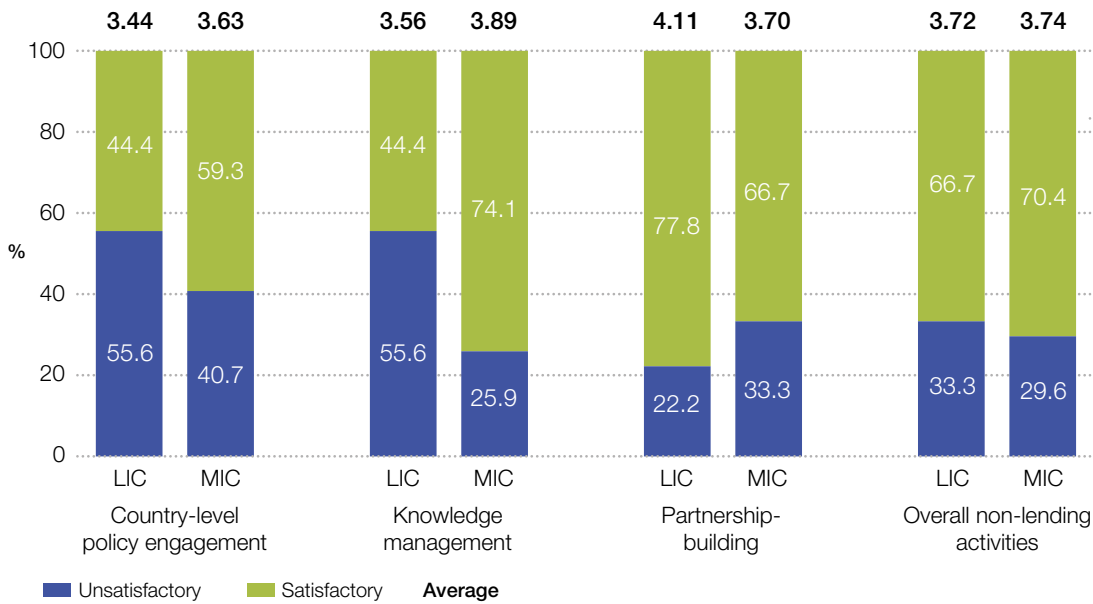
Percentage of evaluations by rating, 2006-2017 (year of evaluation)

Ratings	Country-level policy engagement	Knowledge management	Partnership-building	All non-lending
Highly satisfactory	2.2	2.2	0.0	0.0
Satisfactory	4.4	11.1	15.6	4.4
Moderately satisfactory	46.7	48.9	55.6	64.4
<b>Total satisfactory</b>	<b>53.3</b>	<b>62.2</b>	<b>71.1</b>	<b>68.9</b>
Moderately unsatisfactory	40.0	35.6	28.9	31.1
Unsatisfactory	6.7	2.2	0.0	0.0
Highly unsatisfactory	0.0	0.0	0.0	0.0
<b>Total unsatisfactory</b>	<b>46.7</b>	<b>37.8</b>	<b>28.9</b>	<b>31.1</b>
<b>Average rating</b>	<b>3.6</b>	<b>3.8</b>	<b>3.9</b>	<b>3.7</b>

Source: IOE CSPE database (45 evaluations), May 2018.

Chart 19 Performance of non-lending activities in LICs and MICs

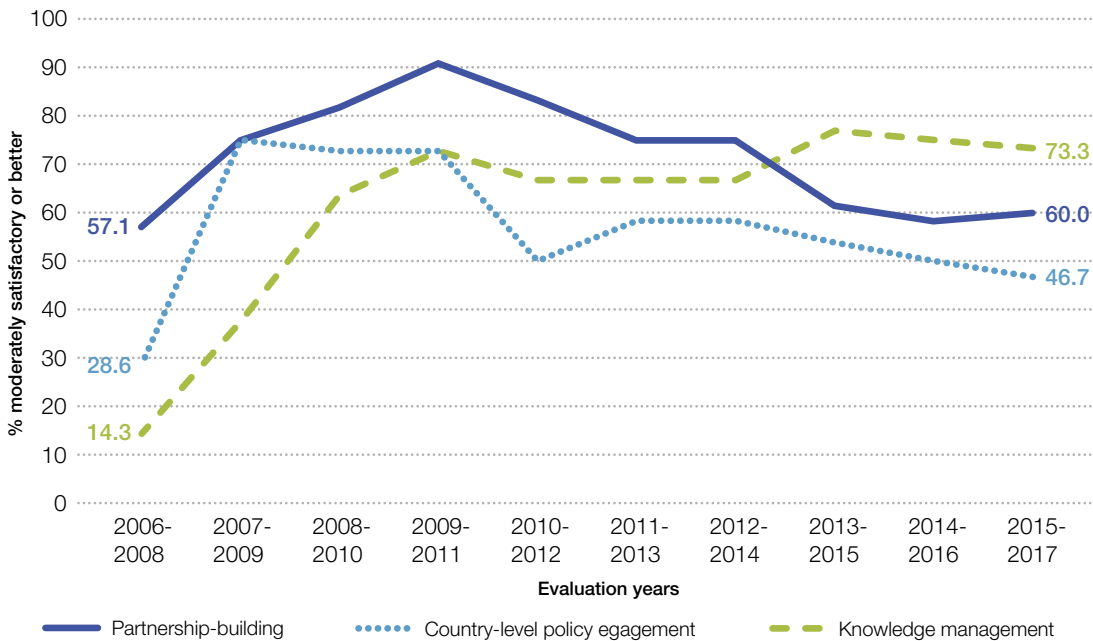
Percentage of satisfactory/unsatisfactory evaluations, 2006-2017 (year of evaluation)



Source: IOE CSPE database (45 evaluations), May 2018.

Chart 20 Performance of non-lending activities

Percentage of evaluations rated moderately satisfactory or better, 2006-2017 (year of evaluation)



Source: IOE CSPE database (45 evaluations), May 2018.

policy engagement in 2009-2011 and partnership-building in 2013-2015 to be strongest non-lending area with 73.3 per cent of positive ratings. Partnership showed initial improvement up to 2009-2011, but then declined steadily to 60 per cent of positive ratings. Country-level policy engagement initially showed improvement in 2007-2009, but declined in 2010-2012, followed by fluctuations in performance and a decline in 2015-2017 to only 46.7 per cent of positive ratings, the lowest of the three. These recent declines in performance raise concerns in view of the IFAD10 targets for 2018, which are 85 per cent for policy and 90 per cent for partnership-building.

131. The following sections examine more closely performance for each of the non-lending activities. The analysis focuses on the period 2015-2017 and the factors of good and less good performance emerging from the 2017 CSPEs.
132. **Knowledge management.** IFAD recognizes that a core purpose of its knowledge management (KM) efforts must be to identify, develop and promote successful and innovative approaches and interventions that have demonstrated potential to be scaled up. As such, building a comprehensive evidence base of development solutions for the rural sector and strengthening IFAD's capacity to more effectively bring these to bear in policy processes at country, regional and global levels will be key priorities.
133. In Cambodia, KM was identified in the 2008 and 2013 COSOPs as a key element to enhance the effectiveness of the country programme and the activity has been rated as moderately satisfactory. Increasing efforts have been made to capture and systematize project experiences and lessons, and package and disseminate them. A considerable number of reports and communication materials have been made available, although access to or retrieval of these documents

is not always easy. Major efforts are under way to improve the M&E systems within the investment projects, linked to COSOP progress monitoring. Country programme reviews and other activities have provided opportunities for project implementers and stakeholders to share experiences and network with one another.

134. KM has remained limited to sharing project reports and studies on websites and organizing a few workshops between projects and trade fairs, without well-organized collection, analysis and archiving of experiences. Recently, a communications and KM specialist was hired to cover the entire project portfolio. She prepared communications and KM plans in consultation with the country office, but has not yet been able to establish a portfolio-wide, operational KM and communications system.
135. The Near East, North Africa and Europe Division (NEN) has a centralized, headquarters-driven approach to KM, focusing on regional knowledge-sharing. Although this should facilitate sharing experiences across the region, there has been limited follow-up and ownership in Egypt to ensure that the available knowledge is being effectively documented and used. The ICO does not have adequate resources to support knowledge-sharing within the country programme and there are no project staff specifically dedicated to KM.
136. In Georgia, important knowledge has been generated through grants (other examples presented in box 16) and loans, but there was no systematic approach to documenting and sharing those experiences. The experiences and achievements in the rural finance sector, from both loans and grants, were never documented or harnessed. Besides this, there was a notable lack of systematic learning from project experiences, both successes and failures.

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**Box 16 Grants – Facilitating knowledge management**

- In the Cambodia CSPE, grants facilitated KM and contributed to innovation and improved effectiveness in investment projects. However, proactive planning and use of grants has been limited; more could be done to improve coordination and synergies between grants and investment projects.
- The Egypt CSPE emphasizes that to prepare an effective strategy for capacity-building of community-level institutions with a perspective of scaling up, IFAD must ensure transparent planning and reporting on the use of project component grants for capacity-building (a stock-taking exercise is recommended as part of the COSOP preparation process).
- The ESR on partnerships found that links between regional grants and national programmes were often missing. Knowledge and learning partnerships often provided complementarity to the IFAD-government partnership, by supporting innovative technologies or approaches. However, grants provided to international research organizations often did not lead to uptake of innovations in the country and they were insufficiently linked with IFAD's loan operations.

137. In Peru, despite the lack of a precise strategy in the COSOP and interventions, KM had its own space and was key to innovation, scaling up and policy dialogue. The KM from the projects stimulated innovation and scaling up through the production and systematic use of learning based on experience. However, there has been little continuity and a weakening of the subject in subsequent interventions, and, in general, no operational evolution is seen with which the full potential of KM can be exploited in the current projects.

138. **Partnerships.** Evidence from the ESR on Building Partnerships for Enhanced Development Effectiveness conducted by IOE in 2017 shows that the range of IFAD's partnership instruments is limited and has not kept up with the rapidly changing country contexts. The existing partnership instruments are often not used sufficiently and strategically for producing partnership results, particularly at country level. IFAD's current partnership strategy is not sufficient to guide country-level partnerships and lacks specificity as to how to develop partnerships in a strategic manner and within a country context.

139. Effective partnership-building and good partnership results depend on a number of

factors, but, according to the review, IFAD country presence and government capacity are the strongest supportive forces. Where IFAD established country presence the frequency and quality of interactions with national government counterparts improved and enabled IFAD's participation in sectoral donor and other partner coordination groups. Although government capacities and government interest are important factors influencing IFAD's partnership-building, the ESR also highlights their ambivalent nature, which can facilitate or hinder partnerships with a wider range of partners, including civil society. Government is often not willing to partner with IFAD's preferred partners.

140. The 2017 CSPEs report different levels of partnership-building between IFAD and government, multilateral organizations and the private sector. In Cambodia, collaboration between IFAD and the government agencies has generally been good – for example, related to the process of COSOP development and country programme reviews. Government's great appreciation for IFAD's role in supporting pro-poor agriculture and rural development was confirmed by the request for IFAD "to play a more important role at the policy level through the Technical

Working Group on Agriculture and Water” and “to consider establishing a country resident mission.” In Cameroon, IFAD’s partnership with the Government was strengthened and expanded with the establishment of the country office in Yaoundé in 2011 which ensured more regular contact between IFAD and the Government. However, the collaboration of the projects with the administration’s central and decentralized services was of varying efficiency, in particular because of the competition between the projects of different donors to focus on management service. Finally, in Egypt, while partnerships with key implementing partners such as MALR (Ministry of Agriculture and Land Reclamation) have been strong, few opportunities have opened for engaging with new strategic partners at the national level. The central project management unit within MALR was efficient and provided a reliable point of entry into Government; however, its capacity was insufficient to convene sector-wide coordination and dialogue.

141. The ESR on partnership distinguishes between three categories of partnerships: (i) financing partnerships (or cofinancing), which combine the financial resources of partners; (ii) knowledge and learning partnerships, which are alliances and networks that are often supported through regional and country grants; and (iii) coordination and cooperation partnerships, which are relationships of strategic importance but they are often informal and therefore not systematically documented and tracked. The three types of partnerships are equally important and they have complementary roles in enhancing IFAD’s development effectiveness at global, regional and country levels. IFAD’s country programmes have performed well where the three partnership categories were established.
142. A successful approach was found in Cambodia, where the strategy and approach for partnership-building has evolved and

diversified, in the initial period from seeking opportunities for cofinancing and partnering with organizations that could complement IFAD’s lack of experience and presence in investment projects, to promoting, with substantive contribution to technical content, broader partnerships within and outside the investment portfolio.

143. The Georgia CSPE reports that, given the lack of country presence and IFAD’s limited investments, cofinancing partnerships were important and have added considerable value to IFAD-supported interventions. Efforts to involve private sector and civil society organizations have been commendable, although more direct interaction would have benefited mutual learning in the country programme. While in Peru, despite longstanding country presence, there has been a lack of systematic coordination with other donors, such as the World Bank, the Food and Agriculture Organization of the United Nations (FAO), the European Union etc. and their projects. Partnership in the design and financing of projects, as well as the policy dialogue processes with various public and private actors, are crucial to broadening the coverage and depth of interventions and to avoid duplication.
144. Cooperation with the private sector has become even more important with the value chain approaches promoted by IFAD. However, partnerships with the private sector are still struggling to overcome some fundamental issues. There is a lack of clarity regarding who IFAD’s primary private-sector target group(s) should be. Furthermore, the diversity of partners involved in public-private-producers partnerships (4Ps) and its particular challenges and risks require specific support mechanisms, and the range of instruments available for developing 4Ps is rather limited. In Cameroon, partnerships with the private sector were attempted by the last five projects of the portfolio and were successful with rural finance providers and youth training centres.



On a few occasions, IFAD-financed projects have sought collaboration among themselves or with other donor projects, but the results were disappointing.

145. The ESR concludes that IFAD shortcomings on partnerships are mainly linked to: (i) the lack of a coherent framework to capture comprehensive results that would facilitate scaling up, knowledge generation, policy engagement and influence; (ii) not enough focus on the quality of the mix of partnership types, which is important to achieve results; (iii) insufficient guidance from IFAD's partnership strategy on how partnership results can be achieved at country level; (iv) the limited range and versatility of partnership instruments, which restrict the potential to achieve better development results; (v) the need to acknowledge and integrate country partnership work and outcomes into overall IFAD country-level programming.

146. One final consideration is provided by the ESR on the need to encourage sharing good practices on partnerships. Good practices include designing partnerships that are programmatic with clear objectives, are

results-oriented and time-bound. It is also important that partnerships be sufficiently resourced or that clear resource mobilization paths are feasible and envisaged, and that partnership engagement arrangements be sufficiently long-term and flexible to gradually strengthen the ties with partners.

147. **Country-level policy engagement.** IFAD's Action Plan for Country-level Policy Dialogue defines "country-level policy dialogue as a process to engage, directly and indirectly, with IFAD's partner governments and other country-level stakeholders, to influence policy priorities or the design, implementation and assessment of formal institutions (e.g. laws, administrative rules), policies and programmes that shape the economic opportunities for large numbers of rural people to move out of poverty." Currently at IFAD, use is made of the broader concept of country-level policy engagement, which adds to the above definition the notion of collaboration and the consideration of a range of approaches that IFAD adopts to engage in the policy process.

148. Performance of country-level policy engagement has declined significantly in recent years, becoming the weakest non-

#### Box 17 Key constraints to building partnerships

##### Constraining factors

- Limited range of IFAD partnership instruments.
- Proliferation of uncoordinated partnerships not systematically tracked and insufficiently linked to country programmes.
- Lack of explicit partnership strategy.
- Lack of clarity on what IFAD's primary private-sector target group(s) should be.
- Partnership outcomes not well described and monitored.
- High transaction costs and reputational risks (but can be reduced through longer-term relationships and trust-building).
- Insufficient focus on results (no coherent framework to capture the comprehensive results from partnerships).

lending area since 2010-2012. The ESR on IFAD's Country-level Policy Dialogue published in 2017 states that policy dialogue serves two critical purposes. First, it helps create an enabling environment for project implementation and achieving project impact. Second, it can contribute to set the conditions for large numbers of rural people to move out of poverty at a scale that no single project can address. IFAD-supported projects can be a laboratory for learning and accumulating evidence about effective approaches to rural poverty reduction.

149. However, despite an increase in focus and efforts by IFAD on policy dialogue and engagement at the country level through its lending and non-lending programmes, there is scope for substantial improvement. Most of the work on country-level policy engagement has been informal, reacting to

opportunities, unrecorded, unresourced, with neither indicators nor incentives, with non-lending as an add-on, and without deliverables. For example, in Cameroon, IFAD did not have a clear strategy for policy engagement. Several opportunities for dialogue were missed, such as participation in national policy formulation processes, the negotiation of political conditions in IFAD financing agreements, or the capitalization of promising project experiences. In Egypt, policy engagement took place in a difficult context and in conditions of political instability with a high turnover of ministers. Policy engagement mainly took place through the involvement of decision makers during SIS. IFAD had set itself an ambitious agenda in Georgia during its early phase of engagement, aiming to tackle major institutional and policy gaps through interventions at local, regional and national levels. Unfortunately, these achievements were

**Box 18 Key facilitating and constraining factors from ESR on country-level policy engagement**

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>• IFAD's increased focus and efforts in policy dialogue and engagement at the country level.</li> <li>• Growing opportunities as more of IFAD's Member States become MICs (attracted by the opportunity to benefit from IFAD's experience and expertise in rural poverty alleviation).</li> <li>• Increased number of ICOs offering opportunities to be more involved in the country-level policy process (IFAD as a respected and trusted partner).</li> <li>• Non-lending activities being increasingly recognized as essential instruments to promote institutional and policy transformation at country and multi-country level and to scale up the impact of IFAD operations for deeper results in rural poverty reduction.</li> </ul>	<ul style="list-style-type: none"> <li>• Country-level policy dialogue and engagement being informal, unrecorded, and unresourced, without deliverables.</li> <li>• Ad-hoc reaction to opportunities.</li> <li>• COSOPs including focus areas on policy engagement, but often with no budget for policy dialogue activities or deliverables identified.</li> <li>• Few cases of indicators used for policy engagement at the country level.</li> <li>• CPMs and country programme officers (CPOs) having limited information on policy dialogue experiences, concepts and tools.</li> <li>• Time constraints faced by country teams.</li> <li>• Unclear distribution of roles and responsibilities concerning policy engagement among CPMs, CPOs and other concerned IFAD staff.</li> </ul>

- not followed up, also due to the Government's lack of interest, and IFAD subsequently had low visibility and leverage in the latter part of the period.
150. The CSPE for Cambodia, on the other hand, is a good example of how experience in a number of investment projects, along with support by other donors, has contributed to informing and shaping agricultural extension policy and gender mainstreaming in government initiatives for rural and agricultural development.
151. **Key factors for non-lending activities.** The 2017 CSPEs highlight the importance of non-lending activities as vehicles for enhancing the overall impact of the results from IFAD's country programmes.
152. On many occasions, IOE evaluations have emphasized the insufficient synergies between investment operations and non-lending activities. The mutually reinforcing character of the three non-lending activities merits special consideration and attention to ensure synergies, not only between lending and non-lending activities, but also among the three non-lending activities.
153. Building strong knowledge management platforms within country programmes is a critical first step towards enhancing non-lending activities overall. Little continuity and weak coordination are the main cause for weakening subsequent conceptual interventions and, in general, no operational evolution is seen where the full potential of knowledge management can be exploited completely.
154. Country-level policy engagement has shown common characteristics in successful examples where IFAD was able to draw from project experiences to influence policymaking or the design of broader government programmes. This has also been true when successful experiences from IFAD-funded projects were adopted as the basis for its policy advocacy for marginalized groups. A frequent challenge is the absence of a specific budget for policy dialogue and a clear action plan to be followed in order to achieve the sometimes ambitious goals set in country strategies. In addition, weak M&E systems and the dearth of quantitative information have made it difficult to demonstrate the effects and impacts of projects at the country level.
155. While country-level policy engagement, by definition, is part of the "non-lending activities", there are some examples of policy engagement components in selected projects. Unless there is more capacity to undertake adequate analytical work to inform policy engagement, partnerships, innovation and knowledge management, IFAD will achieve only limited success in improving the relevance of its strategies or in stepping up the performance of the operations it finances.
156. The ESR on building partnership for enhanced development effectiveness has found that partnerships with multilateral development banks, Rome-based agencies and civil society have been quite effective in leveraging policy influence, especially in the areas of investment project experiences, knowledge and learning. Cofinancing partnerships are necessary, but not sufficient for achieving key partnership goals: while they enable complementarities and policy engagement, there can be trade-offs in the form of slower disbursements. The quality of partnership matters, but the mix of partnership types is important to achieve results. The role of South-South and Triangular Cooperation in that mix is also starting to emerge in evaluations as outlined in box 19. A good mix of partnerships along the three categories – cofinancing, knowledge and learning, and coordination and cooperation – is important to achieve greater outreach and complementarity of results for scaling up and creating synergies.

