2019 ARRI

2019 ANNUAL REPORT ON RESULTS AND IMPACT OF IFAD OPERATIONS

Independent Office of Evaluation

IFAD
Investing in rural people

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Cover photo
Colombia: Indigenous Peoples Assistance Facility grant
Mercy Vera, the local leader of the Asociación para el Futuro con Manos de Mujer (ASFUMUJER) for the community of Cocana, performs a traditional Pijao agricultural dance, carrying corn kernels in a clay pot.
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* Available online at www.ifad.org/evaluation/reports/arri

Abbreviations and acronyms

AD2M	Project to Support Development in the Menabe and Melaky Regions (Madagascar)
AfDB	African Development Bank
APR	Asia and the Pacific Division (IFAD)
ARRI	Annual Report on Results and Impact of IFAD Operations
ASAP	Adaptation for Smallholder Agriculture Programme
AsDB	Asian Development Bank
COSOP	country strategic opportunities programme
CPM	country programme manager
CSPE	country strategy and programme evaluation
DO	development objective
ENRM	environment and natural resources management
ESA	East and Southern Africa Division (IFAD)
FAO	Food and Agriculture Organization of the United Nations
FFS	Farmer Field School
GEWE	gender equality and women's empowerment
GRIPS	Grants and Investment Projects System
IE	impact evaluation
IFAD5	Fifth Replenishment of IFAD's Resources
IFI	international financial institution
IOE	Independent Office of Evaluation of IFAD
KM	knowledge management
KWAMP	Kirehe Community-based Watershed Management Project (Rwanda)
LAC	Latin America and the Caribbean Division (IFAD)
LIC	low-income country
M&E	monitoring and evaluation
MIC	middle-income country
MOSAP	Market Oriented Smallholder Agriculture Project (Angola)
MTR	mid-term review
NEN	Near East, North Africa and Europe Division (IFAD)
NERCORMP	North Eastern Region Community Resource Management Project for Upland Areas (India)
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	OECD Development Assistance Committee
PAFA	Agricultural Value Chains Support Project (Senegal)
PCA	principal component analysis
PCR	project completion report
PCRV	project completion report validation
PMD	Programme Management Department (IFAD)

PMU	project management unit
PoLG	programme of loans and grants
PoW	programme of work
PPE	project performance evaluation
PROCAVAL	Inclusion of Small-scale Producers in Value Chains and Market Access Project (Nicaragua)
PRODER 3	Rural Development Project in the Likouala, Pool and Sangha Departments (Congo)
QA	Quality Assurance
QAG	Quality Assurance Group
RMF	Results Measurement Framework
RTIMP	Root and Tuber Improvement and Marketing Programme (Ghana)
SDG	Sustainable Development Goal
SIS	supervision and implementation support
TNSP	Agriculture, Farmers and Rural Areas Support Project (Viet Nam)
UNDP	United Nations Development Programme
WCA	West and Central Africa Division (IFAD)

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The comments contained in IFAD Management's written response to the 2018 ARRI and feedback from the Evaluation Committee and Executive Board are also reflected in the 2019 ARRI.

Foreword

The Independent Office of Evaluation of IFAD (IOE) is pleased to present the 2019 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 2018.

The 2019 ARRI draws its quantitative findings from a sample of 344 project-level evaluations completed between 2002 and 2017, as well as 50 country strategy and programme evaluations and a total number of 3,807 ratings from IOE project evaluations.

Overall, the performance of IFAD operations shows flat or slightly declining trends. While 75 per cent of all evaluation ratings were positive between 2007 and 2017, satisfactory and better ratings are diminishing. These trends are also reflected in Management's project completion report ratings for all criteria.

IFAD project performance continues to outperform that of the African Development Bank and Asian Development Bank in the agriculture sector in their respective regions. However, globally and in the regions of Latin American and the Caribbean as well as the Near East, North Africa and Europe, IFAD project performance is now lower than that of the World Bank, whose definition does not include sustainability of benefits.

At the country programme level, performance trends in partnership-building have risen while declining in knowledge management and country policy dialogue. A number of factors have been identified as enabling performance across these non-lending activities, including: building on good practices and lessons; systematically supporting dialogue with partners; and engaging project actors beyond the project life. Conversely, limited resources, capacities and technical knowledge are considered key constraints.

The 2019 ARRI finds that reaching the ambitious Sustainable Development Goals requires commensurate resources and capacities within IFAD and its partner countries. In particular, to perform "better", IFAD will need to: dedicate more resources and technical expertise to project design, supervision and implementation support; design IFAD programmes based on country capacities and ensure implementation arrangements are appropriate; and develop government capacities to design and implement country programmes in collaboration with other partners.

In closing, it is our hope that this edition of the ARRI will stimulate further discussion and decisive action on how to improve the quality of IFAD operations. As IFAD undergoes transformational change to achieve the ambitious targets of the Eleventh Replenishment of IFAD's Resources (IFAD11), it needs to continue strengthening the quality of its current operations in order to eradicate rural poverty and help achieve the Sustainable Development Goals.

OSCAR A. GARCIA
Director
Independent Office of Evaluation of IFAD

Bangladesh

Char Development and Settlement Project – Phase IV

An ongoing microfinance initiative under the poverty alleviation programme. All the beneficiary households are brought under this programme, with a group of 25-30 participants meeting once a week.

Executive summary

Introduction

1. This is the seventeenth edition of the Annual Report on Results and Impact of IFAD Operations (ARRI), the flagship report of the Independent Office of Evaluation of IFAD (IOE). The objectives of the ARRI are to: (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 to enhance the development effectiveness of IFAD-funded operations. The 2019 ARRI also includes a learning theme chapter focused on the relevance of IFAD project interventions.

2. **Context.** The context of the 2019 ARRI was the close of IFAD's Tenth Replenishment (IFAD10; 2016-2018), which was also the first replenishment period for IFAD's Strategic Framework 2016-2025. The Strategic Framework seeks to address the ambitious commitments to the 2030 Agenda for Sustainable Development and targets for the Sustainable Development Goals (SDGs). It envisions IFAD fulfilling its mandate of reducing rural poverty by working in a way that is "bigger, better and smarter". Therefore, the 2019 ARRI examines the initial results from IFAD10. In order to compare results with the previous Strategic Framework and replenishment periods, a special chapter presents a high-level analysis and discussion of recurring issues in the IFAD10 period.

3. **Age of the portfolio.** The 2019 ARRI primarily draws its qualitative findings from evaluations conducted in 2018, and presents quantitative analysis of ratings from projects completed between 2007 and 2017. Performance analysis in the ARRI does not cover recently designed projects or other initiatives. Of the 41 newly evaluated projects included in this year's ARRI, 14 were completed in 2014 and 2015, and 27 in 2016 and 2017. The average project duration was 6.9 years. Only one project had an implementation period of more than ten years.

4. **Methodology.** The 2019 ARRI synthesizes findings from evaluations completed in 2018 (annex 4 of the main report) and analyses ratings from project evaluations and country strategy and programme evaluations (CSPEs). It follows a mixed-methods approach based on qualitative and quantitative analyses, and the triangulation of different data sources. Performance by evaluation criteria is presented as percentages of projects rated moderately satisfactory or better according to three-year moving periods. This highlights long-term trends and minimize short-term fluctuations. More details are included in annex 5 of the main report.

5. Since 2005, IFAD has used a six-point ratings scale[1] to assess performance on each evaluation criterion and report on operational performance in ARRI analyses. Ratings from 2002 onwards are recorded in an independent evaluation database, which is publicly available.[2]

1 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).

2 https://www.ifad.org/it/web/ioe/-/ifad-s-independent-evaluation-ratings-database.

6. The performance of projects 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 resources management (ENRM), and adaptation to climate change. In addition to two composite criteria – project performance (an average of relevance, effectiveness, efficiency and sustainability) and overall project achievement (an assessment of all ten criteria) – each project is evaluated on how IFAD and the government perform as partners.

7. The CSPEs assess and rate: (i) overall project portfolio achievement (based on the ten criteria); (ii) the performance of partners in managing the programme; (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. This ARRI presents ratings for 50 CSPEs by the year conducted, which ranges from 2006 to 2018. This year's ARRI includes five new CSPEs carried out in Angola, Burkina Faso, Kenya, Sri Lanka and Tunisia.

9. Project evaluation ratings are presented by year of completion in two data series:
   - all evaluation data – presents 3,807 project ratings from 344 evaluations of projects completed from 2002 to 2017;
   - project completion report validation / project performance evaluation (PCRV/PPE) data – includes 2,634 ratings from 228 PCRVs, PPEs and impact evaluations (IEs) of projects completed from 2007 to 2017.

10. **New features.** The 2019 ARRI includes a special chapter on replenishment analysis (chapter 4). At the request of Management, non-lending performance ratings are presented for the first time within the full range of the six-point rating scale (from highly unsatisfactory to highly satisfactory) and by replenishment period. As the databases used for the ARRI analysis have been reviewed and aligned with management system data to enhance their reliability, there are some differences in the total project sample size by year compared to past ARRIs.

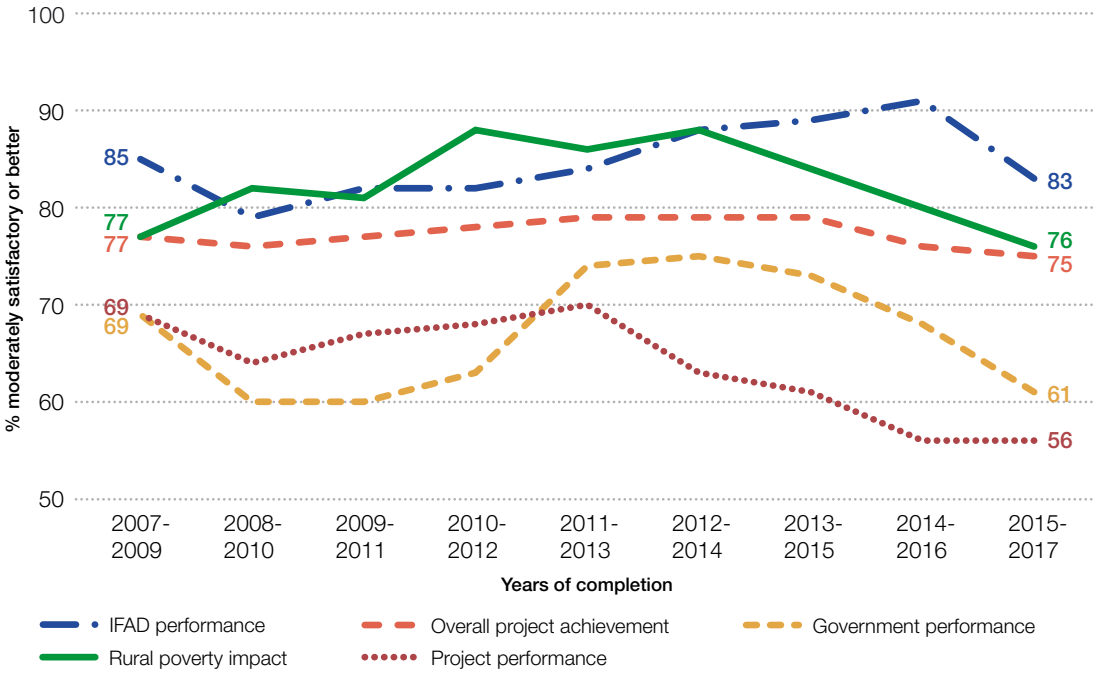
Portfolio performance

11. **Between 2007 and 2017, most ratings were positive, but recent trends in IFAD's project portfolio performance indicate flat or declining performance.** These trends are observed both in Management's project completion report (PCR) self-assessment ratings and in IOE's independently rated evaluations. In terms of total IOE ratings, 75 per cent are moderately satisfactory or better. Executive summary chart 1 presents the trends in the main project criteria, which fall into two groups in terms of moderately satisfactory or better ratings: better performance (over 70 per cent) and weaker performance (under 70 per cent). The two better-performing criteria are: (i) IFAD's performance as a partner; and (ii) rural poverty impact. Both improved from 2008 to 2010 and then declined; rural poverty impact declined from 2012 to 2014, and IFAD's performance as a partner declined from 2014 to 2016. The initial period of improvement coincided with IFAD's move to direct supervision and implementation of its targeting policy.

12. **Ratings of project performance and of government performance as a partner were lower, with moderately satisfactory ratings often below 70 per cent.** Initially, these improved between 2008 and 2013, with government performance as a partner reaching 75 per cent positive ratings in 2012-2014. However, they have both declined more recently. The decline in project performance partly reflects the inclusion of sustainability of benefits from 2016 in

Chart 1 **Combined overview of the key project performance evaluation criteria**

Percentage of projects rated moderately satisfactory or better, 2007-2017



Source: IOE evaluation database (PCRV/PPE), April 2019.

evaluations of projects completed from 2013 onwards. These declines are also reflected in Management's PCR ratings from 2011, as shown in electronic appendix 6 (Analysis of disconnect between PCR and IOE ratings).

13. **Overall, project achievement has remained flat, although the trend in this composite criterion declined slightly from 2013 to 2015.** This reflects lower project performance and rural poverty impact ratings, which are not counterbalanced by stronger performance in IFAD-specific criteria (i.e. innovation, ENRM and adaptation to climate change). Chapter 2 discusses possible factors contributing to this decline across the main criteria.

14. **Examining the performance of individual evaluation criteria between different periods indicates specific areas of improvement, stagnation and decline.** Executive summary table 1 ranks the criteria by the percentage of positive ratings in 2015-2017, and then compares them to 2007-2009, 2011-2013 and 2014-2016.

In 2015-2017, IFAD's performance as a partner, relevance, ENRM and innovation had the largest share of satisfactory ratings, with more than 80 per cent of projects rated moderately satisfactory or better. Rural poverty impact, effectiveness, adaptation to climate change and GEWE had 70 per cent or more positive ratings. Scaling up, government performance as a partner, sustainability and efficiency showed the lowest share of positive ratings for projects completed between 2015 and 2017.

15. **Only ENRM, innovation, and adaptation to climate change showed increases in positive ratings compared to previous periods.** GEWE, government performance as a partner and efficiency all showed consistent declines. All other criteria showed either no change or a lower percentage of positive ratings. A comparison of the ten years between 2007-2009 and 2015-2017 indicates that the decline in project performance can be largely attributed to trends in relevance (from 92 per cent to 83 per cent) and efficiency (from 62 per cent to 51 per cent).

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

Criteria	Baseline 2007-2009	Midpoint 2011-2013	Recent periods 2014-2016	2015-2017	Changes versus 2015-2017 2007-2009		2011-2013		2014-2016	
Relevance	92	83	89	83	(9)	▼	0	–	(6)	▼
IFAD performance	85	84	91	83	(2)	▼	(1)	–	(8)	▼
ENRM	77	69	80	81	4	▲	12	▲	1	–
Innovation	69	85	84	80	11	▲	(5)	▼	(4)	▼
Rural poverty impact	77	86	80	76	(1)	–	(10)	▼	(4)	▼
Effectiveness	77	76	75	75	(2)	▼	(1)	–	0	–
Overall project achievement	77	79	76	75	(2)	▼	(4)	▼	(1)	–
Adaptation to climate change	76	62	80	73	(3)	▼	11	▲	(7)	▼
GEWE	85	83	77	71	(14)	▼	(12)	▼	(6)	▼
Scaling up	69	83	74	68	(1)	–	(15)	▼	(6)	▼
Government performance	69	74	68	61	(8)	▼	(13)	▼	(7)	▼
Sustainability	58	62	59	59	1	–	(3)	▼	0	–
Project performance	69	70	56	56	(13)	▼	(14)	▼	0	–
Efficiency	62	63	53	51	(11)	▼	(12)	▼	(2)	▼

Source: IOE evaluation database, April 2019.

16. **Efficiency remains the weakest-performing criterion due to recurrent inhibiting factors.** These include high project management costs, frequent project staff turnover, a lack of harmonization with cofinanciers, weak monitoring and evaluation (M&E) undermining early identification of unforeseen issues, and delays in project start-up and implementation. IFAD has made major structural changes to its business model to improve its programme management, bringing fundamental changes by expanding and strengthening IFAD Country Offices, and taking over direct supervision. Ratings of project efficiency are affected by the need to align operations to the Fund's changing business model, address weak government performance, and improve management of budgetary resources.

Internal and external benchmarking

17. **A peer-to-peer comparison of IOE and PCR ratings shows no change in the disconnect and aligned trends.** The 2007-2017 overall average disconnect between IOE and the Programme Management Department's (PMD) PCR ratings is still -0.30. This difference between the mean ratings of IOE and PMD is statistically significant for all criteria. When looking at individual criteria, the highest disconnect is for relevance (-0.56), and the lowest is for rural poverty impact (-0.17).

18. **As the 2019 ARRI was produced at the close of IFAD10 and start of IFAD11, IOE ratings were compared with targets for**

both replenishment periods. Findings are presented below, and achievements against the IFAD10 Results Measurement Framework (RMF) are discussed in the special chapter on replenishment analysis (chapter 4) and summarized in paragraph 27 of this executive summary. As IFAD11 began in 2019, this benchmarking exercise presents a baseline for monitoring future progress against IOE ratings and draws attention to issues that require special attention. For IFAD11, IOE ratings of overall project achievement will be used to verify the target for ratings of 4 and above (moderately satisfactory or better). The achievement of targets for all other criteria will be based on Management's PCR ratings, which are presented below.

19. **Internal benchmarking analysis indicates that only adaptation to climate change achieved its IFAD10 target, and efficiency and sustainability will require special attention in IFAD11.** Executive summary table 2 benchmarks selected outcome indicators by their percentage of positive IOE and PCR ratings as compared to their respective RMF targets. Strictly speaking, only adaptation to climate change met its IFAD10 RMF targets based on both IOE and PCR ratings. Regarding IFAD11 targets, based on IOE ratings, only ENRM is within ten percentage points, while adaptation to climate change, overall project achievement, effectiveness and GEWE are 10-20 percentage points below the expected target. According to Management's PCR ratings, the target for adaptation to climate change has already been met, with GEWE, ENRM, scaling up, effectiveness and overall achievement all within ten percentage points. Sustainability of benefits and efficiency are substantially below their respective targets based on both IOE and PCR ratings, and will therefore require special attention during IFAD11.

Table 2 **Internal benchmarking**

Percentage of projects rated moderately satisfactory or better against RMF targets

Outcome indicators	PMD PCR ratings (2016-2018) 73 projects	IOE PCRV/PPE ratings (2015-2017) 59 projects	IFAD10 RMF target 2018	IFAD11 RMF target 2021
Adaptation to climate change	87	73	50	85
ENRM	84	81	90	90
Innovation	88	80	90	-
Rural poverty impact	83	76	90	-
Effectiveness	82	75	90	90
GEWE	88	71	90	90
Government performance	79	61	80	-
Sustainability	70	59	85	85
Scaling up	88	68	90	95
Efficiency	67	51	80	80
Overall project achievement	82	75	-	90

Source: IOE evaluation database (PCRV/PPE), July 2019.

20. **Overall, IFAD project performance is mixed compared to that of other international financial institutions.** Based on the external benchmarking analysis presented in executive summary table 3, the World Bank's agricultural portfolio shows a higher percentage of positive ratings than IFAD's at the global level. While World Bank project performance remained at 74 per cent compared to the previous year, the performance of IFAD-funded projects declined from 71 per cent in the 2018 ARRI to 67 per cent this year. At the regional level, IFAD maintains the highest share of positive ratings for project performance when comparing IFAD-funded projects in Africa and Asia-Pacific with those of the African Development Bank (AfDB) and Asian Development Bank (AsDB). IFAD-funded projects in Latin America and the Caribbean and in the Near East, North Africa and Europe had a lower share of positive ratings than those of the World Bank in the same regions. The fact that the World Bank does not include sustainability of benefits in its composite project performance criterion – unlike AfDB, AsDB and IFAD – partly accounts for its higher performance.

Country programme performance

21. The CSPEs analyse and report on performance beyond the project level, and identify lessons that cut across IFAD country programmes. They assess portfolio performance and non-lending activities such as country-level policy engagement, knowledge management and partnership-building.

22. **Overall, the performance of non-lending activities has improved since 2006.** Executive summary chart 2 presents the trends in performance of non-lending activities from 2006 to 2018. Significant increases in ratings occurred for all three activities until 2009-2011, when performance began to decline for country-level policy engagement and partnership-building. In 2015-2017, a shift occurred, with an improvement in partnership-building and a decline in knowledge management. As evidenced by the CSPEs, IFAD needs to: adopt a more holistic approach to knowledge management and communication; use data more systematically as a management tool; and develop clear frameworks for sharing knowledge within the country programmes.

Table 3 **External benchmarking – project performance**

Percentage of completed agriculture and rural development projects rated moderately satisfactory or better, 2002-2017 (year of completion)

	World		Africa		Asia and the Pacific		Latin America and the Caribbean		Near East, North Africa and Europe	
	IFAD	World Bank	IFAD	AfDB[a]	IFAD	AsDB[b]	IFAD	World Bank	IFAD	World Bank
Percentage of projects rated moderately satisfactory or better	67%	74%	58%	50%	86%	64%	71%	76%	64%	79%
Number of agriculture projects evaluated	331	627	156	171	83	117	52	104	61	158

[a] Data refer to 2002-2015.

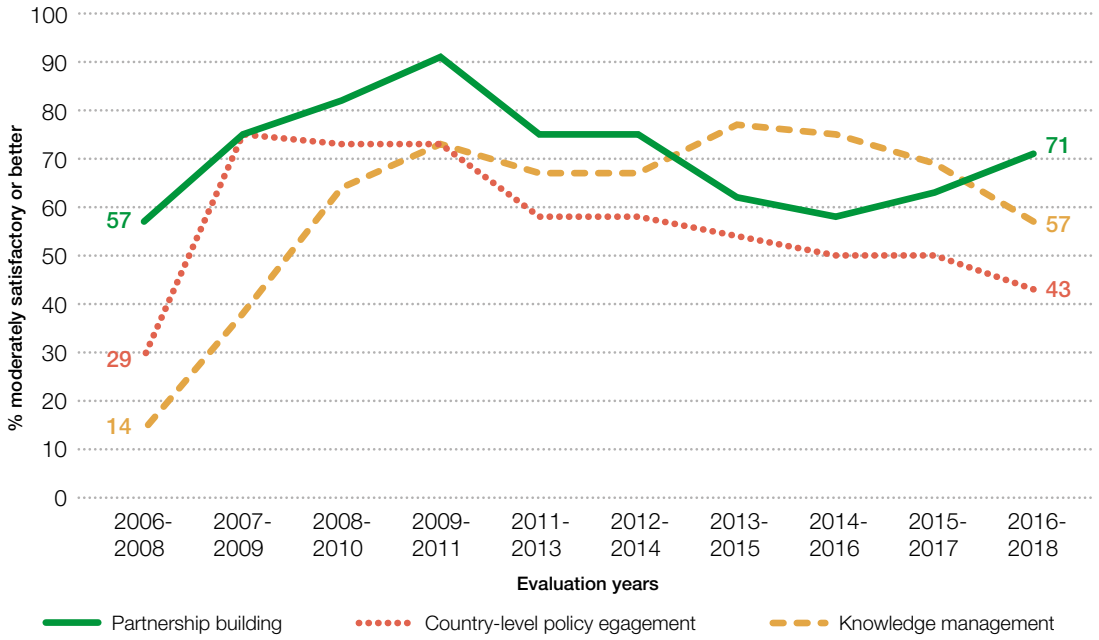
[b] Data refer to 2002-2016.

Note: AfDB: African Development Bank; AsDB: Asian Development Bank.

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

Chart 2 **Performance of non-lending activities**

Percentage of evaluations rated moderately satisfactory or better, 2006-2018 (year of evaluation)



Source: IOE evaluation database, April 2019.

23. **Although country-level policy engagement showed initial improvement, it subsequently indicated the weakest performance.** Significant improvement occurred for country-level policy engagement until 2009-2011, after which performance declined to 43 per cent in positive ratings in 2016-2018. The main factors cited for driving negative performance in the programmes evaluated included: gaps in policy implementation with regard to institutional capacity; weakness of coordination and dialogue between donors and government; and the lack of a dedicated budget for policy dialogue.

24. **After a period of stagnation, partnership-building is currently the strongest performing criterion.** The positive performance of 71 per cent in 2016-2018 was driven by: good results at the policy, institutional and community levels; and establishing a foundation of sustainable good practices for future projects in the country. Notably, the Sri Lanka CSPE highlighted the increased prominence of private-sector partnerships through value chain investment projects, although partnerships with other development agencies and cofinancing declined significantly.

25. **Performance of non-lending activities is differentiated between middle-income countries and low-income countries.** In total, 33 CSPEs were conducted in middle-income countries, and 17 in low-income countries. While their average ratings across non-lending criteria were similar, middle-income countries received a higher percentage of positive ratings for country-level policy engagement and knowledge management. In contrast, low-income countries had more positive ratings for partnership-building.

IFAD performance by replenishment

26. **IFAD10 served to operationalize IFAD's new strategic objectives, which were designed to meet the ambitious goals of**

the 2030 Agenda. Commencing in 2016, IFAD10 coincided with both the launch of the SDGs and IFAD's new Strategic Framework 2016-2025. IFAD's Strategic Framework set out to make the Fund "bigger, better and smarter". IFAD would become "bigger" by mobilizing substantially more funds and other resources for investment in rural areas. It would become "better" by strengthening the quality of its country programmes through innovation, knowledge sharing, quality-at-entry, implementation support, partnerships and policy engagement. Finally, IFAD would become "smarter" by delivering development results in a cost-effective manner that responds to countries' evolving needs.

27. **Data on the performance of projects completed during IFAD10 indicates the challenges IFAD faces in achieving this vision for a "bigger, better and smarter" organization. While IFAD's project investments remained sizeable and were "smarter" in terms of reducing costs, they have yet to prove higher in terms of quality.** IFAD experienced impressive growth in IFAD8, which it maintained into IFAD10. Although the programme of loans and grants (PoLG) grew steadily, the total administrative budget allocation[3] for country programme management, design, and supervision and implementation support (SIS) appear to have declined in IFAD10 to a point where the ratio of administrative budget allocation to PoLG was below that of IFAD7. In a context of a zero-growth budget, IFAD appears to have managed its higher PoLG by designing fewer but larger projects. The ratio of all SIS missions to projects also decreased between 2012 and 2018. In addition, from IFAD7, the timeliness of projects improved, with reduced disbursement lags and fewer project extensions.

28. **However, a decline in both IOE and PCR ratings of completed projects was observed between IFAD9 and IFAD10.** Based on the statistically significant changes in IOE ratings of projects completed up to 2017 and Management's full set of PCR ratings including 2018, IFAD demonstrated better quality only in ENRM between IFAD8 and IFAD10, while performance was weaker in relevance, IFAD's performance as a partner and project performance between IFAD9 and IFAD10. Declines are evident in all other criteria between IFAD9 and IFAD10, although these changes are not statistically significant. As mentioned above, only adaptation to climate change met its IFAD10 target based on IOE and PCR ratings.

29. **Moving forward into IFAD11, greater efforts are required to enhance the quality of IFAD's project portfolio.** This entails: strengthening IFAD's performance as a partner in the context of decentralization; enhancing the technical quality of IFAD-funded projects and SIS missions with specialists; and developing partnerships for greater cofinancing and scaling up of project impacts.

Learning theme on relevance of IFAD project interventions

30. **Most development organizations recognize relevance as the fundamental evaluation criterion.** No project design should move forward unless the project is considered relevant by the donor and country stakeholders. The assessment of relevance includes many critical aspects of project performance, such as government capacity, the quality and appropriateness of project design to the country context, and plans for mitigating risks.

31. **The learning theme on the relevance of IFAD project interventions highlighted five important lessons for consideration during IFAD11.** First, relevance is not a fixed assessment at design, and project interventions may need to be adapted to ensure their continued relevance. Second, meaningful engagement of beneficiaries in the design, implementation and evaluation of projects enhances project relevance by understanding beneficiaries' needs. Third, government

3 This includes staff and non-staff resources as per IFAD's results-based programme of work and budget.

commitment is critical to: adopting pro-poor policies and project designs; providing adequate implementation capacity; and ensuring continued relevance during and after the project lifespan. This entails governments' willingness and capacity to create and maintain a pro-poor policy environment. Fourth, a lack of understanding of institutional arrangements together with the absence of implementation capacity are the main threats to improved relevance. Fifth, well-functioning institutions are a key determinant of high relevance. Slow implementation, overly ambitious and complex projects, underperforming project management units, and failure to address political and economic issues are among the most prominent issues leading to weak project performance. A comprehensive institutional assessment, a good understanding of the political and economic context, and identification of all key stakeholders' roles, accountabilities and responsibilities should be fundamental aspects of any project design.

32. Addressing two recurrent issues would have a significant positive impact on relevance: a weak understanding of the institutional arrangements underlying a project; and the ongoing issue of limited implementation capacity in many countries. These persistent issues underscore the importance of IFAD taking a "continued relevance" approach, which entails adaptive design. Such design recognizes that relevance is dynamic and that project interventions need to adapt in order to remain relevant for their entire duration.

Conclusions

33. **While most IOE ratings are positive, recent trends in the performance of IFAD-funded projects show flat or slightly declining performance.** This is highlighted by downward trends in criteria such as IFAD's performance as a partner, relevance, rural poverty impact and GEWE. Little progress has been made in areas such as efficiency, sustainability of benefits and government performance. These flat and declining trends are also reflected in Management's PCR ratings for all criteria except GEWE. This – along with the inclusion of sustainability of benefits in IFAD's composite project performance criterion from 2016 – has contributed to lowering the performance ratings of IFAD-funded projects compared to the World Bank's agricultural portfolio. However, IFAD project performance is higher than that of the AfDB and AsDB, which share the Fund's definition of performance.

34. **Improving the quality of a "bigger" ongoing programme of work with fewer resources appears challenging.** IFAD's Strategic Framework set out to make the Fund "bigger, better and smarter". However, based on IFAD10 performance, this vision appears ambitious. While IFAD10 project investments remained large and were "smarter" in terms of reducing costs, they did not prove "better" in terms of quality – except in ENRM. While new investments increased, the actual number of approved projects decreased, indicating that country programme managers were designing and supervising fewer but "bigger" projects. IFAD also managed to improve its average project effectiveness lag and reduced the number of extensions in IFAD10. However, the lower total direct administrative budget allocation for country programme management, design and SIS may have contributed to the decline in project quality between IFAD9 and IFAD10, particularly with regard to relevance and IFAD's performance as a partner.

35. **A shift in the nature of IFAD-funded projects from reaching high numbers of beneficiaries to increasing investments per beneficiary may possibly indicate more value-adding activities.** Most of the projects included in the 2019 sample take value chain or market approaches involving the private sector. This indicates the need for technical expertise to design and support a larger portfolio of market-oriented and private-sector-

driven projects. In addition to managing double the programme of work from IFAD8, IFAD was also designing projects in new areas in which it had limited expertise. Therefore, there is a need to raise the overall quality of IFAD's performance with greater technical expertise.

36. **The importance of resources and technical expertise is reiterated in the positive trend in performance on the ENRM criterion.** Performance in ENRM has improved steadily from a low in 2010-2012 and was the only criterion that showed statistically significant improvement between IFAD8 and IFAD10. This improvement in ENRM and adaptation to climate change was supported by the creation of a unique IFAD division dedicated to the environment and climate change (which now also includes gender, youth and nutrition), as well as supplementary funds. During IFAD10, the Fund entered into a decisive transition towards full climate change mainstreaming in its country strategies and project portfolios. However, the positive trend did not continue in 2015-2017 for adaptation to climate change. This was in part due to the lack of specific strategies on climate during project design and implementation, and weak national policies adopted by local governments.

37. **Although still the top-ranking criterion, IFAD's performance as a partner declined in 2015-2017 for the first time since 2008.** Recurring constraints include high staff turnover, weak M&E, inaccurate funding at the design stage and a lack of specialists on supervision missions. Nonetheless, IFAD remains a valued and trusted partner – able to adjust to varying circumstances and show flexibility and willingness to find alternative solutions in changing contexts. IFAD Country Office-based consultations were deemed effective and efficient for problem-solving and providing timely support. However, additional measures are still needed in order to learn from past experience for scaled-up results. Capacity within IFAD Country Offices was not always sufficient to aggregate and share evidence across the entire portfolio. **With limited resources, complex projects, wide geographical distribution of activities and little time to engage in non-lending activities, IFAD Country Offices are often under pressure in supporting IFAD's project portfolio.**

38. **Government performance as a partner is one of the key criteria accounting for the overall performance of IFAD-funded projects.** The principal component analysis conducted this year indicated that positive ratings in overall project achievement are correlated with good performance of government as a partner, effectiveness and rural poverty impact. However, government performance still shows shortcomings related to staffing issues, and delays in financial execution and implementation. As indicated in past ARRIs and this year's learning theme, building institutional capacity at the national level is critically important for good project design and improved project relevance.

Recommendations

39. The 2030 Agenda has set very ambitious targets for governments to achieve with IFAD's support. Reaching these goals requires commensurate resources and capacities within IFAD and its partner countries. The Executive Board is invited to adopt the recommendations below, which seek to address constraints in capacity and related issues raised in the 2019 ARRI.