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**Box 19 South-South and Triangular Cooperation (SSTC) – Role in partnership-building**

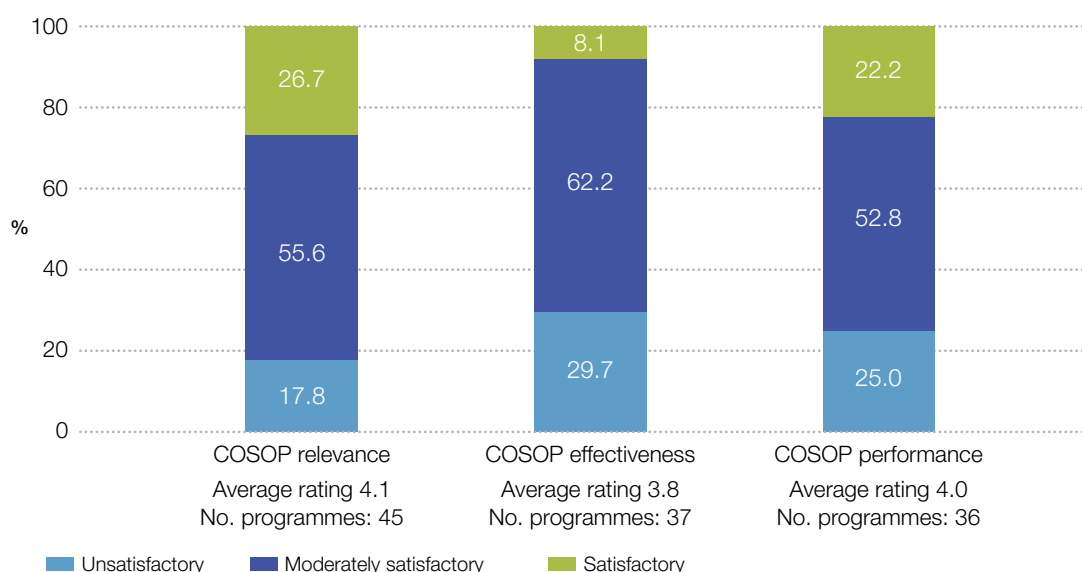
- SSTC has mainly taken the form of knowledge-sharing, through field visits, conferences/workshops and policy engagement.
- The ESR on partnerships found that there are very few countries where successful SSTC has been reported, such as Brazil.
- SSTC activities have often been conducted in an ad hoc manner. They have been less effective due to missing links with country programmes, limited clarity on partner contributions and impact pathways leading to sustainable rural transformation.
- A relatively programmatic approach to supporting mutual learning has been taken mainly in the context of regional grants.
- There is demand for more diverse and alternative support for SSTC to map and disseminate opportunities for MICs and their private companies to invest in agricultural development in third countries.

### Country strategies

157. COSOPs are fundamental instruments to determine IFAD's strategic positioning in the country and to articulate the mix of interventions that will contribute to rural poverty reduction. Results-based COSOPs were introduced in 2006, which helped sharpen their results orientation. Each CSPE includes an assessment and ratings for COSOP performance, which entails the review of relevance and effectiveness of IFAD country strategies. Based on these ratings, CSPEs also generate an overall rating for COSOP performance.
158. Chart 21 summarizes the ratings from the 45 CSPEs done between 2006-2017. COSOP relevance is assessed as moderately satisfactory or better in 82.2 per cent of IFAD country strategies, effectiveness in 70.3 per cent and COSOP performance in 75 per cent. The majority of the ratings fall in the moderately satisfactory zone, though over a quarter are satisfactory for relevance, while none of the country strategies is found to be highly satisfactory for any criteria.
159. COSOP effectiveness has the highest percentage (29.7 per cent) of moderately unsatisfactory ratings, as well as the lowest average rating overall (3.8).
160. **Cross-cutting issues.** The 2017 CSPEs identified several cross-cutting issues that merit attention for improving ongoing and future IFAD country strategies. However, one-size does not fit all and the measures to address the issues need to be differentiated based on the fragility or income status of the country.
161. First, policy-related agenda are found in all COSOPs, but "what" and "how" are not always clear. Planned areas for policy linkages indicated in the COSOPs are mostly confined within investment projects and not beyond or across the projects. Learning from project results and using information to support government policy is still not an explicit element of the country strategy.
162. Second, partnerships are at the core of corporate IFAD priorities of scaling up, knowledge generation and learning, and policy engagement and influence. Yet there is not always a coherent framework to capture the comprehensive results from partnerships. COSOPs often express programmatic intentions that are frequently more driven by politics than by real opportunities and available resources on the ground.
163. Third, government commitment to and support for private-sector development is

Chart 21 **Results of COSOP relevance, effectiveness and performance**

Percentage of country programmes rated moderately satisfactory or better, 2006-2017  
(year of evaluation)



Note: COSOP performance is a composite rating based on the individual ratings for COSOP relevance and COSOP effectiveness. This composite rating is not an arithmetic average of the individual ratings for relevance and effectiveness, but rather a round number based on the available evidence and the objective judgement of the evaluations.

Source: IOE CSPE database, May 2018.

key for IFAD to design effective investment operations in agriculture and rural development. Very little use has been made of the grants programme to support private-sector development, for example in terms of promoting policy engagement and knowledge management. The COSOP formulation process could be used to more systematically discuss opportunities and constraints for rural private-sector development and to promote dialogue within the countries on these issues.

164. Fourth, grants have also promoted exchanges between project staff and policymakers, improving awareness among policymakers of important issues concerning smallholder agriculture. However, although COSOPs present opportunities for innovation and policy dialogue, they do not adequately discuss the role that grants could play in supporting programmes. An improved integration of projects and non-project grants to ensure complementarity and synergies can fill design gaps on cross-cutting issues.

165. Finally, there is a clear expectation that stronger country offices will facilitate increased attention to partnership-building, KM and policy engagement. The incorporation of policy dialogue in COSOPs and project design documents is often determined by the interests and experience of CPMs and how ICO staff allocate their time to this task. ICOs require appropriate resources to increase support to national policy and strategy issues, as IFAD is gaining increasing recognition as a respected and trusted partner. The growing number of ICOs offers new opportunities for IFAD to be more involved in country-level policy processes.

166. Evaluations find that country strategies do not enhance the diagnostic analysis of the potential target groups and a specific targeting strategy to reach most vulnerable people. Findings and lessons emerging from IFAD's targeting experience will be presented extensively in the learning theme chapter.

Nigeria  
Community-Based  
Natural Resource  
Management  
Programme – Niger Delta

A young man proudly shows the many eggs collected from his poultry farm in Akwa-Ibom state.

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# 4

## Learning theme on targeting strategies to reach the rural poor

### Introduction

167. Targeting is one of IFAD's principles of engagement and is central to its mandate of rural poverty reduction. In September 2017, IFAD's Executive Board agreed that the learning theme for the 2018 ARRI should address targeting strategies to reach the rural poor. While evaluations point to cases of good targeting, challenges remain in terms of clarity and analysis. Evidence suggests that strengthening targeting strategies is important for raising the overall performance of IFAD's portfolio.

168. The objective of this learning theme is to highlight the lessons emerging from IFAD's targeting experience to shine a light on good targeting practices and also show those that have not been as successful. The learning theme builds on the evaluative evidence synthesized in a recent issues paper and supports IFAD's learning with a view to informing project and country strategy design and implementation. This is timely given IFAD's recent decision to move responsibility from PMD to the Strategy and Knowledge Department's new Environment, Climate, Gender and Social Inclusion Division. It is also salient in light of IFAD's commitments to realizing the 2030 Agenda and the SDGs.<sup>16</sup>

169. Agenda 2030 calls for eradicating all forms of poverty, together with combating inequality, fostering inclusive and sustainable development and cultivating social inclusion. The SDGs focus on the multidimensionality of well-being and place a strong emphasis on addressing the roots of inequality, extreme poverty and food insecurity. Fulfilling the 2030 Agenda and meeting the SDGs calls for a transformation of the lives of the rural poor and most vulnerable, particularly in remote areas, through addressing the underlying causes of inequality, strengthening resilience, transforming inequitable social relations and ensuring human rights are enforced for all poor rural people.<sup>17</sup>

170. IFAD's mandate and reputation of focusing on poor rural people and their agriculture-based livelihoods positions the Fund to contribute to poverty reduction, whether alone or in cofinancing partnerships with other IFIs. As such, IFAD will be expected by its donors and partners to give a clear, demonstrable contribution to realizing the 2030 Agenda and the SDGs, in particular SDG2 which includes a dedicated target on smallholder agriculture. IFAD's Strategic Framework (2016-2025) affirms the 2030 Agenda as the basis for its work.

<sup>16</sup> IFAD. Agenda 2030: Why it matters for IFAD, p. 1.

<sup>17</sup> IFAD. 2018 Rural inequalities: Evaluating approaches to overcome disparities, May, Rome, Italy. Conference Concept Note.

## IFAD's policy on targeting

171. IFAD's Policy on Targeting (referred to hereafter as the Targeting Policy), approved in 2006, recognizes the complexity and multidimensionality of poverty. Specifically, it points to the social, political and structural dimensions of poverty and economic dimension (see box 20) as well as the way these may manifest, depending on a particular context. While the Targeting Policy provides definitions of IFAD's target group as "rural people living in poverty and experiencing food insecurity in developing countries," it potentially leaves room for broad interpretation as it adds that IFAD "proactively strives to reach extremely poor people (as defined by MDG1 – Millennium Development Goal 1) who have the potential to take advantage of improved access to assets and opportunities for agricultural production and rural income-generating activities."<sup>18</sup> The policy seeks to provide operational clarity through a set of guiding principles focused on identifying and reaching target groups; methods and measures for reaching target groups; instruments for operationalizing a targeting strategy and; means of supporting, supervising and monitoring implementation.
172. IFAD increasingly focuses its work on GEWE,<sup>19</sup> indigenous peoples and youth; doing so supports the implementation of the Targeting Policy. The Policy on Gender Equality and Women's Empowerment approved in 2012 asserts IFAD-supported projects are more sustainable when women are empowered and gender roles and relations are more equitable. The Policy on Engagement with Indigenous Peoples approved in 2009 provides a set of principles to guide IFAD's engagement with indigenous peoples. IFAD's attention to youth has grown, with over half of the Fund's projects developed after 2010 specifically targeting youth, when the Strategic Framework 2011-2015 introduced a youth focus.
173. Other IFAD policies and strategies are relevant to targeting including the Rural Enterprise Policy (2004), IFAD's Innovation Strategy (2007), and IFAD's Rural Finance Policy (2009). IFAD's Private Sector Strategy (2011) supports greater private-sector involvement in IFAD programming, specifically private-sector approaches to smallholder access to markets programming. IFAD's Partnership Strategy (2012) complements this by bringing together large and small private non-financial and financial sector partners to support smallholder access to markets.
174. A number of findings emerge from the evaluative evidence on IFAD's targeting; these are highlighted below. Each finding points to good practices as well as those which have not proved as successful.

## Main findings

<sup>18</sup> IFAD. Policy on Targeting. 2006, p 3.

<sup>19</sup> Annual Report on the IFAD Policy on Gender Equality and Women's Empowerment (2015) (p. 10) notes that IFAD's performance on GEWE continues to be better than the United Nations system as whole, and also the United Nations agencies grouped under Funds and Programmes. IFAD had exceeded the requirements for almost half of all indicators, setting it apart as one of the top performing entities in the UN-SWAP.

### Box 20 What does the Targeting Policy say about poverty and IFAD's target groups?

**Poverty:** Poverty is context-specific and multidimensional (e.g. economic, but also a condition of vulnerability, exclusion and powerlessness) and will be based on national poverty lines.

**Target group:** In some countries, IFAD works with the poorest and most vulnerable rural people; in others, other agencies may be better suited to reach the poorest (e.g. emergency/humanitarian support). Within specific countries, certain areas may experience pockets of rural poverty, while in other areas the majority of rural people may experience poverty. IFAD also works with people who are at risk of becoming poor because of vulnerability to risks and external shocks (e.g. natural disasters, illness of household member, death of a wage earner, etc.).



### Finding 1

175. **Although IFAD has a perceived advantage as an organization that focuses on poor rural people, there is a lack of agreement within the Fund on the target group and strategies needed. This is particularly important given the trend towards more market-oriented value chain projects.**

Finding 1 points to the importance of finding a balance between market-oriented and poverty-focused projects and components, and tackling the targeting challenges that subsequently arise.

#### Market-oriented projects and IFAD's targeting challenges

176. In recent years, IFAD has increasingly leaned towards market development and value chain projects and components.<sup>20</sup> This has grown in terms of the number of dedicated operations;<sup>21</sup> and the attention to value chains in the Fund's strategic frameworks.<sup>22</sup> For example, in Cambodia, three projects, the Rural Livelihoods Improvement Project in Kratie, Preah Vihear and Ratanakiri, the Tonle Sap Poverty Reduction and Smallholder Development Project, and the Project for Agricultural Development and Economic Empowerment (approved in 2007, 2009 and 2012, respectively) demonstrated the beginning of a transition from a focus on rural livelihoods and support to decentralized services, to a more market-oriented approach under the 2013 COSOP.
177. IFAD's commercialization work has tended to focus more on better-off small farmers – the economically active poor – rather than poorer households.<sup>23</sup> For example, Georgia's Agriculture Support Project targeted agriculture-related producers and processors and rural women and men willing to move towards more commercial production. In fact, all leases were to medium and large agroprocessing companies, including some of the biggest wine companies, while none went to farmer groups through MFIs. On the other hand, some projects have targeted the very poor even in commercialization activities.

For example, Zambia's Smallholder Livestock Investment Project targeted the ultra-poor and moderately poor who had no ownership or limited access to animal draught power, but still had enough adaptive capacity to realize the potential benefits of improved animal draught power. Access to animal draught power rose to 80 per cent for targeted households.

178. The trend towards market-oriented projects/components has raised a number of targeting constraints for IFAD, including a lack of consensus on what constitutes IFAD's key target group and the kinds of targeting approaches that are best suited to the needs of that group. Notably, while there is strong support in IFAD for more market-oriented projects, there is also concern about the trade-offs between the commercialization of production and the need to target the poor as outlined in the Agreement Establishing IFAD and further defined in IFAD's Policy on Targeting. Another factor is that improved market access does not necessarily lead to improved food security or improved nutrition.<sup>24</sup> This is particularly relevant given the need to align with the 2030 Agenda and the SDGs.
179. While it is important to have clear conceptual agreement on definitions of poverty and the poor, another constraining factor is the need for operational clarity. For example, the Mountain Areas Development Programme in Albania was conceptually strong, targeting poor people. However, disappointment at the midterm results led to the programme shifting targeting away from the poorest to all mountain households. The programme emphasized households engaged in activities with a high potential for increasing productivity and profitability. The post-MTR beneficiaries had higher productive potential and could mobilize more resources. There was also the assumption that benefits would trickle down to the poorest.
180. Above all, evidence points to the need for a balance between market-oriented and poverty approaches, depending on the context.<sup>25</sup> This

**20** IFAD. IOE. IFAD's Pro Poor Value Chain Development Thematic Study, 2011, found that until 1999, only 3 per cent of projects had addressed value chains, while in 2009, the share was estimated at 46 per cent with the large majority of relevant projects approved after 2004. A recent stock-taking exercise of the Policy and Technical Advisory Division found that during the period 2012-2016, 99 out of the 137 projects (72 per cent) approved by the Executive Board had value chain components. An estimated 20-25 per cent of these included elements of IFAD's public-private-producer-partnership (4P) approach. CLE on IFAD's Contribution to Agriculture-Related, Pro-Poor Value Chain Development. Draft approach paper, 23 March 2018.

**21** Ibid.

**22** IFAD. IOE. CLE on IFAD's Contribution to Agriculture-Related, Pro-Poor Value Chain Development, Draft Approach Paper, March 2018, p. 4.

**23** IFAD. IOE. 2013. ESR on Rural Differentiation and Smallholder Development, p. 20.

**24** IFAD. IOE. 2013. ESR on Rural Differentiation and Smallholder Development, p. 20.

may require combining multiple approaches such as a value chain/agroenterprise approach to alleviating poverty where feasible and more basic needs approaches (i.e. providing basic needs) and other approaches (see box 21). In Nepal, this included a two-pronged approach that focused on value chains of high value crops with backward contractual linkages to farmers groups as well as on basic needs and food sufficiency in remote areas. Whereas the Management of Natural Resources in the Chaco and High Valley Regions Project in the Plurinational State of Bolivia failed to reach the most vulnerable people due to limited consideration of the required financial investment for counterpart contributions and access to technical support for activities. A way forward was to balance a value chain/rural enterprise focus with approaches and instruments specifically targeted at the poorest and most socially excluded people.

181. Striking a balance between these approaches may also require building and/or strengthening partnerships with those more experienced in addressing other dimensions of poverty; this is discussed further under finding 5.

## Finding 2

182. **Effective targeting requires robust poverty analysis and well-informed targeting strategies to meet the needs of poor rural people.** The second finding is based on evidence indicating the need for, and benefits of, rigorous poverty analysis and differentiated

targeting strategies, supported by strong capacity and resources to meet the needs of different target groups. It draws attention to the importance of developing targeting strategies on a foundation of strong contextual understanding. Realistic, flexible targeting allows for adjustments in a rapidly changing world, particularly in states or regions with fragile situations.

## Poverty analysis: The importance of context and differentiation

183. Project performance has been linked to well-defined targeting strategies, with high performing projects decidedly relevant to the socio-economic context, beneficiaries' requirements and institutional priorities.<sup>26</sup> Statistical analysis conducted for this paper demonstrates a strong correlation between IFAD's Project Status Report poverty and targeting ratings. Successful projects that were rated highly on targeting were also rated highly on rural poverty impact.
184. IFAD's Targeting Policy recognizes the importance of strong poverty analysis for targeting by highlighting "the imperative of understanding the complexities, diversities and dynamics of poverty as well as the underlying causes."<sup>27</sup> It adds that the poor cannot be defined "a priori in geographical or occupational terms, or specific income thresholds, because their conditions vary."<sup>28</sup> Strong poverty analysis at design must be backed by strong implementation support (see finding 3).

<sup>25</sup> IFAD. IOE. 2013. ESR on Rural Differentiation and Smallholder Development, ARRI 2009, ARRI 2012.

<sup>26</sup> There has been a positive poverty impact on IFAD's projects, with an average mean of 4.09 from 2007 to 2015 and 84.9 per cent of projects rated moderately satisfactory or better in 2013-2015. Recently, performance flattened and even declined slightly. IFAD. IOE. 2013. Rural differentiation and smallholder development: ESR, p. 21.

<sup>27</sup> IFAD. 2006. Policy on Targeting, p. 1.

<sup>28</sup> Ibid, p. 3.

### Box 21 Finding a balance between market- and poverty- oriented approaches: Household methodologies and Gender Action Learning Systems

While they have yet to be evaluated, household methodologies and related gender action learning systems approaches provide lessons from which IFAD can learn in terms of striking a balance between market- and poverty-oriented approaches, particularly in addressing inequitable power dynamics and how this contributes to vulnerability. Uganda's District Livelihoods Support Programme incorporated gender action learning systems; they have now been incorporated elsewhere in Ghana, Nigeria, Rwanda, Sierra Leone, Uganda and other countries and regions.

Source: IFAD, IOE, 2017. What works for gender equality and women's empowerment – a review of practices and results. ESR, p. 5; Uganda. District Livelihoods Support Programme PCR. IFAD, IOE, 2017.