40. **Recommendation 1. Dedicate more resources to country programme delivery – specifically, project design, supervision and implementation – to achieve the improved quality needed for a "better" IFAD.** IFAD's aim to become "bigger, better and smarter" appears ambitious based on results thus far. While IFAD has managed to maintain a significantly higher ongoing programme of work since IFAD8, the decline in budgetary resources dedicated specifically to design,

supervision and implementation may have affected its quality, with lower ratings across criteria in IFAD10. "Better" results also require high-quality technical expertise to support IFAD country programmes and projects. To improve quality standards, IFAD needs to plan and provide the commensurate resources for country programme management, design and implementation.

41. **Recommendation 2. Design IFAD-funded programmes and projects according to country capacities based on sound institutional analysis to ensure the most appropriate implementation arrangements for country delivery.** For projects to be more relevant, they need to be appropriate to the country context and designed according to country capacities (including public, private and civil society institutions). This knowledge begins with sound institutional analysis during country strategic opportunities programme (COSOP) or project design, the inclusion of capacity-strengthening components, and support to rural institutions within the country.

42. **Recommendation 3. Develop government capacities to design and implement country programmes and projects in collaboration with other partners.** Government performance is critical to achieving development objectives (DOs) and making positive impacts on rural poverty. In the short term, IFAD needs to provide more intensive implementation support, particularly in areas such as procurement and financial management. In the long term, IFAD can utilize its grant financing to work with other partners on strengthening the capacities of government institutions and project management units. Depending on the country and project, multi-donor project management units may be considered along with the greater involvement of government counterparts in project design and SIS.

43. **Recommendation 4. Determine the need to adjust project designs earlier on in order to ensure their continued relevance to the country context.** Good project design is necessary but not sufficient to achieve DOs. Project design should be viewed as a "living" blueprint that is reviewed and adjusted based on the context during implementation. Active supervision during start-up is needed to determine whether the project design needs to be adjusted even before the mid-term review. IFAD's new restructuring policy should facilitate project redesign early on where necessary, and should not simply be used to close projects that are challenging but important for achieving IFAD's mandate.

44. **Recommendation 5. A more comprehensive and integrated system is required to better mitigate risks in IFAD-funded projects and programmes.** IFAD currently has a decentralized system for risk mitigation at various stages of the project cycle, with assessments conducted by different divisions. To ensure that identified risks are addressed appropriately and at the right time, IFAD needs to develop better linkages among the various assessments from project design to evaluation.

45. **2020 ARRI learning theme.** Pending the decision on whether to retain learning themes in the ARRI based on recommendations of the external peer review of IFADs evaluation function, the Evaluation Committee is invited to choose one of the two proposed topics:
    (i) **Quality of IFAD's supervision and implementation support:** Given the observed decline in annual SIS missions per project, this learning theme would examine the quality of recent SIS missions in terms of technical composition, expertise and advice.
    (ii) **Efficiency:** The efficiency criterion measures how economically resources and inputs (funds, expertise and time) are converted into results. In the current context in which greater emphasis is placed on "value for resources", this learning theme would explore the quality of results per dollar invested in IFAD-funded projects.

Benin

Adapted Rural Financing Services Promotion Project

Emile Kouessi Gnansounnou in his convenience store in Lobogo. Emile is 50 years old and has a wife and five children. In Lobogo, he owns convenience stores and a bar, and rents out table football games.

1 Overview

Background

1. This is the seventeenth 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. The ARRI provides an independent presentation of the aggregate results of IFAD's performance at the project and country levels for the consideration of its Management and Executive Board to strengthen accountability and learning.

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 has focused on a learning theme with the aim of deepening analysis on selected issues to enhance the performance of IFAD operations. The learning theme agreed upon with the Executive Board for the 2019 ARRI is relevance of IFAD project interventions. The full study of the topic was published as an issues paper[4] and is summarized in the learning theme chapter.

4. **Methodology.** The 2019 ARRI synthesizes findings from evaluations completed in 2018 (annex 4) and analyses ratings from project evaluations and from country strategy and programme evaluations (CSPEs). It follows a mixed methodology based on qualitative and quantitative analyses, and the triangulation of different data. Performance by evaluation criteria is presented as percentages of projects rated moderately satisfactory or better according to three-year moving periods. This highlights long-term trends and smoothen short-term fluctuations. Annex 5 provides more detail on the methodology and analyses.

5. The 2019 ARRI follows the provisions of the second edition of IFAD's Evaluation Manual published in December 2015. In addition, the evaluation criteria and definitions included in the revised harmonization agreement between Management and IOE are fully reflected. Each project included has been 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 resources management (ENRM), and adaptation to climate change.

6. IOE also has two composite evaluation criteria: project performance, and overall project achievement. Project performance

4 IOE. *2019 Annual Report on Results and Impact of IFAD Operations (ARRI): Relevance of IFAD project interventions.* Issues Paper (IFAD, 2019).

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) the ten criteria above. In addition, each project is evaluated for IFAD and government performance as partners.

7. The 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).

8. **Ratings scale and data series.** In line with the Good Practice Standard of the Evaluation Cooperation Group of the Multilateral Development Banks for Public Sector Evaluations, IFAD uses a six-point ratings scale[5] to assess performance in each evaluation criterion (table 1).

9. The ratings, which are the foundation of performance reporting in IOE evaluations, are used in the analysis of the ARRI for reporting on IFAD's aggregate operational performance. Therefore, in each independent evaluation, IOE pays maximum attention to ensuring that the ratings assigned are based on evidence and follow a standard methodology and process. Moreover, comprehensive internal and external peer reviews are organized to enhance objectivity as well as finalize the assessments and ratings of each evaluation.

10. The ARRI presents ratings for 50 CSPEs by the year in which they were conducted, which ranges from 2006 until 2018.

11. Project evaluation ratings are presented by year of completion in two data series in the ARRI:
    - all evaluation data – presents 3,807 project ratings from 344 evaluation reports from 2002 to 2017;
    - project completion report validation/project performance evaluation (PCRV/PPE) data – contains only project-level data including 2,634 ratings from 228 PCRVs, PPEs and impact evaluations (IEs) from 2007 to 2017.

    The ratings from independent evaluations carried out by IOE since 2002 are publicly available online in the independent evaluation database.[6]

5 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).

6 https://www.ifad.org/it/web/ioe/-/ifad-s-independent-evaluation-ratings-database.

Table 1 **IFAD 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. **Age of the portfolio.** Of the 41 newly evaluated projects included in this year's ARRI, 13 were approved between 2004 and 2006, 22 between 2007 and 2009, and 6 between 2010 and 2012. All projects are completed and closed: 14 were completed in 2014 and 2015, and 27 in 2016 and 2017. The average project duration was 6.9 years. Only one project had an implementation period of more than 10 years compared to 4 out of the 36 projects evaluated in the 2018 ARRI. It is important to note that analysis of performance in the ARRI does not take into account recently designed projects and initiatives.

13. **New features.** The 2019 ARRI includes a special chapter based on replenishment analysis (chapter 4). At the request of Management, non-lending performance ratings are presented over time by replenishment period. A thorough review of the ARRI databases was conducted for this year, which ensures the robustness of the data and analyses. The databases were also reclassified by project versus evaluation and aligned with management system data. This has ensured that all completed projects with evaluations are included only once in the dataset with the latest ratings.[7]

14. More systematic qualitative analysis was achieved in this year's ARRI, again with the improved use of the data management tool NVivo. Specific examples are presented that draw lessons learned from projects evaluated in 2018 and past years. On the quantitative side, the 2019 ARRI includes in annex 5 a principal component analysis (PCA) based on project evaluation ratings to understand how criteria relate to each other in groups, identify criteria varying similarly, and detect clusters in data, if possible.

15. **Document structure.** The 2019 ARRI presents multiple levels of analysis of IFAD's project and country programme to highlight areas requiring attention and identify key factors driving performance. The overview presented in chapter 1 provides a context for understanding the current performance by presenting ten-year trends that are benchmarked against other comparable IFIs and internal targets adopted by the Fund. To further understand these trends in IFAD's project portfolio, chapter 2 provides deeper analysis on each criterion and identifies factors from projects evaluated by IOE in 2018 to explain recent performance. Chapter 3 concentrates on country strategy and programme performance, with a specific focus on non-lending activities and country strategies. Given the conclusion of the Tenth Replenishment of IFAD's Resources (IFAD10) in 2018, a special, chapter 4, is included this year that analyses ratings and other data by replenishment period to assess the effectiveness of IFAD's strategic approach to fulfilling its mandate and contributing to the 2030 Agenda for Sustainable Development. Chapter 5 is dedicated to the learning theme on relevance of IFAD project interventions. Finally, chapter 6 presents the main conclusions and recommendations.

Context of the 2019 ARRI

16. The 2019 ARRI draws its qualitative findings from evaluations conducted in 2018 – the last year of IFAD10 (2016-2018). IFAD10 was also the first replenishment period of IFAD's latest Strategic Framework (2016-2025). Therefore, the 2019 ARRI examines the initial results from these first three years as represented by IFAD10.[8] In order to compare results with replenishments, a special chapter has been prepared that presents in-depth analysis and recurring issues of this initial period.

17. IFAD's Strategic Framework seeks to address the ambitious commitments and targets of the 2030 Agenda and the Sustainable Development Goals (SDGs). It envisions IFAD fulfilling its mandate of reducing rural poverty by working in a way that is "bigger, better and smarter".

7 Hence, there are some differences in the total number of projects included in the analysis across the years compared to previous ARRIs.

8 As the IOE sample of IFAD10 project evaluations does not include many projects completing in 2018, the results are partial and will become clearer next year.

18. IFAD10 translated the objectives of the strategic framework into a number of commitments. According to the Report of the Consultation on the Tenth Replenishment of IFAD's Resources, IFAD will draw and build on its recent performance achievements to scale up its results and consolidate the strategic approaches of the Ninth Replenishment of IFAD's Resources (IFAD9, 2013-2015). The two IFAD10 priorities relevant to IFAD-funded programmes were: (i) increasing operational effectiveness ("better"); and (ii) increasing institutional effectiveness and efficiency ("bigger" and "smarter"). Chapter 4 presents a replenishment-based analysis to assess IFAD10 achievements against these priorities.

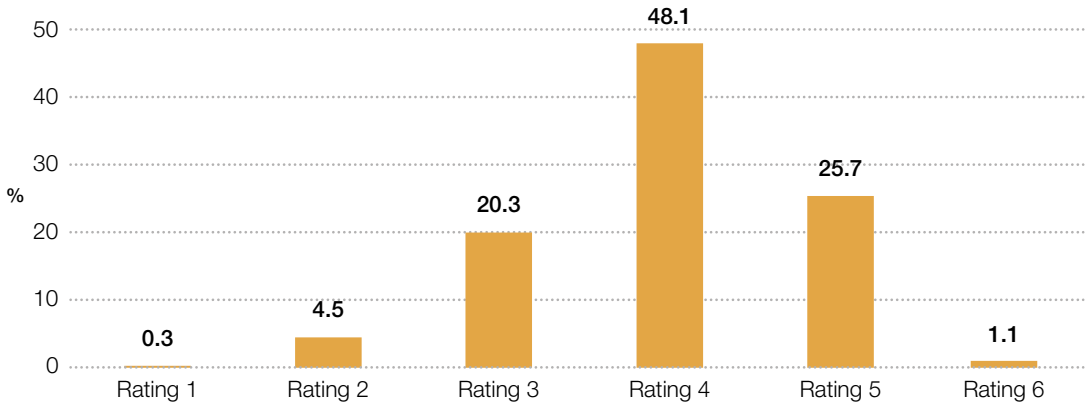
Overall portfolio performance from 2007 to 2017

19. Most ratings from project evaluations in the ten-year period 2007-2017 are moderately satisfactory (4) as shown in the distribution analysis of available ratings in chart 1. Out of the total of 2,634 ratings across 12 evaluation criteria, only 0.3 per cent are ratings of 1, and 1.1 per cent are 6. The majority of the ratings (75 per cent) are moderately satisfactory or better, and 27 per cent are satisfactory or better.

20. Table 2 ranks the 12 evaluation criteria by their average rating based on a block analysis of the 2007-2017 PCRV/PPE dataset. Relevance, IFAD performance as a partner, innovation, GEWE, and rural poverty impact remain among the higher-ranking criteria. Although their average ratings remain in the satisfactory range above 4, they have declined compared to the previous year. The lower-ranking criteria are still operational efficiency, sustainability of benefits, and government performance with little change in their average ratings, which are still below 4. Performance in adaptation to climate change is only indicative as it is still based on a small sample.

Chart 1 **Distribution of all ratings**[a]

Percentage by rating, 2007-2017 (N=2634)



[a] Impact domains criteria such as household income and assets, human and social and empowerment, food security and agricultural productivity, institutions and policy are no longer rated separately. Therefore, previous years' ratings have been removed in the quantitative analysis.

Source: IOE evaluation database (PCRV/PPE), April 2019.

Table 2 **Ranking of averages and data dispersion per criteria, 2007-2017**

Criteria	Average	Standard deviation	Coefficient of variation (%)	Moderately satisfactory or better (%)	
Relevance	4.25	0.7	16	87	Better performance
IFAD performance	4.18	0.7	16	85	
Innovation	4.18	0.9	21	82	
GEWE	4.16	0.9	21	80	
Rural poverty impact	4.07	0.7	18	83	
Scaling up	4.06	0.9	23	76	
ENRM	3.96	0.7	19	76	Weaker performance
Effectiveness	3.96	0.8	21	75	
Government performance	3.82	0.9	22	68	
Adaptation to climate change	3.80	0.8	21	72	
Sustainability	3.65	0.8	21	60	
Efficiency	3.60	0.9	26	56	

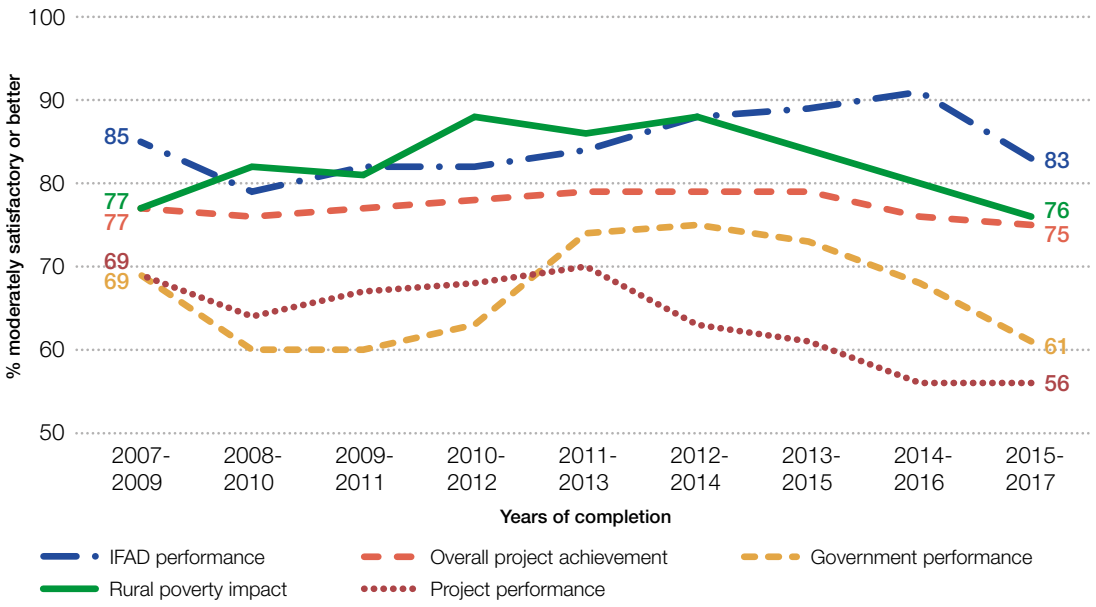
Source: IOE evaluation database (PCRV/PPE), April 2019.

Trends in portfolio performance

21. Overall, between 2007 and 2017, the performance of IFAD's project portfolio was declining or flat. Chart 2 presents an overview of the key project criteria, which fall into two groups in terms of moderately satisfactory or better ratings: better (over 70 per cent) and weaker performance (under 70 per cent). The two better-performing criteria are IFAD

Chart 2 **Combined overview of the key project performance evaluation criteria**

Percentage of projects rated moderately satisfactory or better, 2007-2017



Source: IOE evaluation database (PCRV/PPE), April 2019.

performance as a partner and rural poverty impact. They both follow a similar trend of improvement from 2008-2010, and then a recent decline, starting in 2012-2014 for rural poverty impact and in 2014-2016 for IFAD as a partner. The initial period of improvement coincides with IFAD's move to direct supervision and implementation of its targeting policy.

22. Project performance and government as a partner show generally lower performance with moderately satisfactory ratings below 70 per cent in 2007 and 2017. That said, they also initially improved between 2008 and 2013, with government as a partner reaching 75 per cent in positive ratings in 2012-2014. However, they both declined to levels below that of 2007 in the latest period. In part, the decline in project performance reflects the inclusion of sustainability along with relevance, effectiveness and efficiency in its assessment in projects evaluated from 2016 with project completion dates as far back as 2013. Government performance also affects the four criteria included in project performance (relevance, effectiveness, sustainability and efficiency). Therefore, weaker project performance may be due in part to the decline in government performance as a partner – especially in terms of efficiency, which remains the criteria with the weakest performance, as indicated in section 2 of the appendices.[9]

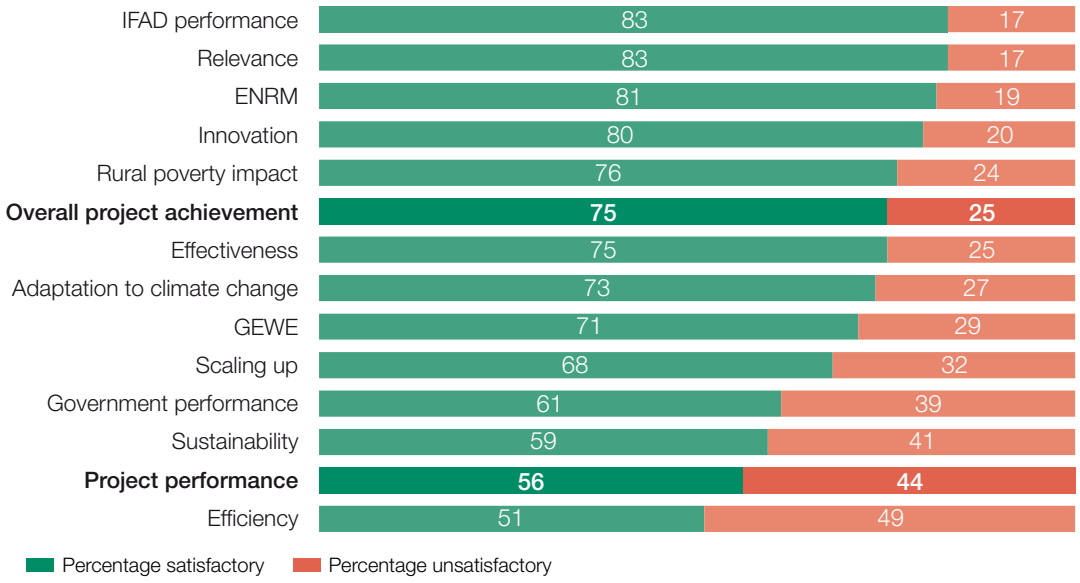
23. Overall project achievement is included among the positive performing group, as it is a composite indicator that includes project performance, rural poverty impact and other IFAD-specific criteria. Despite declines in the former two criteria, overall project achievement has remained flat in part due to positive performance in IFAD-specific criteria (e.g. innovation, ENRM, adaptation to climate change, and GEWE). Although its performance has been largely flat, there was a slight decline from 2013-2015. Factors that may have contributed to this decline across the main criteria are discussed in the chapters on project portfolio trends (chapter 2) and IFAD performance by replenishment (chapter 4).

24. **Performance of projects completed in 2015-2017.** Chart 3 provides a snapshot of the most recent performance in 2015-2017 by ranking individual criteria and the composite criteria. When ranking criteria based on the average share of satisfactory ratings (rating 4 and above), IFAD performance as a partner, relevance, ENRM and innovation have the largest share of satisfactory ratings, with more than 80 per cent of projects rated as satisfactory. Notably, relevance, IFAD performance, and innovation are also the top three criteria in terms of average rating in the period 2007-2017 in table 2. However, ENRM ranks only ninth in terms of average ratings, indicating its recent improved performance. In contrast, efficiency, sustainability and government performance show the lowest share of positive ratings for projects completed between 2015 and 2017. Weak performance in efficiency and sustainability are reflected in the low ranking benchmark of project performance at 56 per cent. Although comparatively good performance in relevance (83 per cent) and effectiveness (75 per cent) raise project performance slightly above efficiency, performance in relevance declined in 2015-2017. Regarding overall project achievement, rural poverty impact, innovation and ENRM have a larger share of satisfactory ratings, whereas GEWE, adaptation to climate change, and scaling up are among the lower-ranked criteria, apart from the criteria included in project performance.

9 This decline in ratings is also reflected among Management's PCR ratings starting in 2011.

Chart 3 **Ranking of all criteria by share of overall satisfactory ratings**

Percentage of projects with overall satisfactory/unsatisfactory ratings, 2015-2017 only



Source: IOE evaluation database (PCRV/PPE), April 2019.

Benchmarking the performance of IFAD-financed projects

25. 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 recent replenishment consultations' Results Measurement Frameworks (RMFs) as well as across the five geographical regions[10] covered by IFAD operations. Finally, a peer-to-peer comparison of IOE and the Programme Management Department (PMD) ratings is provided.

26. **External benchmarking.** This section benchmarks IFAD performance with the performance of other IFIs and regional development banks, in particular the African Development Bank (AfDB), the Asian Development Bank (AsDB), and the World Bank.[11] Although the organizations are different in size and geographical focus, their operating models are similar to IFAD's as, unlike the United Nations specialized agencies, programmes and funds, the AfDB, AsDB and 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.

27. IFAD project performance is mixed compared to that of other IFIs based on the benchmarking analysis presented in table 3. At the global level, the World Bank shows a higher percentage of positive ratings than IFAD when looking at projects within the agriculture-sector operations, as in the 2018 ARRI. While World Bank project performance remained at 74 per cent, IFAD project performance declined from 71 per cent to 67 per cent.

28. At the regional level, IFAD maintains the highest share of positive ratings for project performance when comparing IFAD-funded projects in the Africa and Asia-Pacific regions with the AfDB and the AsDB, respectively. IFAD-funded projects in Latin America and the

10 Asia and the Pacific; East and Southern Africa; Latin America and the Caribbean; Near East, North Africa and Europe; and West and Central Africa.

11 The Inter-American Development Bank and the International Bank for Reconstruction and Development are not included in the benchmarking analysis. This is because the former does not use a rating system, while the nature of focus and coverage of the latter is significantly different from IFAD. Therefore, the World Bank's performance is used to benchmark performance in the Latin America and the Caribbean, and Near East, North Africa and Europe regions as per Management's 2018 request.

Table 3 **Project performance**

Percentage of completed agriculture and rural development projects rated moderately satisfactory or better, 2002-2017 (year of completion)[a]

	World		Africa		Asia-Pacific		Latin America and the Caribbean		Near East, North Africa and Europe	
	IFAD	World Bank	IFAD	AfDB[b]	IFAD	AsDB[c]	IFAD	World Bank	IFAD	World Bank
Percentage of projects rated moderately satisfactory or better	67%	74%	58%	50%	86%	64%	71%	76%	64%	79%
Number of agriculture projects evaluated	331	627	156	171	83	117	52	104	61	158

[a] Data from the World Bank were adjusted in the 2018 ARRI: in the past years, the analysis was based on the "number of evaluations", including projects that were rated more than once in the period considered. In this year's ARRI, the World Bank data have been aligned with AsDB and AfDB data and only refer to the "number of projects" carried out in the period considered for the analysis.

[b] Data refer to 2002-2015.

[c] Data refer to 2002-2016.

Note: AfDB: African Development Bank; AsDB: Asian Development Bank.

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

Caribbean and in the Near East, North Africa and Europe regions have a lower share of positive ratings than those of the World Bank in the same regions.

29. Due to the different sample sizes and composition of the performance ratings among the banks, the data need to be interpreted with caution. While the World Bank does not include sustainability in its project performance ratings, it is now included in AfDB, AsDB and IFAD ratings. The AsDB has always included sustainability, while the Independent Development Evaluation unit at the AfDB[12] has included it since 2013. IOE has included sustainability in the project performance rating since 2016, as per the updated evaluation methodology. This enhances comparability with the performance of the AfDB and AsDB. However, as sustainability is an area of weak performance in IFAD operations, it has contributed to the lower rating for IFAD project performance compared to World Bank project performance, which does not include sustainability. That said, the low ratings in IFAD project performance in the 2019 ARRI are driven by declines in relevance and efficiency.

30. **Internal benchmarking.** Performance against the IFAD10 RMF is discussed in chapter 4.

31. As the Eleventh Replenishment of IFAD's Resources (IFAD11) only started in 2019, the benchmark against RMF targets provides a baseline and serves to monitor progress against IOE ratings. Table 4 benchmarks selected outcome indicators by their percentage of positive IOE ratings as compared to their IFAD11 RMF targets to draw attention to areas that may be lagging and require special consideration. For IFAD11, IOE ratings for overall project achievement are used to verify the target for ratings 4 and above (moderately satisfactory or better). The achievement of the targets for all other criteria will be based on Management's PCR ratings.

12 As the AfDB used three different rating frameworks to rate its agricultural projects until 2013, which are not identical to IFAD's, IOE has to calculate project performance using comparable ratings.

Table 4 **Internal benchmarking**

Percentage of projects rated moderately satisfactory or better against IFAD11 RMF targets

Outcome indicators	Baseline tracked IOE ratings (2014-2016)	PCRV/PPE 2015-2017	2021 targets from IFAD11 RMF 2019-2021	Difference between PCRV/PPE and 2021 target
ENRM	80	**81**	90	**(9)**
Adaptation to climate change	80	**73**	85	**(12)**
Overall project achievement	76	**75**	90	**(15)**
Effectiveness	75	**75**	90	**(15)**
GEWE	77	**71**	90	**(19)**
Sustainability	59	**59**	85	**(26)**
Scaling up	74	**68**	95	**(27)**
Efficiency	53	**51**	80	**(29)**

Source: IOE evaluation database (PCRV/PPE), April 2019.

32. Thus far, based on IOE ratings, only ENRM is within ten percentage points of the IFAD11 RMF targets (in blue). Four indicators – adaptation to climate change, overall project achievement, effectiveness and GEWE – are 10-20 percentage points below the expected target (in orange). Sustainability, scaling up, and efficiency are more than 20 percentage points below their respective IFAD11 RMF targets (in dark red), and accordingly, will require particular attention during the IFAD11 period. In addition, GEWE is 24 percentage points below its expected target of 60 per cent for ratings 5 and above.

33. Providing a more differentiated assessment of performance, table 5 benchmarks across IFAD's five geographical regions the following criteria: project performance, rural poverty impact, and overall project achievement, IFAD performance and government performance as a partner. 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 the performance of projects.

34. Asia and the Pacific (APR) continues to show the best results regarding four of the five evaluation criteria analysed. Between 2007 and 2017, APR had the highest proportion of projects rated both moderately satisfactory or better and satisfactory or better for project performance, rural poverty impact, overall project achievement and government performance. One key factor of this good performance is that 91 per cent of the projects evaluated by IOE in APR show a moderately satisfactory or better performance for government performance, confirming again that it is a key determinant of successful outcomes. Only for IFAD performance as a partner does the Near East, North Africa and Europe (NEN) show the highest proportion of projects rated moderately satisfactory or better. The performance of IFAD operations in West and Central Africa (WCA) continues to be the weakest for the five criteria analysed, also due to government performance (fewer than half of projects rated moderately satisfactory or better). This is further

Table 5 **Internal benchmarking**

Comparison across geographical regions, 2007-2017

	Asia and the Pacific	Near East, North Africa and Europe	East and Southern Africa	Latin America and the Caribbean	West and Central Africa
Project performance	**N=53 projects**	**N=45 projects**	**N=44 projects**	**N=36 projects**	**N=50 projects**
Percentage of projects rated moderately satisfactory or better	83	64	59	58	46
Percentage of projects rated satisfactory or better	21	4	11	6	4
Rural poverty impact	**N=52 projects**	**N=45 projects**	**N=42 projects**	**N=34 projects**	**N=48 projects**
Percentage of projects rated moderately satisfactory or better	92	89	88	74	69
Percentage of projects rated satisfactory or better	37	29	31	21	19
Overall project achievement	**N=53 projects**	**N=45 projects**	**N=43 projects**	**N=34 projects**	**N=50 projects**
Percentage of projects rated moderately satisfactory or better	88	87	77	74	62
Percentage of projects rated satisfactory or better	46	16	21	21	12
IFAD performance	**N=53 projects**	**N=45 projects**	**N=44 projects**	**N=36 projects**	**N=46 projects**
Percentage of projects rated moderately satisfactory or better	89	91	86	83	76
Percentage of projects rated satisfactory or better	34	29	41	31	30
Government performance	**N=53 projects**	**N=45 projects**	**N=44 projects**	**N=36 projects**	**N=50 projects**
Percentage of projects rated moderately satisfactory or better	91	71	57	69	48
Percentage of projects rated satisfactory or better	42	16	20	14	12

Source: IOE evaluation database (PCRV/PPE), April 2019.

supported by the strong (and significant) correlation between project performance and government performance both in APR (0.72) and WCA (0.87).

35. **Peer-to-peer comparison.** Since 2015, the ARRI has presented 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 criterion included in PCRs and PCRVs/PPEs in order to obtain a clearer understanding of where differences lie in reporting on performance.

36. The PMD ratings were higher on average for all criteria among the 228 projects assessed in the analysis (table 6). The difference between the mean ratings of IOE and PMD is also statistically significant for all criteria. The overall average disconnect between IOE and

Table 6 **Comparison of IOE's PCRV/PPE ratings and PMD's PCR ratings for all evaluation criteria in projects completed in 2007-2017 (N=228)**

Criteria	Mean ratings		Disconnect	T-test (comparison of means) p-value	Correlation (IOE and PCR)
	IOE	PMD			
Relevance	4.25	4.81	(0.56)	0.00*	0.47*
Scaling up	4.06	4.49	(0.43)	0.00*	0.61*
Project performance	3.91	4.25	(0.34)	0.00*	0.71*
Sustainability	3.65	3.98	(0.33)	0.00*	0.62*
IFAD performance	4.18	4.51	(0.33)	0.00*	0.69*
Government performance	3.82	4.14	(0.32)	0.00*	0.75*
Overall project achievement	3.97	4.28	(0.31)	0.00*	0.71*
Efficiency	3.60	3.91	(0.30)	0.00*	0.82*
GEWE	4.16	4.44	(0.29)	0.00*	0.66*
Effectiveness	3.96	4.20	(0.25)	0.00*	0.73*
Adaptation to climate change	3.80	4.02	(0.23)	0.02*	0.40*
ENRM	3.96	4.16	(0.21)	0.01*	0.57*
Innovation	4.18	4.38	(0.21)	0.01*	0.63*
Rural poverty impact	4.07	4.24	(0.17)	0.02*	0.67*

* Indicates significance at the 5 per cent level.

Source: IOE evaluation database (PCRV/PPE) and PMD project completion report (PCR) rating database, April 2019.

PMD ratings is -0.30, similar to past ARRIs. The average disconnect with PCR ratings is highest in NEN (-0.35) and WCA (-0.34) followed by Latin America and the Caribbean (LAC) (-0.30), East and Southern Africa (ESA) (-0.28) and APR (-0.26). The highest disconnect by criteria/region is registered in WCA for scaling up (-0.67) and NEN for relevance (-0.60). Annex 8 presents a more in-depth regional analysis.

37. In the case of effectiveness, ENRM, government performance, project performance and overall project achievement, the actual gap is between satisfactory ratings for PMD (4 and above) and unsatisfactory ratings (below 4) for IOE. However, based on a correlation analysis conducted on IOE and PMD ratings, efficiency, effectiveness, government performance, project performance and overall project achievement are highly positively and statistically significantly correlated. This indicates that the trends in PMD and IOE ratings are the same for these criteria.[13] In contrast, the criteria relevance, ENRM and adaptation to climate change are weakly correlated (although significant), indicating a difference in the trends of IOE and Management's ratings. In electronic 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.

38. **Project completion reports (PCRs).** In PCRVs, IOE assesses and rates PCRs using four evaluation criteria. These are: (i) scope (e.g. whether the PCR has adhered to IFAD guidelines for PCRs); (ii) quality (e.g. report preparation process and robustness of the evidence base); (iii) lessons (e.g. whether the PCR includes lessons on the proximate causes of satisfactory or less than satisfactory performance); and (iv) candour (e.g. in terms of objectivity in the narrative, and whether ratings in the PCR are supported by evidence included in the document). Ratings for each of these criteria are aggregated in the PCRVs to provide an overall rating of the PCR document.

13 In interpreting the correlation coefficients, one must consider that a strong correlation between IOE and PMD ratings only means that IOE and PMD ratings follow the same trend, without it necessarily being the case that a relation of "true causality" exists between them.