185. Partnerships with local organizations are important for targeting (see finding 5), particularly in providing local experience and context in design and implementation. India engaged national and local NGOs in targeting at the design and implementation stages, particularly at the grass-roots level, to address basic needs and structural issues of social exclusion/marginalization (e.g. Scheduled Castes, tribes, women).
186. Effective targeting strategies start with strong differentiated poverty analyses at the design stage.<sup>29</sup> Analysis should include people who are likely to be excluded or overlooked (e.g. women, youth, indigenous peoples, landless people, migrants, pastoralists, etc.) and should provide a comprehensive understanding of the context in which targeted peoples live.<sup>30</sup> For example, China's Environment Conservation and Poverty-Reduction Programme in Ningxia and Shanxi undertook a robust poverty analysis to inform a mix of interventions to address the multiple causes of poverty. The analysis used a baseline of socio-economic indicators and identified the main causes of poverty. It informed geographic and poverty targeting, identifying the rural poor and ethnic minorities and the selection of areas and households which were divided into four poverty categories based on household cash income and grain availability. The World Food Programme's vulnerability assessment and mapping techniques guided the analysis.
187. In contrast, the geographic targeting in the Northern Region Sustainable Livelihoods through Livestock Development Project in the

#### Box 22 Self-targeting: What works?

According to IFAD's Targeting Policy, self-targeting provides services that respond to the target group's priorities, assets and labour capacity and are of less interest to the better-off. Self-targeting has proven useful, in addition to geographical targeting, in sharpening the focus on indigenous peoples (e.g. India's Jharkhand Tribal Empowerment and Livelihoods Project and the Community-Based Food Security and Economic Opportunities Programme, Soum Son Seun Jai) in the Lao People's Democratic Republic.<sup>a</sup> Self-targeting may be sufficient where it is inappropriate to discriminate for/against different strata of households, e.g. Bhutan's Agriculture, Marketing and Enterprise Promotion Programme.<sup>b</sup>

In contrast, other programmes have been less successful with self-targeting. For example, in Georgia's portfolio, the data on benefits and outreach showed that self-targeting was found to be insufficient for targeting women who were assumed to be equal to men socially and economically since socialist times and that therefore no specific efforts were needed to enhance women's participation or roles in IFAD projects.<sup>c</sup> However, the context is also very different; the project works with commercially oriented farmers or entrepreneurs rather than extremely poor people. Those with better access to information, markets and credit are also those who are more likely to be able to leverage the opportunity of "opting in" to IFAD interventions.

Typically, self-targeting works well in communities that are relatively egalitarian (e.g. indigenous communities in India and Nepal). However, as IFAD projects are not compulsory and people decide whether to opt in or not, interventions based on self-targeting require good communication mechanisms to inform people of the programme. Ideally, they also would offer a menu of activities that address the needs of the different beneficiary profiles and are not biased against those with low resources or capital (including labour). The required level of investment, cash contribution or educational levels to participate in these activities would also not be set too high.

<sup>a</sup> IFAD. IOE. 2015. IFAD's Engagement with Indigenous Peoples: ESR, p. 34.

<sup>b</sup> IFAD. IOE. 2014. Bhutan. Agriculture, Marketing and Enterprise Promotion Programme: Project Performance Assessment (PPA), p. iv.

<sup>c</sup> IFAD. IOE. 2018. Georgia. CPSE, p. ix.

<sup>29</sup> Analysis is also conducted during early stages of implementation to refine targeting.

<sup>30</sup> IFAD. IOE. 2013. Projects that differentiate targeting achieve a higher score (4.5) compared to those that do not (4.0). This could be due to more careful planning and/or more people-focused, participatory approaches and greater flexibility. Rural Differentiation and Smallholder Development Project, ESR, p. 14.

Lao People's Democratic Republic aligned with the National Growth and Poverty Eradication Strategy, but the self-targeting mechanism did not reach the poorest smallholders. A stronger contextual analysis, together with a differentiation of activities, would have improved targeting. After seven years of implementation, Haiti's Productive Initiatives Support Programme in Rural Areas compensated for an initial lack of effective targeting in design by introducing a self-targeting approach where beneficiaries identified the most vulnerable.

188. Poverty analysis is often constrained by insufficient differentiation.<sup>31</sup> The tightening of IFAD's budget in recent years has limited funds for project design.<sup>32</sup> Within the context of a zero-growth budget, the resources allocated to country programme delivery (COSOP, project and grant design, SIS) declined an estimated 9 per cent between IFAD8 and IFAD10, and 14 per cent between IFAD9 and IFAD10.<sup>33</sup> The budget for programme delivery declined despite the allocation of additional resources up to US\$60,000 per project design<sup>34</sup> (beyond the average design costs of US\$180,000 to US\$250,000)<sup>35</sup> in 2016 and 2017.

#### Targeting, fragility and conflict

189. Most projects undertake poverty analysis, yet they do not include conflict analysis or risk assessment of how changes introduced by IFAD would affect conflict or insecurity – positively or negatively – or mitigation measures. In fact, IFAD's design guidelines lack specificity on how to deal with fragility, which can lead to weaker targeting and interventions. For example, land issues were identified as a key driver of poverty and a source of conflict in Burundi, the Democratic Republic of the Congo, Haiti, Liberia, Nepal, the Philippines and Sudan, but these implications were not considered. Elsewhere, the "standardized restoration operations" and engineering approach in Palestine's Participatory Natural Resource Management Programme had targeting implications for

potential beneficiaries with little or no access to land (e.g. women, youth, marginal landholders and landless) who could not sufficiently access/participate in programme activities.

190. Projects often fail to recognize the reality that fragility and conflict are complex phenomena requiring more complex projects. For example, while Nigeria is no longer considered to have a fragile context, some regions face insecurity and insurgency, e.g. North-East (from Boko Haram), the middle belt (from pastoralist-farmer conflicts) and the Delta region (violence and unrest). Given the fragile environment, the evolving design did not emphasize building resilience of the targeting population through diversified sustainable livelihood options.
191. China's Sichuan Post-Earthquake Agriculture Rehabilitation Project aligned targeting with the needs of the affected, poorer households (including female-headed), and the Government's Reconstruction Plan. The project also targeted farmer households in targeted villages by damage assessment caused by the earthquake rather than by wealth. In contrast, Sri Lanka's Post-Tsunami Coastal Rehabilitation and Resource Management Programme demonstrated the challenges of targeting in natural disaster situations. As entire areas were affected, IFAD had to reach out to people outside the Fund's core target group. Such cases required the programme to analyse the trade-off between the benefits and resulting costs – both the monetary costs of including the non-core target group and the costs associated with excluding IFAD's main target group.
192. Addressing fragility and conflict in targeting calls for more support, such as small or regional grants, for promoting social inclusion and ways to tackle conflicts over resources. For example, in Bosnia and Herzegovina, grants to Oxfam helped facilitate loan-funded projects deepen the focus on fragility and identify more vulnerable groups by establishing criteria for selecting communities and farmers.

**31** Pre-targeting policy projects also note the lack of well-differentiated target populations.

**32** IFAD. Alternative approaches to increase non-staff resources to project design: Discussion Note presented to the IFAD Operations Management Committee on 4 June 2015 states, "Anecdotal evidence seems to show that IFAD standard costs for project design are lower than the standard costs for project design of other international financing institutions (IFIs). ...Other IFIs often benefit from recipient country project preparation, often funded by third parties' trust funds, while IFAD relies exclusively on its own administrative budget to finance project preparation. Moreover, IFAD projects are usually more innovative and located in more remote areas than the projects designed by other IFIs, and thus preparation costs are on average higher."

**33** Ibid.

**34** IFAD. IFAD's 2016 Results-Based Programme of Work and Regular and Capital Budgets, the IOE Results-Based Work Programme and Budget for 2016 and Indicative Plan for 2017-2018, and the HIPC and PBAS Progress Reports. 25 November 2015, EB 2015/116/R.2.

**35** Ibid.

**Building on analysis for clear, realistic and practical targeting strategies**

193. Targeting strategies are well-served by building on contextual understanding uncovered by robust poverty analysis to allow realistic, unambiguous and practical action. For example, the Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East Dom Hélder Câmara Project in Brazil demonstrates good practice with a realistic, pragmatic targeting strategy that contributed to a significant increase in the self-esteem of poor rural people, including youth and women, as a result of its participatory, bottom-up approach focusing on small-scale income-generating activities.
194. This contrasts with other projects that had overly ambitious or ambiguous targeting strategies, particularly given their fragile or post-conflict contexts.<sup>36</sup> Project designs in Mozambique were highly relevant to the needs of poor rural people, but also overly ambitious given the difficult situation at the end of the war. In Palestine, programme design and implementation did not sufficiently integrate elements of livelihood resilience, e.g. through diversification and a comprehensive view of livelihood options within communities. Doing so could have made the targeting more inclusive and could have led to higher impact on beneficiary incomes. Clear, practical targeting built on differentiated analysis to understand the needs and constraints, particularly of women, youth and the landless may have led to improved targeting success with these groups who were largely left out of interventions.

**Flexible targeting strategies for a complex, rapidly changing world**

195. Differentiated poverty analysis should lead to well-differentiated targeting strategies that are flexible enough to meet the needs of a complex, ever-changing world. A recent evaluation of Cambodia's portfolio found that delays in adjusting to the changing rural context, combined with largely static project

approaches including focus, instruments, targeting and group formation, and somewhat dispersed geographical coverage affected the portfolio's achievements.<sup>37</sup>

196. However, certain projects in Cambodia's portfolio were flexible. For example, the agricultural component of the Community-Based Rural Development Project in Kampong Thom and Kampot Provinces originally included extension activities that benefited poor landowners over livestock owners. At midterm, the project introduced new approaches focused on identifying poor households and targeting most vulnerable families with agricultural and other (e.g. credit) activities. Most vulnerable families then received identity cards to gain free access to government services and donor support activities. This was scaled up nationally and the poverty targeting approach is now institutionalized as the Government's IDPoor programme.
197. In contrast, the Marine and Agricultural Resources Support Programme in Mauritius targeted poor rural groups (e.g. small-scale fishers, retrenched textile workers, unemployed youth and women, pig farmers, prison inmates, etc.) who could benefit from the pro-poor reform agenda. However, the programme design failed to recognize the rapid economic transition occurring. Thus, during implementation, many targeted households preferred to take advantage of opportunities and better employment in the manufacturing and service sectors rather than stay in agriculture.

**Gender, indigenous peoples, youth and pastoralism in targeting**

198. Targeting strategies must be sufficiently specific to meet the needs of all intended beneficiaries, particularly those likely to be excluded (e.g. indigenous peoples, pastoralists, landless people, migrants and other vulnerable groups).<sup>38</sup> As IFAD strengthens its focus on women, youth and indigenous peoples, there remain challenges,

**36** IFAD defines states with fragile situations as characterized by weak policies, weak institutions and weak governance, resulting in meagre economic growth, widespread inequality and poor human development.

**37** IFAD. IOE. 2018. Cambodia. CSPE, p. xiii. In the end, the IDPoor card has mostly been used for health and education services rather than for economic and productive activities, p. 24.

**38** IFAD. IOE. Under the 2013 ESR on Rural Differentiation and Smallholder Development (p. 13) 17 (63 per cent of the total) of the projects lacked well-differentiated targeting, identifying groups by terms such as 'poor', 'poorer', or 'poorest'. The remaining 37 per cent of projects included more explicit differentiation, with greater emphasis on demographic criteria (e.g. gender, youth and indigenous peoples) than on socio-economic criteria (e.g. income, assets). Also IFAD. IOE. 2015. ARRI, p. 18, IFAD. IOE. 2016. ARRI, p. 86.

but also positive examples of approaches to ensure greater differentiation in targeting.<sup>39</sup>

199. **Gender.** The 2017 evaluation synthesis review on GEWE found that most of the sample projects reviewed (all approved before IFAD's gender policy was published/approved in 2012) did not include specific targets. The review found that the projects had targets mainly focused on the number of women to be reached; figures varied from 15 per cent to 70 per cent. Out of 57 cases, 17 included clear gender-specific targets. This included a minimum percentage of women beneficiaries or special focus on women and youth or female-headed households.<sup>40</sup>

200. **Indigenous peoples.** Between 2004 and 2013, 14 per cent of IFAD's total financing was estimated to be in support of indigenous peoples, therefore the IFAD Policy on Engagement with Indigenous Peoples (2009), improved dialogue with indigenous peoples. A recent evaluation noted that over 40 per cent of project evaluations reviewed indicated the need for clearly defined target groups and developing tailored and differentiated approaches to target indigenous peoples. This included a better recognition of the specificities, culture, traditions and diverse knowledge systems as well as better analysis of needs and capacity as experienced in India's Odisha Tribal Empowerment and Livelihoods Programme).

201. **Youth.** One of the main findings of the 2014 Evaluation Synthesis on Youth was that the projects delivering the best results in relation to pro-youth development are those that adopt genuine community-driven development approaches and offer tailored rural enterprise/finance development support, e.g. the Community-based Agricultural and Rural Development Programme in Nigeria,<sup>41</sup> Senegal's Agricultural Value Chains Support Programme and El Salvador's Rural Development and Modernization Project for the Central and Paracentral Regions.

202. **Pastoralists.** IFAD strategies and policies consider pastoralists as among the poorest and most vulnerable groups, yet IFAD's targeting of pastoral systems has been constrained due to a limited definition that neglects aspects of modernization and a notable lack of information on pastoral systems in livestock data and statistics. In data-rich countries, targeting poor pastoralists using conventional-knowledge based targeting approaches can lead to high transaction costs. Furthermore, recent evidence shows only 10 per cent of evaluations included consultants with expertise in pastoralism in evaluation teams.

### Finding 3

203. **Robust data, monitoring and SIS are crucial for good poverty targeting in design and implementation and require substantial investment in related systems and to develop capacity.** The third finding points to the need for investment in monitoring and SIS to support poverty targeting in design and implementation. Effective targeting depends on strong data, monitoring and SIS to assess relevance and provide adjustments. This requires strong capacity on the part of partners, IFAD and others involved in design and implementation.

### The need for credible poverty data

204. Insufficient disaggregation of national and other data (e.g. income, expenditure) or a lack of multidimensionality in poverty-related data challenges targeting. Projects with data, but no solid baseline and/or control group data constrain impact attribution,<sup>42</sup> e.g. Armenia's Rural Areas Economic Development Programme, Bangladesh's Microfinance and Technical Support Project, and the Philippines' Northern Mindanao Community Initiatives and Resource Management Project. It is important to have a robust set of data and a baseline against which to measure impact even where there are household surveys, interviews and supervision missions, e.g. Nicaragua's Technical Assistance Fund Programme

39 While it has yet to be evaluated, the 2017 IFAD Gender Award winning Colombia's Building Rural Entrepreneurial Capacities Programme Trust and Opportunity (TOP) targeted extremely poor households, including indigenous and Afro-descendent women and youth in post conflict rural areas for income-generating and reconciliation activities.

40 IFAD. IOE. 2017. What works for gender equality and women's empowerment - a review of practices and results. ESR, p. 11, p. 27.

41 IFAD. IOE. 2016. Nigeria. Youth was considered under the gender aspect of the evaluation, so is discussed in the same context here as reported in the Community-based Agricultural and Rural Development Programme. PPA, p. 67.

42 The issue of attribution was raised in all PPAs in the 2012 ARRI, p. 30 and in a number of the PCRVs.

for the Departments of Leon, Chinandega and Managua.

205. Some programmes have addressed insufficient poverty data and/or multidimensionality by incorporating participatory data collection in design or implementation; this can be effective for poverty and direct targeting (e.g. identifying women and youth beneficiaries), e.g. Nigeria's targeting experiences.

206. The quality of M&E in IFAD projects has been persistently flagged in internal and external project reviews. Quality M&E requires conducting robust baseline studies and completion surveys, investing in M&E systems, and supporting capacity development in project management units.

#### Supervision and implementation support (SIS)

207. Supervision provides an important opportunity to reflect on a project's targeting issues and make adjustments if necessary; while project implementation is supported through specific technical support, policy dialogue, innovations and/or design adjustments to improve effectiveness. The move to direct supervision improved IFAD's project performance although tends to be more costly. In 2010-2012, project ratings of directly supervised projects fared much better than those supervised by cooperating institutions in targeting, gender and poverty.<sup>43</sup> In 2013, the average cost of direct supervision per project per year was US\$93,300 – higher than the average cost of supervision by cooperating institutions (US\$61,461).<sup>44</sup> Between 2012 and 2016, supervision missions decreased by 22 per cent, more than the 15 per cent decline in the number of projects. The ratio of SIS missions to projects declined most in APR, ESA and NEN.<sup>45</sup>

208. Through direct SIS, IFAD has been able to place special emphasis on gender mainstreaming, targeting and the building of grass-roots

institutions. However, there are challenges in terms of staffing supervision mission teams and technical coverage gaps.<sup>46</sup> Consultants are critical in SIS, yet areas such as financial management and knowledge management are better covered compared to targeting-relevant areas, e.g. gender.<sup>47</sup> According to some IFAD staff, the inclusion of targeting expertise in a mission may depend on a CPM's interest or commitment. Tight supervision mission budgets may also affect inclusion.<sup>48</sup>

#### Capacity of staff and project teams

209. Quality targeting capacity is integral to design and implementation. For example, when the Supervision and Implementation Support Policy was introduced, Management flagged the need to strengthen staff supervision capacity<sup>49</sup> which had only been partially achieved by 2013's evaluation.<sup>50</sup> Strengthening capacity includes staff/consultant's access to, and use of IFAD's support tools (see box 23), the extent to which is unknown as is the sharing of these tools by CPMs.

#### Finding 4

210. **Reaching the poorest people and the “last mile” is costly but essential, particularly given IFAD's mandate and international commitments.** The fourth finding highlights issues related to the “cost” of targeting. The trend towards projects that have shorter implementation periods, quicker disbursement and higher returns on investment is often at odds with IFAD's fundamental specificity of working in remote areas with the poorest. This disconnect is particularly relevant for IFAD in the context of its responsibility for meeting commitments under the 2030 Agenda (no one left behind) and the SDGs.

#### Factors affecting cost

211. IFAD's Strategic Framework 2016-2025<sup>51</sup> calls for IFAD to work smarter by delivering development results in a cost-effective way that best responds to partner countries' evolving needs. Pursuing efficiency can push a targeting focus away from the poorest

43 IFAD. IOE. 2013. IFAD's Supervision and Implementation Support Policy. CLE, p. iii, p. 32, and table 6.

44 Ibid. p. 2.

45 Ibid. p. 107. CPOs preferred 10-15 days, while CPMs and consultants preferred 18-21 days.

46 Ibid. p. vi.

47 Ibid. p. 107.

48 Ibid. p. 107.

49 Ibid. p. 3.

50 Ibid., p. vi; p. 16, table 4.

51 IFAD. 2016. IFAD Strategic Framework 2016-2025: Enabling inclusive and sustainable rural transformation.

and most vulnerable towards poor people with the resources and capacity to leverage investment. The nature of the remote, often fragile areas in which IFAD operates poses cost and time-associated design and implementation challenges as does working with indigenous peoples or pastoralists (e.g. logistics, administration and capacity).<sup>52</sup> For example, some projects in remote, tribal areas of India displayed higher management cost ratios (as a proxy of efficiency), e.g. OTELP with the cost per household at US\$1,216. However, this is not high in terms of management cost ratios (9 per cent); others were as high as 21 to 24 per cent.

212. Due to the nature of remote rural areas, more time (and resources) may also be needed for implementation, in part because of the factors mentioned above. Notably, Brazil's Gente de Valor – Rural Communities Development Project in the Poorest Areas of the State of Bahia pointed to the need for a longer timeframe for pro-poor development using demand-driven participatory approaches. While the strategy to empower beneficiaries was well received, it was suggested that ten to twelve years would be a more realistic timeframe, perhaps coordinated between two phases rather than the six-year duration. While this was related to sustainability, it is also relevant to targeting given the time it takes during implementation to get targeting right.

213. Recent analysis of IFAD's Project Status Report data showed that for the average project duration (in years) of projects using targeting ratings between 2007 and 2016, projects rated 3 had an average duration of 6.9 years while those rated 5 and 6 averaged just over 7.6 years. While the reasons for this are not clear, one could argue that time for implementation is longer because it takes longer to map the beneficiaries, start a dialogue with communities, and prepare participatory plans, particularly in remote areas. More investigation is needed to confirm/deny this link.

214. Fundamentally, IFAD's targeting efforts are challenged by limited resources, both in terms of money and time, to design projects. Budgets have reduced dramatically over the past 10-12 years, leaving challenges in relation to meeting the need for differentiated analysis of target groups.

#### Finding 5

215. **Government commitment and partnerships are important to reach the poorest groups.** Finding 5 discusses the importance of government commitment to prioritizing rural poverty, poverty reduction, and follow through action, e.g. systematizing poverty targeting data. IFAD's experience points to the value of engaging in policy dialogue with governments to ensure the most vulnerable are a

<sup>52</sup> IFAD. IOE. 2015. IFAD's Engagement with Indigenous Peoples: ESR, p. 22.

#### Box 23 Tools to support good targeting practices at the design, implementation and supervision stages

- Policies on targeting, GEWE and indigenous peoples, etc.
- How to do. Poverty targeting, gender equality and empowerment during project design: Gender, targeting and social inclusion (2017).
- How to do. Poverty targeting, gender equality and empowerment during project implementation: Gender, targeting and social inclusion (2017).
- Targeting and gender checklists.
- How to do. Youth access to rural finance: Inclusive rural financial services (May 2015).
- Guidelines for Supervision and Implementation Support of Projects and Programmes funded from IFAD Loans and Grants (Supervision guidelines) (2007).



priority. Meeting the needs (including basic needs) of the most vulnerable may best be accomplished through partnering with other organizations better positioned to address those needs.