Table 7 **Quality of PCR documents**

Percentage of satisfactory ratings by evaluation criteria, PCRV/PPE data series, 2013-2017

	Percentage of moderately satisfactory or better			Percentage of satisfactory or better		
Evaluation criteria	2013-2015	2014-2016	2015-2017	2013-2015	2014-2016	2015-2017
Scope	90	91	91	38	43	53
Quality	76	76	75	20	26	24
Lessons	94	94	92	56	58	64
Candour	86	89	88	35	41	47
Overall rating for PCR document	87	90	91	24	31	34

Source: IOE Evaluation database (PCRV/PPE), April 2019.

39. As shown in table 7, the overall assessment of PCRs in 2015-2017 improved slightly, with 91 per cent of the PCRs validated by IOE rated moderately satisfactory or better. The 2019 ARRI finds a flat performance in all four PCR criteria but a significant increase in the percentage of satisfactory or better for all criteria except quality.

Tunisia

Agropastoral Development and Local Initiatives Promotion Programme in the South-East – Phase II

Mbarka Ayeb uses a stepladder to climb a palm tree, and then a hacksaw to cut the bunches of dates free. Now 43 years old, Mbarka attended the Agropastoral Development and Local Initiatives Promotion Programme training course organized by IFAD in 2015 and in 2016.

2 Project portfolio trends 2007-2017

40. 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 trends in performance over time by moving averages. For each criterion, the percentage of moderately satisfactory and better ratings of projects that completed between 2007 and 2017 are presented in three-year moving periods based on the PCRV/PPE database. These trends are consistent with those for the performance of all criteria between 2007 and 2017 based on the "all evaluation" database.

41. Notably, while IOE introduced its first Evaluation Manual in 2009 and its second edition in 2015, they were implemented in evaluations conducted from 2010 and 2016, respectively, which include projects with completion dates 2-3 years prior. As a result, for many criteria there is a change in the trend line in 2008-2010 and 2011-2013. It is important to note that the 2015-2017 sample, which includes 59 projects completed and evaluated by IOE, will increase next year as new evaluations become available. The qualitative analysis by criteria highlights trends and drivers based only on evaluations conducted in 2018. Finally, annex 8 provides detailed analysis comparing IOE and PCR mean ratings for each criterion as well as by region.

Rural poverty impact

42. Measuring IFAD's rural poverty impact is central to the achievement of its mandate and its strategic objectives to increase poor rural people's productive capacities and benefits from market participation. Through rural poverty impact, IFAD contributes to SDG 1 to end poverty, and to SDG 2 to end hunger, achieve food security and improved nutrition, and promote sustainable agriculture. For IFAD11, Management aims to reach 120 million poor rural people and achieve significant attributable impact across each of its strategic objectives and thereby contribute to related SDG targets: (i) 47 million people with increased agricultural production (SDG 2.3); (ii) 46 million people with increased market access (SDG 2.3); (iii) 24 million people with greater resilience (SDG 1.5); (iv) 12 million people with improved nutrition (SDG 2.1); and (v) 44 million people experiencing economic mobility (SDGs 1.2 and 2.3).

43. The rural poverty impact criterion has been consistently rated in project evaluations to enable comparisons and tracking of trends over time. IFAD-funded projects rated positively for rural poverty impact accounted for **76 per cent** of projects in 2015-2017, lower than the 80 per cent in 2014-2016

(chart 4). While moderately satisfactory ratings increased by five percentage points, the share of satisfactory projects declined by eight percentage points from 27 per cent to 19 per cent, with no record of highly satisfactory ratings. The overall decline is also reflected in the IOE and PCR mean ratings for rural poverty impact, whose trend lines are aligned and which maintain the lowest overall average disconnect (-0.17) among all criteria. Among the regions, rural poverty impact performance in the latest period is best in APR (93 per cent), followed by ESA (82 per cent), NEN (73 per cent), WCA (63 per cent) and LAC (60 per cent). All regions, except for ESA, show a declining trend for the criterion, especially in LAC and NEN.

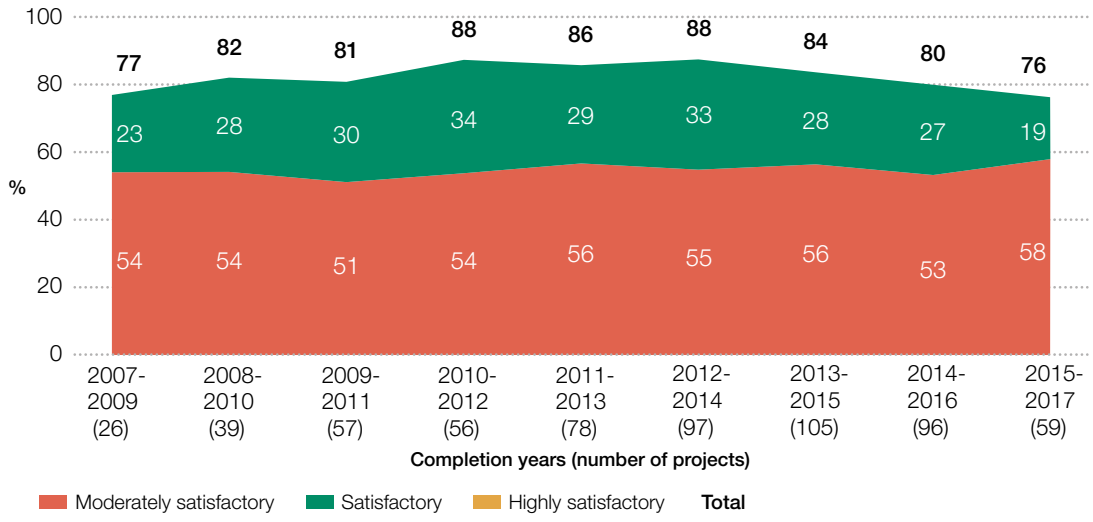
44. **Qualitative analysis for rural poverty impact.** Given that the reduction of rural poverty is IFAD's primary objective, the key features of positive and less positive rural poverty impact (box 1) are provided by its four subdomains: household income and assets; human and social capital and empowerment; food security and agricultural productivity; and institutions and polices.

45. **Household income and assets.** This subdomain provides a means of assessing the flow of economic benefits and accumulated items of economic value to individuals and households. The 2018 evaluations found that IFAD-funded projects made a positive contribution to raising incomes and diversifying income sources, mainly through: (i) investments in productive assets; (ii) increased employment opportunities; (iii) improved access to microfinance markets; (iv) diversified cultivation techniques and greater access to technology; and (v) financing infrastructure and rehabilitation to improve access to markets.

46. The evaluation of the Smallholder Plantations Entrepreneurship Development Programme in Sri Lanka showed how income increases can be considered definitive and indisputable thanks to the production increase from tea replanting and infilling and from rubber planting. The programme also significantly enhanced capital ownership for beneficiary households through the following channels: (i) tea and rubber planting; (ii) a matching grant scheme; and (iii) the rural financing facility.

Chart 4 **Rural poverty impact (2007-2017)**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

Box 1 **Rural poverty impact – common factors in 2018 evaluations**

Positive	Negative
• Building capacity of public institutions and staff at central and local levels. • Diversification of cultivation techniques, increased access to technology and focus on product quality. • Support of bottom-up approach to encourage participation of local beneficiaries and increase income. • Empowerment of young entrepreneurs and ethnic minorities through common interest groups. • Formation of community-based organizations fostering social cohesion and enhancing interactions among group members and the wider community.	• Significant gaps in the targeting strategy and processes. • Underestimation of the impact of exogenous factors (e.g. earthquakes or political instability) as an element responsible for food shortage crisis. • Missing structured value chain approach allow to beneficiaries to fully benefit from improved production. • Limited data on household income and assets, in particular absence of baseline surveys, mid-term reviews and functional M&E systems. • Lack of clear policy frameworks to guide long-term sustainability of projects.

The Agricultural Value Chains Support Project (PAFA) in Senegal demonstrated improvement in assets as a result of the additional purchase of agricultural equipment, inputs, and means of transport, and by the construction of housing. The value chain approach also contributed to increased incomes evident in the rapid increase in the number of contracts between producer organizations and PAFA market operators for selling the production surplus.

47. Impact on income and assets is constrained by the following factors: (i) assumptions at design that increased incomes in group organizations would trickle down to members; (ii) decline in incomes due to fluctuations in market prices; and (iii) a lack of a structured value chain approach allowing beneficiaries to fully benefit from improved production. Measuring impact is also challenging due to limited data on household income and assets, in particular the absence of baseline surveys, mid-term reviews (MTRs) and functional monitoring and evaluation (M&E) systems.

48. **Human and social capital and empowerment.** Empowerment is one of IFAD's key principles of engagement, and essential for sustainably reducing poverty and hunger. IFAD's notable comparative advantages versus other IFIs are the targeting and participatory approaches promoted in IFAD operations, which have a positive impact on the empowerment of individuals.

49. The 2018 evaluations' positive ratings for rural poverty impact are primarily related to human and social capital empowerment in terms of: (i) training and follow-up support in various areas (e.g. financial literacy of borrowers or technical/agriculture-related trainings); (ii) capacity-building activities to obtain services from government and improve relationships with local officials; (iii) forming community-based organizations to facilitate social cohesion and interactions among group members and the wider community; (iv) supporting young entrepreneurs to empower economically active youth and start-ups; and (v) involving ethnic minorities and poor households in common interest groups to benefit from financial support.

50. In Nicaragua, the Inclusion of Small-scale Producers in Value Chains and Market Access Project (PROCAVAL) was able to strengthen producers' capacities (including women and youth) through technology transfer, counselling and technical assistance. The demand-driven approach allowed beneficiaries to access technical assistance and services adapted to their needs. Moreover, the strengthened capacities and productivity allowed producers to engage in negotiations leading to better prices and contractual arrangements with important private entities in national and international markets.

51. For projects rated unsatisfactory for rural poverty impact, the 2018 evaluations underline some key elements constraining positive outcomes in human and social capital empowerment, such as: (i) limited duration and quality of technical assistance for introducing innovations and technological changes; (ii) significant gaps in the targeting strategy and processes (i.e. women and youth); (iii) a lack of in-depth analysis of the capacities of grass-roots organizations supported during implementation; (iv) the absence of long-term strategies to link beneficiaries with institutions; and (v) a culture of dependence on external support by beneficiaries resulting in their continuous need for support in terms of planning and administration.

52. In The Gambia, the Participatory Integrated Watershed Management Project demonstrates how capacity-building provided to farmers organizations was not sufficient to ensure sustained monitoring and maintenance of the water management structures. Considerable capacity development and further support would have been required to enable these organizations to become functional and self-sufficient. Village farmers associations were found most successful in places where they had been operational for some time and were established by the farmers themselves, as the members had common business interests and even worked as mutual lending organizations.

53. **Food security and agricultural productivity.** Food security lies at the heart of IFAD's mandate and of SDG 2 to end hunger and promote sustainable agriculture. Some positive factors that contribute to food security and improved agricultural productivity impact are related to: (i) adoption of crop diversification activities and good agricultural practices, with a focus on product quality; (ii) supporting awareness-raising activities and access to new food sources to fight malnutrition; (iii) working with agricultural enterprises to secure better access to markets; and (iv) support to microprojects in agriculture, livestock and fisheries, together with improved access to water and irrigation.

54. The adoption of the Farmer Field School (FFS) approach as a national agricultural extension methodology has improved the quality of support and technical assistance to farmers. In Angola, the Market Oriented Smallholder Agriculture Project (MOSAP) introduced the FFS approach, which was scaled up to a level that helped develop farmers' capacities, increase food security and agricultural production, and establish local producers associations. Within the FFS approach, the project aimed at improving the quality of support and technical assistance farmers would receive from the relevant government organizations. The same effect was found in Burkina Faso, where the Agricultural Commodity Chain Support Project supported FFSs, which improved agricultural productivity through increased yields and reduced production costs.

55. Projects rated unsatisfactory for rural poverty impact underscore some constraining factors related to food security and agricultural productivity, specifically: (i) underestimation of the impact of exogenous factors (e.g. earthquakes or political instability) on food security; (ii) food shortage issues not adequately addressed; and (iii) post-harvest losses. Reliable assessments of food security

are limited by the lack of robust evidence and data on nutritional values and child malnutrition.

56. **Institutions and policies.** IFAD's contribution to the quality and performance of institutions, policies and regulatory frameworks is critical to the sustainability and scaling up of IFAD's country programme results. IFAD-funded projects have the potential to generate changes in public institutions and policies by: (i) building the capacity of public institutions and their staff as an entry point for project interventions; (ii) adopting bottom-up approaches that decentralize coordination and management to local organizations and enhance beneficiary participation; (iii) forming enterprise-based producer associations that establish marketing networks to gain access to larger markets; and (iv) establishing procedures through district and village development plans to channel funds from the central government to the rural communities.

57. In Kenya, the Smallholder Horticulture Marketing Programme strengthened the capacity of service providers as well as staff from the project management unit (PMU) and collaborating ministries. Government staff in the counties were trained in effective agricultural practices, agribusiness, value chains, business management and entrepreneurship. The Tonga Rural Innovation Project empowered local public agencies by enhancing the skills of district and town officers through capacity-building and their participation in developing community development plans, and adopting bottom-up approaches nationwide to foster rural development.

58. Limited impact in terms of institutions and policies is mainly due to the lack of clear policy frameworks to guide the long-term sustainability of projects, as well as a dearth of studies on institutions, policies, laws and regulations that would support capacity building. The Rural Microfinance and Livestock Support Programme in Afghanistan required a clear policy framework for the microfinance sector. In Ghana, the Root and Tuber Improvement and Marketing Programme (RTIMP) lacked a strategy to engage financial institutions and support their development, in a market where liquidity was a concern and no strategic approach to institutional development was taken.

Project performance criteria

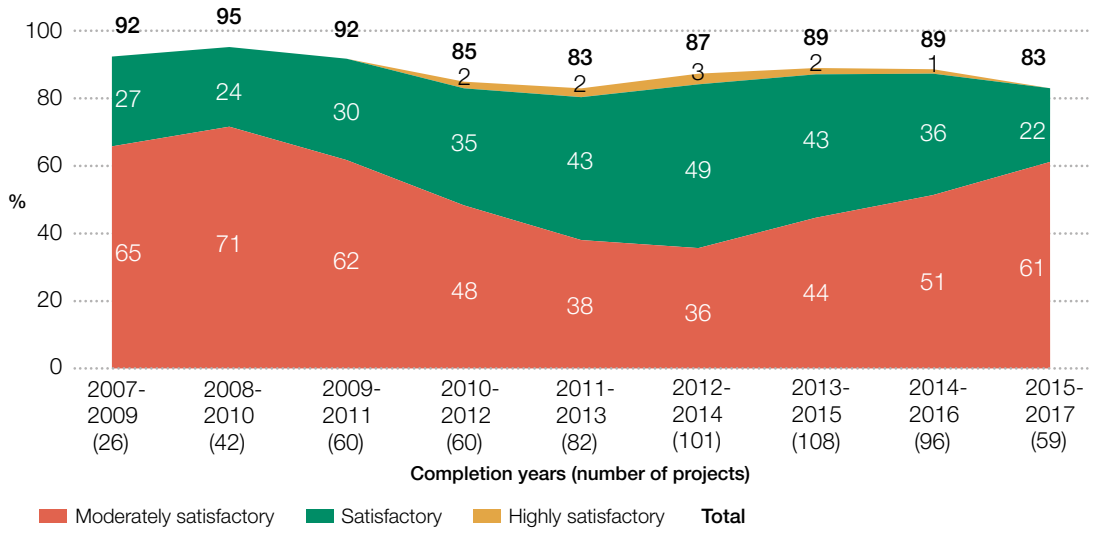
59. This section on project performance, which is an average of relevance, effectiveness, efficiency and sustainability, presents rating trends and key features of better and weaker performance for the four individual criteria as well as the composite criterion.

60. **Relevance.** While IFAD operations remain highly relevant, with an average of 88 per cent of all projects between 2007 and 2017 rated as moderately satisfactory or better, performance recently declined in 2015-2017 to **83 per cent** (chart 5). Lower performance in the latest period was mainly driven by a 15-point decrease in satisfactory ratings and a 10-point increase in moderately satisfactory ratings; notably, no project that completed between 2015 and 2017 was rated highly satisfactory. Among the regions, APR shows the strongest performance (86 per cent), followed by WCA (85 per cent), ESA (82 per cent) and NEN (82 per cent), and finally LAC (80 per cent) in 2015-2017. All regions, except LAC, show a declining trend for relevance in the latest period. While the trends in IOE and PCR mean ratings for relevance are aligned across time and show a declining trend since 2012-2014, the average disconnect between IOE and PCR ratings remains the highest at -0.56 for the period 2007-2017.

61. **Qualitative analysis for relevance.** The 2018 evaluations identify some good results in the

Chart 5 **Project relevance (2007-2017)**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

performance of projects (boxes 2 and 3) due to: (i) taking into account experience from previous projects in the same country and region; (ii) demand-driven and participatory approaches allowing market requirements to be met; (iii) flexible project design based on longitudinal and programmatic views of the portfolio; (iv) focus on developing strategic alliances between the public and private sectors; (v) good synergy among components; and (vi) multipronged targeting strategies to foster inclusive participation and sustainability. A deeper examination of relevance in project interventions is presented in this year's learning theme chapter (chapter 5).

Box 2 **Illustrative example of relevance – evaluation synthesis report on IFAD's support to livelihoods involving aquatic resources from small-scale fisheries, small-scale aquaculture and coastal zones**

- Although the evaluation synthesis report concluded that **IFAD's interventions had been relevant to the policies and plans of national governments and to IFAD's strategic frameworks and policies**, their **relevance to the needs** of the **rural poor** who depended on aquatic resources for their livelihoods was **sometimes questioned**.
- Projects addressing fisheries or aquaculture **did not always target IFAD's traditional target groups** (i.e. the poorer segments of rural populations), and the approaches adopted were **not always conducive to long-term poverty alleviation**.
- Regarding the targeting strategy, there was no evaluative **evidence of the expected positive trickle-down effects** on poverty reduction: (i) reliance on aquatic resources generated incomes **for those who had productive resources** already; and (ii) the necessary mechanisms were **not well articulated at design or during implementation**.
- Finally, positive overall relevance was often **undermined by a lack of sufficient analysis of the local context at the design stage** and an **overestimation of the local capacity for implementation**.

Box 3 **Relevance – common factors in 2018 evaluations**

Positive	Negative
• Flexible project design and good targeting aiming at inclusiveness and sustainability. • Capitalizing from previous projects. • Synergy among components. • Development of strategic alliances between the public and private sector. • Demand-driven and participatory approaches allowing market requirements to be met.	• Poor targeting mechanisms. • Ambitious design causing project's shortcomings. • Insufficient country context analysis and lack of risk mitigation strategies. • Inadequate recognition of appropriate policies as well as supervising framework. • Lack of baseline study and specialists in the PMU.

62. The Rural Business Development Services Programme in Burkina Faso, the Rural Finance Project in The Gambia, the Agricultural Rehabilitation and Poverty Reduction Project in Côte d'Ivoire, and the North Eastern Region Community Resource Management Project for Upland Areas (NERCORMP II) in India all successfully implemented lessons from other IFAD-funded projects in the same country.

63. In Nicaragua, PROCAVAL included an exit strategy that focused on developing strategic alliances between the public and private sectors. In addition, it aimed at achieving significant progress in institutionalizing the executing agency and programmatic management. The rural poor were given the opportunity to engage in the process of regional economic integration and the implementation of free trade agreements. Finally, PROCAVAL was highly relevant for the three national policies covered by the project, to which the project was able to adapt.

64. Constraining features to relevance are often linked to: (i) a lack of contextual analysis and a risk mitigation strategy; (ii) ambitious design causing significant shortcomings (e.g. geographical overreach, or assumption of trickle-down effects of investments); (iii) overestimation of partners' capacities; (iv) no pre-assessment of expected synergies with other projects in the country or among components; (v) disjointed targeting strategies; (vi) weak capacities and performance of implementing agency; and (vii) a lack of a baseline study and specialists in the PMU to better understand the development issues.

65. The Rural Development Project in the Likouala, Pool and Sangha Departments (PRODER 3) in Congo was assessed as having an ambitious design. Lessons from previous projects were not taken into consideration such as: weak local public and private service providers; the need for a simple design to avoid implementation delays; the need to secure government contributions to avoid breaks in implementation; and the need for a gender strategy. Both PRODER 1 and 2 were assessed as having had designs that were too ambitious; yet the PRODER 3 design did not differ significantly from them. PRODER 3 also struggled to create the expected synergy between the components, and showed weaknesses both in the targeting strategy and in its limited collaboration with partners working on similar topics.

66. **Effectiveness.** The overall trend of positive ratings in effectiveness is flat between 2007 and 2017. This potentially indicates systemic issues with the IFAD-project business model, which are explored in chapter 4.

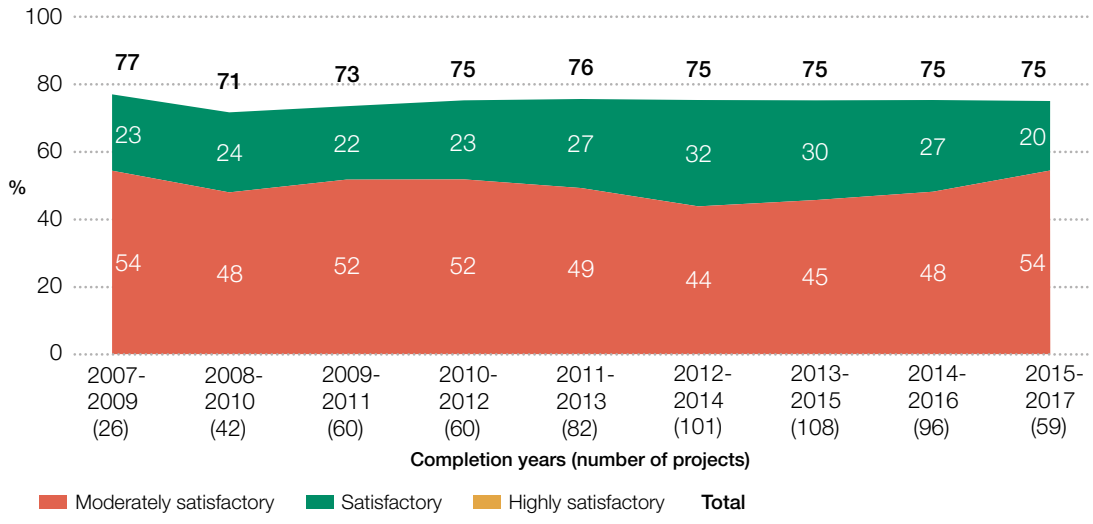
The share of moderately satisfactory or better ratings in 2015-2017 is **75 per cent** (chart 6), while satisfactory ratings have steadily declined from 32 per cent in 2012-2014 to 20 per cent, and no project has ever been rated highly satisfactory. This suggests that an improvement in effectiveness requires an upgrade in performance that would lead to an increase in satisfactory ratings. In terms of regional performance in 2015-2017, APR has the highest positive ratings for effectiveness (93 per cent), followed by NEN (73 per cent), LAC (70 per cent), WCA (69 per cent) and ESA (64 per cent). However, compared to the previous period, this represents a decline for APR, NEN and LAC. The trend in IOE mean ratings since 2007 shows a flat trend versus PCR ratings, which present a declining trend since 2012-2014. The disconnect between IOE and PCR ratings between 2007 and 2017 is low at -0.25.

67. **Qualitative analysis for effectiveness.** The 2018 evaluations found some common elements of good performance among those projects rated satisfactory, such as reinforcement of producers' capacity and community infrastructure, increased range of financial services provided, and linkage with business enterprises. However, despite projects' achieving their main objective to empower poor rural households to benefit from business opportunities, even satisfactory projects display some significant shortcomings. For example, within the Kirehe Community-based Watershed Management Project (KWAMP) in Rwanda (box 4), changing the role and scope of grass-roots organizations such as watershed management committees to an administrative area-based approach may have put the effectiveness of the watershed approach and the training they provided at risk.

68. The ongoing increase in moderately satisfactory ratings for effectiveness in the 2018 evaluations is driven by some common positive elements. These include: (i) training courses covering a variety of agricultural topics as well as financial literacy; (ii) improving farmers' production capacity through new technologies; (iii) addressing significant finance gaps, especially for youth and microenterprises; (iv) establishing formal agreements with grass-roots organizations; and (v) raising local people's awareness

Chart 6 **Project effectiveness (2007-2017)**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

Box 4 **Good practice on effectiveness: Kirehe Community-based Watershed Management Project in Rwanda**

- The project largely achieved its objectives related to agricultural and livestock intensification as a result of **training and the provision of inputs**.
- **Regular and timely provision of irrigation water** helped plan production better.
- **Distribution of livestock** and the concept of communal sheds **increased milk production**.
- **Feeder roads** created additional avenues for selling surplus produce.
- The **land registration** will help beneficiaries with facilitating loans.
- The **post-harvest infrastructure** was useful in reducing losses, and warehouses made collection of produce more efficient and economical.
- The **value chain development** fund provided several individual farmers with new or **additional sources of income**.
- A few shortcomings were observed: (i) the change in the **role and scope of grass-roots organizations**, which were to be the bedrock of watershed management planning and monitoring, risked losing the effectiveness of a watershed-based approach; (ii) beneficiaries with livestock will still face the **challenge of feed in dry months**; and (iii) there remains a lack of **effective marketing linkages and competitive prices** for producers. Some issues were related to an ambitious project design.

on issues such as climate change and environment protection. The Project to Support Development in the Menabe and Melaky Regions (AD2M) in Madagascar included 19 communes, each with an updated communal and regional development plan. The exercise enabled the citizens to prioritize in a participatory manner the municipal investments and the issuance of land certificates, which was relatively efficient and socially equitable. AD2M also secured secondary rights, whereby written contracts are established between landowners and landless peasants to cultivate for a certain period. The evidence gathered confirms that securing secondary rights is a highly pro-poor measure that provides greater legal certainty for landless households, which is better for certain trade arrangements.

69. Common issues found in projects that were not satisfactory in terms of effectiveness (box 5) were: (i) limited funds and difficulties in establishing long-term relationships between buyers and market prices; (ii) programmes being slow to react to volatile and changing political contexts; (iii) stretched PMUs with expanding responsibilities; (iv) a lack of synergy with previous interventions; (v) uneven geographical distribution of results; (vi) gaps in commodity chains financing; (vii) inability to engage in contractual relationships with local government and the private sector; and (viii) a lack of national policy analysis on rural development and poverty reduction.

70. In Ghana, RTIMP was designed to focus on building commodity chain linkages and value addition through processing and marketing support. In reality, it was implemented as a production-oriented programme. While the objectives on production were largely achieved, there was underachievement in terms of the objectives related to roots and tubers (value chain development and processing). This was partly due to the insufficient marketing knowledge and experience among the original and new PMU staff to implement the programme or take it in a new direction.

71. **Efficiency.** Performance in operational efficiency remains the weakest, with only **51 per cent** of projects in 2015-2017 rated

Box 5 **Effectiveness – common factors in 2018 evaluations**

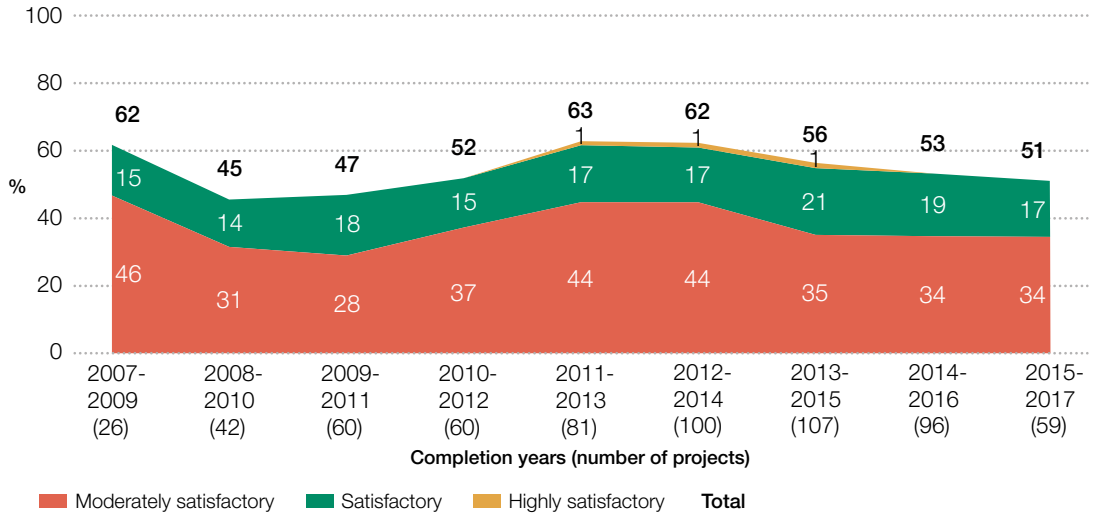
Positive	Negative
• Increased range of financial services. • Strengthening of capacity and knowledge. • Vocational training and sustainable management. • Strengthening of rural institutions. • Linkage with business enterprises.	• Inadequate access to financial services and insufficient budget allocation. • Delays in input supply and supplementary financing. • Programme not suitable to changing political context. • Uneven distribution of geographical results. • Lack of synergies with previous interventions.

moderately satisfactory or better (chart 7). This is slightly worse than the average share of 54 per cent of positive ratings on a ten-year basis (2007-2017). The steady declining trend started in 2011-2013, when the peak of 63 per cent of moderately satisfactory or better was reached. The underperforming trend is marked by declines in both moderately satisfactory (10 points) and satisfactory ratings (4 points) from 2012-2014 and 2013-2015, respectively. Among the regions, APR has the highest share of positive ratings (79 per cent), followed by LAC (60 per cent), NEN (45 per cent), ESA (36 per cent) and WCA (31 per cent). Performance declined compared to the previous period in all the regions except LAC, where it improved. The overall mean rating for efficiency in all regions, except APR, is below moderately satisfactory. The trends in IOE and PCR mean ratings for efficiency are aligned and flat from 2011-2013, and the average disconnect in 2007-2017 was -0.30, in line with the overall average disconnect for all criteria.

72. **Qualitative analysis for efficiency.** The most common key factors inhibiting efficiency in the 2018 evaluations (box 6) are related

Chart 7 **Project efficiency (2007-2017)**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

Box 6 **Efficiency – common factors in 2018 evaluations**

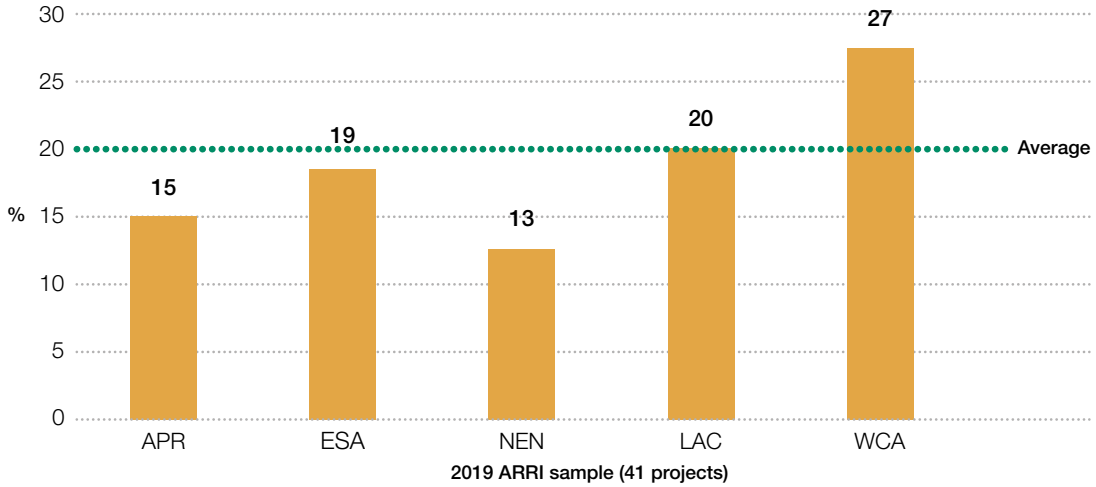
Positive	Negative
• Smooth project management mechanisms. • Staff retention. • Timely implementation. • High disbursement rate and financial return. • Good partnership arrangements and good integration with governments.	• Delay in start-up and implementation, and long procurement processes. • Lack of harmonization with donor funds and cofinanciers. • Unrealistic project duration estimated at design. • High turnover of programme management and lack of key specialists. • Overestimated economic internal rate of return.

to: (i) delays in start-up and implementation, and long procurement processes; (ii) high turnover in PMUs, as well as the absence of key specialists and qualified personnel; (iii) a lack of harmonization of donor funds and late mobilization of cofinanciers; (iv) high project management cost ratios, in some cases because of remoteness of communities; (v) limited awareness of the programme among partners; (vi) unrealistic project duration at design; (vii) limited outreach of microfinance institutions to beneficiaries; and (viii) low government contributions. For MOSAP in Angola, the main implementation challenges were linked to the lack of: a field technical team being provided in a timely manner; supply chain service providers (including the high cost of doing business in Angola); and experience in engagement with local producer organizations.

73. With regard to the high management cost ratios, the average project management cost in the sample of 2018 evaluations was 20 per cent, which means that for every dollar spent, 20 cents went on project management. When looking at the performance by region (chart 8), the average percentage of project management costs was above average in

Chart 8 **Project efficiency**

Percentage of project management costs at completion by region



Source: IOE evaluation database (PCRV/PPE), April 2019.