#### Committing at national and subnational levels

216. IFAD-supported projects benefit when governments prioritize rural poverty and have poverty reduction strategies, policies and programmes (e.g. Brazil). India has shown strong ownership at the subnational (state) level where state governments are responsible for implementation. Some projects and project subcomponents had even been replicated with state funding (e.g. in Odisha and Madhya Pradesh). Partnerships with NGOs also have been important in India; this is discussed in the section on Partnerships for targeting the most vulnerable.
217. Governments may need time and support to build ownership and effective partnerships. Cambodia's Community-Based Rural Development Project in Kampong Thom and Kampot Project aligned with government goals and policies, and the Government was actively involved as an implementer, cofinancier and supervisor. Yet there was a steep learning curve as it was one of the first projects to be implemented through the country's government structures.
218. They may also need capacity strengthening as in the case of Guinea's Support to Rural Development in North Lower Guinea, where the comprehensive capacity-building and training provided to communities, producer and decentralized technical structures likely resulted in positive impact on government decentralized structures in a context where institutional capacity was weak.

#### Policy engagement

219. IFAD's role in policy engagement and brokering partnerships between diverse stakeholders can contribute to policy

definition, investment in rural development and poverty reduction and ensure that the poorest, most vulnerable are prioritized.<sup>53</sup> In India, tribal programmes provided an entry point for IFAD in policy debates on indigenous peoples' rights.<sup>54</sup> Elsewhere, through the Common Market of the South (MERCOSUR) Commission on Family Farming, Brazil's Ministry of Agrarian Development and IFAD raised the priorities of family farmers, and included their representatives in dialogues with government decision makers.

220. IFAD's experience in dialoguing with countries has helped government officials understand the economic, social and environmental benefits of targeting the rural poor.<sup>55</sup> As a result of Ecuador's decision to institutionalize the implementation of the Central Corridor Development Project within the Ministry of Economic and Socials Inclusion-Institute of National Popular and Solidarity Economy, the project was mainstreamed in the core activities of the Ministry and became an instrument for implementing the Ministry's policy of economic and social inclusion.<sup>56</sup>

#### Partnerships for targeting the most vulnerable

221. Experience shows that innovative partnerships can strengthen IFAD's targeting to meet the needs of poor, vulnerable groups. One of these partnerships was with the Belgian Survival Fund which operated in sub-Saharan Africa. While the partnership is no longer operational, it provided an effective model for combining investments in the productive and social sectors to meet the needs of vulnerable groups.<sup>57</sup>
222. Another important partnership has been with MERCOSUR, particularly in terms of policy engagement in Argentina, who also participated in the Commission on Family Farming of MERCOSUR. The IFAD-MERCOSUR partnership focused on family agriculture among member countries and in the promotion of effective participation of small

<sup>53</sup> IFAD. IOE. 2016. *Smallholder Access to Markets*. ESR, p. 18.

<sup>54</sup> IFAD. IOE. 2017. *IFAD's Country-level Policy Dialogue*. ESR, p. 29.

<sup>55</sup> IFAD. February 2018. *IFAD: 40 years of investing in the rural poor*, p. 41.

<sup>56</sup> IFAD. IOE. 2017. *IFAD's Country-level Policy Dialogue*. ESR, p. 31.

<sup>57</sup> IFAD. 2008. *Review of IFAD's Development Effectiveness*, p.10; IFAD. IOE. 2008. *ARRI*, p. 72.

farmers' associations in rural development decision-making processes.<sup>58</sup>

223. IFAD partnerships with NGOs and civil society also have proven important for targeting. In Ghana, alliances with NGOs and civil society organizations provided a focus on marginalized, socially excluded groups in the Northern Region Poverty Reduction Programme and the Rural

Enterprises Project. IFAD has also promoted 4Ps partnerships to ensure that smallholder producers are respected as partners.<sup>59</sup> In India, IFAD focused on communities with a strong element of empowerment and civil society support; national NGOs trained local NGOs on outreach and support to poorer communities and groups who supported grass-roots groups to prepare development proposals at village or village cluster levels.

#### Box 24 Good practices in targeting: The example of Peru

The targeted area under Peru's Market Strengthening and Livelihood Diversification in the Southern Highlands Project (PDSS) was characterized by high poverty rates, vulnerability to disasters and climate change, limited banking and financial inclusion, the feminization of agriculture and outmigration of youth. The programme sought to reduce the number of rural poor by increasing livelihood assets. The PDSS applied geographic targeting, self-targeting and the direct targeting of poor women.

An important success factor was that targeting was highly relevant to the national and subnational policies, to IFAD strategies and to local communities. For example, targeted areas corresponded with those defined by national authorities as areas of poverty based on the agricultural and population censuses and the FONCODES poverty map (Social Development and Compensation Fund). Further, the target population included peasant families, artisans and micro-entrepreneurs in rural areas and in intermediate towns and cities. Additionally, the design prioritized the participation of groups with higher levels of vulnerability, including poor women and rural youth. This was laid out clearly in PDSS II's three targeting criteria: (i) geographic targeting, (ii) self-targeting and (iii) direct targeting of poor women. The participation of authorities and local governments in the implementation of different activities as well as the institutionalization in policies and public services and leadership was also an important facilitating factor.

In contrast, the project also faced constraints to targeting where some of the activities and the lack of adaptation to the demand approach limited access to the poorest. For example, the monetary contribution requirements of the beneficiaries (between 20 to 30 per cent) and of assets (land, water, etc.), and participation in groups reduced the effectiveness of the targeting strategy. This particularly affected youth without land or assets. Although the monetary contribution of beneficiaries was also recognized as a key factor for community involvement and commitment towards greater sustainability, the lack of a well-defined exit strategy limited the consolidation and deepening of the results of targeted communities. Moreover, despite the good results of the subcomponent on women's financial inclusion, the goal of transforming beneficiaries financial assets into productive assets and viable processes of capital accumulation was not reached. One of the reasons may be that while the project targeted the poorest, it lacked the capacity to generate a more specific focus within the groups of farmers. One of the key recommendations included to address this was that the design of projects should consider barriers to entry (e.g. having assets, cash contributions from the beneficiaries). It also called for the identification of differentiated needs of the poorest families in a community and specific strategies for their inclusion and/or access to resources/assets such as land, processing equipment and marketing, among others.

Source: IFAD. IOE. 2017. Peru. Market Strengthening and Livelihood Diversification in the Southern Highlands Project. PPE.

<sup>58</sup> IFAD. IOE. 2018. Building Partnerships for Enhanced Development Effectiveness. ESR, p. 127.

<sup>59</sup> Ibid, p. 13.

## Summary of lessons learned

224. A number of key factors facilitate or constrain good targeting across IFAD's portfolio; these are summarized below.


## Way forward

225. Given the changing global context and commitments to the 2030 Agenda and the SDGs, this learning theme provides IFAD with a timely entry point for re-examining the Fund's targeting in terms of its policies, programming

and institutional mechanisms. The findings in this learning theme support IFAD's planned review of operational guidelines outlined under IFAD11. The findings suggest the importance of: maintaining adequate length of projects, particularly in countries with fragile situations; ensuring robust poverty analysis in design and implementation (including budget, capacity strengthening and inclusion of targeting and sector-specific expertise in design and implementation, e.g. SIS); continued strong policy engagement; and engaging in innovative partnerships to support the many dimensions of rural poverty.

### Box 25 Targeting strategies – Facilitating and constraining factors

Facilitating factors	Constraining factors
<ul style="list-style-type: none"> <li>• Robust targeting, with differentiated analysis at design.</li> <li>• National poverty targeting systems inform geographic and poverty targeting while participatory design and implementation can fill poverty data gaps.</li> <li>• Alignment of targeting with national and subnational policies and plans, IFAD policies and community needs.</li> <li>• Alignment with governments' reconstruction plans in post-disaster areas.</li> <li>• Small or regional grants support social inclusion in fragile contexts.</li> <li>• Targeting the very poor in market-oriented activities, although IFAD has tended towards working with poor farmers who can leverage commercialization activities.</li> <li>• Strengthening the balance between commercialization and poverty approaches by building partnerships with other organizations.</li> <li>• Development of realistic, unambiguous and flexible targeting strategies, particularly in rapidly changing contexts.</li> <li>• Development of strong SIS to facilitate the revision of targeting approaches.</li> <li>• Strengthen partnerships between IFAD and governments, support government ownership, prioritize rural poverty in policies and planning and strengthen IFAD's role in policy engagement.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of conceptual and operational clarity leading to inappropriate targeting strategies to reach the most vulnerable.</li> <li>• Lack of differentiated poverty data and neglecting drivers of conflict and fragility in poverty analysis.</li> <li>• Ambiguous or overly ambitious targeting, particularly in fragile and post-conflict contexts.</li> <li>• Inflexible targeting strategies challenge implementation, particularly in rapidly changing environments.</li> <li>• Projects without baselines constrain targeting, particularly impact attribution.</li> <li>• The nature of the remote areas in which IFAD works may increase costs and the need for longer project duration.</li> <li>• Contribution requirements from targeting groups can limit participation in activities.</li> <li>• Lack of policy dialogue may challenge targeting.</li> <li>• Limited capacity weakens targeting across design and implementation.</li> </ul>

A woman with dark hair tied back, wearing a light blue short-sleeved shirt, is focused on operating a vintage black and gold sewing machine. She is seated at a wooden table in a workshop. The machine is stitching a piece of orange fabric. In the background, there are shelves with various fabrics, including a large roll of yellow fabric, and a brick wall. The lighting is warm and natural, highlighting the woman's concentration and the details of the sewing machine.

Sri Lanka  
Post-Tsunami Coastal  
Rehabilitation and  
Resource Management  
Programme

A dressmaker in Ihala  
Kanhidigama at work in  
her shop.

©IFAD/G.M.B.Akash

# 5

## Conclusions and recommendations

### Conclusions

226. **The broad picture of performance emerging from the 2018 ARRI is flat, with signs of deterioration.** While 76 per cent of total project ratings were in the general “satisfactory” zone between 2007 and 2016, moderately satisfactory remains the norm with very few projects rated highly satisfactory for any evaluation criteria. When comparing performance in 2007 to the most recent period, only IFAD’s performance as a partner shows continued improvement. Performance in rural poverty impact, government performance as a partner, and overall project achievement has returned to 2007 levels after reaching peaks in 2012-2014, whereas project performance is flat after an initial decline.

### Project portfolio performance

227. Rural poverty impact, a traditional area of strength, has declined in recent periods, whereas project performance remains flat. Of the four criteria that determine IFAD project performance, relevance shows some improvement while effectiveness is flat. Declining in the latest period, efficiency and sustainability remain the main bottlenecks for project performance. Overall, some recurring factors are mentioned as weaknesses across evaluations conducted in 2017 with regard to project performance, such as insufficient consideration of country context in the design phase, inadequate recognition of appropriate policies, weak targeting at design without

sufficient focus on poor households, high project management costs, as well as the absence of long-term plans for sustainability and exit strategies. These inhibiting elements combined with the presence of some exceptionally long projects (over 10 years) and an unusual number of project extensions (41 per cent of projects in 2017 evaluations were extended), may have contributed to the weaker performance in the 2018 ARRI, particularly in efficiency and sustainability.

228. Delays in start-up and implementation, combined with high staff turnover of programme management and high project management costs drove the negative performance in efficiency. It was observed that when low staff turnover is combined with no project extensions and high disbursement rates and/or high financial returns, efficiency ratings are strong and positive.

229. The decline in scaling up and sustainability can be overcome with the assurance of valid exit strategies. The lack of a long-term plan, often paired with late disbursements which result in projects remaining operational until their closing dates, limits the potential for scaling up project results. These challenges, while not being new to IFAD, are still a limitation to sustainability, which continues to be constrained by inadequate beneficiary engagement and ownership in the planning, implementation, maintenance and oversight of project activities and infrastructure.

230. The decline in a number of IOE ratings is corroborated by similar trends in PMD ratings for selected criteria. This finding may imply that IFAD has become more stringent in project evaluation and/or project performance has worsened. In both cases, monitoring project performance in future ARRI will confirm what the main drivers for the underperforming criteria are, should the deterioration continue.
231. On the positive side, performance in ENRM has improved since 2011. Undertaking specific actions towards the conservation of natural resources and training activities to support organizations by creating awareness and providing guidance are effective in protecting sensitive ecosystems and fragile environments in targeted areas. This improved performance may have resulted from the increased attention and resources to ENRM since 2011 with the creation of the Environment, Climate, Gender and Social Inclusion Division and the Social, Environmental and Climate Assessment Procedures of IFAD in 2014.
232. The highest increase in satisfactory ratings within the 2018 ARRI analysis is registered for IFAD's performance as a partner. The 2017 evaluations confirm that IFAD is valued and trusted by governments for the quality and timeliness of its support, for its focus and its responsiveness. Country-level presence facilitates the establishment of valuable partnerships with governments, and ICO-based consultations have proven effective and efficient for identifying problem-solving measures. It also may have contributed to the recent improved performance in relevance, though the high disconnect with PMD ratings remains.
233. The positive trend in IFAD's performance as a partner indicates satisfaction with the quality of SIS, while the declining trend in government performance as a partner is accompanied by worsening performance in efficiency and sustainability. As already indicated in the 2017 ARRI, ultimately, building institutional capacity at the national level is required to achieve the proper balance between short-term compliance with IFAD requirements through SIS and achieving broader prospects for development goals and sustainability. Such capacity-building will be especially important in light of IFAD's aim to expedite the project design process through, in part, greater engagement by government. A focus on excellence – not just moderately satisfactory – and more effective strategic partnerships are required if efficient programmes are to be delivered and then substantially scaled up.
- Targeting findings and lessons**
234. **Project performance has been linked to well-defined targeting strategies.** Comprehensive targeting approaches enable operations to reach the poorest groups by combining solid livelihood and poverty analysis, based on context-specific circumstances and participatory processes. The 2018 ARRI confirms with statistically significant results that successful projects that received high ratings in targeting were also rated highly on rural poverty impact.
235. The main issue raised on targeting relates to shortcomings in differentiated poverty analyses at design stage. In particular, the need for analysis of groups likely to be excluded or overlooked and a comprehensive understanding of the context in which targeted people live. A key constraining factor for sufficiently differentiated analysis has been the tightening of IFAD's budget, particularly between IFAD9 and IFAD10, which has limited the amount of funding available for project design and country programme delivery in general.

236. Targeting also requires investment in monitoring and SIS to endorse poverty targeting in design and implementation. Effective targeting depends on robust data, monitoring and SIS to assess relevance and provide adjustments. This requires strong capacity on the part of partners, IFAD and others involved in design and implementation.

237. IFAD faces difficulties in addressing issues of inequality, which is multifaceted, multidimensional and fine-grained beyond simple geographic or socio-economic characteristics. This requires sufficient resources (including time) to conduct refined analysis at the design stage. IFAD projects often rely on self-targeting mechanisms for individual benefits without a clear targeting strategy; trickle-down effects to poorer households and women are assumed rather than ensured through mechanisms built into the intervention.

238. GEWE has exhibited a slow but steady decline since 2011, though its promotion is critical to the 2030 Agenda goals of improving food and nutrition security and eradicating rural poverty. While GEWE is ranked as the fourth highest performing criteria based on its average rating (4.18), it is ranked ninth in 2014-2016 based on its percentage of positive ratings (77 per cent). Among the key factors explaining decreasing performance under this criterion are weak gender strategies in project design, particularly regarding the participation and role of women, as well as limited availability of data on women's empowerment.

#### **KM, partnerships and country-level policy engagement**

239. **The 2017 evaluations still underline the need to create synergies between the investment operations and non-lending activities.** One main first step forward is building strong KM platforms within and

across country programmes, allowing IFAD to draw from project experience to influence policy formulation. Country-level policy engagement may be strengthened also through the strategic use of grants for critical knowledge products or to test innovative approaches. Focus on regional sharing, systemization of project experiences and stronger linkages between grant programmes and investment portfolios are key to innovation, scaling up and policy engagement. A frequently cited challenge is the absence of a specific budget for country-level policy engagement, which would help create an enabling environment for project implementation and set the conditions for large numbers of rural people to move out of poverty at a scale that no single project can address. Notably, performance in country-level policy engagement is better in MICs rather than LICs, reflecting their increasing demand for knowledge products and policy engagement. Effective integration of country-level policy engagement in country programmes, from design to completion, is not an end in itself, but a starting point for policy engagement and other scaling-up approaches as well as a key success factor for IFAD operations. Finally, weak M&E systems as well as the lack of quantitative information have sometimes made it difficult to assess the effects of projects at country level.

240. IFAD recognizes the importance of partnerships; however, more focus should be given to the quality and mix of partnerships. Cofinancing partnerships may boost performance in this area. Partnership with government is another indispensable element for implementing programmes and guaranteeing sustainability, in particular at the local and subnational level. A good mix is important to achieve greater outreach and complementarity of results for scaling up and creating synergies.

241. **In sum, as IFAD concludes IFAD10 and looks to start IFAD11 in 2019, it is critical to stem the initial deterioration exhibited in the 2018 ARRI.** Properly designed and implemented targeting strategies play a central role in improving project performance, particularly in terms of relevance, effectiveness, sustainability and rural poverty impact. There may be trade-offs with regards to efficiency, particularly if IFAD truly realizes its purported comparative advantage – strong targeting of the extremely poor and food-insecure people in rural areas – as the implementation of good targeting requires a sufficient project duration to properly engage those left behind (e.g. indigenous peoples, the disabled, marginalized women). More resources and technical specialists are especially required to target marginalized communities and individuals experiencing famine, drought, fragility and migration. Targeting also contributes to meet another IFAD11 ambition, to reduce inequalities within and among Member States, which requires addressing disparities beyond income such as land resources and gender relations through policies and by securing rights. Therefore, special attention is required to clarify IFAD's targeting approaches in different contexts and invest in their application across the project cycle.

### Recommendations

242. The Board is invited to adopt the recommendations below. Given the central importance of IFAD's targeting strategies to its mandate and its link to good project performance, the majority of the recommendations focus on this learning theme for which required actions are presented along the project cycle.

### Recommendation 1

243. **Conduct a systemic review of IFAD project-cycle processes and examine the resources committed to each.** In light of the overall declining trend in ratings and major business model changes introduced by OpEx in 2017, a holistic review of IFAD's project-cycle processes (from project design, start-up, supervision, implementation support, MTR, to completion) and their relation to one another is required. The review would identify critical requirements (e.g. baseline studies) and where resources (both human and financial) are most effectively committed for improved performance and development effectiveness.

### Recommendation 2

244. **Revise IFAD's Targeting Policy and related guidelines.** Targeting still represents a challenge in IFAD projects due in part to the lack of agreement at the Fund on the target groups and strategies needed. Therefore, IFAD needs to clarify in its targeting policy and related operational guidelines who IFAD interventions target and how to cater to the needs of the "the poorest and most vulnerable," as stated in the IFAD11 Consultation Report, as well as the "economically active poor." The revised targeting policy should serve as a chapeau that gives coherence and integrates the different policies and strategies that have and will emerge relating to specific groups such as gender, indigenous peoples, youth and the disabled. The already planned revision of the operational guidelines on targeting needs to include appropriate differentiated approaches for these specific groups, including young women and men and how best to ensure the inclusion and needs of people with disabilities, in line with the 2030 Agenda commitment of "leaving no one behind."



### Recommendation 3

245. **Develop appropriate targeting strategies based on robust and differentiated poverty and context analysis that are flexibly implemented.** During project design, interventions need to develop tailored strategies in light of the profiles of the target group and specific contexts. Context analysis is especially important in fragile contexts where targeting strategies especially need to be clear, realistic and practical. By conducting robust poverty and gender analysis, IFAD can provide the basis for identifying and reaching out to those groups that are at risk of poverty and social exclusion, with a specific focus on women and youth. During implementation, targeting strategies need to be monitored and adjusted to ensure they continue to effectively reach and meet the different needs of the specific target groups.

### Recommendation 4

246. **Establish strong monitoring and evaluation systems and tap into local knowledge through country-level partnerships in order to capture differentiated poverty data for knowledge creation, and for policy engagement and advocacy in favour of IFAD's target groups.** Logical frameworks should include indicators, targets and means of measurement relating to the participation of and expected outcomes relating to specific target groups, including women and youth. During supervision, monitoring of these log frames will allow for data collection on these specific groups which should be aggregated and used for poverty analysis of future projects as well as for country-level policy engagement and to advocate for these groups. Local institutions such as NGOs and universities have a deep and longstanding knowledge of rural areas in which IFAD operates. By strengthening partnerships with such institutions, possibly through grants, they may contribute to project data collection as well as advocacy efforts for policy change.