WCA (27 per cent) and below average in LAC (20 per cent), ESA (19 per cent), APR (15 per cent), and NEN (13 per cent). Within the 2019 ARRI project sample, 34 per cent were implemented in WCA and, among these, 71 per cent in fragile situations. Some of the main causes for high project management costs in WCA were mainly related to high staff turnover (Burkina Faso, Gambia and Ghana), low performance of key project staff requiring external service providers (Burkina Faso, Gambia and Ghana), vast and dispersed project areas (Congo), and a lack of rigour in the planning of activities (Congo).

74. The Rural Business Development Services Programme in Burkina Faso faced programme management issues that hampered project implementation. The efficiency indicators were the weakest among IFAD-funded projects implemented in the country for the past decade. Important issues regarding human resources management, with high staff turnover and low performance of some key project staff, affected the achievement of results. The programme was implemented without a technical implementation manual and, despite technical assistance to improve programme management, its operating costs were still much higher than expected at design.

75. The 2018 evaluations found that good project efficiency is, overall, based on: (i) smooth project management processing mechanisms, as well as low project management costs; (ii) staff retention; (iii) timely project implementation; (iv) good partnership arrangements and integration within the government; (v) efficient geographical coverage to avoid dispersion and higher programme management costs; (vi) adoption of new techniques, as well as local training; and (vii) high disbursement rates and financial return.

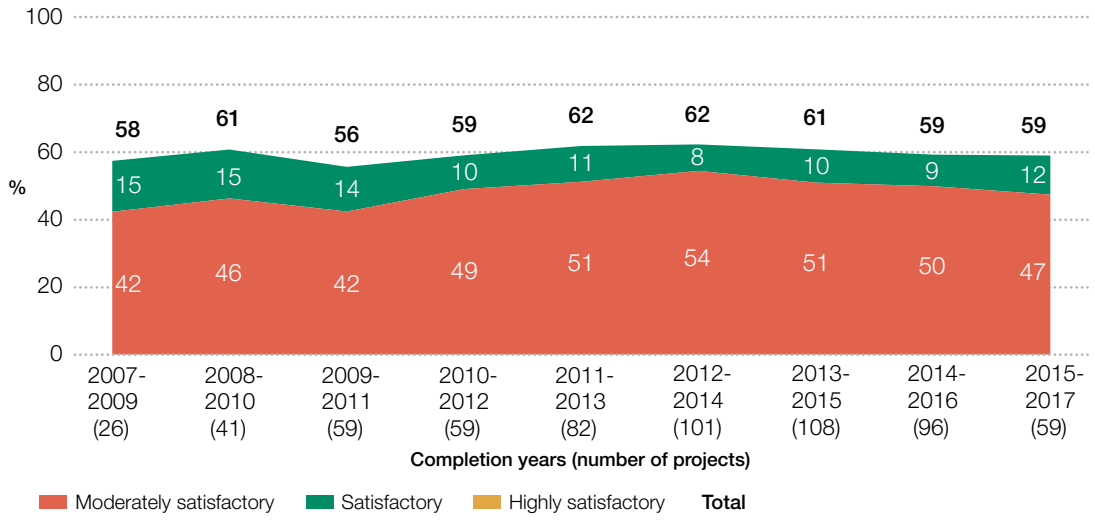
76. The Pro-Poor Partnerships for Agroforestry Development Project in Viet Nam maintained a reasonable level of project management costs (14 per cent) thanks to decentralization at the district level. Technical assistance was substantially reduced compared to project design (by 50 per cent overall, and by 80 per cent for international technical assistance), and the substantial savings (about 15 per cent of project costs) were reallocated to training.

77. The satisfactory rating in efficiency for the Rural Financial Services and Agribusiness Development Project in the Republic of Moldova is mainly linked to the low project management costs related to: (i) the country programme implementation unit arrangements, with all IFAD-funded projects under one umbrella; (ii) the small geographical area of the country; (iii) larger than estimated contribution by borrowers and participating financial institutions, which lowered the share of project management costs in the total financing; and (iv) efficient processing, as well as the Government's high interest in maximizing the project funds going to investments (i.e. credit fund) rather than recurrent costs or technical assistance. The country programme implementation unit approach also contributed to the retention of trained staff with institutional memory familiar with the procedures and systems required. This saved time and resources on staff recruitment for each project, thus contributing to a smooth start-up process and timely implementation.

78. **Sustainability of benefits.** In 2015-2017, **59 per cent** of projects were rated moderately satisfactory or better (chart 9), making sustainability the second-weakest performance criterion after project efficiency. Although the share of positive ratings remained the same, performance in sustainability showed some improvement as the share of satisfactory ratings increased to 12 per cent. Although APR again performed best in terms of sustainability of benefits, its 86 per cent of positive ratings was a decline from 95 per cent in 2014-2016. In contrast,

Chart 9 **Project sustainability (2007-2017)**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

NEN improved by 12 points to achieve 73 per cent in positive ratings, followed by ESA (64 per cent), LAC (40 per cent) and WCA (31 per cent). Mean ratings for sustainability are below 4 in all regions. The trend in PCR mean ratings for sustainability has been slowly declining since 2012-2014 – unlike IOE mean ratings, which have maintained a more stable trend. Nonetheless, the IOE-PCR disconnect is -0.34 over the 2007-2017 period.

79. **Qualitative analysis for sustainability of benefits.** The flat trend in sustainability is driven by an increase in satisfactory ratings within the 2015-2017 cohort of data series. Common key drivers for positive results in sustainability (box 7) are: (i) a strong sense of involvement and ownership by local authorities; (ii) successful lending mechanisms; (iii) secured maintenance schedule to secure sustainability; (iv) management capacity in favour of training and mobilizing contributions; (v) involvement of women in executive positions; and (vi) profitability of promoted products and sustainable financial mechanisms.

80. In Rwanda, KWAMP is a positive example of sustainability and a valid exit strategy. The main

Box 7 **Sustainability – common factors in 2018 evaluations**

Positive	Negative
• Strong involvement and ownership by authorities. • Targeted and sustainable financial mechanisms. • Valid exit strategy. • Training processes and exchange of expertise. • Staff continuity.	• Absence of private-sector involvement in value chain development. • Missing linkages and synergies with other complementary projects in the country. • Late disbursements. • Assumptions of trickle-down effects. • Limited drawing of lessons from old projects into new ones.

reasons for considering this project sustainable are related to: (i) the involvement of the district, sectors and cells, generating strong ownership; (ii) the availability of an exit strategy and formal handovers of irrigation schemes; (iii) the proven ability of the district to substitute KWAMP staff and to perpetuate activities, such as reforestation, heifer distribution and artificial insemination; (iv) the management capacity of farmers organizations, and hands-on and inclusive training; (v) the fact that KWAMP was complementary to mainstream district interventions, such as livestock distribution, reforestation, and soil and water conservation measures; and (vi) considerable involvement of women and their presence in executive positions.

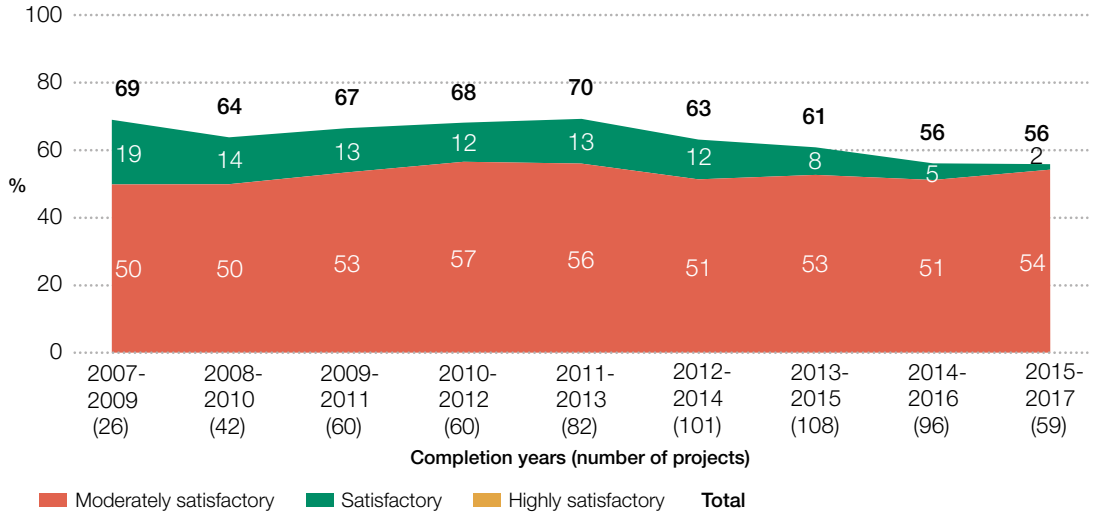
81. Some common key drivers that contribute to moderately unsatisfactory or below ratings for sustainability can be linked to: (i) a lack of long-term planning in approach to rural finance for income-generating activities; (ii) the absence of a long-term exit strategy; (iii) a lack of technical assistance services and follow-up training to support producers; (iv) the absence of private-sector involvement in value chain development; (v) missing linkages and synergies with other complementary projects in the country; (vi) limited government commitment to provide policy and financial support in the future; and (vii) late disbursements causing projects to become operational only towards the closing date.

82. The Rural Economic Growth Support Project in Benin did not develop an exit strategy, despite MTR recommendations. Significant sustainability risks were associated with infrastructure maintenance and management, the quality of support services for small-scale enterprises and income-generating activities, the capacity of producer organizations to deliver services and become independent and sustainable organizations, the sustainability of microprojects, and the availability of microcredit.

83. **Project performance.** This composite criterion is an arithmetic average of the ratings for relevance, effectiveness, efficiency and sustainability. A proportion of **56 per cent** of projects completed between 2015 and 2017 were rated moderately satisfactory or better (chart 10). Overall, IFAD operations remained below historical levels in terms of project performance. Notably, while the share of moderately satisfactory ratings remained

Chart 10 **Project performance (2007-2017) – IOE ratings**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

steady in the ten years between 2007 and 2017, satisfactory ratings significantly diminished from 19 per cent to 2 per cent in 2015-2017. Within the new cohort of projects included in the 2019 ARRI, 21 (out of 41 in total) showed less than moderately satisfactory ratings for project performance (10 in WCA alone). Project performance in 2015-2017 decreased in NEN and APR, which still has the highest percentage of moderately satisfactory ratings compared to other regions. All mean ratings for the regions are below 4, with the exception of APR (4.26).

84. **Qualitative analysis for project performance.** The 2018 evaluations find several issues and constraining factors in project performance, mainly driven by the negative trends of efficiency and sustainability. A lack of exit strategies, unsustainable financial mechanisms, long implementation processes and slow disbursement rates are some of the key reasons why the criterion shows negative performance.

85. **Declining trends are reflected in PCR ratings as well.** Management's PCR ratings of completed projects show trends similar to IOE's PCRV/PPE ratings of completed and evaluated projects. Project performance peaked in 2012-2014 at 86 per cent, but then declined to **68 per cent in 2016-2018** (chart 11). The percentage of satisfactory or better ratings also has also been falling, particularly in this latest period. The trends in IOE and PCR mean ratings for project performance are also aligned and show a declining trend since 2011-2013, with an average disconnect of -0.34. While the inclusion of sustainability of benefits contributed to the downturn from 2011-2013, the decline in subsequent years relates to declines in relevance and efficiency.

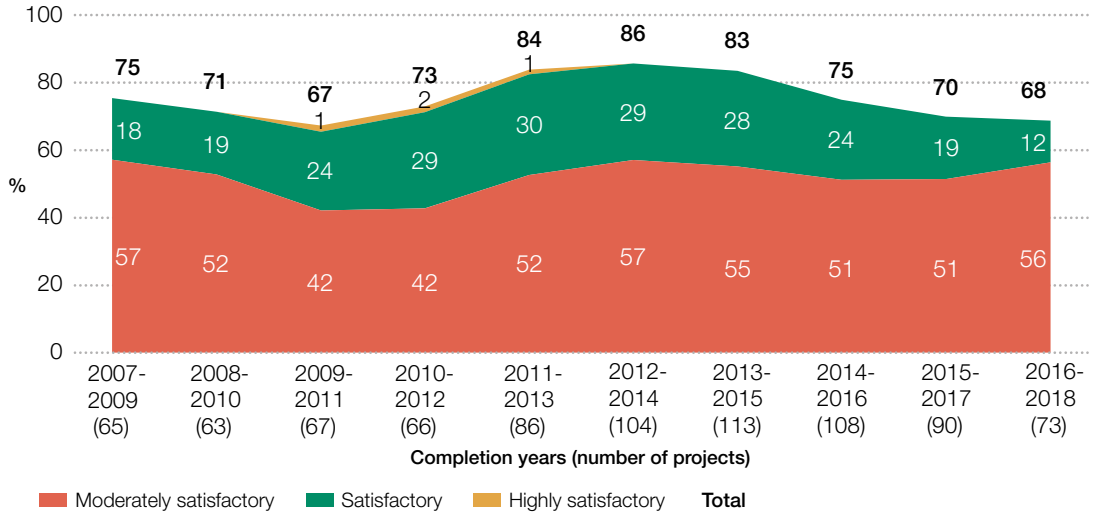
Other performance criteria

86. This section analyses innovation, replication and scaling up, GEWE, ENRM, and adaptation to climate change.

87. **Innovation.** Evaluations conducted from 2017 rate innovation and scaling up separately, following the harmonization agreement with Management. In conducting trend analysis on the separated criteria, the 2019 ARRI assigns the rating given for the combined criteria for past evaluations. The separate ratings begin

Chart 11 **Project performance (2007-2018) – PCR ratings**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

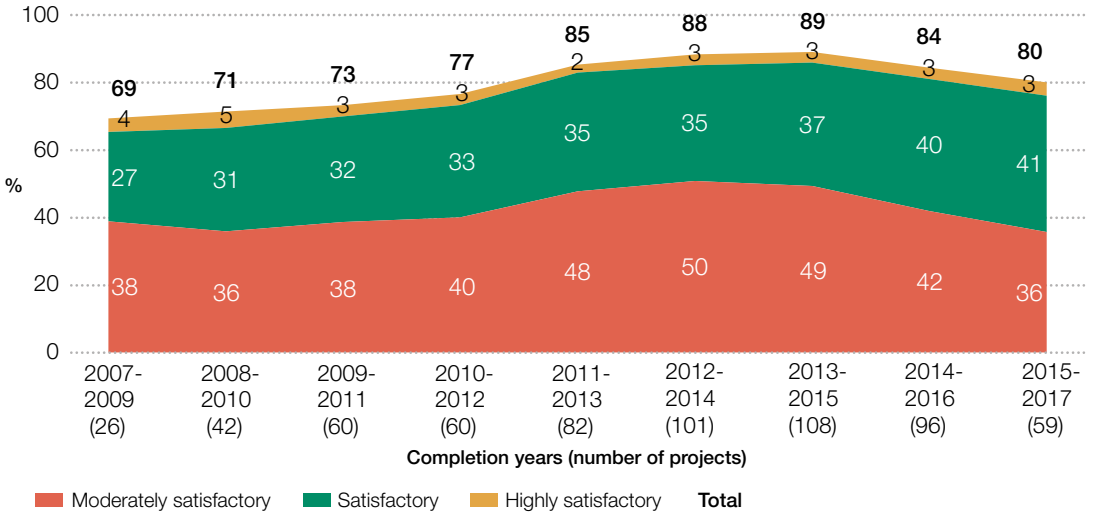
to appear in the trend line from 2011-2013, based on the completion year of the projects. The percentage of projects rated moderately satisfactory or better in innovation is equal to **80 per cent** in 2015-2017 (chart 12). Starting in 2007, the performance of IFAD's contribution to promoting innovation shows an upward trend until it plateaus in 2013-2015, followed by a slow decline until 2015-2017. While the share of projects rated moderately satisfactory has declined steadily since 2013-2015, overall performance has been sustained by a steady increase of satisfactory ratings. In the latest period, all ESA projects received positive ratings in innovation, followed by LAC (80 per cent), APR (79 per cent), WCA (77 per cent) and NEN (64 per cent). This represents improved performance for ESA, LAC and WCA, but declines for APR and NEN. The trends in IOE and PCR mean ratings for innovation decline across time periods; with a more pronounced decline in PCR mean ratings than in IOE average ratings. Innovation is one of the criteria with the lowest levels of disconnect in 2015-2017 (-0.21).

88. **Qualitative analysis 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 (box 8). The 2018 evaluations found that projects were successful in introducing innovative approaches such as: (i) promoting FFS as a participatory agricultural extension method; (ii) introducing improved production techniques to manage resources both horizontally and vertically; (iii) using the market-oriented participatory socio-economic approach in development planning processes, emphasizing individual participation from the very beginning of project implementation; (iv) combining productive plans with access to financial services, i.e. engaging poor households into value-chain-based common interest groups with support from community development funds in capacity development; (v) inserting tribal committees in investment initiatives; and (vi) supporting land reform at the local and national levels.

89. The Western Sudan Resources Management Programme in Sudan introduced a number of pivotal innovations. Whereas the use of cooking gas and fisheries was not innovative per se and only new to the geographical area, other innovations aimed at reducing conflicts

Chart 12 **Innovation (2007-2017)**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

Box 8 **Innovation – common factors in 2018 evaluations**

Positive	Negative
• Mainstreaming and strengthening integrated innovative agricultural approaches into government practice. • Participatory approaches (FFS, common-interest groups, market-oriented participatory socio-economic approach in development planning) as agricultural extension methods. • Horizontal and vertical integration of production techniques. • Coordination of local-level organizations of producers to scale up access to larger markets and bulk-source inputs. • Co-management of natural resources not only horizontally but also vertically.	• Updated and adapted approaches not really innovative. • Lack of contextual analysis in design. • Small-scale initiatives with very little assessment learning or dissemination of experiences. • Introduction of innovative concepts not supported by implementation • Weak partnerships and involvement of researchers.

between nomadic pastoralists and settled farmers were unique. The State Ministries of Agriculture and the localities concerned pooled staff and resources to carry out a joint survey and planning for the demarcation and development of stock routes using the participatory Geographical Information System to prepare community environmental action plans. Mixed mobile extension teams – with members from both North and South Kordofan – accompanied nomads along the migratory routes. The innovation of co-management of natural resources and stock routes resided in the opportunity to plan and implement the management of resources not only horizontally (among communities) but also vertically (linking communities with their respective government levels). Pastoralist field schools also enhanced social harmony by contributing to integrating nomads in the development process.

90. In Madagascar, AD2M proposed and realized the concept of development poles, and it was a pioneer in securing secondary land rights. AD2M has constituted a real school and a pool of innovations in terms of approach, tools, implementation methods and content of activities, namely: (i) the introduction of the simplified FFS, with peasant leaders; and (ii) conservation agriculture bringing co-benefits. The deployment of the simplified FFS is probably a key ingredient of this innovative success.

91. Some “new to the context” innovative approaches were successfully implemented in Viet Nam’s Agriculture, Farmers and Rural Areas Support Project (TNSP), including: (i) socio-economic management, decentralization and bottom-up planning; (ii) agricultural extension through a farmer-to-farmer and enterprise-led training method; (iii) value chain development based on market/value-chain analysis, containing various (funding) instruments for private-sector and common-interest-group investments, and connecting poor, ethnic minority households to market opportunities; and (iv) engaging poor households in value-chain-based common interest groups with support from a community development fund in public infrastructure, human capacity development and productive infrastructure.

92. In Senegal, PAFA helped increase production and supported the shift from subsistence agriculture to market production with two important methodological innovations: (i) the promotion of agricultural value chains with high socio-economic potential; and (ii) the inclusive approach based on strengthening and empowering producers and putting them at the centre of the intervention through producer organizations, marketing boards, and national interprofessional organizations for value chains.

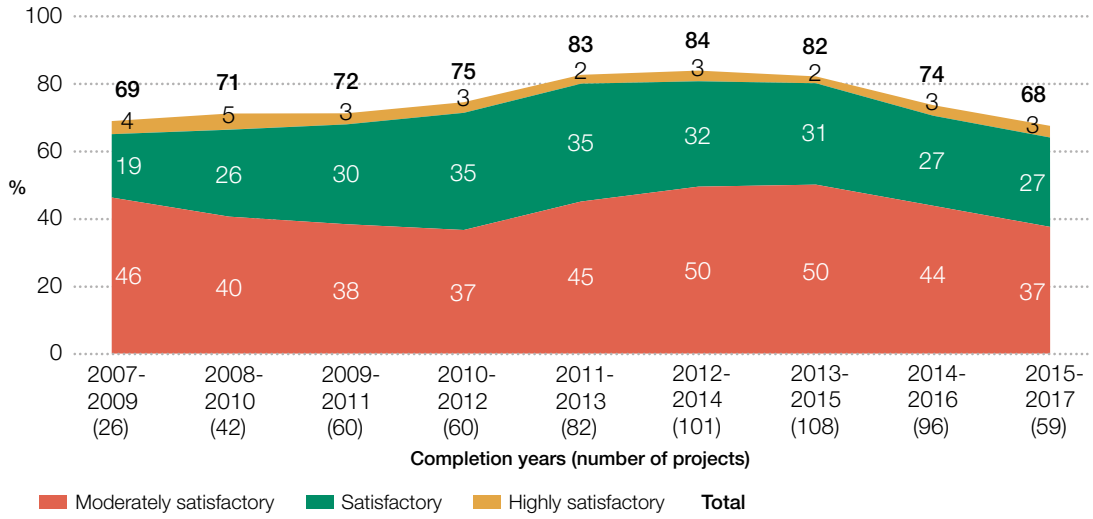
93. Adapted approaches, delayed implementation, limited technical support and underperformance of innovations planned at design are all constraining factors inhibiting real innovative contributions. The Rural Asset Creation Programme in Armenia conceived a major innovation at design with the creation of Fruit Armenia (a joint stock company) as an institutional modality for achieving value chain development in the economic interests of smallholder agriculture. A company driving the fruits and nuts market and implementing the main component of the programme in the form of a private-sector company was innovative and worthwhile, provided that it was managed by the private sector and not by government institutions. However, the chosen institutional model was a technology-driven approach that had hardly been tested in a similar environment and did not take the needs of smallholders into consideration.

94. **Scaling up.** Performance in scaling up declined to **68 per cent** with positive ratings in 2015-2017 (chart 13),[14] representing a six-point decline from the previous period. Moderately satisfactory projects were the main contributors to this downward trend, declining seven percentage points in 2015-2017. Satisfactory ratings remained the same. When comparing scaling up with innovation, shares of highly satisfactory projects and moderately satisfactory projects are similar. However, the overall performance of scaling up is weaker due to the low share of projects rated satisfactory. Compared to the previous period, performance improved only in WCA, with only 54 per cent of ratings positive. The better performers, ESA (82 per cent), APR (79 per cent), LAC (70 per cent), and NEN (64 per cent), all declined.

14 Although scaling up and innovation have been rated separately in evaluations since 2017, 85 projects that completed between 2008 and 2017 have separate ratings. The trend in scaling up is particularly different from innovation from 2012-2014 onwards. In 2015-2017, of the 54 projects with separate ratings, 70 per cent received positive ratings in terms of scaling up, while 81 per cent received positive ratings for innovation.

Chart 13 **Scaling up (2007-2017)**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

95. The trends in IOE and PCR mean ratings for scaling up are aligned across time periods and have declined since 2012-2014. Scaling up has the second-highest disconnect between IOE and PCR ratings at -0.43 overall, and -0.55 in NEN and -0.67 in WCA.

96. **Qualitative analysis for scaling up.** This criterion is 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 other agencies. Scaling up also requires extended support from IFAD, often through several project phases. Unlike in the 2018 ARRI, where only nine of the previous year's evaluations registered a moderately unsatisfactory or below rating, in this year's cohort there are 16 projects with ratings lower than moderately unsatisfactory. The decline in ratings for scaling up in the 2019 ARRI has been mostly driven by (box 9): (i) the absence of a specific strategy for scaling up in project designs and/or projects being replicated rather than scaled up; (ii) a lack of ownership by beneficiaries; (iii) the absence of operational guidelines; and (iv) a lack of technical support from qualified service providers.

97. Within the Rural Economic Growth Support Project in Benin, knowledge generated by the project was not adequately captured. The value chain fund was expected to generate a financial intermediation system regulated by the market with the permanent availability of adapted financial services for rural entrepreneurs. However, the contribution by financial institutions was not as expected, and serious issues were experienced that affected the fund's capacity to deliver financial services.

98. The 2018 evaluations highlight how and why some projects are likely to be scaled up by: (i) sharing experiences with government officials and NGOs, as well as neighbouring countries to integrate agricultural development approaches into common practice; (ii) bottom-up planning processes to be scaled up through ongoing government programmes; (iii) training producers in the

Box 9 **Scaling up – common factors in 2018 evaluations**

Positive	Negative
• Preparing an exit strategy. • Establishing functional public-private partnerships across value chain stakeholders. • Sharing experiences with government officials and NGOs as well as neighbouring countries. • Broadening project interventions across other geographical areas (horizontal scaling up), as well as linking beneficiaries to respective government levels (vertical scaling up). • Promoting diversified rural finance mechanisms.	• Lack of ownership by beneficiaries and governments. • Absence of specific strategies for scaling up (no exit strategy). • Insufficient long-term financial support. • Absence of a clear legal framework and a specific engagement plan with government or other partners. • Need to strengthen the capacity of technical services to be scaled up at national level.

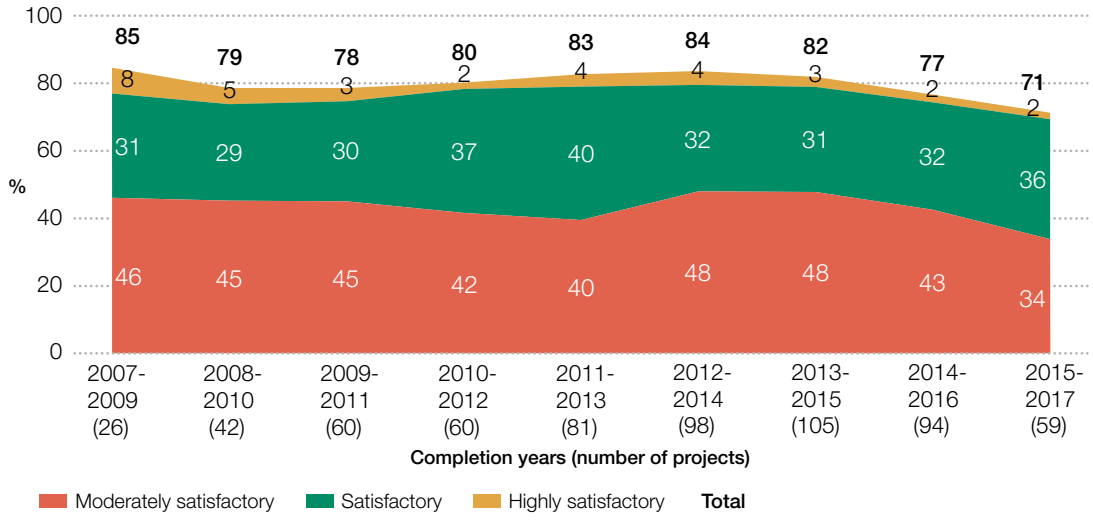
development and use of business plans and access to information systems; and (iv) broadening project interventions across other geographical areas (horizontal scaling up), as well as linking communities with their respective government levels (vertical scaling up). One of the main assumptions that guarantee a successful outcome in terms of scaling up is the preparation of an exit strategy, outlining concrete proposals on how to replicate and scale up the programme with preliminary cost estimates and involvement of governments and donors. In some instances, projects have influenced government sectoral policies and future projects with their methodology and initiatives, leading to project replication rather than scaling up.

99. In India, NERCORMP II shows how the government and the World Bank have scaled up the project. To begin with, the government continued financing the project's first phase after it was completed, and later financed NERCORMP III in additional districts, including conflict-prone zones. The World Bank used a similar approach in its North East Rural Livelihoods Project in different states. Some activities have been replicated with non-beneficiaries by community-based organizations. Finally, experiences of NERCORMP II have been shared with government officials and NGOs from Bangladesh, Bhutan and Myanmar.

100. **Gender equality and women's empowerment (GEWE).** On average, 80 per cent of projects between 2007 and 2017 are rated as moderately satisfactory or better. Although this criterion is among the highest performing criteria, it has been trending downward in recent periods. Moderately satisfactory ratings represented **71 per cent** of projects in 2015-2017 (chart 14), down six points on 2014-2016. While satisfactory ratings increased to 36 per cent in 2015-2017, this did not compensate for an overall decline in GEWE. The decline in performance was driven by performance in all regions, but especially NEN, where performance declined 18 points to 36 per cent in positive ratings. This was balanced by good performance (although declining) in APR (86 per cent), WCA (85 per cent), ESA (73 per cent) and LAC (70 per cent).

Chart 14 **GEWE (2007-2017)**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

101. The trends in IOE and PCR mean ratings for GEWE are not fully aligned, with IOE ratings decreasing since 2011-2013, and PCR ratings initially decreasing at the same time but then increasing in 2015-2017. The overall disconnect with PCR ratings increased slightly from -0.27 to -0.29 in 2007-2017.

102. **Qualitative analysis for GEWE.** Historically, IFAD has performed well in GEWE, which is a principle of engagement of IFAD's strategic framework. For IFAD11, a new division, the Environment, Climate, Gender and Social Inclusion Division, has been tasked with the mainstreaming of climate, gender, nutrition and youth. Specifically, IFAD has recently revised its Gender Action Plan 2019-2025 to mainstream gender-transformative approaches at IFAD. It has done so in order to reach its IFAD11 commitment for 25 per cent of its projects to be gender transformative and heighten its contribution to the SDG 5 – achieve gender equality and empower all women and girls.

103. Practices considered more effective for GEWE in projects evaluated in 2018 (box 10) are linked to: (i) promoting women's participation in selected value chain activities and leadership in social roles; (ii) training women in business management, and encouraging technology transfer for managing productive and profitable enterprises; (iii) including gender strategies at project design; (iv) hiring a gender specialist; and (v) empowering women by including them in self-help groups and farming groups to facilitate access to microfinance.

104. The Rural Finance Programme in Belize had an overall gender goal of promoting the socio-economic empowerment of the poorest women and girls by granting them access to financial services and providing them with financial literacy training. Specific issues were addressed, including improving the productive capacity of women-led enterprises and increasing their bargaining power within their households. To meet these goals, a gender strategy was developed with gender targets, and a gender/youth consultant was hired to implement it. This resulted in the successful integration of gender issues in the programme's core activities, including communications and training materials.

105. Examples of shortcomings in gender equality and women's empowerment found in the 2018 evaluations include: (i) a failure to address structural challenges limiting access to sustainable financial services; (ii) the absence of a specific gender

Box 10 **GEWE – common factors in 2018 evaluations**

Positive	Negative
• Gender-sensitive project design. • Promoting women's participation in value chains activities and leadership roles. • Training women in business management and technology transfer. • Including women in self-help and farming group to facilitate access to resources, assets and services.	• Absence of gender strategy at design. • Lack of gender specialist during implementation. • Limited women's access to sustainable financial services. • Lack of disaggregated data to evaluate actual impact on women's empowerment. • Missing dialogue with local institutions to encourage women's participation and free them up from their traditional roles.

approach; (iii) a lack of specialists on gender mainstreaming, or inadequate operational measures to implement gender strategy despite it being included in design; and (iv) a lack of dialogue with relevant sectoral ministries where the need for social services and women's involvement in institutions is most needed.

106. Within the Rural Development Project in the Eastern Middle Atlas Mountains in Morocco, women were a priority target. The project's actions in their favour focused mainly on functional literacy and microenterprise financing, particularly in the fields of crafts and livestock. However, this support was limited in relation to the local needs and initial objectives of the project. The poor performance of the rural finance component did not create sustainable opportunities for women's empowerment, and the income-generating activities financed were fragile and concentrated mainly in low-value-added areas.