### Recommendation 5

247. **Ensure sustainability of rural poverty impacts through exit strategies that are inclusive of targeted beneficiaries and through sufficient project duration.** Programme sustainability is strongly linked to the planning of sound exit strategies with corresponding resources and institutional arrangements for effective implementation. However, the lack of an exit strategy is still a common feature in several projects included in the 2018 ARRI. To ensure that an exit strategy is inclusive of target groups, especially the poorest and most vulnerable, the project duration should be sufficient (in many cases about seven years) to implement participatory processes, ensure that targeted populations were reached, and institutions for the poor were established long enough to be included in the exit strategy.
248. **2019 ARRI learning theme.** The Board is invited to adopt the recommendation to consider quality of project design at entry as the learning theme in the 2019 ARRI. Many constraining issues that contribute to weaker performance need to be addressed at project design (e.g. limited poverty analysis, lack of baselines, etc.). A closer examination of the quality of the design of completed projects can reveal substantive factors that contribute to projects achieving their development objectives. Such a study would also complement the recommended systemic review of project-cycle processes, provide a baseline for the quality of project design, given recent changes to the process, and contribute to explaining the persistently large disconnect between IOE and PMD ratings for relevance.



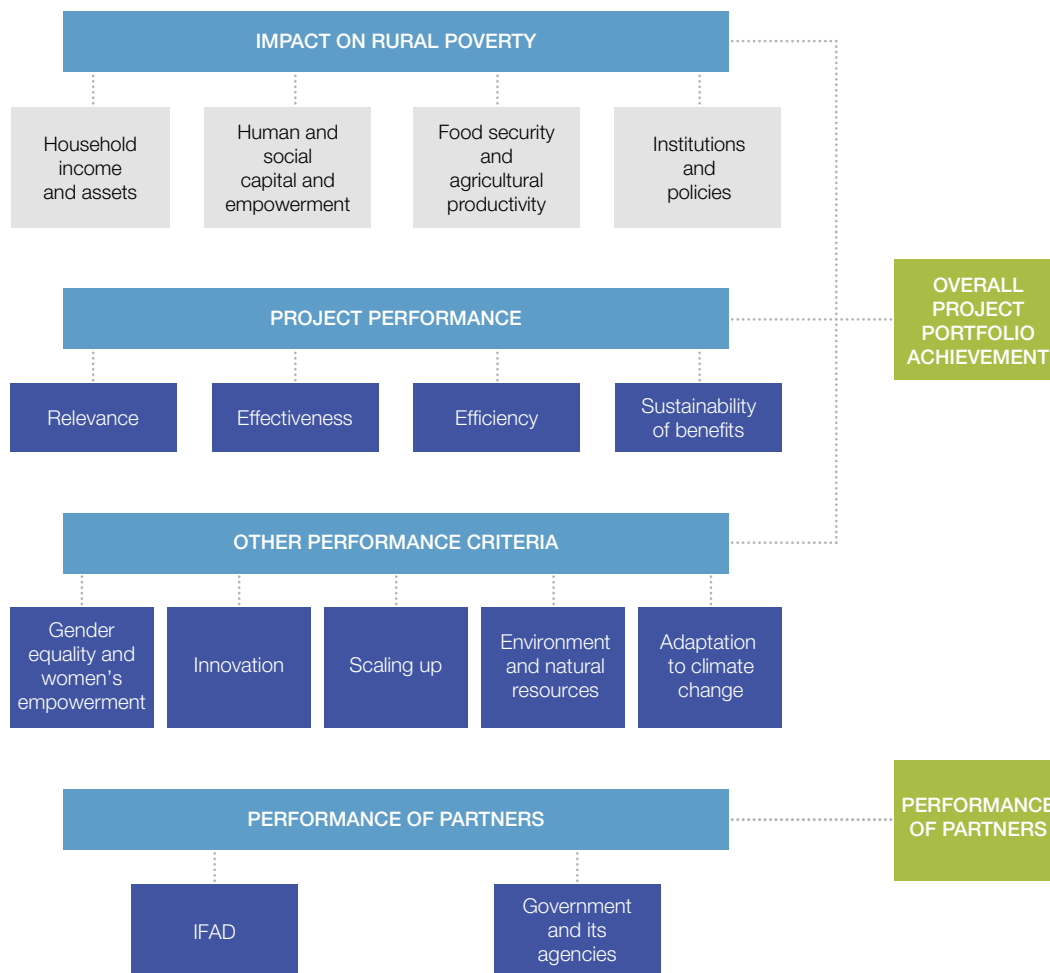
El Salvador  
Rural Development and  
Modernization Project  
for the Central and  
Paracentral Regions

Two farmers harvesting  
shrimp to sell at the  
market.

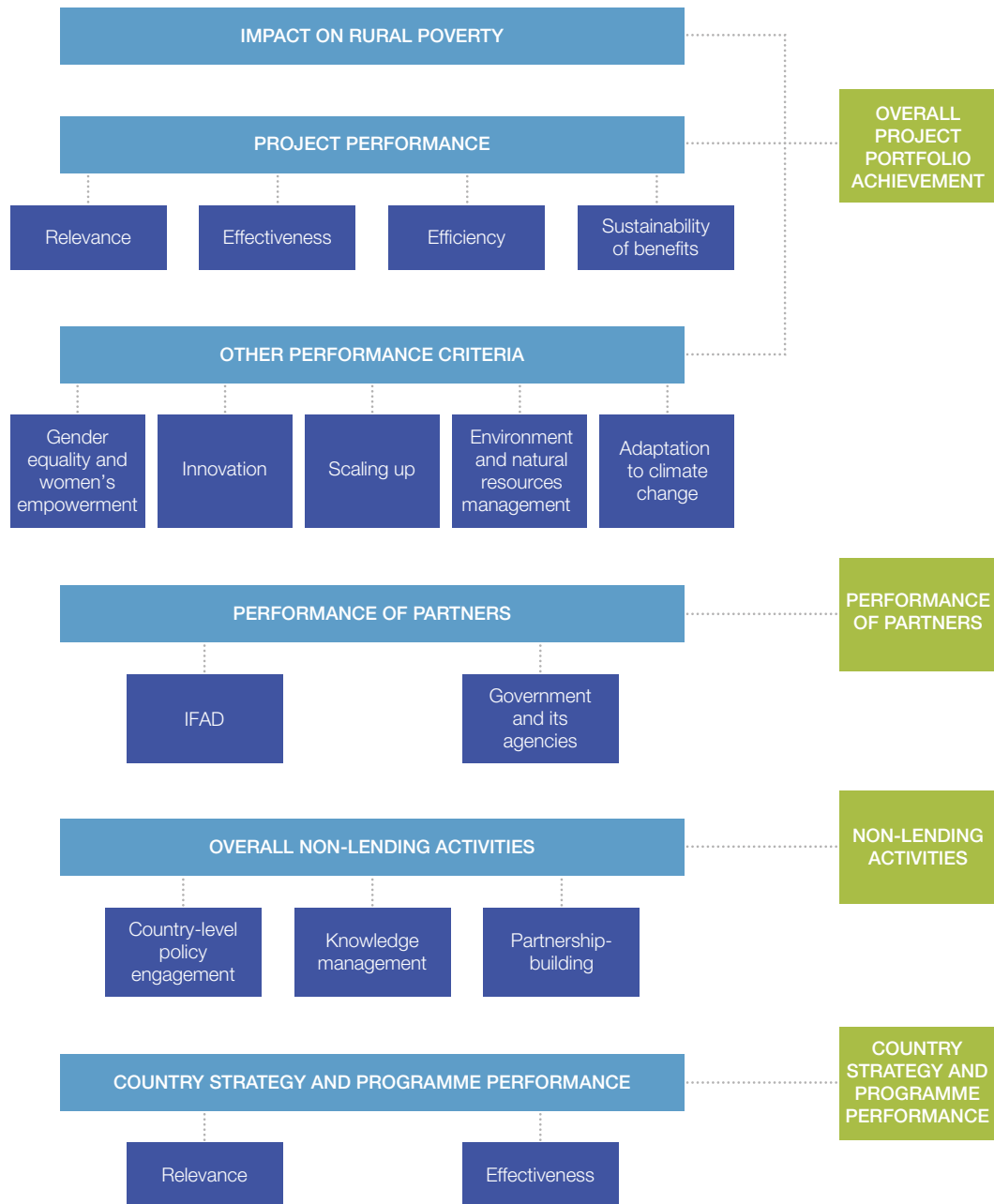
# Annexes

## Annex 1 Project evaluation and country strategy and programme evaluation methodology

### Project evaluation methodology



### Country strategy and programme evaluation methodology



## Annex 2 Definition of IOE evaluation criteria

Criteria	Definition*
<b>Rural poverty impact</b>	The changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
	<p><b>Four impact domains</b></p> <ul style="list-style-type: none"> <li>• <b>Household income and net assets:</b> Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time.</li> <li>• <b>Human and social capital and empowerment:</b> Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process.</li> <li>• <b>Food security and agricultural productivity:</b> Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition.</li> <li>• <b>Institutions and policies:</b> The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.</li> </ul>
<b>Project performance</b>	Average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits.
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
Sustainability of benefits	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.

Criteria	Definition*
<b>Other performance criteria</b>	
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better GEWE, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision-making; work load balance and impact on women's incomes, nutrition and livelihoods.
Innovation	The extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction.
Scaling up	The extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.
Environment and natural resources management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity – with the goods and services they provide.
Adaptation to climate change	The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures.
<b>Overall project achievement</b>	Overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, GEWE, innovation, scaling up, ENRM, and adaptation to climate change.
<b>Performance of partners</b>	
<ul style="list-style-type: none"> <li>• IFAD</li> <li>• Government</li> </ul>	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.

\* These definitions build on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOE's evaluation criteria and key questions.

### Annex 3 List of country strategy and programme evaluations (1992-2017)

Country strategy and programme evaluation	Division	Publication year(s)
Argentina	LAC	2010
Bangladesh	APR	1994, 2006, 2016
Benin	WCA	2005
Plurinational State of Bolivia	LAC	2005, 2014
Brazil	LAC	2008, 2016
Cambodia	APR	2018
Cameroon	WCA	2018
China	APR	2014
Congo	WCA	2017
Ecuador	LAC	2014
Egypt	NEN	2005, 2017
Ethiopia	ESA	2009, 2016
Gambia (The)	WCA	2016
Georgia	NEN	2018
Ghana	WCA	1996, 2012
Honduras	LAC	1996
India	APR	2010, 2016
Indonesia	APR	2004, 2014
Jordan	NEN	2014
Kenya	ESA	2011
Madagascar	WCA	2013
Mali	WCA	2007, 2013
Mauritania	WCA	1998
Mexico	LAC	2006
Morocco	NEN	2008
Republic of Moldova	NEN	2014
Mozambique	ESA	2010, 2017
Nepal	APR	1999, 2013
Nicaragua	LAC	2017
Niger	WCA	2011
Nigeria	WCA	2009, 2016
Pakistan	APR	1995, 2008
Papua New Guinea	APR	2002
Peru	LAC	2018

Country strategy and programme evaluation	Division	Publication year(s)
Philippines	APR	2017
Rwanda	ESA	2006, 2012
Senegal	WCA	2004, 2014
Sri Lanka	APR	2002
Sudan	NEN	1994, 2009
Syrian Arab Republic	NEN	2001
United Republic of Tanzania	ESA	2003, 2015
Tunisia	NEN	2003
Turkey	NEN	2016
Uganda	ESA	2013
Viet Nam	APR	2001, 2012
Yemen	NEN	1992, 2012
Zambia	ESA	2014

Note: APR= Asia and the Pacific; ESA= East and Southern Africa; LAC= Latin America and the Caribbean; NEN= Near East North Africa and Europe; WCA= West and Central Africa



## Annex 4 Evaluations included in the 2018 ARRI

Country/ Region	Title	Project ID	Executive Board approval date	Effec- tiveness date	Project comple- tion date	Project duration (years)	Cost per bene- ficiary (US\$)	Cost per year  (US\$ million)	IFAD loan	Total project cost
<b>Evaluation synthesis reports</b>										
All	IFAD's Country-level Policy Dialogue									
All	Building Partnerships for Enhanced Development Effectiveness									
<b>Country strategy and programme evaluations</b>										
Cambodia	Community-based Rural Development Project in Kampong Thom and Kampot (CBRDP)	1175	07/12/ 2000	29/03/ 2001	31/12/ 2009	8	89	2.8	10.0	22.9
	Rural Poverty Reduction Programme in Prey Veng and Svay Rieng (RPRP)	1261	18/12/ 2003	14/04/ 2004	30/06/ 2011	7	33	2.8	15.5	19.6
	Rural Livelihoods Improvement Project in Kratie, Preah Vihear and Ratanakiri (RULIP)	1350	18/04/ 2007	31/08/ 2007	30/09/ 2014	7	121	1.9	12.0	13.7
Cameroon	Community Development Support Project (PADC)	1136	23/04/ 2002	25/05/ 2003	30/06/ 2009	6	17	3.0	11.8	18.3
	Roots and Tubers Market-Driven Development Programme (PNDRT)	1238	10/04/ 2003	15/07/ 2004	31/09/ 2012	8	36	2.7	13.1	21.7
	Rural Microfinance Development Support Project (PADMIR)	1362	11/09/ 2008	07/05/ 2010	30/06/ 2016	6	410	4.2	16.7	25.4
Egypt	Agricultural Production and Intensification Project (APIP)	355	20/04/ 1994	25/01/ 1995	30/06/ 2002	7	15	5.6	20.2	39.2

Country/ Region	Title	Project ID	Executive Board approval date	Effec- tiveness date	Project comple- tion date	Project duration (years)	Cost per bene- ficiary (US\$)	Cost per year		Total project cost
								IFAD loan	(US\$ million)	
	East Delta Newlands Agricultural Services Project (EDNASP)	1014	05/12/ 1996	25/01/ 1999	31/03/ 2008	9	717	10.1	25.0	91.6
	Sohag Rural Development Project (SRDP)	1050	10/09/ 1998	18/06/ 2001	30/06/ 2008	7	89	13.3	25.0	93.8
	West Noubaria Rural Development Project (WNRDP)	1204	23/04/ 2002	09/04/ 2003	30/06/ 2014	11	406	4.9	18.5	54.8
Georgia	Agricultural Development Project (ADP)	1035	30/04/ 1997	13/08/ 1997	30/06/ 2005	8	147	3.3	6.5	26.8
	Rural Development Programme for Mountainous and Highland Areas (RDPMHA)	1147	13/09/ 2000	04/09/ 2001	30/09/ 2011	10	85	0.9	8.0	9.2
	Rural Development Project (RDP)	1325	19/04/ 2005	22/05/ 2006	31/12/ 2011	5	1156	6.9	10.0	34.7
	Agricultural Support Project (ASP)	1507	17/12/ 2009	08/07/ 2010	30/09/ 2015	5	212	3.4	13.7	17.2
Peru	Management of Natural Resources in the Southern Highlands Project (MARENASS)	475	14/09/ 1995	09/04/ 1997	30/06/ 2005	8	363	1.5	19.1	12.3
	Development in the Puno-Cusco Corridor Project (CORREDOR)	1044	04/12/ 1997	17/10/ 2000	31/12/ 2008	8	429	3.8	18.9	30.9
	Market Strengthening and Livelihood Diversification in the Southern Highlands Project (SIERRA SUR)	1240	11/12/ 2002	22/04/ 2005	31/12/ 2011	6	460	3.6	16.0	21.8
	Project for Strengthening Assets, Markets and Rural Development Policies in the Northern Highlands (SIERRA NORTE)	1352	13/12/ 2007	23/09/ 2009	30/04/ 2016	7	281	3.1	14.4	21.7

Country/ Region	Title	Project ID	Executive Board approval date	Effec- tiveness date	Project comple- tion date	Project duration (years)	Cost per bene- ficiary (US\$)	Cost per year (US\$ million)		Total project cost
								IFAD loan		
<b>Impact evaluations</b>										
Georgia	Agricultural Support Project (ASP)	1507	17/12/2009	08/07/2010	30/09/2015	5	212	3.4	13.7	17.1
<b>Project performance evaluations</b>										
Cambodia	Rural Livelihoods Improvement Project in Kratie, Preah Vihear and Ratanakiri (RULIP)	1350	18/04/2007	31/08/2007	30/09/2014	7	121	1.9	12.0	13.7
Cameroon	Rural Microfinance Development Support Project (PADMIR)	1362	11/09/2008	07/05/2010	30/06/2016	6	410	2.8	25.4	16.7
Guatemala	National Rural Development Programme Phase I: the Western Region (PRONADER West)	1274	11/09/2003	20/10/2006	31/12/2012	6	1600	8.0	30.0	48.0
Lao People's Democratic Republic	Northern Region Sustainable Livelihoods (NRSLLDP)	1396	14/12/2006	10/07/2007	30/09/2013	6	216	3.0	3.0	18.4
Lesotho	Rural Financial Intermediation Programme (RUFIP)	1371	12/09/2007	31/03/2008	31/03/2015	7	290	1.5	8.7	10.7
Maldives	Post Tsunami Agriculture and Fisheries Rehabilitation Programme (PTAFREP)	1347	19/04/2005	21/04/2006	31/12/2013	7	159	0.6	4.2	4.5
Palestine	Participatory Natural Resource Management Programme (PNRMP)	1079	23/04/1998	01/02/2000	30/09/2015	15	582	0.9	10.8	14.0
Peru	Market Strengthening and Livelihood Diversification in the Southern Highlands Project (SIERRA SUR)	1240	11/12/2002	22/04/2005	31/12/2014	9	460	3.8	24.6	34.5

Country/ Region	Title	Project ID	Executive Board approval date	Effec- tiveness date	Project comple- tion date	Project duration (years)	Cost per bene- ficiary (US\$)	Cost per year		Total project cost
								IFAD loan	(US\$ million)	
Sri Lanka	Post Tsunami Coastal Rehabilitation and Resource Management Programme (PTCRRMP)	1346	19/04/ 2005	16/10/ 2006	30/09/ 2013	7	134	0.7	2.4	4.7
<b>Project completion report validations</b>										
Albania	Mountain to Markets Programme (MMP)	1452	01/09/ 2008	01/05/ 2009	31/12/ 2014	5	326	2.7	8.3	14.3
Bhutan	Market Access and Growth Intensification Project (MAGIP)	1482	15/12/ 2010	22/04/ 2011	30/06/ 2016	5	597	2.7	10.5	13.5
Bolivia	Enhancement of the Peasant Camelid Economy Support Project (VALE)	1298	14/12/ 2006	05/11/ 2009	31/12/ 2015	6	232	2.4	7.2	14.4
Bosnia and Herzegovina	Rural Livelihoods Development Project (RLDP)	1451	17/12/ 2008	28/05/ 2010	30/06/ 2016	6	177	4.3	11.1	25.6
China	Inner Mongolia Autonomous Region Rural Advancement Programme (IMARRAP)	1400	13/12/ 2007	12/11/ 2008	31/12/ 2014	6	113	12.3	30.1	74.1
	Dabieshan Area Poverty Reduction Programme (DAPRP)	1454	17/12/ 2008	19/08/ 2009	30/09/ 2015	6	184	11.8	31.9	70.9
El Salvador	Rural Development and Modernization Project for the Central and Paracentral Regions (PRODEMOR-CENTRAL)	1416	12/09/ 2007	18/12/ 2009	31/12/ 2015	6	1163	3.1	14.3	18.8
Eritrea	Fisheries Development Project (FDP)	1518	22/04/ 2010	14/09/ 2010	30/09/ 2016	6	605	1.8	10.0	10.7
Ethiopia	Participatory Small-Scale Irrigation Development Programme (PASIDP)	1370	18/04/ 2007	10/03/ 2008	30/09/ 2015	7	186	8.2	40.0	57.8