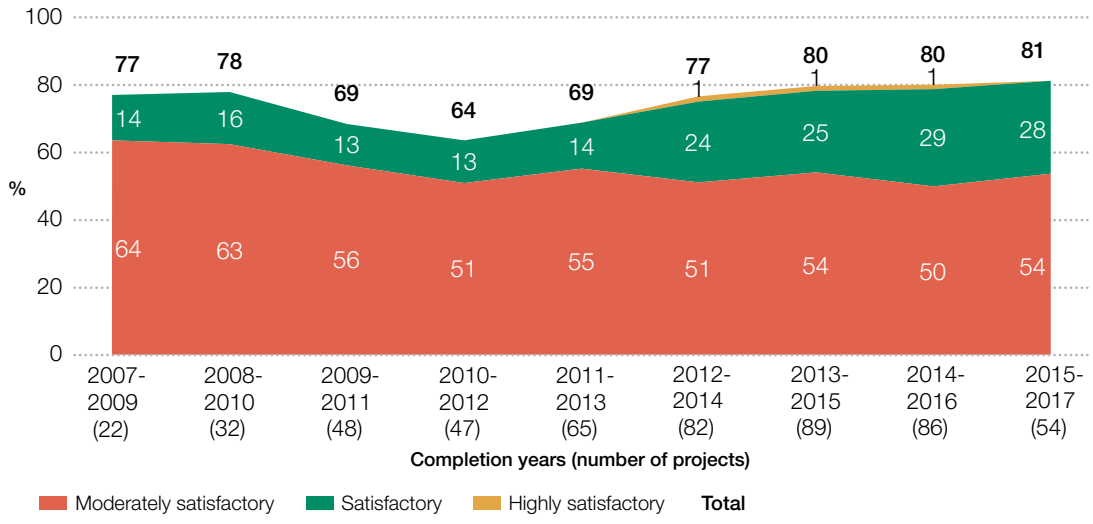
107. **Environment and natural resources management.** ENRM and adaptation to climate change have been rated separately for the past three years. In 2015-2017, **81 per cent** of projects completed were rated moderately satisfactory or better in terms of ENRM (chart 15). This is a strong performance compared to the lowest level of 64 per cent observed in 2010-2012, when ERNM was still rated with adaptation to climate change. While moderately satisfactory ratings have maintained a steady trend, the criterion has been sustained by a consistent increase in satisfactory ratings, which has driven the high level of positive performance. Yet, there were no highly satisfactory projects in 2015-2017.[15] With the exception of ESA (67 per cent), all the regions show improved performance in ENRM, with all projects in APR rated positively, followed by NEN (91 per cent), WCA (75 per cent), and LAC (70 per cent).

108. The trends in IOE and PCR mean ratings for ENRM have been aligned and flat in the last three time periods, after being unaligned from 2009-2011 to 2013-2015. Whereas IOE ratings have increased, PCR ratings have remained flat. The overall disconnect from 2007-2017 is -0.21.

15 In comparison with the 2018 ARRI, no highly satisfactory projects are reported in the 2010-2012 and the 2011-2013 periods in the 2019 ARRI. This is due to a change of the ENRM rating of the Mount Kenya East Pilot Project for Natural Resource Management in Kenya by the CSPE conducted in 2018.

Chart 15 **ENRM (2007-2017)**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

109. **Qualitative analysis for ENRM.** IFAD's third strategic objective is to strengthen the environmental sustainability and climate resilience of poor rural people's economic activities. IFAD's results in ENRM contribute in part to SDG 15 – protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity.

110. The 2018 evaluations indicate an overall positive impact on the environment from IFAD-funded activities, and highlight the following facilitating factors (box 11): (i) raising farmers' awareness of their contribution to protecting forest and water resources, e.g. supporting households in applying good practices and training on environmental education; (ii) involving local institutions in the implementation of long-term environmentally sustainable farming methods; (iii) acknowledging in the project design the presence of fragile ecosystems; and (iv) generating income alternatives while encouraging communities to preserve their natural resources.

111. In India, NERCORMP II is an example of how to effectively combine the sustainable management of natural resources with poverty reduction efforts. The project design included a component on community-based biodiversity conservation and forestry development. This avoided natural resources degradation and made communities more resilient for sustainable natural resources management. In addition, a consultation process with local tribes was undertaken to enable them to develop rules to manage their territory.

112. Notwithstanding overall improvement, the performance of IFAD's operations in this area shows limitations in some areas, such as weak legal and institutional frameworks to build capacity of local institutions in order to affect the sustainability of environmental impacts. There is an ongoing need for an integrated development approach and environmental impact assessment in project design.

Box 11 **ENRM – common factors in 2018 evaluations**

Positive	Negative
• Acknowledging the presence of a sensitive ecosystem in the design phase. • Implementation of long-term environmentally sustainable farming methods. • Adopting legal frameworks providing guidelines preventing implications for environment. • Supporting groups and organizations in alternative income-generating activities to encourage environment preservation. • Increasing farmers' awareness (training) of their contribution to the protection of forest and water resources.	• Lack of environmental strategy or insufficient integrated development approach at design. • No focus on human capital and technical capacity in environmental management. • Need for data to monitor processes supporting results on environmental impact. • No concrete actions taken despite the presence of environmental issues in design. • Indirect/unplanned effects on environment but not monitored or followed up.

It is also necessary to address efforts towards the inclusion of human capital and technical capacity in environmental management.

113. The Participatory Integrated-Watershed Management Project in The Gambia showed insufficient provisions for environmental and social sustainability, compromised environmental resilience of communities, and lacked documented environmental risk management procedures. In Angola, MOSAP suffered from limited staff to cover environmental issues as well as limited technical capacity. Significant issues not properly addressed by the project included water scarcity, soil fertility and types of fertilizers proposed.

114. **Adaptation to climate change.** In the period 2015-2017, **73 per cent** of projects[16] reported moderately satisfactory or better ratings, after reaching a peak of 80 per cent in 2014-2016 (chart 16). Moderately satisfactory projects contributed the most to this decline. Their weight decreased from 61 per cent in 2014-2016 to 51 per cent in 2015-2017. The three-point increase in the share of satisfactory projects was not sufficient to offset the decline in positive ratings overall. There were no highly satisfactory projects in adaptation to climate change between 2007 and 2017.[17] The increase in moderately satisfactory or better ratings in 2015-2017 (versus 2014-2016) occurs only in ESA (78 per cent). In WCA (71 per cent) performance is flat, while APR (69 per cent), LAC (67 per cent) and NEN (73 per cent) show decreases of 10-20 points.

115. The overall IOE-PCR disconnect is low at -0.23 for 2007-2017. The trends in IOE and PCR mean ratings for adaptation to climate change show a flat and constant alignment in the last three time periods. The overall highest disconnect with PCR ratings is in APR and the lowest in ESA. NEN presents the only case where the disconnect with PCR ratings is actually positive (+0.1).

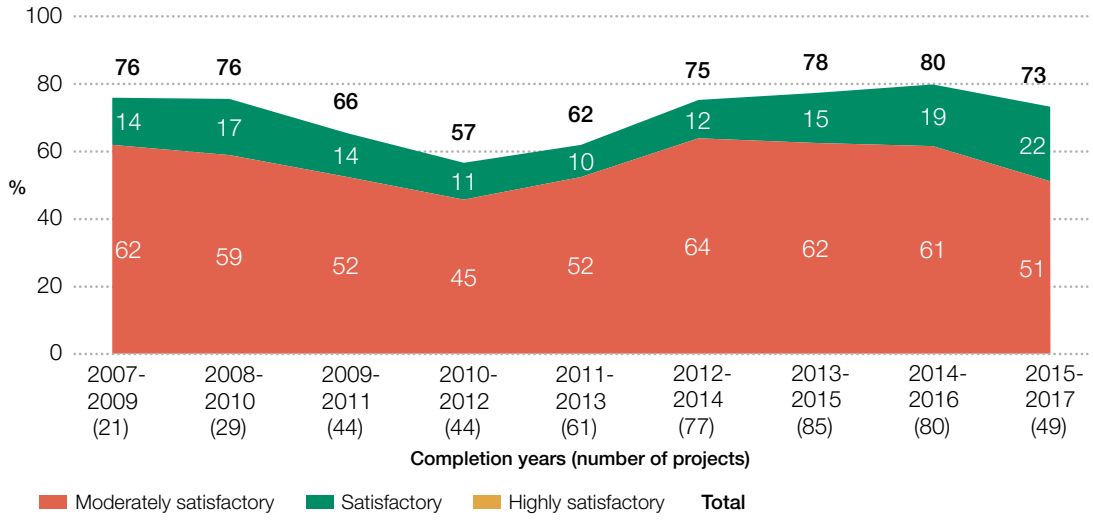
116. **Qualitative analysis for adaptation to climate change.** IFAD's work in this area contributes to its third strategic objective as well as to SDG 13 to take urgent action to combat climate change and its impact, including to mobilize financing for developing

16 Starting in evaluation year 2016, IOE rated ENRM separately from adaptation to climate change. Of the 46 projects with separate ratings for both criteria in the PCRV/PPE database and completed in the period 2015- 2017, 74 per cent received positive ratings in terms of adaptation to climate change, while 80 per cent received positive ratings for ENRM.

17 In comparison with the 2018 ARRI, no highly satisfactory projects are reported in the 2010-2012 and the 2011-2013 periods in the 2019 ARRI. This is due to a change in the adaptation to climate change rating of the Mount Kenya East Pilot Project for Natural Resource Management in Kenya by the CSPE conducted in 2018.

Chart 16 **Adaptation to climate change (2007-2017)**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

countries. IFAD has expanded its use of environmental and climate cofinancing resources. About US$500 million has been mobilized for 62 countries,[18] mostly through the Adaptation for Smallholder Agriculture Programme (ASAP) launched in 2012, Global Environment Facility, Least Developed Countries Fund, Special Climate Change Fund, and Adaptation Fund. This has made IFAD one of the largest recipients of smallholder agriculture adaptation resources.

117. ASAP was designed to build on IFAD's long history of work in natural resources management by incentivizing the inclusion of risk factors related to climate change, more explicitly in IFAD-supported project designs and implementation. As of May 2018, the cumulative disbursement for ASAP was US$80 million (37 projects). However, despite the adoption of this approach in country strategic opportunities programmes (COSOPs), the analysis in the *Report on IFAD's Development Effectiveness for 2018* suggested that about one third of new projects were still not sufficiently assessing and protecting themselves from climate risks.

118. As a result of the IFAD10 commitment to mainstream climate change into 100 per cent of COSOPs, adaptation to climate change has been separately rated from ENRM for the past three years. Of the 41 projects included in the 2018 evaluation sample, nine had no information or data on the assessment of adaptation to climate change, and only five reported a satisfactory (5) rating. Key common elements (box 12) of the best-performing projects were linked to: (i) introducing practices and technologies conducive to communities developing climate change resilience; (ii) adopting diversified crop production (e.g. planting drought-tolerant crops) or rehabilitating irrigation infrastructure leading to more sustainable and effective resource management; (iii) applying mobile farming systems as an effective response of transhumant communities to

18 IFAD, *Report on IFAD's Development Effectiveness for 2018* (Rome: FAD), p. 19.

Box 12 **Adaptation to climate change – common factors in 2018 evaluations**

Positive	Negative
• Including a climate change strategy at design for countries with fragile ecosystems. • Strengthening legal and regulatory frameworks of vulnerable economic sectors. • Training to develop awareness of beneficiaries regarding methods of farming under circumstances of resource scarcity. • Supporting practices and technologies conducive to communities' development of climate change resilience. • Adopting diversified crop production and irrigation infrastructure leading to more sustainable and effective resource management.	• Lack of a specific climate change strategy at design. • Alignment with IFAD's policies and weak support from local institutions to address climate change. • Planned interventions at design related to adaptation to climate change never undertaken during implementation. • Need of synergy between climate-change-related activities and ENRM priorities.

climate change; and (iv) training to develop awareness of beneficiaries regarding methods of farming under circumstances of resource scarcity.

119. The interventions of the Pastoral Water and Resource Management Project in Sahelian Areas in Chad, particularly in the field of pastoral hydraulics, have made it possible to support the resilience of transhumant livestock farming and the endogenous strategies of adaptation to climate change implemented by pastoral communities. The impact of the project in this area is linked, for example, to the adoption of drainage and rainwater collection methods to increase the availability of water.

120. Factors constraining adaptation to climate change activities were: (i) a lack of a specific climate change strategy at design and during implementation; (ii) missing project alignment with IFAD policies; (iii) weak support from local governments in adopting policies addressing climate change threats; and (iv) no assessment conducted on the actual impact of climate change.

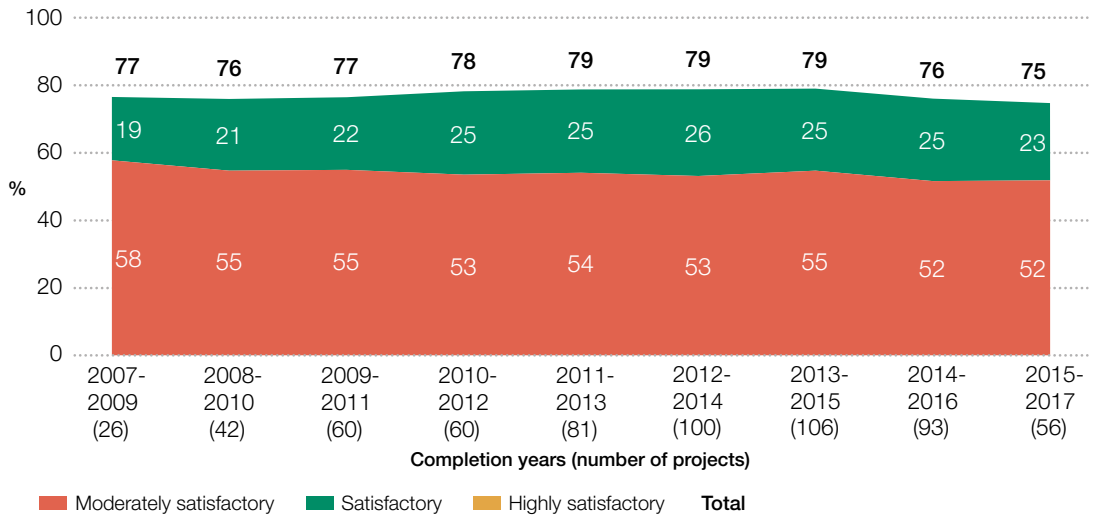
121. For example, the project Enhancing the Rural Economic Competitiveness of Yoro in Honduras identified climate change as a significant challenge for the country at design, based on the fact that Honduras is ranked third for highest climate change vulnerability (due to extreme climatic events such as hurricanes, droughts and intense rains). However, the priority identified in the 2012 COSOP to promote territorial classification based on climate, poverty and vulnerable groups was never implemented. Municipalities had no land management plans and received insufficient technical training, while access to environmental licences, as a crucial element to execute environmental practices and solutions towards climate change, was only partially achieved.

Overall project achievement

122. On average, 77 per cent of IFAD-funded projects are rated moderately satisfactory or better between 2007 and 2017, showing an overall flat trend over time and a slightly lower share of **75 per cent** of projects in 2015-2017 (chart 17). Among the projects completed

Chart 17 **Overall project achievement (2007-2017)**

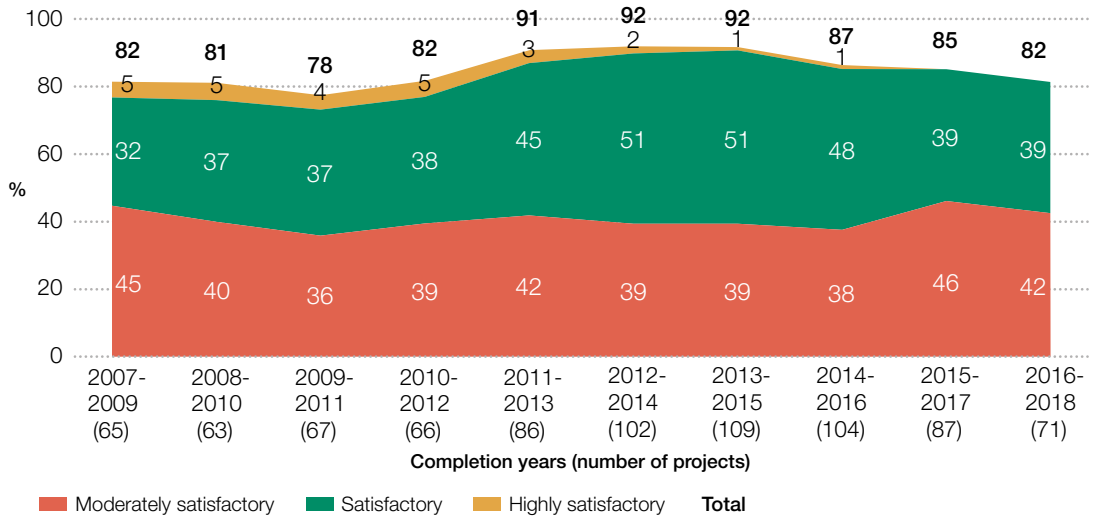
Percentage of projects rated moderately satisfactory or better by three-year moving period



Source: IOE evaluation database (PCRV/PPE), April 2019.

Chart 18 **Overall project achievement (2007-2018) – PCR ratings**

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



Source: PMD PCR ratings, April 2019.

between 2015 and 2017, 52 per cent are rated moderately satisfactory, while 23 per cent show satisfactory performance, with both shares consistently flat over the last ten years. Performance in 2015-2017 improved only in ESA (70 per cent) and WCA (69 per cent), thanks to a significant increase in moderately satisfactory ratings in many criteria. The better performers, APR (92 per cent) and NEN (73 per cent), declined compared to 2014-2016, along with LAC (67 per cent), the weakest.

123. **Declining trends are more pronounced in PCR ratings.** Based on the percentage of positive ratings, both IOE and PCR ratings peak between 2011-2013 and 2013-2015 at 79 per cent versus 92 per cent, respectively. While they both decline, the trend is more pronounced in Management's PCR ratings, which are **82 per cent in 2016-2018** (chart 18). The trends in average mean ratings are initially aligned from 2008-2010 and 2010-2012, but diverge with improvement in PCR ratings from 2010-2012 until 2012-2014, followed by a decline from 2013-2015 until 2015-2017. As IOE mean ratings have remained flat throughout, the recent decline in PCR ratings has resulted in a lower average disconnect of -0.31. Overall project achievement is an overall assessment of the ten evaluation criteria, not an average of rating. With regard to the PCR ratings, the decline in ratings may be related to the increased candour exhibited in PCRs during the same period.

Performance of partners

124. The following paragraphs assess the contribution of two key partners – IFAD and government – to project design, monitoring and reporting, supervision and implementation support.

125. **IFAD's performance as a partner.** IFAD's performance as a partner was evaluated moderately satisfactory or better in **83 per cent of projects in 2015-2017**

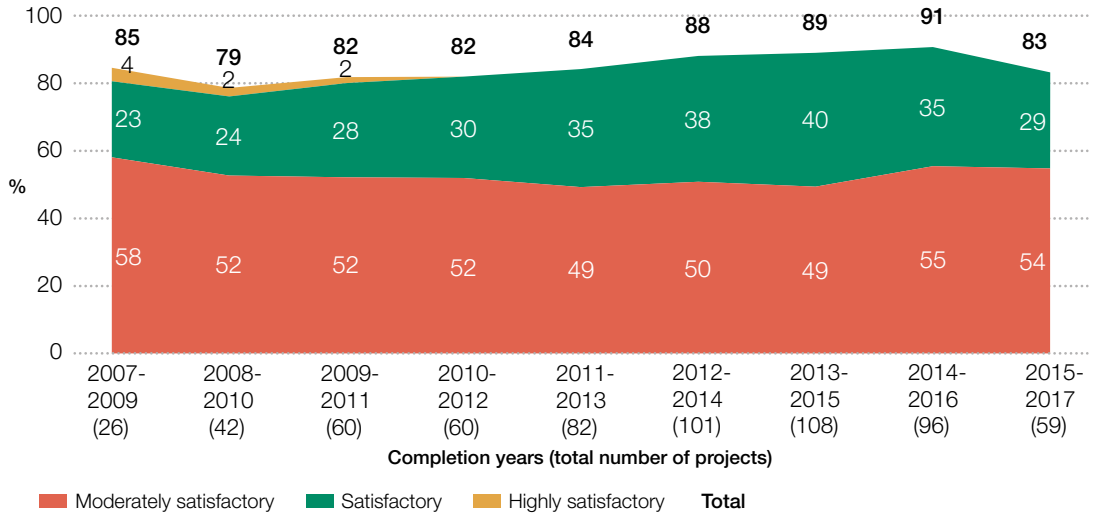
(chart 19), slightly lower than the average of 85 per cent between 2007 and 2017. The downward trend is mainly due to the significant drop in satisfactory ratings between 2014-2016 and 2015-2017, while moderately satisfactory ratings have maintained a flat trend. Highly satisfactory ratings have not appeared in the overall trend since 2009. Performance in the regions has declined across the board although levels of IFAD performance as a partner have remained high for LAC (90 per cent), APR (86 per cent), WCA (85 per cent) NEN (82 per cent) and ESA (73 per cent). Yet, IFAD performance as a partner is the only criterion in the 2015-2017 period, together with relevance, showing mean ratings for all regions above 4. The trends for IOE and PCR mean ratings for IFAD performance as a partner are aligned, both declining in the last three periods with an IOE-PCR rating disconnect from 2007 to 2017 of -0.33.

126. **Qualitative analysis for IFAD as a partner.** The 2018 evaluations confirm that governments value and trust IFAD for the quality and timeliness of its support, and for its focus, flexibility and responsiveness. In many instances, IFAD has proved its strengths (box 13) by: (i) adapting design to implementation progress, evolving contexts and government priorities; (ii) learning from previous project designs and good practices; (iii) ensuring presence at the country level with ongoing support, close supervision and flexibility in reallocating financial resources; (iv) granting project extensions to help prioritize activities and improve disbursement rates and effectiveness; (v) encouraging partnerships and developing synergies with other agencies; and (vi) ensuring high-quality knowledge management (KM) in project units and proposing investment alternatives to increase profitability.

127. IFAD followed NERCORMP II in India very closely. Annual supervision missions were undertaken for the entire project duration and because of the country presence of IFAD, the country programme manager (CPM) turnover did not affect the project's performance. Clear definitions of responsibilities and deadlines, as well as comments and timely follow-up, were provided throughout the project's implementation process. Moreover, high-

Chart 19 **IFAD performance as a partner (2007-2017)**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

Box 13 **IFAD performance as a partner – common factors in 2018 evaluations**

Positive	Negative
• Flexible design and adaptability to changing contexts. • Capability of learning from previous experiences. • Ensuring high-quality KM in project unit and proposing investment alternatives to increase profitability. • Ensuring presence at the country level to establish valuable partnerships with governments and private sector. • IFAD-country-office-based consultations effective and efficient for problem-solving measures.	• Limited budget for supervision missions. • Absence of specialists in supervision missions. • Disconnect between geographical spread/number of activities and implementation capabilities. • Low and delayed disbursements. • High staff turnover and need for improved M&E system.

quality KM led to an accurate analysis of fiduciary aspects and compliance with financing agreement covenants. IFAD's role as a neutral actor was key in contexts where local communities would not have accepted government intervention.

128. The Government of Nicaragua has considered IFAD an important partner for supporting and developing agricultural and rural initiatives because of its specialization and experience in the country, particularly in engaging small and medium-sized producers in value chains and markets. Within PROCAVAL in Nicaragua, IFAD offered crucial flexibility for the development of the project. The approval of additional IFAD funds had a positive impact on the results achieved. IFAD's capacity to analyse problems and propose solutions during implementation contributed to the project's success. Although Nicaragua did not have an IFAD Country Office, the project was supported by a team of consultants formed by a liaison officer, a rural development specialist, a finance specialist and a procurement specialist – all of them under the supervision of the CPM.

129. However, some key aspects have been identified as the main causes for lower ratings for IFAD performance as a partner. Besides the most common factor of high staff and CPM turnover, other reasons for low performance are linked to: (i) the absence of gender or rural finance specialists in supervision missions; (ii) a disconnect between geographical spread/number of activities and actual capacities on the ground to implement programmes; (iii) weak M&E and lack of consideration of lessons from past projects; (iv) the absence of quantitative indicators in the logical framework; (v) low quality and frequency of supervision missions; (vi) a lack of dialogue with other development agencies in the same territory; and (vii) inaccurate funding at design and estimation of project costs.

130. In Eswatini, within the Rural Finance and Enterprise Development Programme, consistent and strong support throughout the programme would have been crucial given it was the first sector-wide intervention in rural finance in the country. However, to that end, IFAD did not provide dedicated and continuous technical support to the programme nor was it requested by the

government. In Sri Lanka, the evaluation of the Iranamadu Irrigation Development Project highlights how an inappropriate estimation of the project costing and underestimation of the implementation period can affect the full achievement of expected outcomes.

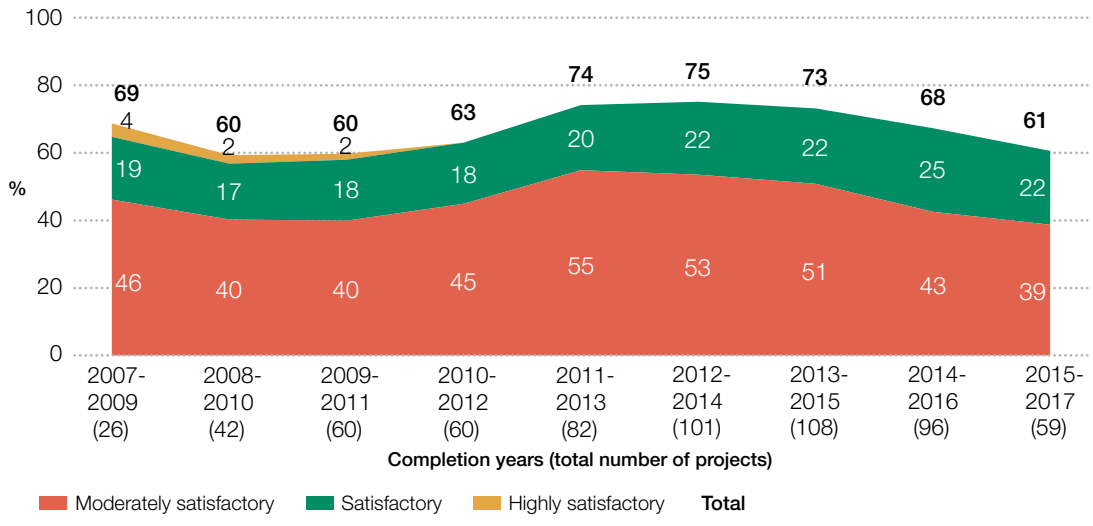
131. **Government performance.** The performance of government as a partner shows a slowdown for projects rated moderately satisfactory or better in 2015-2017 versus 2014-2016, reinforcing the downward trend of the last five years (since 2012). The percentage of projects rated moderately satisfactory or better was **61 per cent** for 2015-2017 (chart 20), a decline of seven points. The share of both moderately satisfactory projects and satisfactory projects declined by 3-4 percentage points versus 2014-2016. Highly satisfactory ratings have not appeared in the overall trend since 2010, perhaps due to higher scrutiny resulting from direct supervision and the first edition of the Evaluation Manual. Performance has slowed in all regions, driving the overall decreasing trend for the criteria. Although NEN and APR showed the highest declines, they remain among the better performers: APR (86 per cent), LAC (70 per cent), NEN (55 per cent), WCA (46 per cent), and ESA (45 per cent).

132. The trends in IOE and PCR mean ratings for government performance as a partner are slightly aligned, although the trend is flatter for IOE than for PCRs. Both mean ratings were declining in 2015-2017, with an overall IOE-PCR disconnect of -0.32 in 2007-2017. Mean ratings for the criteria are below 4 in all regions, except for APR. NEN shows the highest disconnect with PCR ratings (-0.51).

133. **Qualitative analysis of government as a partner.** The 2018 evaluations found that positive government performance as a partner (box 14) can be linked to: (i) well-functioning PMUs; (ii) support and training of officers and resource centres; (iii) government adopting good practices; (iv) high commitment at the provincial and national level, with a good degree of appropriation and participation from design to completion; (v) timely implementation of IFAD's recommendations; (vi) availability to provide funding and extend mandate to continue policy work; and

Chart 20 **Government performance as a partner (2007-2017)**

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



Source: IOE evaluation database (PCRV/PPE), April 2019.

Box 14 **Government performance as a partner – common factors in 2018 evaluations**

Positive	Negative
• Timely implementation of IFAD's recommendations. • Well-functioning PMUs and training of officers and resource centre. • Provision of additional funding and extending mandate to continue policy work. • Strong government ownership and oversight of projects and ability to scale up projects. • Establishment of partnerships for implementation.	• Government's weak supervision of projects. • Low capacity and high turnover of PMU staff. • Delays in financial execution and implementation of activities. • Poor fiduciary management capacity.

(vii) partnerships with state and parastatal structures for project implementation.

134. In Viet Nam, the TNSP was based on good commitment, support and improved capacity from the government. Following the MTR, with the assistance of additional technical experts, the implementation capacity in project districts and communes significantly improved. At the local level, the Province Peoples' Committees made a timely direction change to implement IFAD's recommendations and supported decentralization of investment ownership to districts and communes. As a result, different resources were integrated, the business environment was improved, and the project's innovative practices were institutionalized.

135. The 2018 evaluations include cases of weak government performance. Common elements for negative ratings are mainly linked to: (i) government not capable of settling interstate coordination mechanisms for harmonizing human and financial resources; (ii) no continuity in monitoring activities; (iii) delays in financial execution and implementation of activities; (iv) staffing issues or no traditional PMU in charge of the project; (v) insufficient procedures and structural adjustment policies; (vi) low accuracy and timeliness of government statistics; and (vii) changing political context leading to constant changes in programme coordination, limiting the stability of activities and resulting in serious delays.

136. The evaluation of the Small-scale Irrigation Development Project in Haiti reported low managerial quality of the project, leading to significant losses in terms of effectiveness and efficiency. The project's success was inhibited by weak coordination, strong compartmentalization between the different units and managers, non-transparent approaches and working methods, and delays in implementation of the recommendations made by supervision missions, or only partial implementation thereof. The lack of an appropriate accounting and financial management framework made it impossible to reconcile IFAD disbursements with project expenditures, and caused IFAD to suspend the project.

Bolivia (Plurinational State of)

Enhancement of the Peasant Camelid Economy Support Project (Proyecto Vale)

Hostal Kori Wara, Patricia serving food to a tourist.

3 Country strategy and programme performance 2006-2018

137. **Background.** Country strategy and programme evaluations (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.

138. This chapter on CSPEs analyses and reports **on performance beyond the project level and identifies lessons that cut across IFAD country programmes.** It outlines IFAD's performance in relation to: (i) non-lending activities (i.e. country-level policy engagement, 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.

139. Historically, IOE has undertaken a total of 72 CSPEs since the product was introduced in the 1990s (see annex 3 for the complete list). Of these, 50 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 includes five new CSPEs carried out in Angola, Burkina Faso, Kenya, Sri Lanka and Tunisia.

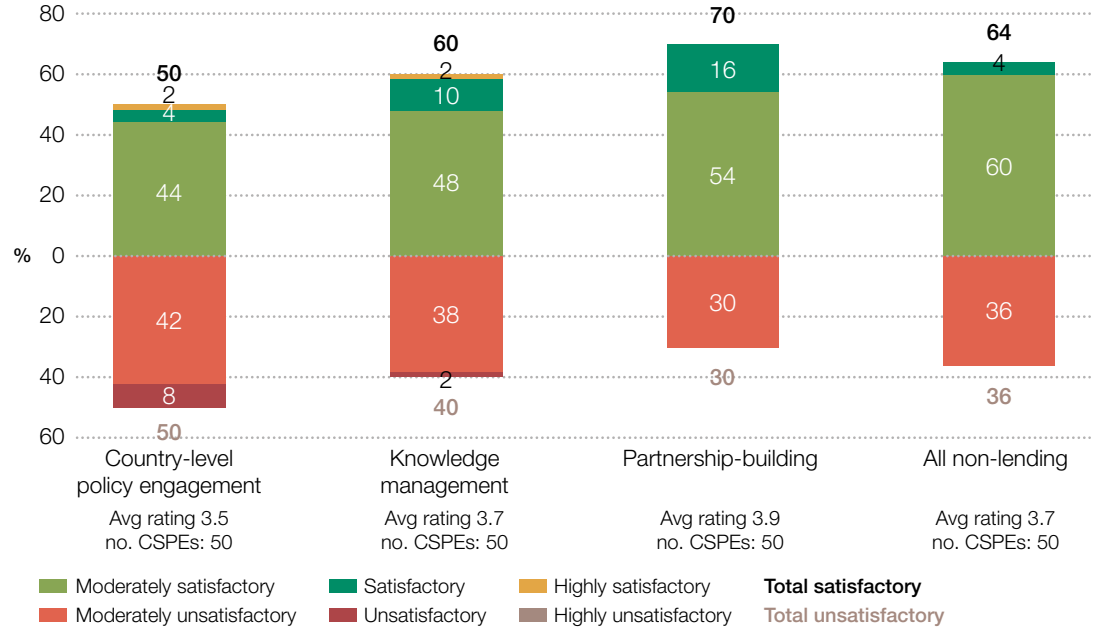
Performance of non-lending activities

140. Knowledge management, 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 the country level and to scale up the impact of IFAD operations for deeper results in rural poverty reduction. Given the limited number of CSPEs, past ARRIs presented ratings for non-lending as an aggregate only in terms of moderately satisfactory or better. However, in response to Management's request, the 2019 ARRI presents the breakdown of the ratings for non-lending activities by replenishment blocks in line with the special chapter. Performance during these replenishment periods reflects primarily the CSPEs, rather than general trends; therefore, the emphasis is on the qualitative analysis.

141. Chart 21 is a consolidated summary of the performance of 50 country programmes evaluated since 2006. The total percentage of country programmes considered moderately satisfactory for the overall non-lending

Chart 21 **Performance of non-lending activities**

Percentage of evaluations by rating, 2006-2018 (year of evaluation)



Note: Totals may not add up to 100 due to rounding.

Source: IOE CSPE database (50 evaluations), March 2019.

activities is 60 per cent for 2006-2018, which is slightly less than the 64 per cent for 2006-2017 and the 65 per cent reached in 2006-2016. Satisfactory ratings remain at 4 per cent of programmes compared to last year but are slightly lower than the 5 per cent in the 2006-2016 period. No highly satisfactory ratings have been reported. A total of 64 per cent of the 50 programmes since 2006 are considered to be performing positively, compared to 68 per cent last year and 70 per cent two years ago.

142. In 2006-2018, partnership-building shows the highest percentage of positive ratings (70 per cent), followed by KM (60 per cent) and country-level policy engagement (50 per cent). 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.

143. Thirty-three of the 50 CSPEs were conducted in middle-income countries (MICs) and 17 in low-income countries (LICs). Of the CSPEs included in the 2019 ARRI, one was done in a LIC (Burkina Faso) and four in lower-middle-income countries (Angola, Kenya, Sri Lanka and Tunisia). In addition, all the other 2019 ARRI CSPEs were done in the country for the first time, except for Kenya. Analysis was conducted comparing the proportion of satisfactory and unsatisfactory ratings for LICs and MICs across the four non-lending evaluation criteria. While average ratings across non-lending criteria are similar, MICs receive a higher percentage of positive ratings for country-level policy engagement (52 per cent versus 47 per cent) and KM (64 per cent versus 53 per cent). LICs have more positive ratings for partnership (82 per cent versus 64 per cent) and higher average ratings of 4.2 versus 3.7. This is consistent with past evaluation findings that there is more opportunity for partnership in LICs where a greater number of bilateral and multilateral agencies operate, and given the fact that some MICs do not promote international cofinancing. Nonetheless, MICs continue to have a high demand for financing and knowledge partnerships in order not to

risk their poverty-reduction gains and in order to maintain their track record for promoting growth and addressing climate change.[19] South-South and triangular cooperation offers another opportunity for IFAD to build partnerships with MICs as well as LICs, as illustrated in box 15.

144. The following sections more closely examine performance for each of the non-lending activities. The analysis focuses on the period 2016-2018 and the factors of good and weaker performance emerging from CSPEs included in the 2019 ARRI.

145. **Knowledge management.** IFAD's Strategic Framework clearly recognizes the importance of KM as a key activity for strengthening the Fund's development effectiveness. Knowledge generated by IFAD programmes is a key resource to further its mandate of sustainable and inclusive rural transformation. The Strategic Framework states that a core purpose of IFAD's KM must be to "identify, develop and promote successful and innovative approaches and interventions that have demonstrated potential to be scaled up." While KM performance rose considerably from 2007-2009 until 2013-2015, in 2016-2018 the trend inverted and declined to 57 per cent moderately satisfactory and above (chart 22), although there are more satisfactory ratings. The following qualitative analysis presents examples from the sample of CSPEs conducted during IFAD10.

146. In **Burkina Faso,** the COSOP 2007-2012 planned to build on a "strategy for innovation, communication and knowledge" to inform the framework for policy initiatives and to regularly disseminate lessons learned at the national, regional and international levels. IFAD needed to add value through its experience in areas such as rural microenterprises, irrigation, and management of natural resources and community development. The COSOP mentioned the need for a "holistic" approach to KM and communication, by integrating the educational dimension and recommending technical, logistic and human partnerships. Despite the significant amount of knowledge generated, developed or tested, most projects in Burkina Faso did not have a clear approach to KM, and project designs only partially benefited from the lessons learned from past and ongoing projects. Without an adequate budget and a clear definition of responsibilities, KM has been weak at the

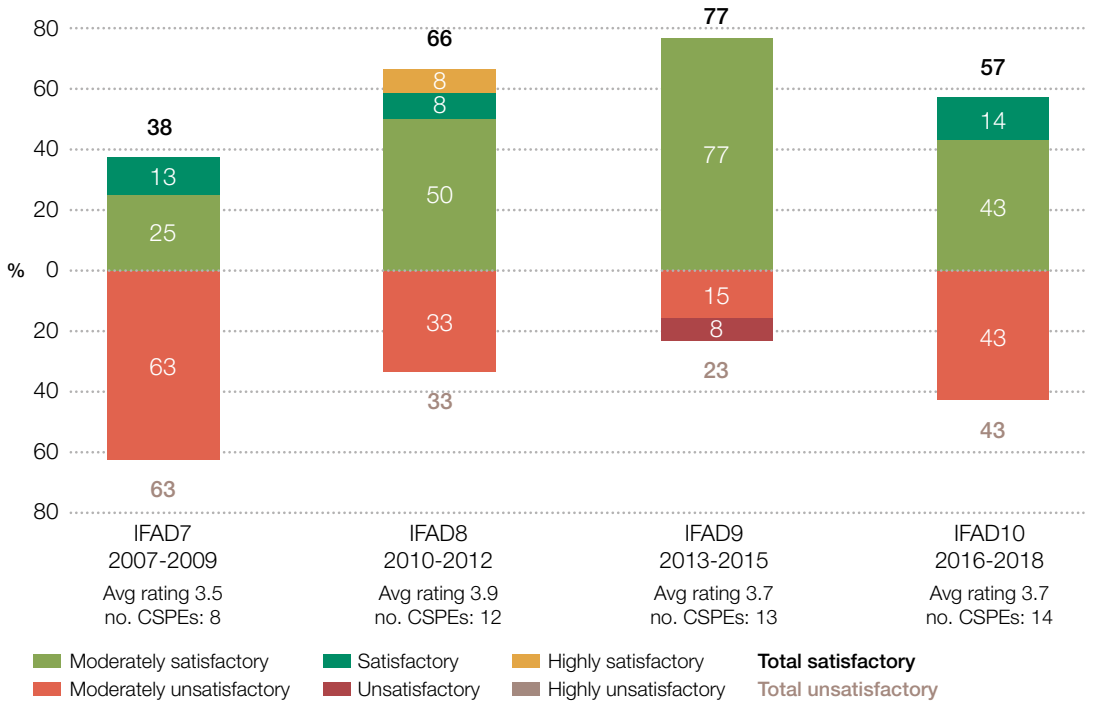
19 IFAD, *Corporate-Level Evaluation: IFAD's financial architecture* (Rome: IFAD, 2018); World Bank, *Forward Look – A vision for the World Bank Group in 2030 – Implementation Update* (World Bank, 2018).

Box 15 **South-south triangular cooperation – role in partnership-building**

- The CSPE for **Angola** found steps had been taken under the umbrella of South-South and triangular cooperation with other Lusophone countries: (i) **with Brazil**, contacts were only at a very incipient stage; (ii) **with Mozambique**, in July 2017, a delegation from the Artisanal Fisheries Institute (IDPAA) and the Artisanal Fisheries and Aquaculture Project (AFAP) visited some of the PROAQUA and ProPesca activities in the country. Overall, the visit was considered useful, but did not lead to any plan of further exchange or collaboration.
- In the view of the CSPE, there could be opportunities to be explored in future with Brazil and its agricultural research organization on themes such as agroecology, water-harvesting, and soil fertility conservation and restoration in tropical edaphic and climatic conditions.
- In **Kenya**, the promotion of South-South cooperation was achieved through the learning route methodology and the design of innovation plans under the PROCASUR grant.
- In **Sri Lanka**, both COSOPs presented a long list of institutions with potential for partnerships, complementarities and synergies. While the 2003 COSOP limited the discussion largely to donor agencies and NGOs, the 2015 COSOP was more diversified and included the private sector, "partnership with non-traditional donors", and South-South cooperation by supporting knowledge sharing covered by grants.

Chart 22 **Knowledge management**

Percentage of evaluations rated moderately satisfactory or better, 2006-2018 (year of evaluation)



Note: Totals may not add up to 100 due to rounding.

Source: IOE CSPE database (50 evaluations), April 2019.

national level and still far from the ambitious interventions mentioned in the COSOP.

147. The **Angola** CSPE noted a good degree of implicit KM in the integration of lessons learned from past projects in Angola as well as other regions (e.g. APR). MOSAP I developed its systems of KM, with common indicators and specific annual targets at the provincial level. The central PMU collected, analysed and consolidated data. However, despite the recognized efforts, the data were not systematically used as a management tool or for KM, resulting in a lack of evidence on poverty reduction or food security. The expanded IFAD portfolio in Angola will require specific efforts across the different interventions in terms of: (i) exchanging experiences and lessons learned; (ii) harmonizing monitoring indicators; (iii) defining methods of data collection; and (iv) coordinating and planning communications and KM milestones, product and events.

148. Regional grants (box 16) account for most of the grants in the **Kenya** portfolio. Except for grants that focused on KM, there was a lack of a clear framework to engage with the country programme. This resulted in knowledge being disseminated through regional workshops as opposed to country-level workshops, which would have been more effective. The country portfolio could have benefited from more country-specific grants.

149. The **Tunisia** CSPE found no KM strategies at either the programme or project levels, and only ad hoc efforts to disseminate innovative experiences on territorial development and rangeland management. The obstacles concerning the capitalization and dissemination of project achievements were multiple: (i) a lack of real strategies; (ii) weak communication and KM culture with technical services; (iii) a lack of dedicated human and material resources; and (iv) weak M&E systems and a lack of partnerships with the media. Weak capitalization of the acquired knowledge

Box 16 **Grants – facilitating knowledge management**

- In the **Sri Lanka CSPE**, **the grant-funded activities made little contribution to KM**. The use of grant instruments was limited and there is little evidence that grant-funded activities helped generate knowledge and lessons that could be taken up for the Sri Lanka country programme. Some grants **marginally contributed to knowledge exchange and learning by project staff**.
- The **Angola COSOP** refers to **provisions for a number of small self-standing grants**, through which studies or action-research small initiatives would be carried out and contribute to building a knowledge base about various aspects of rural development. However, the CSPE found no reference to the outcomes of these grants, although the possibility of this happening in the MOSAP I project in an informal manner is not excluded.

by the projects limited the promotion of the good practices and innovative experiences in several domains, such as community development, natural resources management, transformation of agricultural production systems, and promotion of entrepreneurial initiatives in rural areas.

150. **Partnerships.** Effective partnership-building and results depend on a number of factors, but IFAD country presence and government capacity are among the most important. Where IFAD established a 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. That said, partnership-building performance has been uneven across the different periods (chart 23), with higher performance

Chart 23 **Partnership-building**

Percentage of evaluations rated moderately satisfactory or better, 2006-2018 (year of evaluation)

Note: Totals may not add up to 100 due to rounding.

Source: IOE CSPE database (50 evaluations), April 2019.

in 2007-2009 and 2010-2012, lower performance in 2013-2015, and slightly better performance in 2016-2018 to 71 per cent of moderately satisfactory or better ratings.

151. The 2018 CSPEs report different levels of partnership-building between IFAD and government, multilateral organizations and the private sector. In **Angola,** the 2005 COSOP identified "strategic links with partner agencies" as a central element of its support to agricultural and rural development in the central highlands and in the rehabilitation and reconstruction of social infrastructures. The CSPE found solid evidence of IFAD being valued by the Government as a trustworthy partner able to adjust to various circumstances (e.g. extending loans to avoid delays in implementation). In addition, IFAD's commitment to the rural poor was widely recognized and appreciated across all ministries concerned. MOSAP I in Angola was particularly successful in establishing partnerships among the Food and Agriculture Organization of the United Nations (FAO), IFAD and the World Bank. The led to good results at the policy, institutional and community levels, and laid the foundation for sustainable good practices for future relevant projects in the country.

152. During the 15 years covered by the **Tunisia** CSPE, partnerships between projects and public services, research institutions, private providers and civil society organizations have been very important, despite the low interest of some partners in the past. IFAD has not diversified its partnerships at the government level, and partnerships with other donors and development agencies have remained very modest at the operational level, despite various medium-scale cofinancing initiatives. Collaboration and synergies between projects have been rare and not organized in a specific framework, mostly due to interventions' different geographical location and the absence of concrete incentives and opportunities for collaboration.

153. Cooperation with the private sector has become even more important with the value chain approaches promoted by IFAD. The **Sri Lanka** CSPE notes how IFAD has maintained good working relationships at central government level and with multiple project implementing agencies. Collaboration and partnerships with other development agencies have been limited, and cofinancing has been drastically reduced compared to the period 1978-2002. Partnerships with NGOs or farmers organizations have also been limited. On the positive side, in recent years, partnerships with the private sector have become a prominent feature of the country programme. However, the CSPE highlighted the need to pay greater attention to enhancing the additionality of public-funded support, for example, by exploring the scope for cost/risk-sharing mechanisms or complementary investments in public infrastructure to encourage agribusiness partners to invest in and/or test innovative solutions.

154. In contrast, the **Kenya** CSPE highlights how private-sector partnerships have continued to be weak, despite the 2011 country evaluation recommendations. The role of the private sector was not effectively built at design for the horticulture, dairy and cereal value chain projects, and private-sector actors were seen to have complementary but secondary supporting roles as service providers or for leveraging. Only in some recent operations have certain private-sector actors (particularly banks, agro-dealers and traders) taken a more active role, and their involvement is likely to expand further in the future.

155. The **Burkina Faso** CSPE reported a strong partnership with the Government, while remaining restricted at the level of the ministry in charge of agriculture from a strategic point of view. The mobilization of cofinancing with technical and financial partners has been important in general, as illustrated in box 17, and particularly with the OPEC Fund for International Development and the AfDB in

Box 17 **Corporate-level evaluation on financial architecture**

- IOE identifies **three main categories of partnerships**:[a] (i) cofinancing and other financial arrangements; (ii) knowledge and learning; and (iii) coordination and cooperation for various purposes and partnership outcomes.
- Cofinancing and national counterpart financing combine the financial resources of partners to support development efforts and are **essential for scaling up**.
- On the basis of IFAD's reported data, over the 12-year period from 2007 to 2018, there was a slight tendency for the ratio of **international cofinancing to decline** and that of **domestic counterpart funding to increase**.
- Between 2007 and 2018, **domestic** counterpart funding formed **66 per cent** of total cofinancing, while **international** cofinancing accounted for **47 per cent** of total cofinancing.
- This was **in line with the target** for the overall cofinancing ratio under IFAD9 and IFAD10 (1.2:1), although the target has been raised to 1.4:1 under IFAD11.
- **LAC** is the region with the **highest domestic cofinancing** as a ratio to IFAD investment. The ratio for **APR** is **low**, comparable with **ESA**, and **NEN** has a **less favourable ratio** of domestic cofinancing to IFAD investment.
- There is scope for **increasing** international cofinancing from **multilateral development finance institutions**. In particular, opportunities may arise **in connection with climate-related funding**.

[a] IFAD. 2018. *Building Partnerships For Enhanced Development Effectiveness – A review of country-level experiences and results.* Evaluation synthesis. Rome: IFAD.

Tunisia. However, technical partnerships have remained weak, especially with FAO. At the project level, many operational partnerships have been established with NGOs and with state and private institutions for technical assistance, research and development. These partnerships have been very effective with research institutions, grass-roots operators and producer organizations. However, such partnerships with other institutions have tended to suffer from a lack of expertise, commitment and/or a sound project approach.

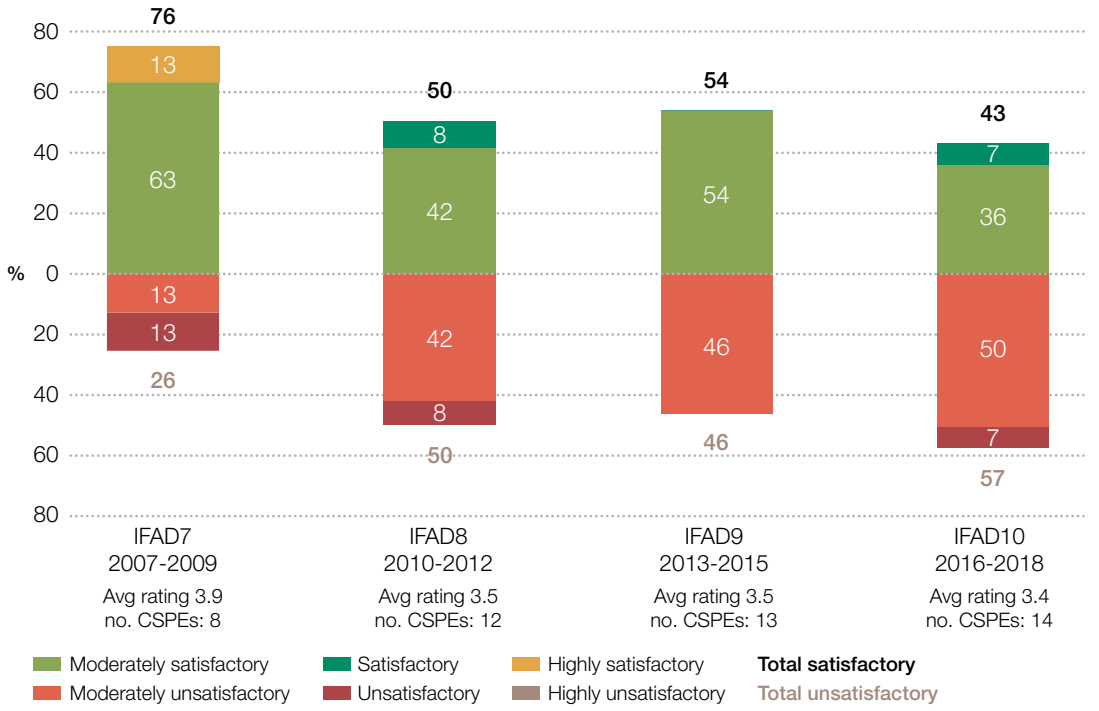
156. **Country-level policy engagement.** IFAD's Action Plan for Country-level Policy Dialogue defines country-level policy dialogue as "a process to engage, directly and indirectly, with IFAD's partner governments and other country-level stakeholders, to influence policy priorities or the design, implementation 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, IFAD uses the broader concept of country-level policy engagement, which adds to the above definition the notion of collaboration and consideration of a range of approaches that IFAD adopts to engage in the policy process. However, performance across periods shows a decline from 75 per cent in positive ratings in 2007-2009 to only 43 per cent in 2016-2018 (chart 24).

157. The 2005 COSOP acknowledged that IFAD had limited leverage in **Angola** through policy dialogue, and was committed to focusing on pro-poor agricultural development policies, in partnership with the United Nations and other agencies in the country. During the implementation of MOSAP I, key decisions had to be made, such as the selection of the FFS approach as the extension methodology to be adopted by the project, with FAO as a service provider.

158. National high-level policies and plans for agricultural and rural development did exist, but there were gaps at the level of

Chart 24 **Country-level policy engagement**

Percentage of evaluations rated moderately satisfactory or better, 2006-2018 (year of evaluation)



Note: Totals may not add up to 100 due to rounding.

Source: IOE CSPE database (50 evaluations), April 2019.

policy implementation, with respect to both institutional capacity and ground-validated knowledge about what would work better to achieve the established goals. A very pragmatic approach, in collaboration with other partners, allowed the development of new opportunities within projects to test different implementation options and learn lessons that could feed into strategic decision-making and eventually inform new policies.

159. IFAD's policy engagement was largely linked to design, supervision/MTR missions and steering committees, where exchanges took place with the central and decentralized institutional structures on the priorities, targeting and methods of IFAD interventions in rural **Tunisia.** The Tunisia CSPE highlighted, in the absence of IFAD representation, the weak coordination and dialogue between the donors and the government. Additional factors contributing to weak performance in policy engagement included limited efforts to capitalize on successful project-level experience, low representation of apex farmers organizations, and the general political instability in the country.

160. The lack of a dedicated budget for policy dialogue in **Burkina Faso** has been an important handicap to effective engagement. Prior to the establishment of an IFAD Country Office in Burkina Faso in October 2010, IFAD was represented by a focal point in the donor group, building on the projects. The Sustainable Rural Development Programme was considered a "leader" for land issues, including the political dialogue on land tenure security in rural areas. The Agricultural Commodity Chain Support Project and the Small-scale Irrigation and Water Management Project were to be considered as "lead" projects for the development of value chains and policy dialogue on pro-poor water management and water irrigation technologies.

161. However, the country team has not used the opportunities posed by project activities sufficiently to engage in policy advocacy to enable the integration of effective pro-poor measures into government strategies. Given Burkina Faso's current budgetary difficulties, the Government's decision to focus on increasing agricultural production through the mobilization of private investment seems to favour medium-sized and large farms for their greater responsiveness to incentives. This makes it difficult to shift the policy towards addressing the needs of small family farms, especially the poorest.

162. **Key factors for non-lending activities.** The 2018 CSPEs highlight the importance of non-lending activities as vehicles for enhancing the overall impact of results from IFAD's country programmes.

163. IOE evaluations frequently highlight the importance of **capitalizing on the sharing of good practices, innovations and lessons learned from projects.** IFAD needs to value its experience and important achievements by promoting their dissemination, also in national languages. A lack of resources at the country level as well as limited capacity in human resources and technical knowledge often interfere with an effective launch of a KM process.

164. Country-level policy engagement can achieve important results by increasing focus on the rural poor and adopting an extensive methodology that provides **common pathways for dialogue and accountability** between government and other stakeholders. Successful projects have relied on IFAD being able to draw from project experiences to influence policy making as a starting point for policy advocacy and enhanced capacity for marginalized groups.

165. At the same time, **political instability, as well as the absence of functional frameworks, clear objectives within the country strategies, dedicated resources and adequate levels of representation of stakeholders,** remain among the main causes of ineffective policy dialogue. Notably, country programmes often include project-supported activities that do not provide inputs or a basis for IFAD to engage in policy issues and are merely confined to the operational/project level without the prospect of follow-up.

166. Partnerships with governments have been successful, particularly in instances where IFAD has been considered an **important and trustworthy partner,** able to adjust to varying circumstances and to show flexibility and willingness to find alternative solutions to changing contexts. It also has been assessed that strategic and operational partnerships with multilateral development banks, Rome-based agencies and civil society have been effective in leveraging policy influence, especially where **competence and expertise coexisted** to meet project requirements.

167. However, common limitations for greater outreach and complementarity of results in partnerships are often linked to the **absence of engagement** by actors to go beyond the project's life, the availability of **material and human resources,** and the **clarification of respective roles.** Cofinancing partnerships are necessary but not sufficient for achieving key partnership goals. While they enable policy engagement and synergies, there can also compromise the quality of operations (e.g. slow or unequal disbursements between donors).

168. Synergies between lending and non-lending activities need to be addressed as a main priority for IFAD operations. IFAD will improve the relevance of its strategies and the effectiveness of its operations only where there is more capacity to undertake analytical work to inform policy engagement, partnerships and KM.

Country strategies

169. Country strategic opportunities programmes (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 sharpened 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.

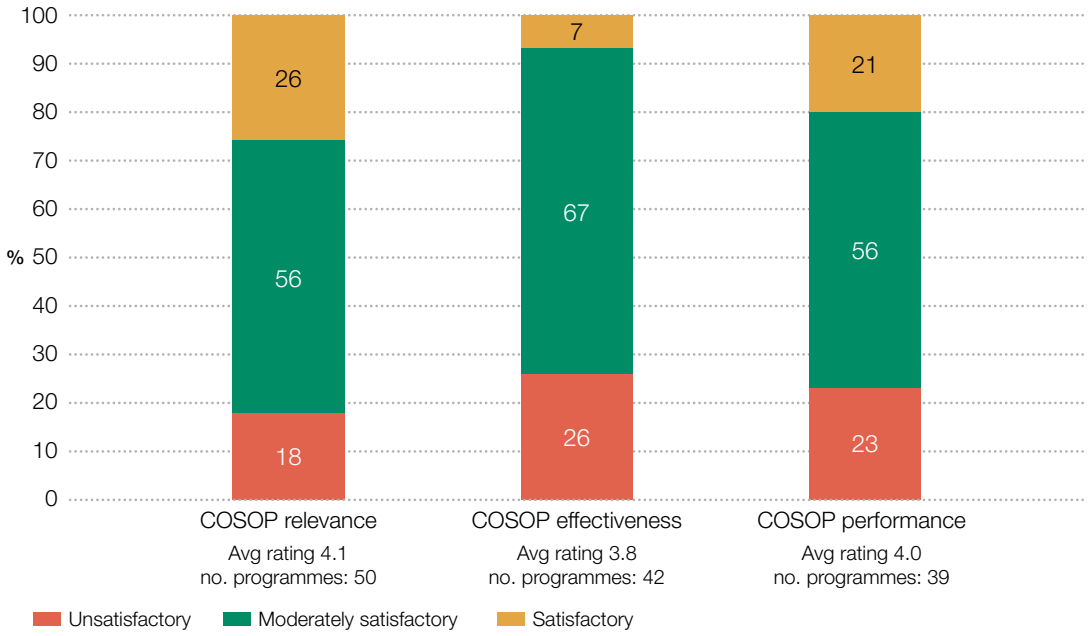
170. Chart 25 summarizes the ratings from the 50 CSPEs done between 2006 and 2018. COSOP relevance is assessed as moderately satisfactory or better in 82 per cent of IFAD country strategies, effectiveness in 74 per cent, and COSOP performance in 77 per cent. Most ratings fall in the moderately satisfactory zone (more than half), while none of the country strategies is found to be highly satisfactory for any criteria. COSOP effectiveness has the highest percentage (67 per cent) of moderately satisfactory ratings and the highest percentage of unsatisfactory ratings (26 per cent), as well as the lowest average rating overall (3.8).

171. **Cross-cutting issues.** CSPEs conducted in 2018 identified several cross-cutting issues that warrant 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.

172. IOE evaluations have frequently underlined the need for IFAD to strengthen and support its **competitive advantage,** where present, as a champion for sustainable and pro-poor agricultural and rural development. By creating an enabling environment and directly

Chart 25 **Results of COSOP relevance, effectiveness and performance**

Percentage of country programmes rated moderately satisfactory or better, 2006-2018 (year of evaluation)



Note: COSOP performance is a composite rating based on the individual ratings for COSOP relevance and COSOP effectiveness based on the available evidence and the objective judgement of the evaluations.

Source: IOE CSPE database, April 2019.

supporting small-scale producers to improve their livelihoods and raise themselves out of poverty, new sustainable market opportunities will emerge and reduce the vulnerability of rural communities.

173. In order to do that, IFAD-supported projects should first include a stronger focus on **women's empowerment and youth inclusion.** The targeting strategy and implementation approaches of projects should fully integrate a gender equality perspective and aim to generate sustainable and attractive opportunities in the rural areas to include women and youth in accessible capacity development opportunities, rural financial resources, and sustainable livelihoods. Dedicated staff resources in project coordination units, also shared across interventions, are likely to be the most successful approach.

174. In those instances where **COSOPs have focused on an intervention strategy** to support the rural poor, including women and youth, to re-establish their productive capacity and their progress towards food security and better livelihoods, some empowering methodologies have been established. By **facilitating dialogue** between poor small-scale producers and institutions, national methods of agricultural extension at a large scale have been implemented. Nevertheless, policy-related agendas are still missing the "what" and "how", in particular in the management of development initiatives and on fiduciary issues, as well as some areas of key importance in agricultural and rural development.

175. The establishment of solid **partnerships** to achieve and scale up results has to be supported by **intensive and closer guidance for projects to operate efficiently and effectively** in the country, and by a continued presence to ensure the level of networking, dialogue and coordination required to achieve the ambitious expected results. However, contextual factors often affect the coherence of the comprehensive results from partnerships and allow country programmes to be driven more by events than a vision which provides direction.

176. Government commitment and support for **private-sector development** are key for IFAD to promote effective income-generating activities in agriculture and rural development, as well as to improve living conditions in rural areas. Achieving food security through higher incomes and greater food resilience are central tenets of the **public-private-producers partnerships strategy.** Where adopted, it has brought renewed impetus to the agriculture sector, and IFAD has been well placed to align with the imperatives of improving food security alongside a more competitive, market-led, enterprise-driven approach backed by government policy and regulatory reform.

177. Where relevant and in line with the project's goals, **grants contribute to promoting exchanges between project staff and policymakers,** capacity-building, innovation and knowledge-sharing. One issue related to policy engagement is the difficulty in directly linking grant interventions at the country or regional level to policy reform, as, to a large extent, such changes result from a multitude of stakeholders. An improved integration of projects and non-project grants to ensure complementarity and synergies can fill design gaps on cross-cutting issues.

178. Finally, there is an expectation that stronger **decentralization** will help create new opportunities for greater IFAD involvement in country-level policy processes. However, it is important to acknowledge that the capacity of IFAD Country Offices is not always sufficient to aggregate and share evidence across the portfolio. With limited resources, complex projects, wide geographical distribution of activities and little time to engage in non-lending activities, these offices are often under pressure in supporting projects.

Bosnia and Herzegovina
Rural Enterprise Enhancement Project

Mr Jasmin Muslic, 49, is the main manager of the Pa Bihac farming company, which produces many kinds of vegetable for local markets. It uses greenhouses to grow vegetables through the winter months. The company has been collaborating with the project for the last two years, and its production has increased 40 per cent.

4 IFAD performance by replenishment

179. **Introduction.** Every three years IFAD replenishes the Fund through contributions from its Member States. Replenishments are based on commitments IFAD makes that effectively operationalize IFAD's strategic direction. Commencing in 2016, the Tenth Replenishment of IFAD's Resources (IFAD10) coincided with both the start of the SDGs and IFAD's new Strategic Framework (2016-2025). As such, IFAD10 served to operationalize IFAD's new strategic objectives designed to meet the ambitious goals of 2030 Agenda – the SDGs.

180. IFAD's strategic framework aims to make IFAD **"bigger, better and smarter".** IFAD would become **bigger** by mobilizing substantially more funds and resources for investment in rural areas. It would become **better** by strengthening the quality of IFAD's country programmes through innovation, knowledge-sharing, quality-at-entry and implementation support, partnerships and policy engagement. Finally, IFAD would become **smarter** by delivering development results in a cost-effective way that best responds to partner countries' evolving needs.

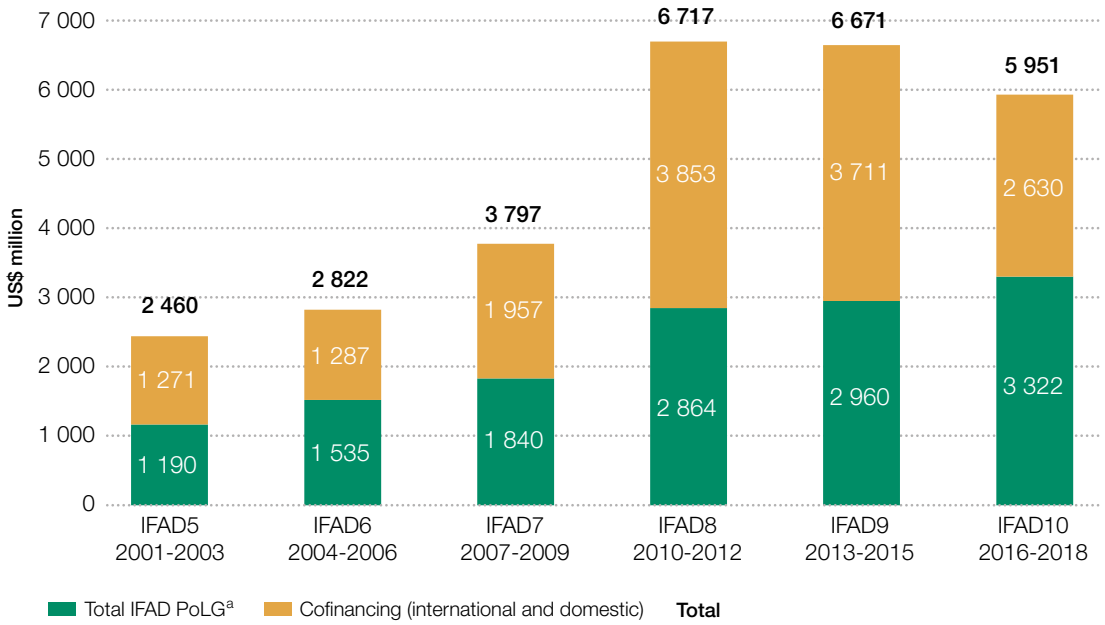
181. This special chapter examines IFAD's performance over replenishment periods with a particular focus on IFAD10. It presents high-level analysis with preliminary findings to assess IFAD's progress towards the **"bigger, better and smarter"** aims of its Strategic Framework and to flag potential issues. The quantitative analysis examines and compares two types of project samples: (i) approved; and (ii) completed during the respective replenishment periods. In the sections Bigger and Smarter, the sample includes 37 projects from IOE's all evaluation data series[20] that completed in IFAD10. The projects in this sample were completed between 2016 and 2017 and were approved between 2002 and 2012; no project in the sample was completed in 2018. Therefore, in the section Better, the indicative findings are based on triangulating the quantitative analysis of the 37 projects from IOE's all evaluation data series by block with the moving period analysis of 59 projects from IOE's PCRV/PPE data series and 73 projects from Management's PCR rating sample – as well as with the qualitative findings. Although further analysis on a more complete sample is required in order to confirm these initial findings, they provide an indication of issues highlighted in evaluations that require attention to ensure the successful achievement of IFAD's strategic objectives.

20 Each year, the ARRI uses the all evaluation data series for the analysis of operational performance by replenishment period to ensure a larger project sample size for this block analysis.

Bigger

182. **The global food crisis triggered a steep rise in IFAD's approved Programme of Work in the Eighth Replenishment of IFAD's Resources (IFAD8).** A trend analysis from the Fifth Replenishment of IFAD's

Chart 26 **IFAD approved programme of work by replenishment period**



[a] Programme of loans and grants (includes resources from Adaptation for Smallholder Agriculture Programme).