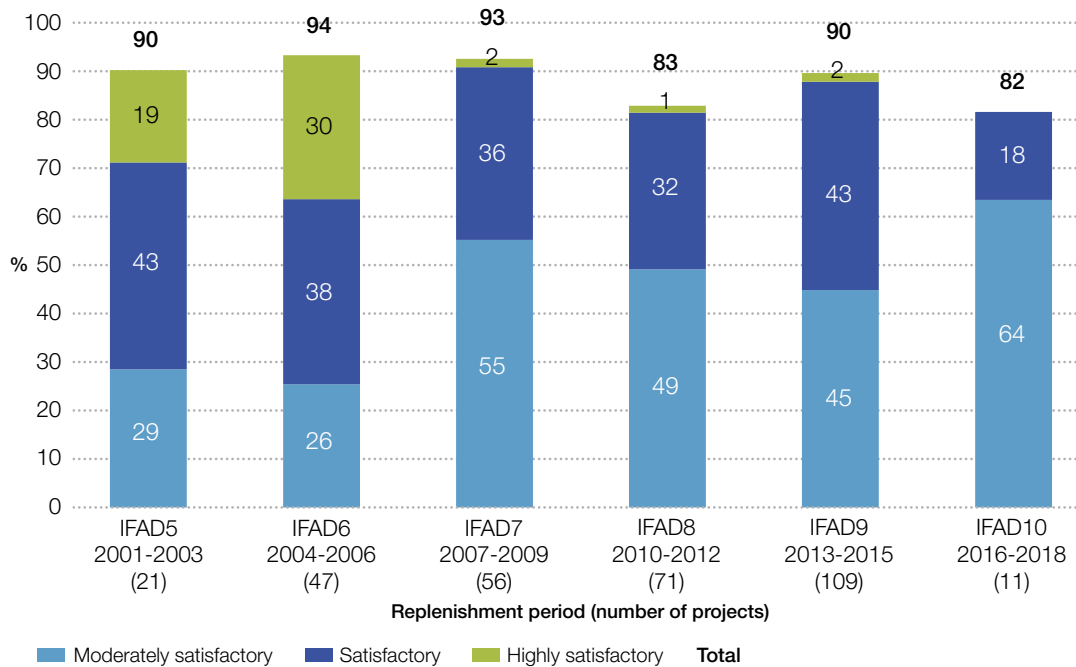
Country/ Region	Title	Project ID	Executive Board approval date	Effec- tiveness date	Project comple- tion date	Project duration (years)	Cost per bene- ficiary (US\$)	Cost per year (US\$ million)		Total project cost
								IFAD loan		
Guinea	Support to Rural Development in North lower Guinea (PADER-BGN)	1282	18/12/2003	12/10/2005	31/12/2013	8	148	2.2	14.2	17.7
	Village Communities Support Project, Phase II (PACV II)	1345	12/09/2007	28/03/2008	31/12/2014	6	325	5.4	10.0	32.5
Haiti	Productive Initiatives Support Programme in Rural Areas (PAIP)	1171	23/04/2002	20/12/2002	31/12/2014	12	952	6.3	29.2	38.03
India	Odisha Tribal Empowerment and Livelihood Programme (OTELP)	1155	23/04/2002	15/07/2003	31/03/2016	13	346	6.0	34.8	78.29
Indonesia	Rural Empowerment for Agricultural Development (READ)	1258	02/12/2004	18/11/2008	31/12/2014	6	117	4.7	21.5	28.33
Jordan	Agricultural Resource Management Project, Phase II (ARMP)	1295	02/12/2004	05/05/2005	31/12/2015	10	313	4.2	11.6	41.76
Lao People's Democratic Republic	Sustainable Natural Resource Management and Productivity Enhancement Programme (SNRMP)	1459	17/12/2008	23/07/2009	31/12/2015	6	654	6.1	15.2	36.77
Mauritania	Value Chains Development Programme for Poverty Reduction (PROLPRAF)	1433	15/09/2009	19/02/2010	31/03/2016	6	374	2.7	12.0	16.5
Nigeria	Community-based Natural Resource Management Programme (CBNRMP-Ni)	1260	11/12/2002	06/07/2005	30/09/2015	10	31	9.5	15.0	95
Panama	Participative Development and Rural Modernization Project (PARTICIPA)	1389	24/04/2008	31/03/2010	29/06/2015	5	256	2.4	4.2	12.3

Country/ Region	Title	Project ID	Executive Board approval date	Effec- tiveness date	Project comple- tion date	Project duration (years)	Cost per bene- ficiary (US\$)	Cost per year		Total project cost
								IFAD loan	(US\$ million)	
South Sudan	South Sudan Livelihoods Development Project (SSLDP)	1453	11/09/2008	05/02/2009	30/03/2016	7	136	3.7	13.5	25.9
Sudan	Revitalizing the Sudan Gum Arabic Production and Marketing Project (GASH)	1476	15/12/2009	03/11/2009	31/12/2014	5	725	2.2	3.0	10.88
Timor Leste	Maize Storage Project (TLMSP)	1576	13/12/2011	14/05/2012	31/12/2015	3	49	1.6	3.2	4.94
Turkey	Diyarbakir Batman Siirt Development Project (DBSDP)	1344	14/12/2006	19/12/2007	31/12/2014	7	879	4.6	19.8	32.2
Uganda	District Livelihood Development Project (DLSP)	1369	14/12/2006	24/10/2007	31/12/2014	7	102	7.3	47.8	50.9
Viet Nam	Developing Business for the Rural Poor Project in Cao Bang Province (DBRP)	1422	13/12/2007	05/05/2008	30/06/2014	6	101	7.5	34.2	45.35
Zambia	Smallholder Livestock Investment Project (SLIP)	1319	13/12/2005	07/09/2007	30/09/2014	7	100	2.1	10.1	15

## Annex 5 Project performance trends 2001-2016

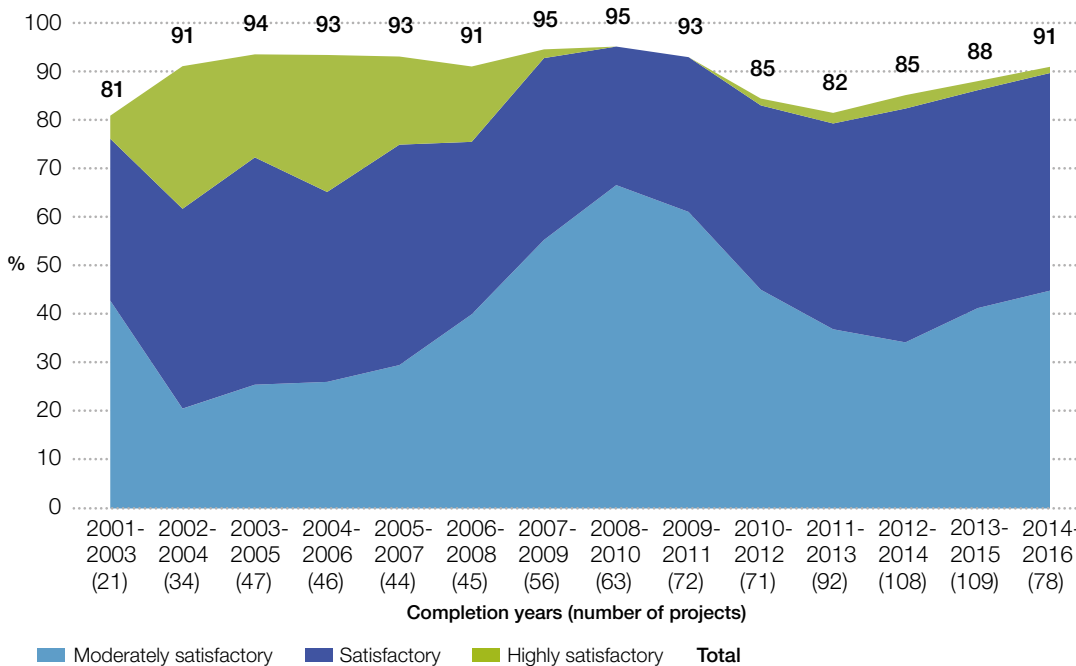
### Relevance – by replenishment period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



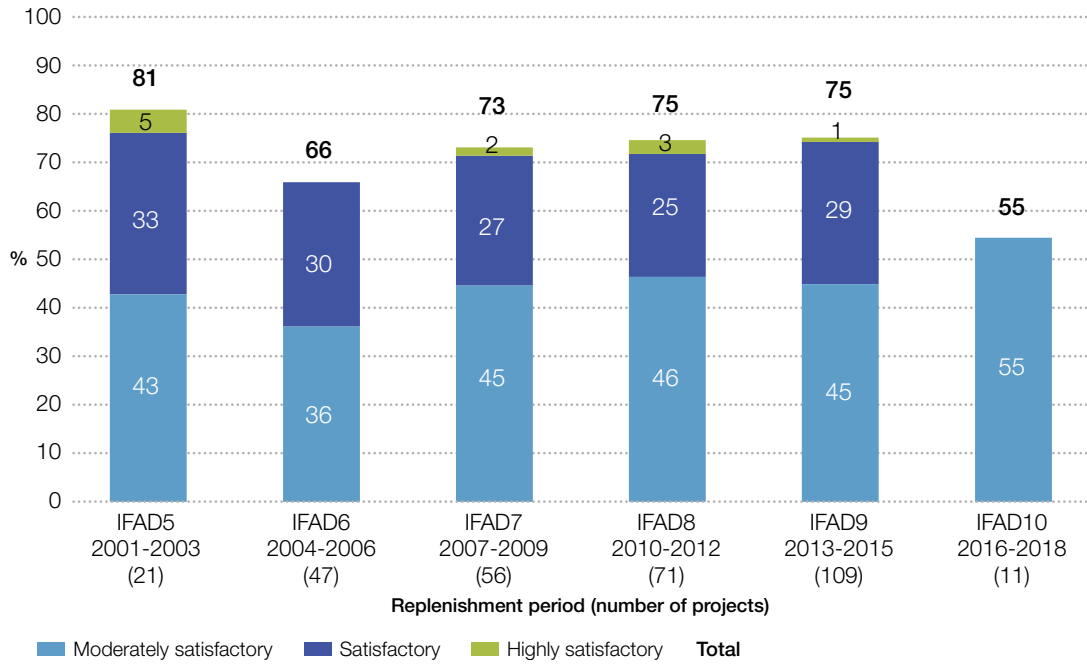
### Relevance – by three-year moving period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



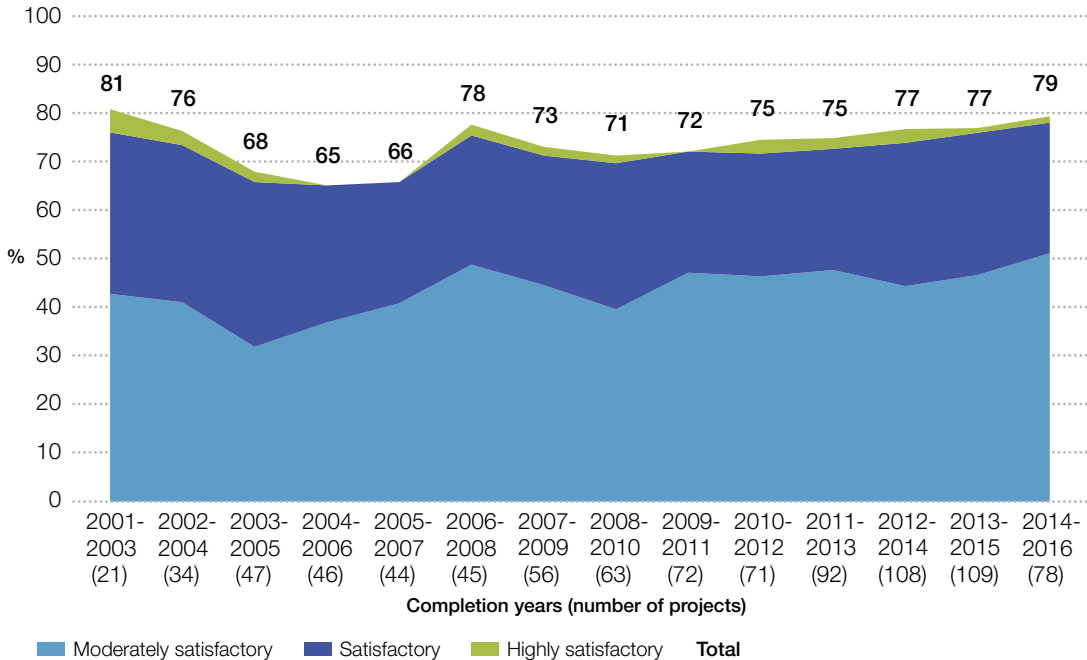
### Effectiveness – by replenishment period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



### Effectiveness – by three-year moving period

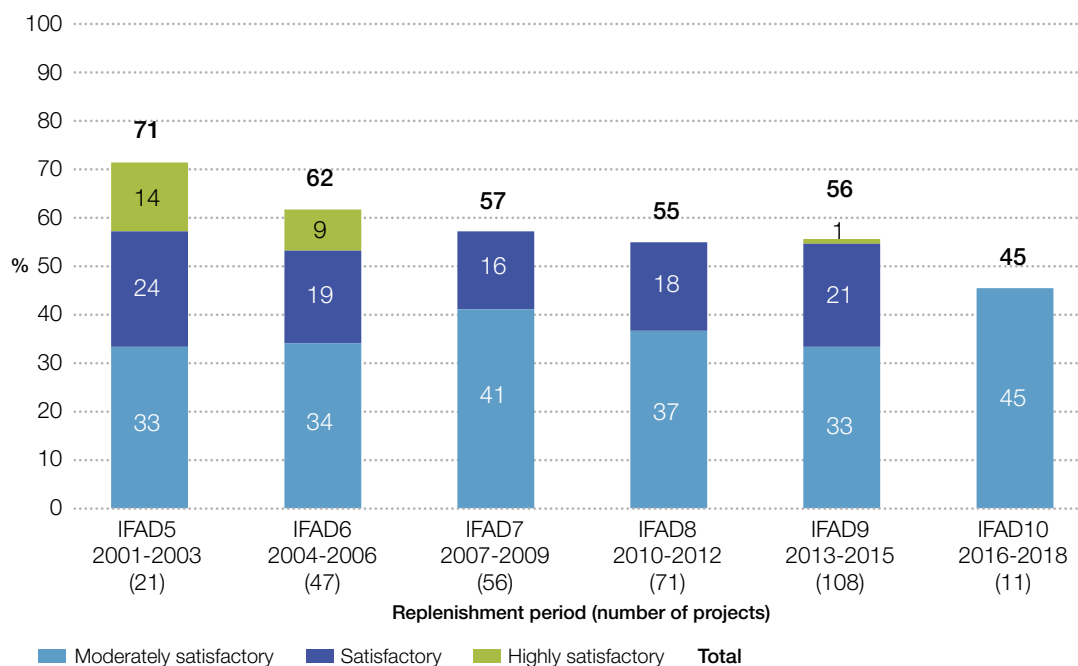
Percentage of projects rated moderately satisfactory or better, all evaluation data series





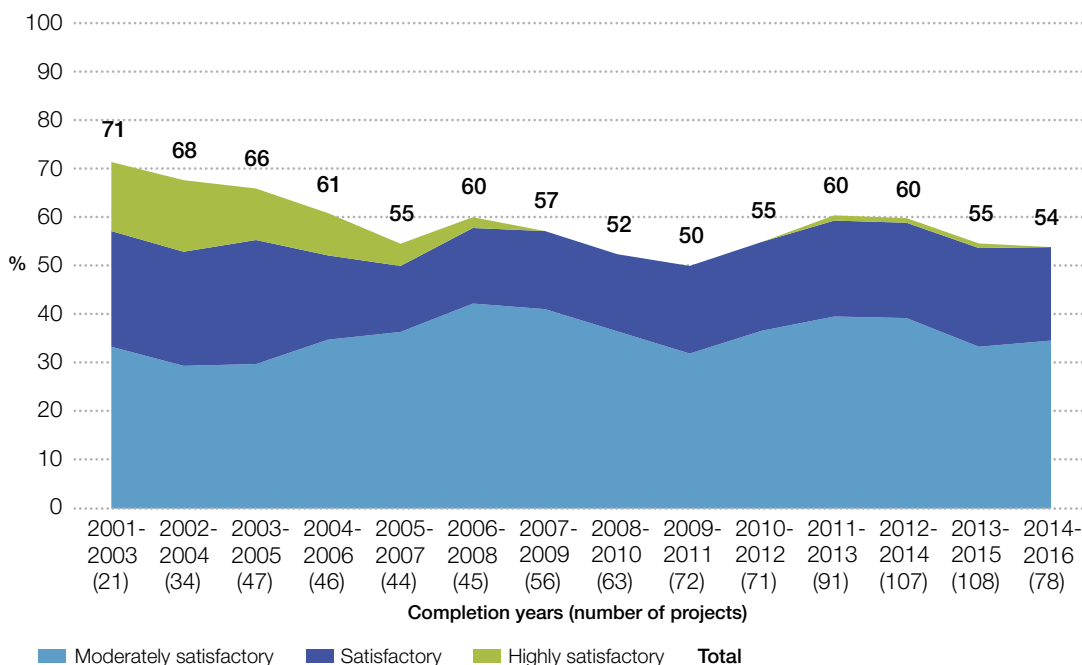
### Efficiency – by replenishment period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



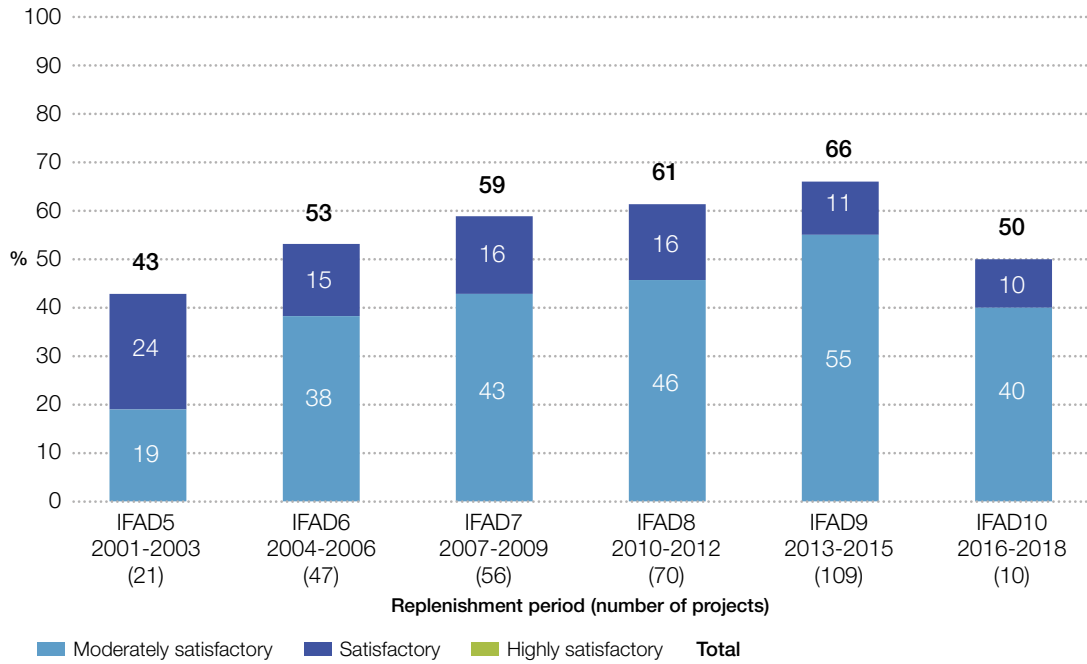
### Efficiency – by three-year moving period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



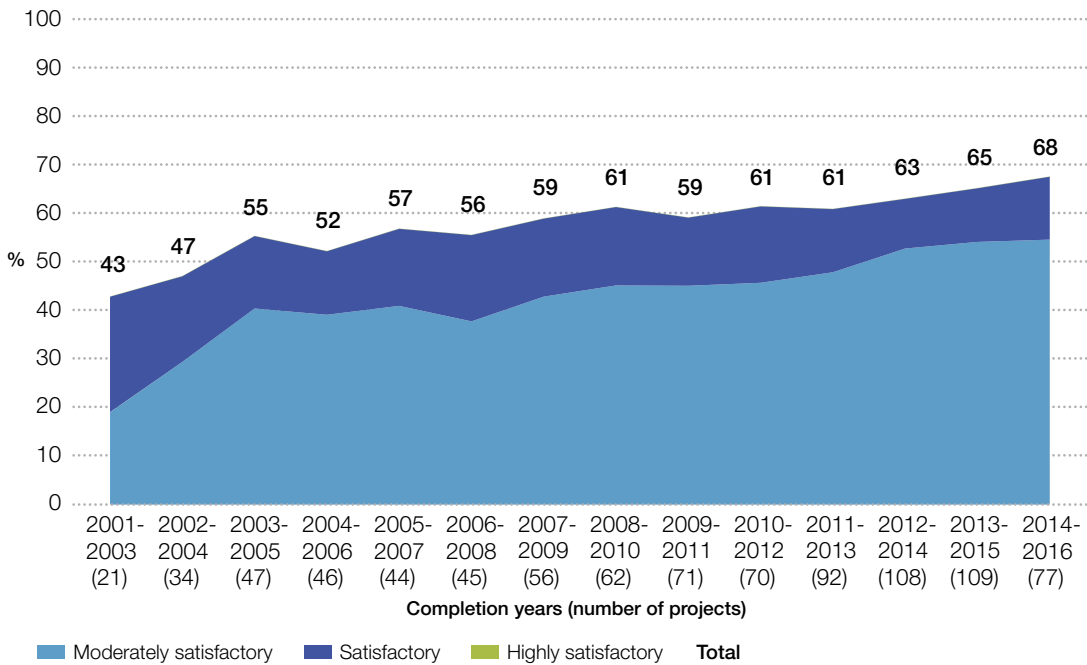
### Sustainability – by replenishment period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



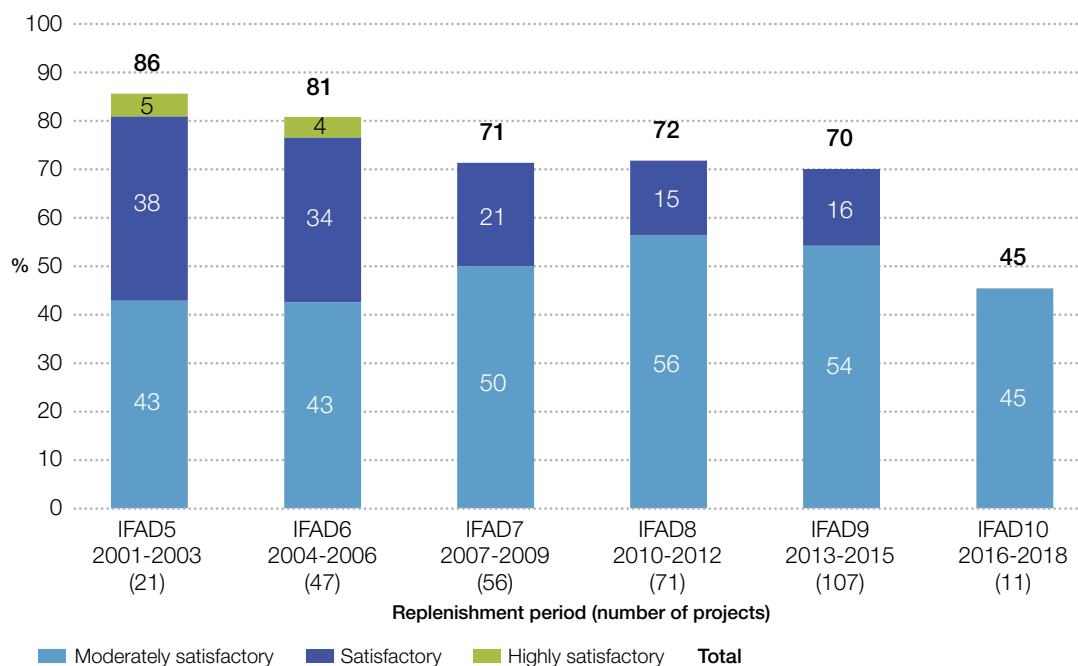
### Sustainability – by three-year moving period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



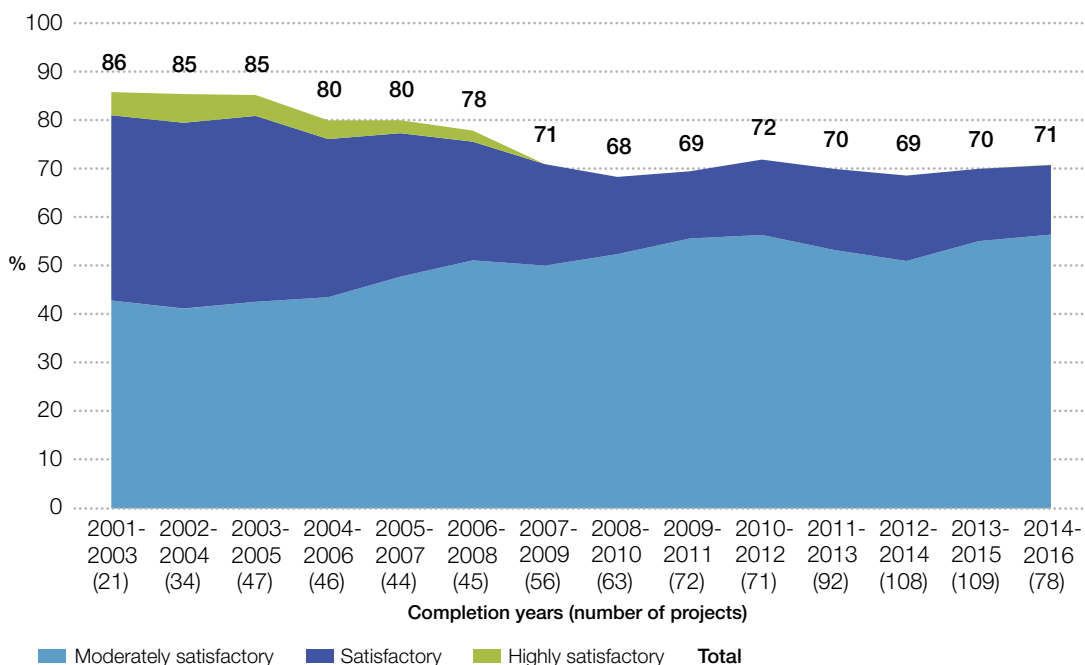
### Project performance – by replenishment period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



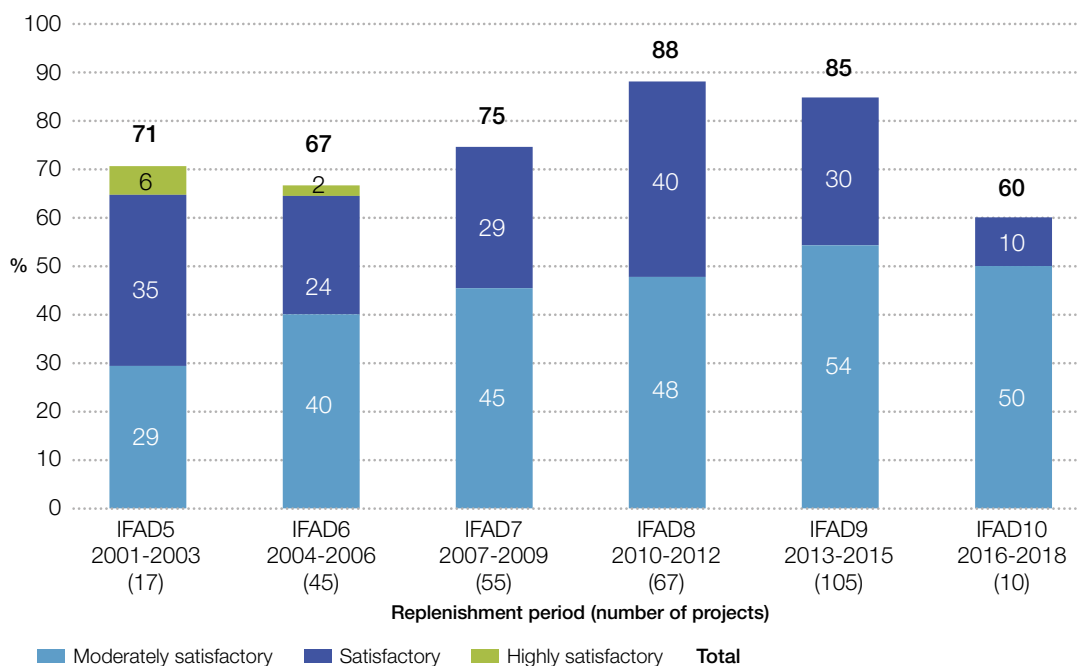
### Project performance – by three-year moving period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



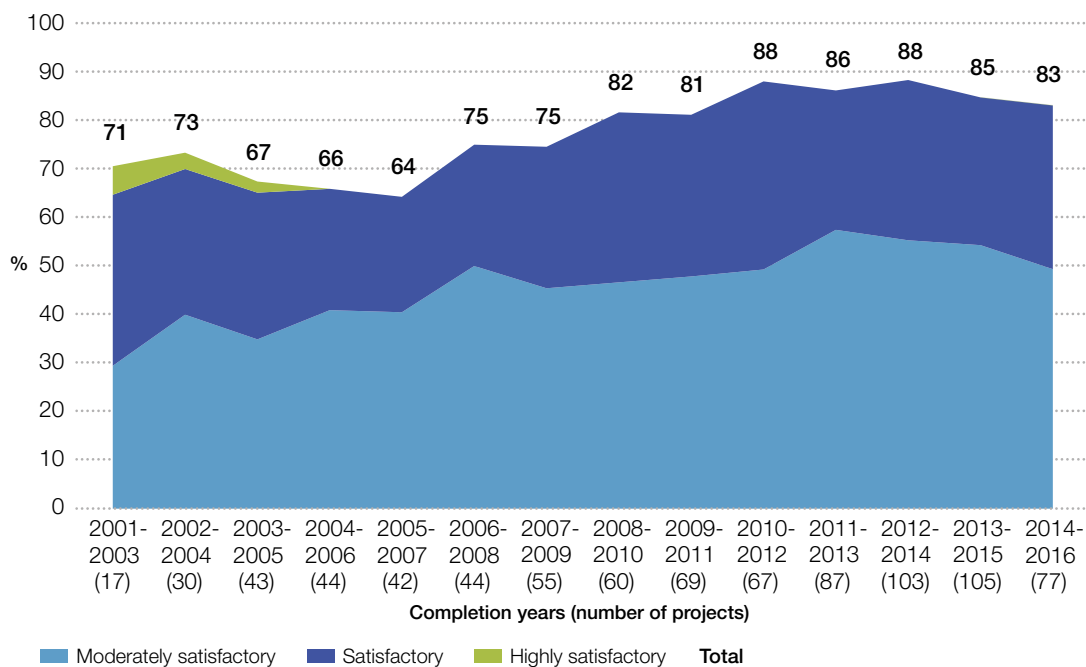
### Rural poverty impact – by replenishment period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



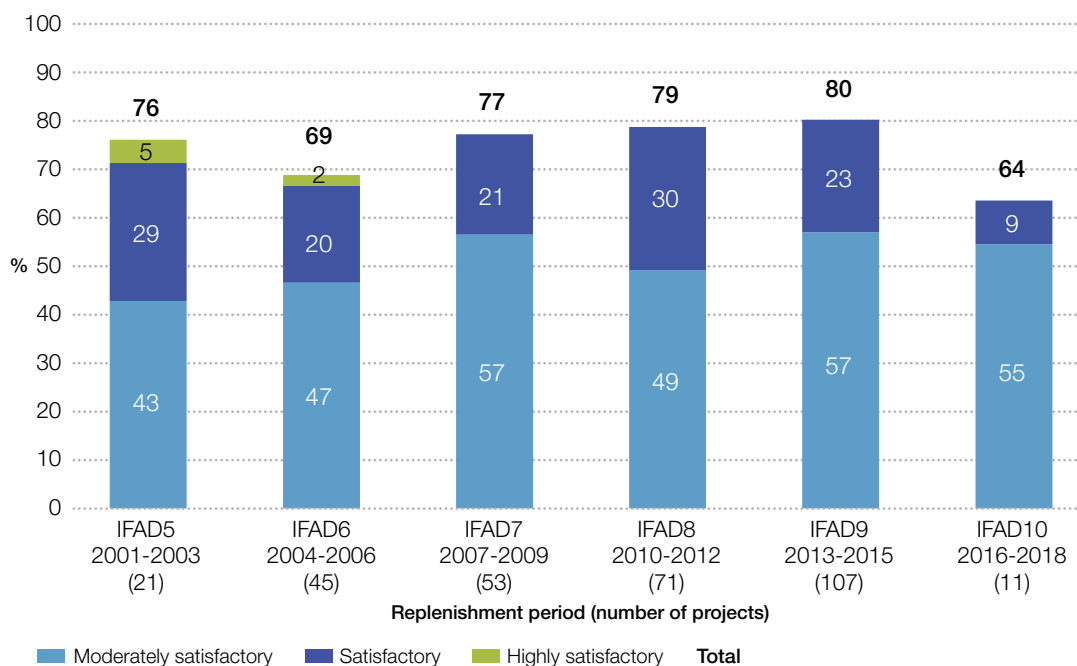
### Rural poverty impact – by three-year moving period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



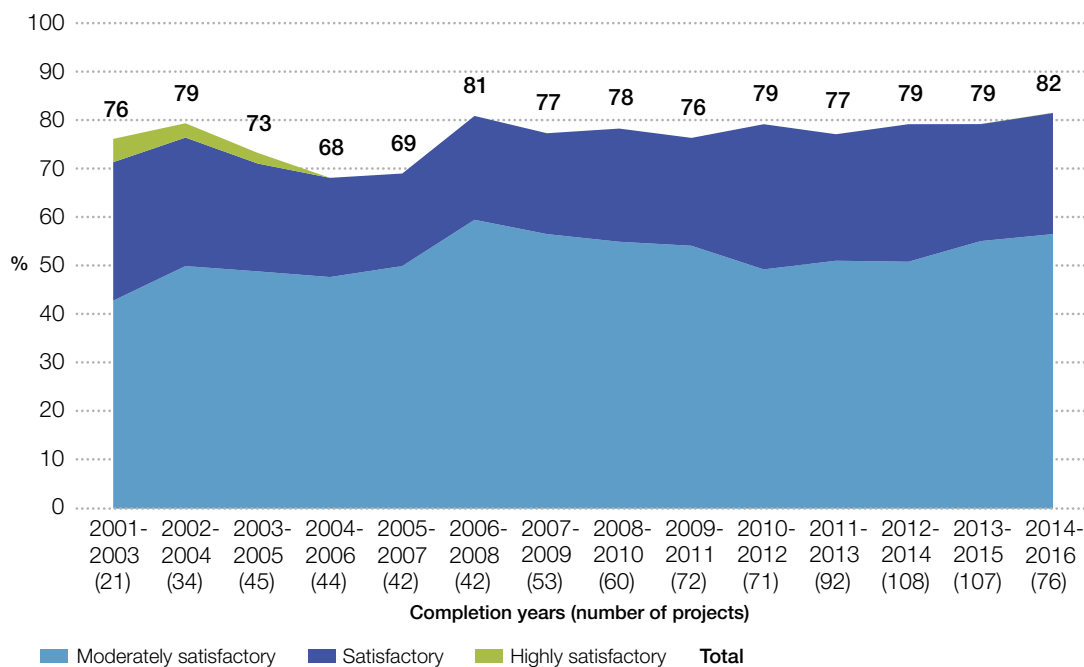
### Overall project achievement – by replenishment period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



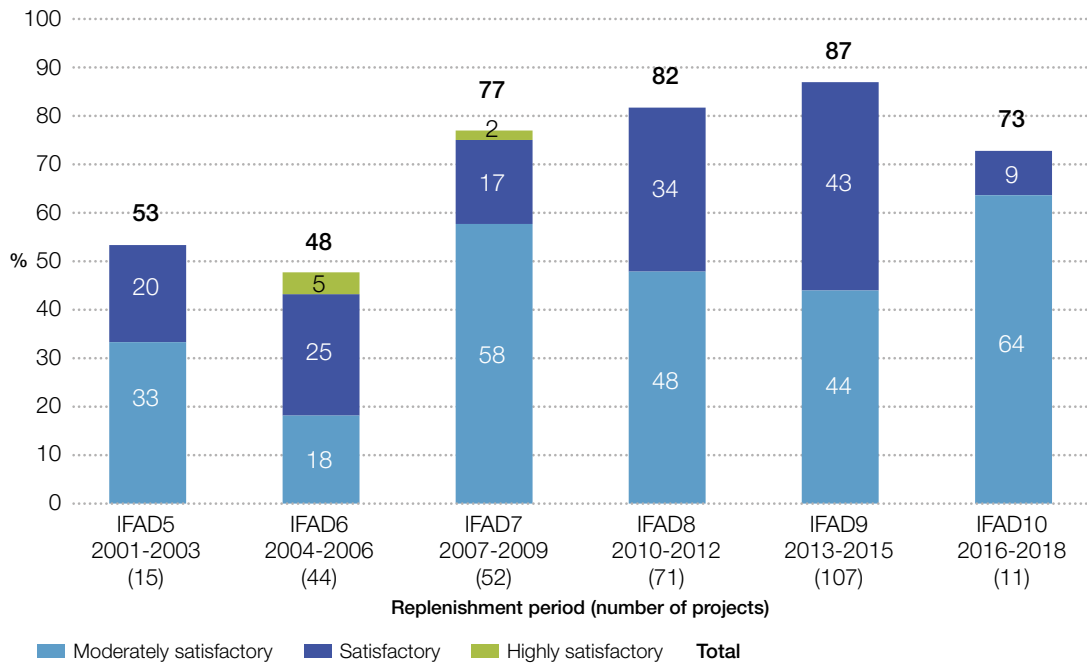
### Overall project achievement – by three-year moving period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



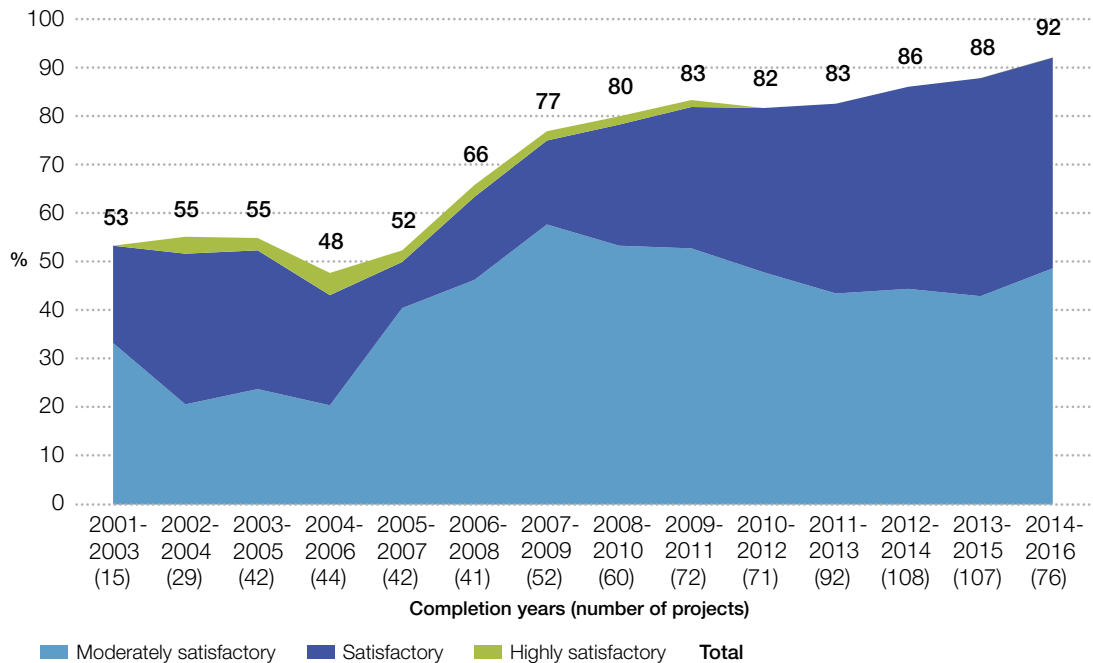
### IFAD performance as partner – by replenishment period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



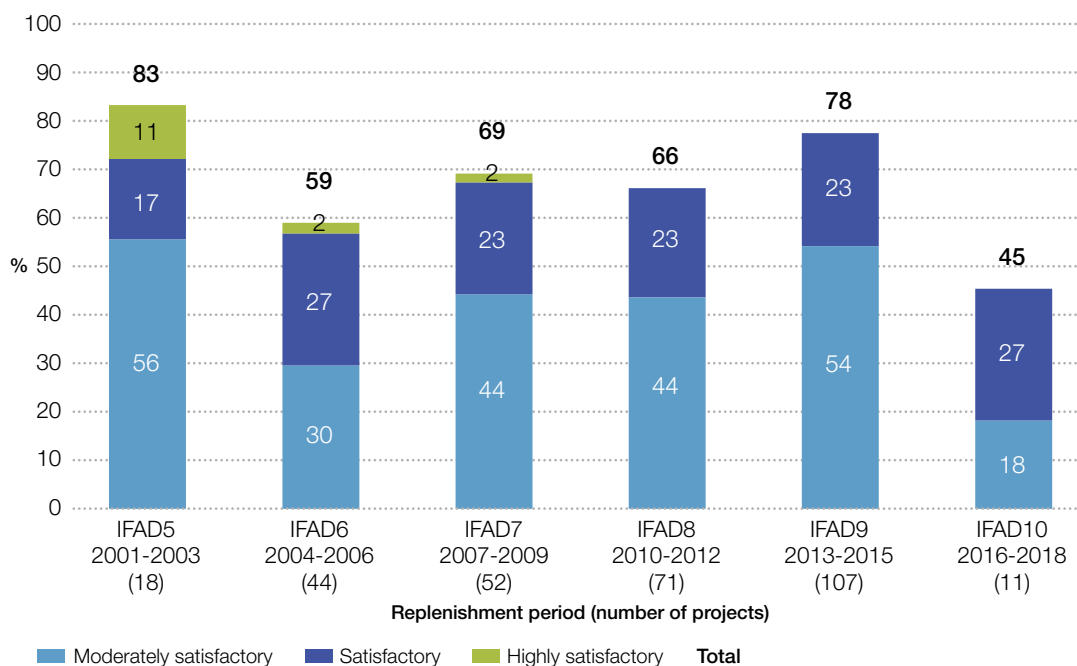
### IFAD performance as partner – by three-year moving period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