Sources: IFAD's Annual Reports from 2005 to 2018.

Resources (IFAD5) provides a long-term perspective of IFAD's PoW, consisting of IFAD's PoLG and cofinancing (international and domestic). As shown in chart 26, IFAD's approved PoW made a huge leap between the Seventh Replenishment of IFAD's Resources (IFAD7) and IFAD8 from US$3.8 billion to US$6.7 billion. An initial increase in the PoLG of 56 per cent was accompanied by a significant 97 per cent rise in cofinancing. This transformational change in IFAD's PoW reflected the emerging needs and priorities resulting from the rise in food and fuel prices that greatly affected the agriculture sector. After the food crisis, IFAD basically maintained this higher level of investment through steady increases in the PoLG but not through cofinancing, which decreased slightly between IFAD8 and IFAD9 and significantly in IFAD10 (-29 per cent). This decline is notable as, according to the Organisation for Economic Co-operation and Development (OECD), funding for agriculture and rural development actually increased by 27 per cent between 2012 and 2017. Therefore, new investments in IFAD9 and IFAD10 had the potential to increase, particularly through cofinancing, as discussed in the section Better.

183. **While IFAD's ongoing PoW increased significantly, the number of projects declined, indicating "bigger" projects between IFAD8 and IFAD10.** An analysis of IFAD's ongoing portfolio, as reported in IFAD Annual Reports, shows that the total ongoing programme and project financing (including cofinancing) grew from an average of US$6.0 billion in IFAD5 to US$14.5 billion in IFAD10 (table 8), with a jump of 42 per cent in IFAD8. The total number of projects, which includes all projects that were approved and effective but not yet completed, also spiked in IFAD8 to 243. However, the increasing trend in total project and programme financing is not reflected in the total number of projects, which declined between IFAD8 and IFAD10. This increase in the ongoing portfolio, accompanied by a decrease in number of projects, resulted in a steady increase in the total financing per project from US$42 million to US$69 million.

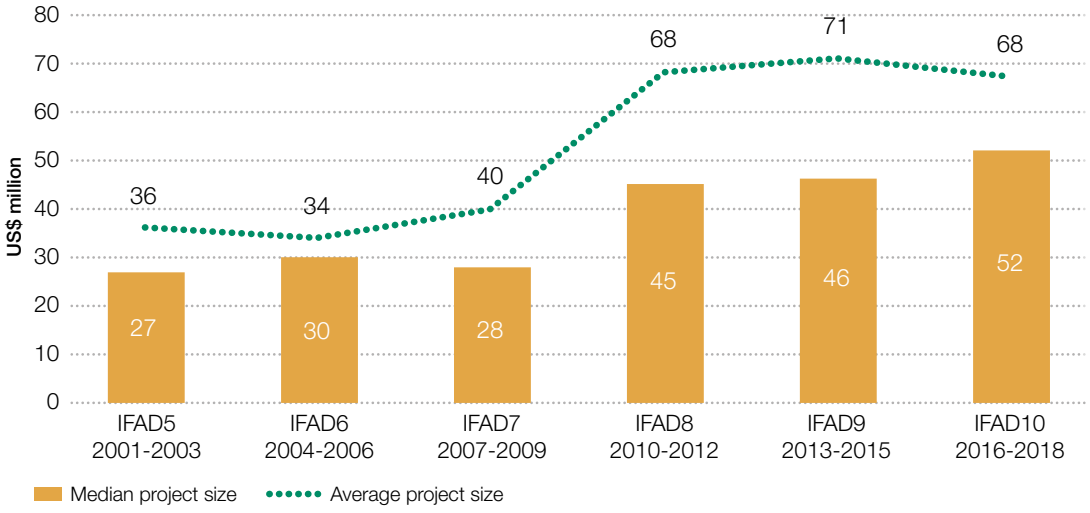
Table 8 **IFAD ongoing programme of work by replenishment period**

Ongoing portfolio (US$ million)	IFAD5 2001-2003	IFAD6 2004-2006	IFAD7 2007-2009	IFAD8 2010-2012	IFAD9 2013-2015	IFAD10 2016-2018
Total ongoing project and programme financing (US$ millions)	5 967	6 133	7 270	10 300	12 767	14 500
% annual increase of ongoing project and programme financing	-	3	19	42	24	14
Number of ongoing projects	196	187	207	243	232	209
Ongoing programme and project financing per project (US$ millions)	30	33	35	42	55	69

Source: IFAD's Annual Reports from 2005 to 2018.

184. **A closer examination shows that the decline is driven by a decrease in the number of projects approved, down from 99 in IFAD8 to 84 in IFAD10.** When only looking at approved investment projects, the average project size is even "bigger" between IFAD8 and IFAD10 compared with earlier periods, ranging from US$68 million to US$71 million and with a median project size rising from US$45 million to US$52 million between IFAD8 and IFAD10 (chart 27). A comparison of the sizes of completed projects with those approved in each replenishment period indicates a clear change in approach from IFAD8 onwards. From IFAD5 to IFAD7, there is little difference between completed and approved projects, which ranged from US$28 million to US$40 million per project. From IFAD8, average project costs rise to US$68 million per project for approved projects but remain at US$33 million per project for completed projects. This strongly indicates a new approach of "bigger projects" from IFAD8, but especially in IFAD10.

Chart 27 **Total cost per approved investment project**



Source: GRIPS database.

185. **Paradoxically, while IFAD's new investments grew significantly from IFAD8, the number of direct beneficiaries declined.**[21] Between IFAD8 and IFAD10, the total number of beneficiaries reached for all approved projects dropped from 58 million to 23 million, according to the Grants and Investment Projects System (GRIPS). In addition, while initially the **average number of beneficiaries per project** increased for approved projects in IFAD8 to 635,000, it declined drastically by 60 per cent to 281,000 by IFAD10. As a point of comparison, completed projects remained in the range of from 341,000 to 483,000 beneficiaries. The decreasing trend in the average number of beneficiaries per project for approved projects suggests that IFAD-funded projects, although "bigger" in size, were reaching fewer beneficiaries in IFAD10 and thus spending more per beneficiary.

186. **Examining the number of direct beneficiaries by thematic sector**[22] **also shows an overall decline and shift from rural finance towards rural development.** In IFAD9, there was a commitment to lift 80 million people out of poverty, and thus an emphasis on increasing outreach. Notably, this commitment was to be largely achieved by ongoing projects and partially by ones designed in IFAD8. Thus, the total number beneficiaries for approved projects was highest in IFAD8 (58 million) and declined to 47 million in IFAD9 and 23 million in IFAD10. Between IFAD8 and IFAD10, IFAD invested in primarily four sectors: agricultural development, credit and financial services, livestock/fisheries, and rural development. In IFAD8, the largest share of beneficiaries came from credit and financial services, followed by agricultural development and then rural development (chart 28). By IFAD10, the greatest proportion came from rural development, followed by equal shares from agricultural development and from credit and financial services.

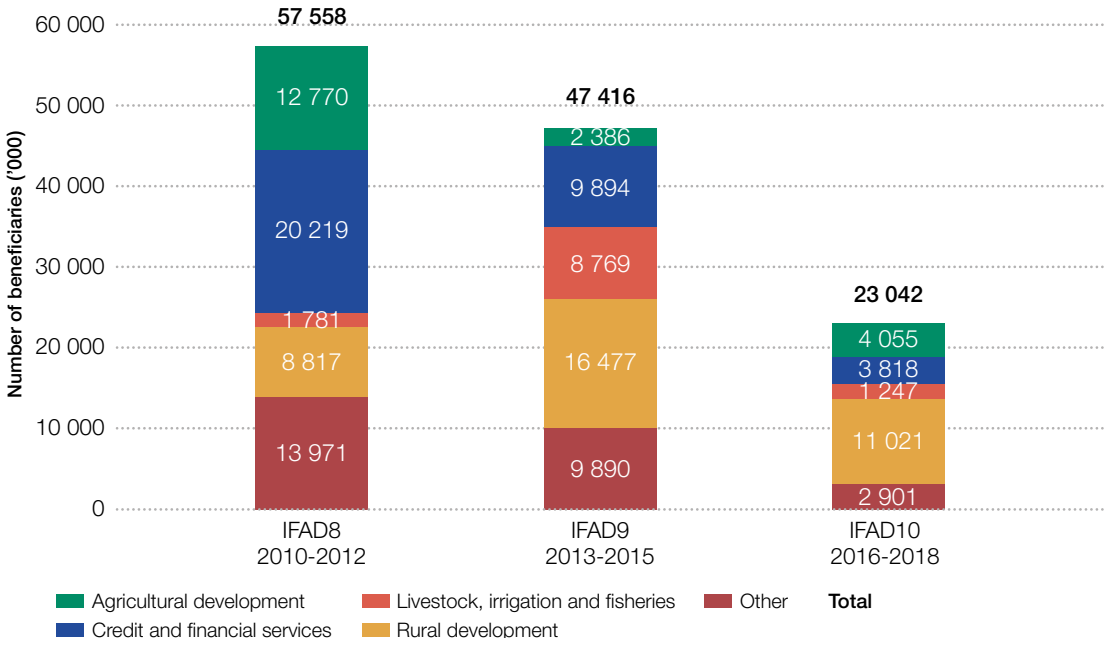
187. Examining rural development[23] more closely, there is a shift from a predominance of beneficiaries coming from rural infrastructure and roads (74 per cent) in IFAD8 to greater diversification in IFAD10 (chart 29). About 15-20 per cent of beneficiaries are reached

21 IFAD, *Measuring IFAD's Impact: Background paper to the IFAD9 Impact Assessment Initiative* (Rome: IFAD, 2016). This research paper confirms the declining number of direct and indirect beneficiaries between 2017 and 2018 based on impact estimates of IFAD9 projects.

22 This analysis is based on GRIPS data as it is the only source that provides sector (thematic, component and subcomponent) data aligned with number of beneficiaries and cost. While these data have their limitations and IFAD's Strategy and Knowledge Department revised the sectoral classification in 2018, their analysis does not include beneficiaries and is limited to IFAD9. Given the scope of the ARRI, it is necessary to rely on existing IFAD data such as GRIPS.

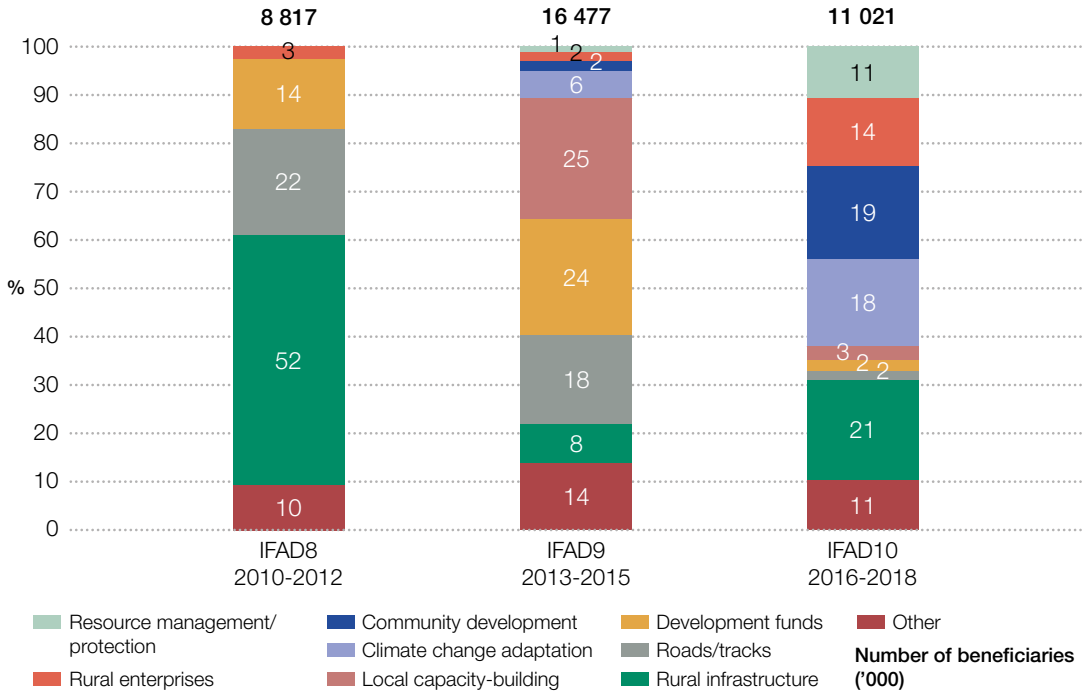
23 The analysis used GRIPS' subcomponent-type classification, with the total number of beneficiaries assigned to the first subcomponent.

Chart 28 **Total number of direct beneficiaries of approved projects by replenishment period and sector**



Source: GRIPS database.

Chart 29 **Rural development sector by subcomponent: distribution of direct beneficiaries at approval**



Source: GRIPS database.

through projects in rural infrastructure, roads, climate change, community development, development funds and rural enterprises.

188. In terms of approved project costs, the IFAD portfolio shifted from predominantly agricultural development to rural development from IFAD8 to IFAD10. Agricultural development declined by 65 per cent while rural development increased 45 per cent. This trend is further supported by an analysis by IFAD's Strategy and Knowledge Department,[24] which shows that rural business development, which falls under rural development, is the most important area of IFAD investments, with 26 per cent of IFAD's financing, followed by crops (14 per cent), rural finance (7 per cent), and livestock and pastoralism (7 per cent). The average cost per beneficiary also rose across thematic sectors, although only

24 IFAD, *A New Categorization Framework for IFAD-supported Project Interventions* (Rome: IFAD, 2019).

Table 9 **Approved cost per beneficiary by sector and replenishment period**

Sector	IFAD8 2010-2012	IFAD9 2013-2015	IFAD10 2016-2018
	(US$)		
Agricultural development	199	212	221
Credit and financial services	49	93	389
Livestock, irrigation and fisheries	270	153	419
Rural development	158	155	186
Others	97	96	247
Total	117	132	246

Source: GRIPS database.

slightly for agricultural and rural development. Most notably, credit and financial services increased from US$49[25] to US$389 per beneficiary (table 9), and livestock, irrigation and fisheries from US$270 to US$419. This indicates a change in the types of interventions from those that reach a greater number of beneficiaries to ones with higher-value activities. In fact, a high percentage (86-88 per cent) of projects approved and completed in IFAD10 had a market access / value chain focus.

Smarter

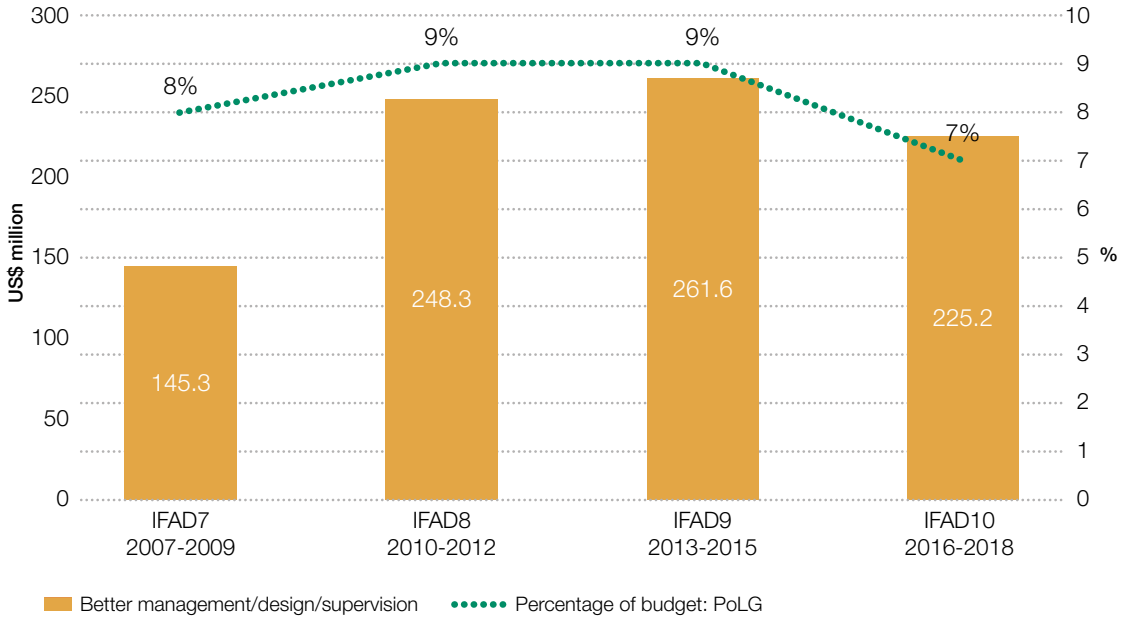
189. IFAD's Strategic Framework 2016-2025 calls for IFAD to work "smarter" by delivering development results in a cost-effective manner that best responds to partner countries' evolving needs. This means also being efficient and effective with the resources available to IFAD. The following analysis focuses primarily on efficiency, with effectiveness addressed more in the section on "better" performance.

190. A general trend of reduced resources for IFAD's country programmes between IFAD8 and IFAD10 was highlighted in the 2018 ARRI and confirmed this year. Based on data from IFAD's PoW, the administrative budget (staff and non-staff) allocated to country programme delivery (specifically COSOP, project design, supervision and implementation support) initially increased by an estimated 5 per cent between IFAD8 and IFAD9, and then declined by 14 per cent between IFAD9 and IFAD10. Within IFAD10 alone, the annual budget allocated to country programme delivery for design, supervision and implementation support declined by 30 per cent between 2016 and 2018.

191. While the administrative budget rose substantively in IFAD8 and slightly in IFAD9, these increases were initially commensurate with the higher approved PoLG. However, as chart 30 shows, in both IFAD8 and IFAD9 the administrative budget allocated to country delivery for COSOPs, design and supervision and implementation support (SIS) was 9 per cent of the PoLG, but

25 The Rural Financial Intermediation Programme II in Ethiopia (project ID 1521) has 18 million direct beneficiaries alone.

Chart 30 **Administrative budget for country programme, design and supervision, and its ratio to IFAD's programme of loans and grants (PoLG) by replenishment**



Source: IFAD results-based PoW and regular and capital budgets.

declined to 7 per cent in IFAD10. Therefore, in IFAD10 the administrative budget for the country programme, design, supervision and implementation was lower in both absolute terms and as a percentage of IFAD's historically highest approved PoLG. Thus, IFAD10 delivered more (US$3.3 billion in approved project designs while managing a US$14.5 billion ongoing PoW) with fewer resources for country programme delivery for COSOPs, design, supervision and implementation.

192. **IFAD's zero-growth budget appears to have started to constrain project design, supervision and implementation support (SIS) during IFAD9.**[26] IFAD's 2016 PoW[27] states: "Tightening of the budget over the last several years has limited the amount of funds available to design projects. Additional resources are required to design projects adapted to country capacity and thereby improve implementation and the sustainability of results."[28] It also states: "Regional annual portfolio reviews have reported that providing additional supervision and implementation support allows for timely and corrective action to enhance project effectiveness during implementation … therefore [it is] proposed to allocate an additional US$20,000 per project for 39 projects across the portfolio." Despite the additional non-staff budget allocated for design and SIS in 2016 and 2017, the ratio of the total (staff and non-staff) administrative budget allocated for country programme, design and SIS budget to PoLG still declined in IFAD10 overall. In terms of the average total administrative budget per approved and ongoing project, the declines were 10 per cent and 4 per cent, respectively, between IFAD9 and IFAD10.

193. A corporate-level-evaluation supervision survey also indicates that the optimal SIS arrangement is one full supervision mission and one follow-up / implementation support mission per year. However, between 2012 and 2018, there was a decrease in the total number of SIS missions during implementation (supervision, implementation support / follow-up, MTR) of 34 per cent and only a 19 per cent decline in the number of ongoing projects. The ratio of the number of SIS missions to projects declined from an average of 2.1 to 1.7 across regions (table 10), particularly in NEN, WCA and APR. Further analysis with more granular data is needed

Table 10 **Ratio of total SIS missions during implementation to total number of projects, by region**

	IFAD8 Final year 2012	IFAD9 Final year 2015	IFAD10 Final year 2018	IFAD10-9 Change 2018-2015 (%)	IFAD10-8 Change 2018-2012 (%)
APR	2.1	1.7	1.7	1	(17)
ESA	2.0	1.5	1.8	19	(10)
LAC	2.3	2.7	2.2	(18)	(3)
NEN	2.1	1.8	1.5	(16)	(28)
WCA	2.0	2.1	1.2	(41)	(37)
Total	**2.1**	**1.9**	**1.7**	**(11)**	**(18)**

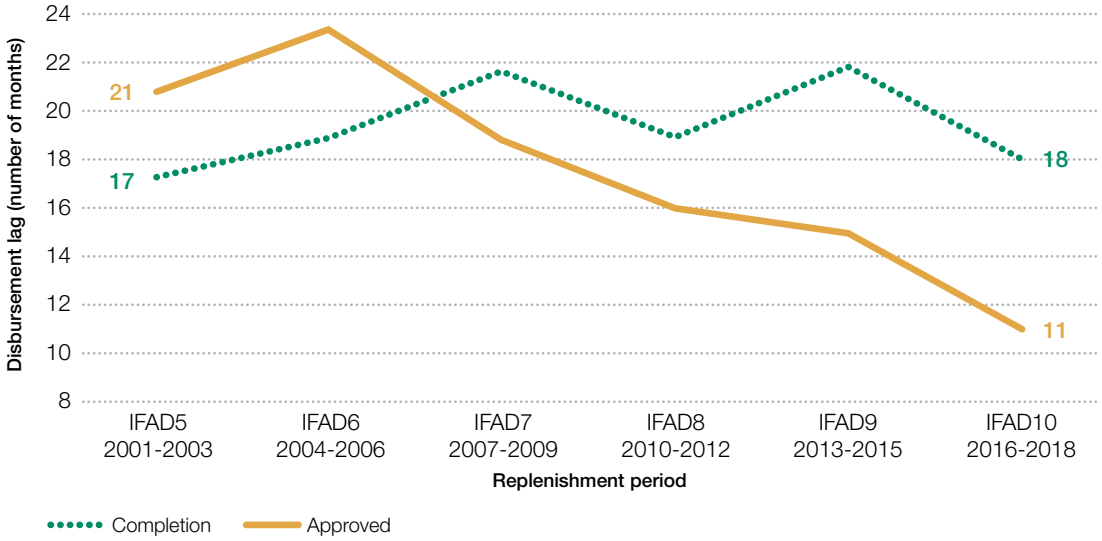
Source: GRIPS and IFAD's Annual Reports from 2005 to 2018.

26 IFAD, *Alternative Approaches to Increase Non-staff Resources to Project Design* (IFAD, 2015). This discussion note states: "… in response to zero-budget growth in recent years, Management has undertaken a number of initiatives to reduce costs and contain divisional and unit budgets. As a result, core activities (i.e., project design, implementation support, and COSOP formulation/ review) decreased. By way of example, the decrease in allocation of resources for project design, implementation support and COSOP formulation/ review in regional divisions over the past few years is estimated to come round to approximately -10%, -30% and -33% respectively."

27 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 Heavily Indebted poor Countries and Performance Based Allocation System [Progress Reports 25 November 2015 EB 2015/116/R].

28 Notably, the resulting special allocation of additional budget of up to US$60,000 per project design (beyond the average design costs of from US$180,000 to US$250,000) was made in 2016 and 2017, which coincides with the historically highest ratings in overall quality of project design in those years. Subsequently, the overall quality of design decreased from 96 per cent to 86 per cent of positive ratings between 2016 and 2018, and the likelihood of meeting development objectives from 88 per cent to 86 per cent.

Chart 31 **Average disbursement lag by replenishment period**



Source: IOE all evaluation database, April 2019.

in order to examine the relationship between total administrative budget allocations and the frequency and quality of SIS missions.

194. **On the positive side, disbursement and effectiveness lags were reduced between IFAD8 and IFAD10.** As chart 31 shows, the disbursement lag of approved projects decreased steadily from the Sixth Replenishment of IFAD's Resources (IFAD6) (23 months) to IFAD10 (11 months). This positive trend is also reflected in completed projects between IFAD7 (22 months) and IFAD10 (18 months). The decline in effectiveness lags of both approved and completed projects between IFAD8 and IFAD10 may have partly resulted from IFAD's change in the definition of effectiveness to "entry into force" in 2010. IFAD-funded projects entered into force immediately upon loan signature unless parliamentary approval was required. Shorter disbursement and effectiveness lags indicate faster project start-up, which is correlated with better relevance and overall project achievement. In addition, completed IFAD-funded projects also improved their timeliness in IFAD9 and IFAD10. The average project duration of completed projects declined from 8 years (IFAD6, IFAD7 and IFAD8) to 6 years (IFAD9 and IFAD10).

In addition, only 46 per cent of projects that completed in IFAD10 had an extension, compared with 52 per cent in IFAD9, and 60 per cent in IFAD8.

Better

195. In order to examine whether IFAD operations were "better", IOE ratings and Management's PCR ratings were compared with the targets set in the IFAD10 RMF and performance in past replenishments. Qualitative analysis on the 37 projects completed in IFAD10 was used to identify factors contributing to the performance based on ratings.

196. **Based on both IOE and PCR ratings, only adaptation to climate change reached its IFAD10 target.** Table 11 presents IOE ratings from both the all evaluation and PCRV/PPE data series along with Management's PCR ratings for IFAD9 and IFAD10. In addition to only strictly meeting the one criteria, the table shows a general decline in PCR and IOE ratings between IFAD9 and IFAD10. Notably, criteria such as innovation, GEWE, government performance, and scaling up, which are currently close to the IFAD10 RMF targets, appear to

Table 11 **Internal benchmarking for IFAD10 – percentage of projects rated moderately satisfactory or better by year of completion against RMF targets**

Outcome indicators	IFAD9 PCR ratings[a] 2013-2015	IFAD10 PCR ratings[a] 2016-2018	IFAD9 IOE ratings[b] 2013-2015	IFAD10 IOE ratings[b] 2016-2018	IOE PCRV/ PPE ratings[c] 2015-2017	IFAD10 RMF target 2018
	113 projects	73 projects	111 projects	37 projects	59 projects	
Adaptation to climate change	79	87	78	76	73	50
ENRM	88	84	80	83	81	90
Innovation	92	88	87	76	80	90
Rural poverty impact	89	83	83	76	76	90
Effectiveness	86	82	75	73	75	90
GEWE	90	88	82	68	71	90
Government performance	84	79	74	57	61	80
Sustainability	80	70	61	62	59	85
Scaling up	93	88	81	65	68	90
Efficiency	75	67	56	54	51	80

Sources: [a] PMD PCR ratings; [b] IOE all evaluation data series; [c] IOE PCRV/PPE data series, April 2019.

have been met already in IFAD9 based on Management's PCR ratings. Similar trends are reflected in annex 6, which presents the percentage of positive IOE ratings by block for each criterion by replenishment period from IFAD5 to IFAD10.

197. **The decline in the percentage of positive ratings between IFAD9 and IFAD10 also occurred in terms of average IOE and PCR ratings.** Average IOE ratings initially improved between IFAD8 and IFAD9 for all criteria except sustainability (flat), rural poverty impact and overall project achievement. However, between IFAD9 and IFAD10, the average IOE ratings fell in all criteria except ENRM, adaptation to climate change, and sustainability (flat). Overall, average IOE ratings were lower between IFAD8 and IFAD10 in all criteria except ENRM, adaptation to climate change and innovation. For ENRM, the improvement is statistically significant between both IFAD8 and IFAD10 as well as between IFAD8 and IFAD9. For relevance and IFAD performance as a partner, the negative change is statistically significant between IFAD9 and IFAD10 only. Average PCR ratings also decreased between IFAD9 and IFAD10 in all criteria except adaptation to climate change. **The decline in average PCR ratings is statistically significant in IFAD performance as a partner, relevance and project performance.**

198. **To better understand the IFAD10 trends in ratings, qualitative analysis was conducted on the 37 projects.** These projects were examined closely for recurring issues as well as for facilitating and constraining factors in order to better understand the rating trends. Based on the analysis, three topics are elaborated below: ENRM, for its positive performance; IFAD performance as a partner, for its statistically significant decline; and scaling up, for its significantly lower percentage of positive ratings in IFAD10.

199. **ENRM is the only criterion with a positive trend in IFAD10.** According to the Evaluation Synthesis on Environment and Natural Resource Management, successful strategies in ENRM often feature: (i) strong commitment and better integration of ENRM in COSOPs; (ii) project designs that avoid doing environmental harm and pursue opportunities; (iii) governance and institutional set-ups with the involvement of local community organizations; (iv) participatory planning in delivering project results; and (v) incentives to encourage uptake of more sustainable practices.

200. **Preventive measures were successful in raising awareness in ENRM for high-performing projects in IFAD10.** In Senegal's PAFA, promotion of appropriate technical methods for improving agricultural production taking into account soil properties and water constraints generated positive results. Another facilitating factor in ENRM was linked to the promotion of peaceful co-existence of different groups (pastoralists, semi-pastoralists, and settlers), as in Sudan's Western Resources Management Programme, where a new range and pasture law positioned communities to lobby against encroachment and become involved in long-term interventions. In Mexico's Community-based Forestry Development Project in Southern States, the creation and strengthening of microenterprises helped reduce the pressure on natural forests, generated income alternatives, and encouraged communities to conserve their natural resources. In turn, technology transfer favoured the efficient use of natural resources and reduced forest degradation.

201. **IFAD performance as a partner represents a critical issue in IFAD10 as it is a traditional strength that has begun to decline.** This decline is mostly linked to recurring issues such as: high CPM turnover; a lack of specialists in supervision missions; and flaws in project design. In some instances, a lack of dialogue with other development agencies has compromised a project's ability to achieve successful outcomes. Factors supporting positive performance have been associated with: regular support and prompt decision-making, design adjustment during implementation, appropriate technical expertise, and capitalizing on past experiences. Performance was rated positively where IFAD was considered a strategic ally in technical and financial execution as well as a neutral actor accepted by local communities.

202. **The decline[29] in cofinancing[30] between IFAD8 and IFAD10 also reflects on the financing aspect of partnership.** Cofinancing peaked in IFAD8, fuelled by the global food crisis. Notably, official development assistance[31] to agriculture actually increased by 27 per cent between 2012 and 2017, well after the end of the food crisis. Yet, the ratio of international cofinancing for approved IFAD-funded projects declined between IFAD8 and IFAD10 from 0.86 to 0.50, indicating that IFAD did not manage to capture a greater share of this growth. The lower ratio of international cofinancing among projects approved in IFAD10 may be related to reduced resources and time for project design, as such projects require additional time for planning and coordination. The ratio of domestic cofinancing decreased from 0.53 to 0.21 between IFAD8 and 10, which also may be a reflection of IFAD's performance as a partner in relation to government.

203. **Scaling up is a key principle of engagement at the core of IFAD's operations according to the Strategic Framework. Yet, thus far, performance in IFAD10 has been lower compared to IFAD9.** Some recurring issues highlighted in the 2017 Evaluation Synthesis on IFAD's Support to Scaling up of Results are exhibited in the IFAD10 projects. These issues include: a lack of government ownership; weak coordination among non-lending activities; and no sustainable exit strategy at design. The lack of an exit strategy at design is a

29 IFAD, *Corporate-Level Evaluation: IFAD's financial architecture* (Rome: IFAD, 2018).

30 Cofinancing is only one type of partnership (others being knowledge and learning, coordination, and cooperation) and may be limited based on a government's strategy in working with multilateral agencies.

31 OECD.Stat. https://stats.oecd.org/Index.aspx?datasetcode=TABLE5, retrieved on 10 June 2019.

major inhibiting factor for scaling up in IFAD10 projects. The prospects for future scaling up diminished in projects where innovative funding arrangements failed to be developed (as in Egypt's Upper Egypt Rural Development Project). In Sri Lanka's Iranamadu Irrigation Development Project, farmers did not receive ongoing training, and marketing arrangements were not institutionalized to ensure sustainability. In some instances, the mere replication of projects or their delegation to subsequent IFAD interventions (as in Armenia's Rural Asset Creation Programme, and the Dominican Republic's Development Project for Rural Poor Economic Organizations of the Border Region) compromised the process of scaling up.

204. **For projects to be scaled up successfully, it is important that they be aligned with the country's overall strategy.**[32] Country programmes need to both "look backwards", by capitalizing on past experiences to mitigate risks and develop a scaling up vision from the beginning, and "look forward" to identify means of financial sustainability. Benefits derived from investments can be sustainable beyond the project's life only if the pathways for sharing knowledge and achieving a vision of long-term engagement are considered. The Rural Financial Services and Agribusiness Development Project in the Republic of Moldova is a positive example of sustainable profitability for beneficiaries due to commitments for longer-term rural financing going beyond project completion.

205. **In sum, IFAD10 performance indicates the challenge of achieving the Strategic Framework's vision for a "bigger, better and smarter" organization. While IFAD10 project investments remained big and were smarter in terms of reduced costs, they are yet to prove better in quality.** IFAD experienced impressive growth in IFAD8, which it maintained into IFAD10. Although the PoLG grew steadily, budgetary resources for country programme management, design and SIS appear to have declined to a point in IFAD10 where the ratio of administrative budget to PoLG was below the IFAD7 level. In a context of a zero-growth budget and with the aim to be "smarter" by doing more with less, IFAD has managed its growth by designing fewer but larger projects. The ratio of SIS missions to projects also decreased between 2012 and 2018. From IFAD7, the timeliness of projects improved, with reduced disbursement lags and project duration.