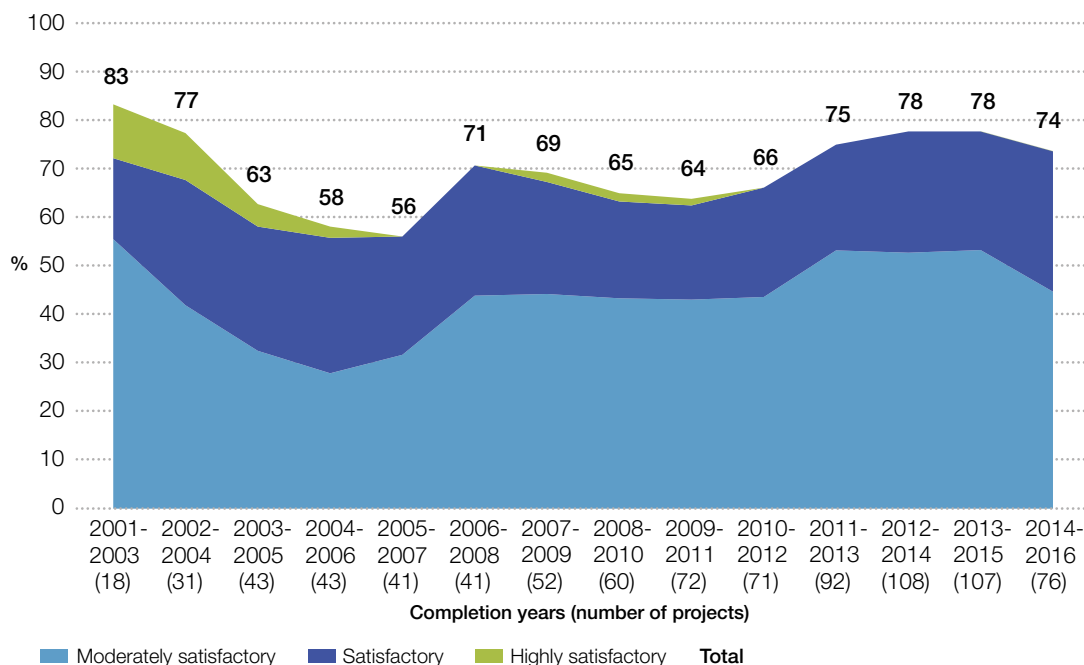
### Government performance as a partner – by replenishment period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



### Government performance as a partner – by three-year moving period

Percentage of projects rated moderately satisfactory or better, all evaluation data series



## Annex 6 Number of projects per rating in the PCR/PPE data series (2007-2016)

### Absolute number of projects per each rating in PCR/PPE data series

Evaluation criteria	<=6	<=5	<=4	<=3	<=2	<=1	Total
Relevance	3	74	89	22	1	0	189
Effectiveness	0	50	91	37	11	0	189
Efficiency	1	31	72	62	20	2	188
Sustainability	0	24	90	64	9	1	188
Project performance	0	25	105	47	12	0	189
Rural poverty impact	0	53	98	22	8	0	181
Innovation	5	70	80	27	5	2	189
Scaling up	6	63	81	27	5	3	185
GEWE	6	64	77	32	5	0	184
ENRM	2	30	82	33	5	0	152
Adaptation to climate change	1	21	82	29	12	0	145
IFAD performance	1	66	94	26	1	0	188
Government performance	1	38	92	42	15	0	188
Overall project achievement	0	46	101	30	10	0	187

### Per cent of projects per each rating in PCR/PPE data series

Evaluation criteria	<=6	<=5	<=4	<=3	<=2	<=1	Total
Relevance	1.6	39.2	47.1	11.6	0.5	0.0	100.0
Effectiveness	0.0	26.5	48.1	19.6	5.8	0.0	100.0
Efficiency	0.5	16.5	38.3	33.0	10.6	1.1	100.0
Sustainability	0.0	12.8	47.9	34.0	4.8	0.5	100.0
Project performance	0.0	13.2	55.6	24.9	6.3	0.0	100.0
Rural poverty impact	0.0	29.3	54.1	12.2	4.4	0.0	100.0
Innovation	2.6	37.0	42.3	14.3	2.6	1.1	100.0
Scaling up	3.2	34.1	43.8	14.6	2.7	1.6	100.0
GEWE	3.3	34.8	41.8	17.4	2.7	0.0	100.0
ENRM	1.3	19.7	53.9	21.7	3.3	0.0	100.0
Adaptation to climate change	0.7	14.5	56.6	20.0	8.3	0.0	100.0
IFAD performance	0.5	35.1	50.0	13.8	0.5	0.0	100.0
Government performance	0.5	20.2	48.9	22.3	8.0	0.0	100.0
Overall project achievement	0.0	24.6	54.0	16.0	5.3	0.0	100.0



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## Annex 7 **Response of IFAD Management to the 2018 Annual Report on Results and Impact of IFAD Operations**

### **Introduction**

1. Management welcomes the 2018 Annual Report on Results and Impact of IFAD Operations (ARRI) and finds it clear and comprehensive. The ARRI, along with the Report on IFAD's Development Effectiveness (RIDE) and the President's Report on the Implementation Status of Managements Actions (PRISMA), are important complementary tools to increase the effectiveness, credibility and relevance of IFAD's operations.
2. Management appreciates the role of independent evaluation in helping IFAD achieve better development effectiveness and institutional efficiency. In this regard, the ARRI is highly valued by Management as it presents synthesized findings and a way forward on the corporate recommendations addressed to Management. Management looks forward to continued engagement with IOE through the peer review of the evaluation function and phase II of the Harmonization Agreement to further maximize the ARRI's potential to assist Management in learning and improving performance in persistently weaker performing areas.

### **Performance trends in the 2018 ARRI**

3. Management takes note of the performance trends highlighted in the 2018 ARRI and is pleased to see that they are similar to Management's own analysis on the same cohort of projects included in the 2017 RIDE. Management appreciates IOE's acknowledgement in the report of the newly introduced reforms and commitments made by Management for the Eleventh Replenishment of IFAD's Resources (IFAD11).
4. Given that evaluation is undertaken after project closure, the ARRI synthesizes performance trends of projects that

completed on average up to three years ago and were designed well over a decade ago.<sup>60</sup> Therefore, as noted by IOE in the report, the analysis of performance does not take into account recently completed projects where performance improvements may already be evident. On the other hand, self-evaluation is able to provide an analysis that is closer to real-time; therefore projects completing in 2017 have been included in the 2018 RIDE. Management is pleased to note an average improvement of 7 per cent in performance in 2017 over the previous year.<sup>61</sup>

5. The ARRI reports an improving trend in the quality of project completion reports (PCRs), with 90 per cent rated moderately satisfactory or better and, within that, a jump from 18 to 27 per cent rated satisfactory or better. This is a signal of the substantial improvements in the self-evaluation architecture. Furthermore, with a healthy and narrowing gap in the disconnect between Management and IOE ratings, Management believes that similar performance trends will be seen in future editions of the ARRI where the analysis will include the cohort of projects completing in 2017 and beyond.

6. Management values the external benchmarking analysis done by IOE to assess IFAD's performance against that of comparators. While acknowledging the different operational structures and evaluation criteria across the organizations, Management is pleased to note that IFAD projects are globally performing better on average in the agriculture and rural development sector. This is even more apparent when disaggregated at the regional level.
7. Notwithstanding this positive assessment, at the project level, Management aims to move beyond moderately satisfactory

**60** The 36 new evaluations included in the 2018 ARRI were completed mainly in May 2015.

**61** From the 2018 RIDE.

performance and is pleased to see that the areas highlighted in the ARRI as the weakest performing are well aligned with Management's own analysis in the RIDE. In particular, the self- and independent analysis of criteria for the RIDE and the ARRI both point to the need to strengthen project performance in efficiency (with 53 per cent per cent projects moderately satisfactory or better), sustainability (61 per cent moderately satisfactory or better) and government performance (72 per cent moderately satisfactory or better).<sup>62</sup> Furthermore, as recognized by the ARRI, the performance of projects in countries with fragile situations is relatively weaker than in other countries. This reaffirms the need for differentiated approaches in fragile contexts, which is the premise for developing a special programme for countries with fragile situations, a commitment under IFAD11.

8. In the analysis of performance at the country programme level in the ARRI, Management notes the relatively weaker performance in non-lending activities, particularly in partnership-building and policy dialogue. On the other hand, at the project level, IFAD's performance as a partner is the highest performing criterion, with 95 per cent moderately satisfactory or better for projects completed between 2014 and 2016. Additionally, while institutions and policies as a performance area are no longer separately rated by IOE, the report mentions a positive trend in this regard. Management believes that given the interlinked nature of these two project-level criteria, performance at the country programme level could be better reflected in the narrative and include a deeper analysis of the underlying causes for the divergence between these two seemingly interlinked sets of ratings.

#### Methodology and analysis

9. Management welcomes and appreciates IOE's efforts in using new tools and methods for data analysis and believes that this could

further strengthen the robustness of the conclusions in the ARRI.

10. At the project level, Management would, with the purpose of undertaking remedial actions, find it useful if the ARRI could provide an analysis that is unbundled, particularly by region, and correlate interlinked project-level criteria to better understand the reasons for fluctuations in performance. As noted in the ARRI, project efficiency is declining across all regions with the exception of the Asia and the Pacific region. Government performance has not declined as significantly and a decline is noted in East and Southern Africa, Near East, North Africa and Europe and Latin America and the Caribbean regions. Given the inherently interlinked nature of the two, the facilitating and constraining factors identified in the report for these criteria have a strong overlap. Management's own analysis in the 2018 RIDE shows government performance and project efficiency being the weakest performing criterion in the West and Central Africa region, and would have expected to see similar trends in IOE's analysis.
11. At the country programme level, the country strategy and programme evaluation (CSPE) dataset of completed projects since 2007 used to assess performance of non-lending activities would be more useful if complemented with a qualitative description of the evolving context for agriculture. While recognizing that the aggregated historical analysis is presented by IOE due to the small sample of CSPEs available each year,<sup>63</sup> Management believes that the nature, policies and environment in which IFAD's operations were implemented have changed significantly in the last decade. Therefore aggregating past performance with more recent performance under the same criteria is likely to have some methodological limitations and may not provide accurate measures of more recent performance. This merits a more nuanced analysis to help Management get a better understanding of

<sup>62</sup> From the ARRI 2018.

<sup>63</sup> IOE typically conducts four to five new CSPEs each year.

the underlying reasons behind weaker or declining performance trends.

### Improving performance

12. Management is committed to improving development effectiveness and efficiency and has taken on significant commitments and set ambitious targets for IFAD11. Concrete actions being taken by Management at the corporate level have been elaborated in the 2018 PRISMA and RIDE.
13. An important step in improving project-level development outcomes is increasing the proximity to borrowing countries and in turn beneficiaries. This is expected to be improved through IFAD's decentralization, under the Operational Excellence for Results (OpEx) reform agenda, of not only Programme Management Department staff but also technical and financial management staff, to subregional hubs. Given that efficiency at the project level remains a challenge, Management believes that closer oversight and implementation support from financial management and country programme staff are likely to improve performance in this crucial domain that is complementary to other weaker performing areas such as government performance.

14. In addition to the aforementioned, Management has strengthened the business model of IFAD for IFAD11, undertaken specific actionable commitments for IFAD11 and made significant progress in the implementation of the Development Effectiveness Framework (DEF). Specifically, under the DEF umbrella, Management is committed to: promoting a stronger evaluation culture and its mainstreaming throughout the organization; and enhancing the results focus of self-evaluation through a series of mutually reinforcing initiatives. Management believes that these interlinked initiatives will improve IFAD's overall effectiveness and efficiency leading to better performance and development results. Today, all activities of the DEF are ongoing, and significant progress is being made.

### Recommendations to Management

15. Management welcomes and appreciates the streamlined recommendations in the 2018 ARRI. However, Management believes that in framing the recommendations IOE could have given more consideration to the ongoing reforms and initiatives under which substantial actions have either been completed or are ongoing.
16. Management's detailed responses to the recommendations are provided below.

IOE Recommendation	Management Response
<p><b>1. Conduct a systemic review of IFAD project-cycle processes and examine the resources committed to each.</b></p>	<p><b>Agreed.</b> The OpEx reforms and other interlinked initiatives including the Operational Results Management System (ORMS), the review of the design process and organizational realignment have already reviewed the processes mentioned. However, Management is internally reviewing the project-cycle processes to identify areas requiring further support, both human and financial. Furthermore, the self-assessment of the self-evaluation function as part of the peer review will also look at the project-cycle processes and be a means to identify gaps that require support.</p>
<p>In light of the overall declining trend in ratings and major business model changes introduced by OpEx in 2017, a holistic review of IFAD project-cycle processes (from project design, start-up, supervision, implementation support, midterm review, to completion) and their relation to one another is required. The review would identify critical requirements (e.g. baseline studies) and where resources (both human and financial) are most effectively committed for improved performance and development effectiveness.</p>	

IOE Recommendation	Management Response
<p><b>2. Revise IFAD's targeting policy and related guidelines.</b></p>	
<p>Targeting still represents a challenge in IFAD's projects due in part to the lack of agreement in the Fund on the target group and strategies needed. Therefore, IFAD needs to clarify in its targeting policy and related operational guidelines who IFAD interventions target and how to cater to the needs of the "extremely rural poor and most vulnerable," as stated in the IFAD11 Consultation Report, as well as the "economically active poor." The revised targeting policy should serve as a chapeau that gives coherence and integrates the different policies and strategies that have and will emerge relating to specific groups such as gender, indigenous peoples, the youth and the disabled. The already planned revision of the operational guidelines on targeting needs to include appropriate differentiated approaches for these specific groups, including young women and men and how best to ensure the inclusion and needs of people with disabilities, in line with the Agenda 2030 commitment of "leaving no one behind."</p>	<p><b>Agreed.</b> Management has committed to increase focus on the poorest and most vulnerable people within each country (commitment 2.2). In this context, in 2019, the targeting operational guidelines will be revised (monitorable action 9) to ensure appropriate differentiated approaches for the target groups included in IFAD's investments. These include, women headed households, young women and men, people with disabilities and indigenous people. Country teams are also being provided support through capacity-building, toolkits and webinars on developing better targeting strategies at the project level. With regards to disability, Management is working on analysis on linking people with disabilities to IFAD's operations and has joined international groups on the matter. On the basis on this IFAD will pilot five projects in which such approaches will be used and report back to the Executive Board.</p>
<p><b>3. Develop appropriate targeting strategies based on robust and differentiated poverty and context analysis that are flexibly implemented.</b></p>	
<p>3.1 During project design, interventions need to develop tailored strategies in light of the profiles of the target group and specific contexts. Context analysis is especially important in fragile contexts where targeting strategies especially need to be clear, realistic and practical. By conducting robust poverty and gender analysis, IFAD can provide the basis for identifying and reaching out to those groups that are at risk of poverty and social exclusion, with a specific focus on women and youth.</p>	<p><b>Agreed.</b> Following the revision of the targeting operational guidelines, IFAD's How To Do Note on "Poverty targeting, gender equality and empowerment during project design" will be updated. An inclusive livelihood analysis of poor rural people that is gender and youth sensitive should ideally be conducted prior to the design mission to guide the project approach and activities from the outset. In addition to gender and youth, this analysis will integrate the other two mainstreaming themes: nutrition and environment. The analysis will feed into the development of more robust theories of change that will capture in a more explicit manner the assumption about the distributional effects of the interventions in terms of anticipated project benefits to different groups, based on gender, age, ethnicity, geographical location, etc., and the transformational impact the project will have on the lives of the target groups.</p>
<p>3.2 During implementation, targeting strategies need to be monitored and adjusted to ensure they continue to effectively reach and meet the different needs of the specific target groups.</p>	<p><b>Agreed.</b> More emphasis will be put on monitoring the projects' performance on targeting. In this regard, the ORMS enables country teams to monitor progress in a more timely manner. The training on monitoring and evaluation being delivered to project staff through IFAD's programme in rural monitoring and evaluation (M&amp;E) (PRIME) is an important initiative to build capacity on project teams to keep track of targets. In addition, IFAD will promote the use of the Women's Empowerment in Agriculture Index (WEAI), which will allow projects to monitor empowerment at household level (disaggregated for men and women).</p>

IOE Recommendation	Management Response
<p><b>4. Establish strong M&amp;E systems and tap into local knowledge through country-level partnerships to capture differentiated poverty data to create knowledge and for policy engagement and advocacy in favour of IFAD's target groups.</b></p> <p>Logical frameworks should include indicators, targets and means of measurement relating to the participation of and expected outcomes relating to specific target groups, including women and youth. During supervision, monitoring of these logframes will allow for data collection on these specific groups which should be aggregated and used for poverty analysis of future projects as well as for country-level policy engagement and to advocate for these groups. Local institutions such as NGOs and universities have a deep and longstanding knowledge of rural areas in which IFAD operates. By strengthening partnerships with such institutions, possibly through grants, they may contribute to project data collection as well as advocacy efforts for policy change.</p>	<p><b>Agreed.</b> ORMS has been instrumental in better recording, capturing and using data in logframes. The backbone of the ORMS system is the logframe which is a requirement for each country team. The logframes that are reviewed during the design stage are stored in the ORMS and are updated systematically not only after every supervision and implementation support mission but at any other moment when new data may become available. This has changed the utility and culture of data management. Tracking and updating the logframe throughout the project cycle using the ORMS will also facilitate completion reporting and evaluation and will assist with the availability of credible data. Management uses its grant window to engage with local institutions and to strengthen such partnerships at the country level.</p>
<p><b>5. Ensure sustainability of rural poverty impacts with exit strategies that are inclusive of targeted beneficiaries and sufficient project duration.</b></p> <p>Programme sustainability is strongly linked to the planning of sound exit strategies with corresponding resources and institutional arrangements for effective implementation. However, the lack of an exit strategy is still a common feature in several projects included in the 2018 ARRI. To ensure that an exit strategy is inclusive of target groups, especially the extremely poor and most vulnerable, the project duration should be sufficient (in many cases about seven years) to implement participatory processes, ensure that targeted populations were reached, and institutions for the poor were established long enough to be included in the exit strategy.</p>	<p><b>Agreed.</b> In order to ensure sound exit strategies, long term sustainability, as well as effective implementation arrangements, IFAD-supported interventions are increasingly being developed as part of programmatic approaches at the country level whereby proposed interventions are complementary and implemented concurrently or in phases. A phased approach to project implementation enables to reconcile long-term commitment to some strategic orientations and sustainability with the agility and flexibility of shorter implementation period. The phasing of projects is usually considered during the development of the country strategy. Additionally, in order to improve the efficiency of operations, Management is committed to ensuring that the duration of the project is sufficient but not excessive. Notwithstanding this, more emphasis is being put on ensuring that inclusive exit strategies are developed at the design stage. These are systematically assessed during the quality reviews of project design.</p>

**Learning theme**

17. IOE has proposed quality at entry of project designs as the learning theme for the 2019 ARRI. While Management believes this is important, it should be contextualized within the recently issued President's Bulletin

on the design process, the roll-out of a development effectiveness matrix and other interlinked activities being undertaken to improve the quality and efficiency of the design process.

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Independent Office  
of Evaluation



Independent Office of Evaluation  
International Fund for Agricultural Development  
Via Paolo di Dono, 44 - 00142 Rome, Italy  
Tel: +39 06 54591 - Fax: +39 06 5043463  
E-mail: [evaluation@ifad.org](mailto:evaluation@ifad.org)  
[www.ifad.org/evaluation](http://www.ifad.org/evaluation)  
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