206. However, a declining trend is observed between IFAD9 and IFAD10 based on both IOE and PCR ratings of completed projects. Based on the statistically significant changes, it can be said that IFAD demonstrated better quality in ENRM, while performance was weaker in relevance, IFAD performance as a partner, and project performance. All other criteria display declining trends between IFAD9 and IFAD10; however, there is no statistically significant change. Qualitative analysis of better- and weaker-performing criteria in IFAD10 highlights the importance of technical expertise and support during project design and implementation, and dialogue with country stakeholders and partners, as well as long-term engagement starting with the design but going beyond project completion. Moving forward into IFAD11, greater efforts are required to enhance the quality of the project portfolio. This entails: (i) strengthening IFAD's performance as a partner in the context of the new decentralization model; (ii) enhancing the technical quality in IFAD-funded projects and SIS missions; and (iii) developing partnerships for greater cofinancing and scaling up of project impact.

32 LMS e-learning course on scaling up.

Ethiopia

Indigenous Tree Species Restoration, Climate Change Adaptation and Indigenous Livelihood Enhancement Project

Karetse Dabala and her daughters shelling beans and peas. Following training, they and others of the Gamo people now put into practice their knowledge of trees and crops. As a result, their harvests have increased over the years, helped by planting different types of trees on their land.

5 Learning theme on relevance of IFAD project interventions

Background

207. Most development organizations recognize relevance as the fundamental evaluation criterion. No project design should move forward unless the donor and country stakeholders deem it relevant. Many aspects critical to project performance fall under the assessment of relevance, such as a thorough understanding of the country context (including government capacity) as well as the quality and appropriateness of the project design to the country context and in mitigating risks. Therefore, IFAD's Executive Board agreed upon "relevance of IFAD project interventions" as the learning theme for this ARRI.

208. **Objective and rationale.** This learning theme chapter aims to unbundle the criterion of relevance to identify key factors contributing to IFAD interventions meeting their development objectives (DOs). IOE considers an examination of relevance is needed for three reasons, two of which were presented in chapter 2 under relevance: (i) the recent decline in satisfactory ratings; (ii) relevance having the highest average rating disconnect between IOE and Management; and (iii) some recent project design changes that will impact relevance ratings. By unpacking the key factors driving relevance, this chapter contributes to further harmonizing independent evaluation and self-evaluation systems. It is also timely as it was prepared during the review of evaluation criteria definitions by the OECD Development Assistance Committee (OECD-DAC), the body that serves to harmonize evaluation criteria among multilaterals to foster comparison.

209. **Methodology.** This learning theme is based on a desk-review of evaluation and management reports, key informant interviews, case studies, and quantitative as well as statistical analyses. Given its focus on the constituent parts of the criterion relevance (quality of project design, targeting, and coherence with government policies and country context), it closely examines 34 projects that underwent IFAD's Quality Assurance (QA) review (which began only in 2008) and were evaluated or cancelled. The 34 projects were approved between 2008 and 2012, and completed between 2013 and 2017, with an average project duration of 5.6 years.

Defining and rating relevance

210. In the last decade, IOE has used three different definitions of relevance (outlined in table 12). The first two are derived from the first and second editions of the Evaluation Manual, while the last was the result of the harmonization

Table 12 **Comparing IOE definitions of relevance**

IFAD Evaluation Manual, first edition (2009)[a]	IFAD Evaluation Manual, second edition (2015)	Harmonization agreement (2017)
The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies.	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies.	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 coherence in achieving its objectives.	It also entails an **assessment of project design** and coherence in achieving its objectives.	It also entails an assessment of project design, coherence in achieving its objectives, and **relevance of targeting strategies** adopted.
	An assessment should also be made of whether objectives and **design address inequality**, for example, by assessing the relevance of targeting strategies adopted.	

[a] Office of Evaluation. 2009. *Evaluation Manual: Methodology and processes*. Rome, IFAD.

effort between Management and IOE. In 2017, IFAD Management and IOE agreed upon the use of a harmonized definition of relevance.[33] The main difference between these definitions of relevance and the current one is IOE's earlier focus on inequality. It is now agreed that targeting is assessed, not inequality, although key informant interviews indicated that not all staff appear to be aware of the changes.

211. A better understanding of relevance can be achieved by situating IFAD's definition in relation to those of other international development agencies. Thus, IFAD's definition was compared with that of the OECD-DAC (which plays a clearinghouse function in the debate about evaluation criteria), IFIs (AfDB, AsDB, Inter-American Development Bank, and World Bank), United Nations agencies (FAO, United Nations Development Programme [UNDP], and World Food Programme), and the Consultative Group on International Agricultural Research.

212. Twelve elements of relevance were found across the ten international agencies compared, as presented in table 13. The key elements found in the definition of relevance[34] for most of the international agencies were as follows (with their frequency indicated): (i) consistent with country needs (90 per cent); (ii) consistent with partner and donor policies (80 per cent); (iii) consistent with beneficiary requirements (70 per cent); (iv) assess design and coherence to achieve DOs (70 per cent); and (v) determine if project is still relevant under changed circumstances (40 per cent).

213. International agencies can be categorized by the percentage of the elements they include in their definition of relevance. While most apply at least four of the elements, United Nations agencies and the OECD-DAC offer the most comprehensive definitions, which include from five to nine elements. International financial institutions (IFIs) apply fewer elements (from four to two).

214. The minimalist approach espoused by the AfDB and the AsDB includes only two elements. Project relevance is defined only as being consistent with country needs and with partner and donor policies. Taking such a limited perspective on relevance, and considering its generally good performance, raises the question of whether relevance is still relevant as a criterion – a question raised during OECD-DAC discussions (to which IOE is a participant) on evaluation criteria.[35]

33 IFAD, *Agreement between IFAD Management and the Independent Office of Evaluation of IFAD on the Harmonization of IFAD's Independent Evaluation and Self-Evaluation Methods and Systems*, Part I: Evaluation Criteria (IFAD, 2017) https://webapps.ifad.org/members/eb/120/docs/EB-2017-120-INF-2.pdf.

34 This comparison looks at the key definitions only. While each organization has expanded views of its criteria in its literature, including them would make the comparison unmanageable and meaningless.

35 One perspective espoused by Caroline Heider, former Director, Gender, and Senior Vice-President, Evaluation, of the World Bank, is that relevance as a criterion is no longer relevant when asking whether a project is aligned with priorities and policies of the target groups, recipient and partners because policies are written in ways that can justify a "whole slew of different activities", which makes meeting the bar not difficult. In addition, the world is increasingly complex with many more stakeholders. Therefore, a linear model such as a "critical path" is no longer useful, and a systems-based approach would be more effective.

Table 13 **Comparing definitions of relevance**[a]

Key elements of relevance	International agencies[b]										Total frequency
	UNDP	IFAD[c]	FAO	OECD DAC	WFP	CGIAR	IDB	World Bank	AsDB	ADB	
1) Consistent with country needs		X	X	X	X	X	X	X	X	X	90%
2) Consistent with partner and donor policies	X	X	X	X	X	X			X	X	80%
3) Consistent with beneficiary requirements	X	X	X	X	X	X	X				70%
4) Assess design and coherence to achieve development objective	X	X	X	X	X		X	X			70%
5) Determine if project still relevant under changed circumstances	X		X	X	X						40%
6) Government capacity, fragility, risk	X	X	X					X			40%
7) Consistent with institutional priorities		X					X				20%
8) Assess relevance of targeting strategies	X	X									20%
9) Consistent with global priorities			X			X					20%
10) Knowledge management, lessons learned	X							X			20%
11) Assess development objective and design to address inequity	X										10%
12) Sufficient scale	X										10%
Applicability by agency	75%	58%	58%	42%	42%	33%	33%	33%	8%	8%	

[a] Not all organizations are equally succinct in their definition of relevance. It was sometimes necessary to consult their more detailed guidelines, while focusing on comparable elements.

[b] UNDP: United Nations Development Programme; IFAD: International Fund for Agricultural Development; FAO: Food and Agriculture Organization of the United Nations; OECD DAC: OECD Development Assistance Committee; WFP: World Food Programme; CGIAR: Consultative Group for International Agricultural Research (formerly); IDB: Inter-American Development Bank; AfDB: African Development Bank; AsDB: Asian Development Bank.

[c] Elements 5 and 6 are included in the core questions used to assess and rate relevance in IFAD's second edition of the Evaluation Manual, but they were more prominent in the first edition.

215. FAO, IFAD and UNDP offer the most comprehensive definitions of relevance. They also appear to be key champions of the poor, insisting on alignment with the needs of the poor for a project to be relevant. In contrast, according to the definitions of three major IFIs (AfDB, AsDB and World Bank), projects do not need to specifically address the needs of the poor to be relevant. This distinction is crucial in any discussion about project relevance. IFAD brings a unique perspective to the development debate, as it places the needs of the rural poor at the centre of relevance, connecting a country's pro-poor policy environment with project quality and a government's implementation capacity.

216. The process of rating relevance also reveals aspects of the criterion that are not explicit in the definition. For example, the fifth-most prevalent element ("Determine if project still relevant under changed circumstances") is not included by the AfDB or IFAD. However, in rating relevance, the AfDB only gives a highly satisfactory rating for relevance if the continued relevance has been safeguarded. Similarly, when rating relevance, IOE assesses whether the project design or targeting strategy has remained appropriate to the country context or the beneficiaries' needs.[36] This focus on maintaining relevance throughout the project's life makes the criterion more dynamic and suitable for assessing interventions in an increasingly complex world.

217. **Unbundling of relevance.** IFAD uses a more comprehensive definition than most in order to guide its operations to address its unique mandate. Relevance is rated highly in IFAD, but its rating needs to go beyond simply checking off alignment with IFAD's mandate and the priorities of the beneficiaries and borrower. Most importantly, based on the definition, relevance is a key evaluation criterion that links project quality (at design and during implementation) with the specific country context.

36 As per the core questions for assessing and rating relevance in the second edition of the Evaluation Manual.

Table 14 **Conceptual framework for IFAD project relevance**

Elements	Country context	Project quality
1) Empowering rural poor	Ensures that **rural poor are enabled and empowered**	Enabling and empowering the poor through • solid targeting, links with Social, Environmental and Climate Assessment Procedures (SECAP) • participatory process to formulate, monitor and adjust the logical framework (logframe) • designing flows of funds that include decisive power of the poor • beneficiary assessments during implementation
2) Pro-poor policy environment	Has the resolve and capacity to create and maintain a **pro-policy environment**	Enhancing the pro-poor policy environment by: • convening power used for research and agenda setting, creating pro-poor partnerships • ensuring that the aggregate of relevant projects makes up a relevant portfolio
3) Project design	Has the capacity and motivation to **design projects** that respond to the needs of the rural poor	Improving the quality of project design • presenting a strong rationale for the intervention • ensuring high-quality, participatory targeting • including indicators on reduced inequalities in the logframe
4) Implementation capacity	Has **implementation capacity**, commensurate with the requirements of the project, while ensuring that objectives and components are restructured as circumstances change	Insisting on comprehensive institutional analysis • understanding relevant incentives, the political economy, key HR policies • comprehensive approach to capacity building and maintenance

218. The next question is to identify facilitating and constraining factors of relevant project interventions. For that, this chapter proposes the conceptual framework presented in table 14 to facilitate the discussion about project relevance in IFAD. Based on key elements of IFAD's definition, preliminary findings drawn from QA wrap up notes and IOE evaluations, as well as discussions with IFAD staff, this framework presents four main features of relevance for IFAD-funded projects: (i) empowering rural poor; (ii) pro-poor policy environment; (iii) project design; and (iv) implementation capacity.

Main findings

219. Quantitative and qualitative analyses[37] including case studies were conducted to further understand what factors drive performance in relevance and how they contribute to interventions meeting their DOs. The findings of these analyses are presented below.

Quantitative analysis

220. **Historically, positive IOE ratings indicate IFAD's overall good performance in relevance.** However, recent IOE evaluations indicate a lower share of moderately satisfactory or better ratings for the criterion. In particular, the average ratings between projects completed in IFAD9 and in IFAD10 show a statistically significant decline. Relevance also shows the highest average disconnect with Management based on the year of completion. This disconnect remains at a high level even following the harmonization agreement and the incorporation of targeting strategies into Management's definition of relevance, indicating other factors as the cause.

221. **Relevance is positively correlated with all other IOE evaluation criteria at completion,** in particular with effectiveness, sustainability, rural poverty impact and IFAD performance as a partner. With regard to project supervision report ratings[38] during implementation, relevance has a weak but positive correlation with the seven project supervision report criteria.[39] The strongest correlation is with "likelihood of achieving the development objective", meaning that projects assessed to be more likely to achieve their DO tended to be rated better in terms of relevance. The weak correlation with targeting and outreach stood out, as targeting is an important element that IOE takes into consideration when assessing relevance. However, this may explain the limited improvement in the rating disconnect once targeting was incorporated into Management's definition.

222. **IOE ratings are not correlated with the overall QA ratings[40] (including the overall quality).** The negative correlation found between IOE and QA ratings was not statistically significant, implying that the QA review assessments do not necessarily predict the final project outcome. This supports the importance of reassessing relevance at project completion to validate the original analysis, and also take into account any changes in the project design that may have been made during implementation.

223. **In terms of meeting DOs, the IOE and QA ratings were aligned in most cases (62 per cent)** in terms of whether projects met them or not. The sample was also analysed regarding whether the QA review considered the projects likely to meet their DOs and whether IOE confirmed that the DOs were met, indicated by a satisfactory rating (4 or above) in overall project achievement. Overall, the Quality Assurance Group (QAG) and IOE were aligned in their respective ex ante and ex post assessments of projects for 62 per cent of the projects. As shown in table 15, 56 per cent of the projects in the sample were predicted to meet their DOs and did, while 23 per cent were predicted to meet their DOs but did not. At the same time, 15 per cent of the projects were predicted not to meet their

37 Statistical analyses were conducted based on ratings in IOE's all evaluation database to identify the relationship between relevance and other criteria. It includes a sample of 344 projects evaluated by IOE since 2000. These statistical analyses included correlation analyses between the ratings for relevance and: (i) other evaluation criteria at completion; (ii) project supervision report ratings during implementation; and (iii) ex-ante Quality Assurance (QA) ratings (limited to the sample of 34 projects as explained in paragraph 209).

38 The system of project supervision report ratings changed in 2018, resulting in a change in nomenclature for some criteria (e.g. targeting and outreach) and the removal of others.

39 Targeting and outreach, institutions and policy engagement, quality of project management, human and social capital and empowerment, quality of beneficiary participation, responsiveness of service providers, and likelihood of achieving the development objective.

40 For the QA analysis, the sample included 34 completed projects that had been both evaluated by IOE (at completion) and QA (at entry). The objectives of the correlation analysis between IOE and QA ratings were to: (i) explore the correlation between relevance at completion (IOE ratings) and selected aspects rated at QA; and (ii) explore whether/how the overall QA assessment predicts actual project performance at completion. Although the sample was small, no correlation was found in a larger sample (74 PCRs) that had QA ratings either.

Table 15 **Projects categorized by likelihood and actual project achievement (34 projects)**

QA likelihood of achieving development objectives	IOE overall project achievement		
	"achieved"	"unachieved"	Total
"likely"	56%	23%	79%
"unlikely"	15%	6%	21%
Total	71%	29%	100%

Source: IOE evaluation database (PCRV/PPE), February 2019.

DOs and instead did, while 6 per cent were predicted not to meet their DOs and did not.

224. **A slightly higher proportion of projects deemed "unlikely" to meet their DOs (15 per cent) actually met them, according to IOE.** Among the projects that were predicted to meet their DOs, it would be expected that most would indeed do that; while within the group of projects predicted not to meet their DOs, most would indeed fail. Within the group of projects that were predicted to meet their DOs, 70 per cent were actually successful at completion. In this case, QAG and IOE were aligned in most cases when projects were predicted to meet their DOs. Nevertheless, the proportion of successful projects is slightly higher within the group of projects predicted not to meet their DOs (72 per cent). **This means that QAG and IOE were not aligned in most cases when projects were predicted not to meet their DOs. This may indicate that "unlikely" judgements trigger additional efforts and/or design adjustments, which positively contribute to project performance.**

Qualitative analysis

225. Given that ex ante project design is not the main determinant of project outcome and the importance of "continued relevance", six case studies[41] were prepared in order to support the qualitative analysis and examine project relevance throughout the project cycle of design, implementation and completion. The full list, description and rationale for the selection of case-studies are included in the issues paper found in the electronic appendices.[42] Key features of relevance drawn from the conceptual framework in table 14 are highlighted from four case studies presented below: (i) empowering rural poor; (ii) pro-poor policy environment; (iii) project design; and (iv) implementation capacity.

226. **Empowering the rural poor.** The Afghanistan Rural Microfinance and Livestock Support Programme was predicted unlikely to meet its DO by the QA, but did, based on IOE's assessment. Its DO was to provide sustainable access to smallholders to appropriate microfinance services and technical skills required for more profitable enterprises. The ambitious design was supported by the introduction of a scheme targeting the ultra-poor, which used a participatory rural appraisal methodology, including social mapping, wealth ranking and community interviews, to identify beneficiary households. The strategy allowed beneficiaries to graduate and access microfinance institutions. The programme also contributed to the Government of Afghanistan's key policy promoting the use of Islamic financing, a design feature that worked well and attracted significant attention in the region. The adoption of the BRAC model, targeting the ultra-poor, further ensured that the targeted people actually benefited from the project. This approach was supported with a very good diagnostic stage, a targeting strategy, participatory mechanisms and gender awareness.

41 Six projects were selected from the original sample of 34 projects that had undergone both a QA review and IOE evaluation. The initial selection was based on their classification in terms of QA-predicted and IOE-assessed likelihood of meeting development objectives. The final selection ensured diversity in terms of: (i) region; and (ii) country income status (MIC/LIC), context (e.g. fragility), and sector. The six projects are: (i) Pro-Poor Partnerships for Agroforestry Development Project (Viet Nam); (ii) Mountain to Markets Programme (Albania); (iii) Rural Business Development Services Programme (Burkina Faso); (iv) Development Project for Rural Poor Economic Organizations of the Border Region (Dominican Republic); (v) Rural Microfinance and Livestock Support Programme (Afghanistan); and (vi) Fisheries Development Project (Eritrea).

42 IOE. *2019 Annual Report on Results and Impact of IFAD Operations (ARRI): Relevance of IFAD project interventions*. Issues Paper (IFAD, 2019).

227. **Pro-poor policy environment.** The Dominican Republic Project for Rural Poor Economic Organizations of the Border Region was predicted to meet its DOs, but did not do so. The DO was to increase the income and assets of men, women and youth members of economic organizations through participative, equitable and environmentally sustainable development. A number of quality enhancement and assurance recommendations were properly addressed in the design, such as the value chain analysis and more comprehensive training topics. However, the design only outlined concrete actions on how to reach women and youth, but not other poorer or vulnerable groups. The underlying assumption seemed to be that benefits would flow from less-vulnerable groups to more-vulnerable groups. Several issues also delayed the project's implementation, some being beyond the project's control, such as a presidential election and the establishment of a new government. These risks might have been foreseen in the risk analysis, and mitigation measures taken in a timely fashion. However, the strategy of the country shifted during implementation, and thanks to the CPM's efforts to transfer the project to a different ministry, any negative outcomes were mitigated. Overall, the project lacked sufficient understanding of the institutional framework. An institutional analysis could have avoided much of the start-up delay, and allowed for more effective and efficient implementation of the project.

228. **Project design "continued relevance".** The Pro-Poor Partnerships for Agroforestry Development Project in Viet Nam was predicted to meet its DOs by the QA, which was confirmed by IOE. It's DO was to establish a framework for sustainable and profitable agroforestry development in Bac Kan Province, targeting poor rural households. The project is an example of how a solid PMU and committed government can make a success out of a poorly designed project. The original design was very complex and ambitious (six different outcomes), and uncorrelated development paths were expected to promote "new ideas". It was not clear how to operationalize the original design because of the lack of details of key activities in the initial years of implementation.

229. Highly relevant decisions were made after project launch, such as: (i) simplifying the set of activities and designing them as a participatory process, supported through a newly designed project manual; and (ii) decentralizing a significant number of project activities in close collaboration with the government while building implementation capacity among local government agents. As a result, a key feature of the project was its impressive efforts to improve its relevance during implementation and attempt to achieve the DOs in the course of implementation. The project built sustainable, relevant capacity, and introduced participatory and accurate reallocation mechanisms of the forestland titles.

230. **Implementation capacity.** The Eritrea Fisheries Development Project was predicted not to meet its DO and did not do so. The project's DO was to raise production and productivity of the fisheries sector while conserving fish stocks and the marine ecosystem and supporting the restructuring of the cooperative system. This project was the first operation after a hiatus of about 20 years, and IFAD was the first IFI to have a meaningful dialogue with the Government. Eritrea was emerging from a war, but faced an ongoing conflict with Ethiopia, with many rural people drafted into the armed forces. The government was lacking capacity at virtually all levels, and the country had an underdeveloped private sector, with the central government determined to manage projects through the public sector. IFAD underestimated the border disputes between Eritrea and Ethiopia, a situation that remains challenging. As a consequence, the availability

of skilled and knowledgeable staff was limited, as most of them were enrolled in the military. The expectation that the government could set up a semi-autonomous, semi-independent cooperative support unit to manage project cooperatives proved to be unrealistic. The need to ensure government buy-in was identified by the QA review but not implemented. Further serious limitations in institutional understanding undermined the project: (i) a lack of understanding of the policy, strategies and plan for conservation; and (ii) a lack of agreement on roles and responsibilities, including no interference by the government in cooperative management.

231. In summary, the quantitative and qualitative findings highlight the great importance of implementation to relevance and overall project achievement. Project designs need to

Table 16 **Key factors impacting relevance**

	Positive influences	Negative influence
Enabled, empowered rural poor	• A solid understanding of the poor, and a menu of appropriate intervention options: timely, accessible, affordable • Solid targeting and participatory approaches	• Lack of government commitment to rural poverty reduction • Poor poverty analysis • Poor targeting, particularly for poor women and girls • Lack of understanding of realistic options for the poor, particularly for the young
Pro-poor policy environment	• A pro-poor government, committed to borrowing for the poor • Follow-up projects, building on lessons learned and capacity built	• An economic environment that harms, rather than helps the poor • Failure to provide appropriate economic options for the poor • Allowing institutions to exclude the poorest, particularly indigenous people and herders
Project design quality	• Relevant, simple objectives, aligned with government policies and integrated into government structures • Strong institutional knowledge that would provide a solid knowledge base on the economic, social and political context in which the project will operate, the different stakeholders in the project and their aspirations and conflicts of interest, and the implementation mechanisms to make the project actually work • Readiness for implementation	• Complex, rigid and overly ambitious designs with poor component integration and of questionable technical quality • Poor understanding of institutions for the poor • Poor M&E, logical framework
Implementation capacity	• Continued (decentralized) government ownership during implementation • Meaningful follow-up to QA recommendations during early years of implementation, particularly when formalized during the MTR • Support from IFAD staff and technical advisors. IFAD Country Office support • Adaptation of the project where and when necessary, maintaining focus on rural poor	• Lack of focus on beneficiaries and results • Implementation issues, including poor implementation plans, serious and long-term staffing issues, ineffective PMUs, and governance and corruption issues • Underutilization of MTRs, and ignoring QA recommendations

be appropriate to countries' implementation capacities determined by institutional analyses. The original project design needs to be adapted as and when conditions change in the country context. The case studies provide a wide-ranging view of the quality of relevance, but significantly, confirmed the conceptual framework in table 14 and the key elements of relevance presented there.

232. While there was no correlation between QAG's prediction and a project's actual success, it should be recalled that the QA review's objective was to improve the quality of the project design, not to speculate on eventual outcomes. In cases where QA recommendations were implemented, as in the case of Afghanistan, the DO was achieved. Conversely, where QA recommendations were ignored, it often led to failure in achieving the DO, as in the case of Eritrea. In that case, QA recommendations were not followed up, and the QA prediction of unlikely achievement of the DOs was confirmed. This suggests the need for better accountability to ensure that QA recommendations are followed up during implementation.

233. Drawing from these six case studies, as well as the findings from the quantitative and qualitative analyses, table 16 presents the positive and negative factors driving optimal or continued relevance for IFAD project interventions.

Lessons

234. Based on the findings and the case studies presented in the previous chapters, this chapter presents five key lessons regarding relevance in project interventions.

235. **Lesson 1. Ensuring the continued relevance of a project intervention requires adapting the design throughout implementation.** Relevance is not a fixed assessment at design, a binary decision on whether the project is relevant or not. Yet, typically under "rationale", design reports of IFAD-funded projects just provide a simple reassurance that the project targets the rural poor and cites general government and IFAD policies to confirm alignment. This reflects more the simpler definition of relevance of most IFIs rather than IFAD's more comprehensive definition.

236. A more suitable question **at the design stage** may be whether the proposed project is the most relevant investment to alleviate the poverty of the intended beneficiaries. That question is occasionally being asked at the concept stage and brings about a more meaningful discussion of relevance. The design team should first identify those policies that would help bring the intended transformation and measure the expected outcomes. Second, it should be explained why a specific project would be the most appropriate to support the key policies of the country and how it is supposed to be more cost-effective compared with other possible interventions. Third, lessons from similar operations that support the notion that this is the most pertinent intervention for the desired impact should be presented. Advice and guidance should be sought from various government ministries (including agriculture, finance, planning or economy) regarding whether and how IFAD should intervene to contribute to a project, based on reliable data and rigorous analysis that goes beyond pleasing the government.

237. **During implementation,** continued relevance is improved by regular consultations with the beneficiaries and an ongoing policy dialogue with the government, as well as close monitoring with the implementing agency. Consultations with the beneficiaries may be done through beneficiary assessments or empowering mechanisms that allow rural poor people to influence the allocation of funding for subprojects or ensure that they engage in the evaluation of services delivered on their behalf

(e.g. constructions they have identified and partially funded). In the interest of continued relevance, the criterion would be assessed during the concept quality discussion, the MTR as well as at exit. The QA recommendations do not appear to be optimally used, despite the finding that the application of the QA advice leads to better outcomes.

238. To further underline the importance of the relevance debate, it should be recalled that, unlike other IFIs (including the World Bank), IFAD has poverty and the rural poor manifestly in its definition of relevance. In a world that must urgently address issues of climate change affecting the poor, find decent jobs for young people, and reduce increasing wealth inequalities, organizations such as IFAD have a major advantage, provided they continue to push for the highest possible project relevance as seen from the perspective of the rural poor. **Therefore, relevance needs to be revisited throughout the life of the project in order to support responsive and appropriate adaptations to the design for the greatest impact on rural poor people.**

239. **Lesson 2. Meaningful engagement of beneficiaries in project design, implementation and evaluation enhances project relevance.** The following two key areas, when improved, would be likely to result in higher relevance: (i) better understanding of the needs and options of the beneficiaries, based on intensive consultation; and (ii) improved targeting.

240. Despite reported pressures to reduce field time during project preparation,[43] there is **no substitute for intensive dialogue.** This is required in order to acquire a profound understanding of the issues, priorities and expectations among the different categories of rural poor people in the project area. That understanding then translates into a diagnostic and confirmation from the beneficiaries of their commitment to action, a menu of appropriate options that are relevant, accessible and affordable are discussed, and priorities are agreed and formalized in the logframe.

241. **A solid mechanism to enable and empower the rural poor is good targeting.** As targeting was the subject of the 2018 ARRI learning theme, reference is made to that study. In addition, this chapter recognizes three key targeting shortcomings that may need improvement: (i) reduce the mismatch between the needs/capacities of the target groups and the innovation proposed; (ii) improve follow-through of targeting throughout the project cycle; and (iii) ensure that all IFAD staff and managers have a common understanding of relevance and targeting.

242. Targeting has both contributed to relevance, where done well, but also undermined relevance where shortcomings were found. The Bhutan Market Access and Growth Intensification Project provides an example of poor targeting. The evaluation found that, when the project opened all activities to all households, the subsistence households could not fully participate due to the beneficiary contribution requirements (e.g. the beneficiary was expected to pay 70 per cent of the cost of the dairy cows). This meant that the project benefited the most "emerging commercial farming households" that could fully benefit from the project components. This unsatisfactory result could have been predicted, as the focus of the investments at design, in terms of investment (US$10.97 million out of US$13.5 million), was on the component targeted at better-off and non-subsistence households.

243. Thus, highly relevant projects have good targeting strategies and engage beneficiaries in responding to these four simple questions: (i) who are the poor; (ii) why are they poor; (iii) what is the project going to do; and (iv) how will it do it?

244. **Lesson 3. The role of the government is critical for relevance – in adopting pro-poor**

43 IFAD's new project design process as of July 2018 foresees only one field mission, removing the second appraisal mission.

policies, by insisting on pro-poor design, in providing adequate implementation capacity, and by ensuring continued relevance during and after the project's lifespan. Five areas would, when done well, lead to improved relevance: (i) IFAD's role in policy advice and conflict resolution; (ii) government ownership and simple designs; (iii) implementation capacity commensurate to beneficiary needs and project design; (iv) governments managing risk; and (v) longer-term engagement.

245. A **government** committed to borrowing for the poor, maintaining pro-poor policies, and designing pro-poor projects leads to more relevant projects. This entails the government having the willingness, resolve and capacity to create and maintain a pro-poor policy environment. The notion of country and government are not the same, particularly in project design. The country context includes the views of different beneficiary groups, government at the local and national levels, the relevant private sector, and the community organizations concerned. IFAD has developed the tools and expertise to play its role as an honest broker between these stakeholders effectively. Country ownership must go beyond the idea that "this is what government wants". This requires a needs assessment that builds from the COSOP and rural sector performance assessment of the Performance-Based Allocation System.

246. **Policy advice and conflict resolution for relevance.** In some countries, IFAD finds like-minded governments, and IFAD's focus is on maintaining good relations, information exchange, and fostering partnerships, as in the Viet Nam case study. In other countries, government priorities do not include the rural poor, and IFAD's focus is usually on advocacy, partnerships of the willing, and fostering champions. In other countries, there may be actual discrimination against IFAD's specific subgroups (e.g. pastoralists, women, youth and indigenous peoples). Advocacy may require improving countries' regulatory frameworks to allow the poorest people (including particularly vulnerable groups of women, youth, pastoralists and indigenous peoples) to compete on a level playing field.

247. An example where **government policies and practices diverge from IFAD's mandate** centres around pastoralists, who IFAD manifestly targets. As found in the targeting learning theme, the issue of mobility is **complex and controversial,** both internationally as well as within particular countries. Yet, in line with IFAD's mandate, there is an urgent need to cater to the needs – in terms of health, education and livelihoods – of pastoralists who want to continue leading a mobile way of life. The two main reasons are that: (i) pastoralism is an effective and efficient way of using and managing natural resources in the drylands; and (ii) areas with access to water for settlement in these semi-arid and arid regions cannot cater to the entire pastoral population. However, the Ethiopia Second Pastoral Community Development Project interventions catered more to the needs of pastoralists having to and wanting to settle, but did not take sufficiently into account the needs of the mobile population.

248. While most **policy dialogue** takes place in the context of COSOPs, rather than projects, two issues are important for project discussions as well. The first issue is the **variation over time in some countries' commitment to the poor, or in their perception of IFAD's comparative advantages.** For example, the focus of the Dominican Republic's Ministry of Agriculture shifted during the implementation of the Rural Poor Economic Organizations of the Border Region project away from the rural poor. Although the CPM managed to find a better project champion in the Ministry of Economics, the remedial action taken did not occur in time to improve the overall project achievement, which was evaluated as moderately unsatisfactory. In Albania, IFAD was the only IFI operating in the poor

mountainous areas, with limited support from the national government. The government had dropped two other projects prior to the Mountains to Markets Project, and declined to borrow anymore from IFAD upon its closure, focusing on EU support for its eventual membership. In both examples, IFAD needed to detect earlier the shift in government focus in order to allow for timely dialogue on how IFAD could remain engaged and relevant.

249. Second, the notion of alignment to government policy does not accurately reflect or capture the reality of different and sometimes conflicting views among government units. Some CPMs are struggling to balance conflicting pressures, and it is not exceptional that a CPM is caught on the horns of a dilemma, having to satisfy conflicting demands of IFAD management and the government, both of which may be politically motivated. The compromises found do not always improve the project's relevance.

250. **A lack of implementation readiness is often related to limited ownership, which is a key risk to project relevance.** Ownership does not have a widely shared or accepted definition, but it is generally understood to be a measure of government commitment – first, to a participatory process of design that responds to the key priorities of the rural poor, and aligns with the government policies, and second, to effective and efficient implementation with assurances of sustainability of the project's results. This government commitment may manifest itself at widely differing levels, from ensuring timely payment of counterpart funds, via maintaining a pro-poor policy environment, to ensuring that procurement follows the agreed rules without government interference, and the timely hiring of capable and motivated staff for the PMU. A robust institutional assessment may provide an early warning and a basis for remedial action where ownership is not at the level it is needed.

251. As to **government's risk management,** there is some concern, expressed by a number of IFAD staff, about balancing risks and concessional lending as well as about the risk of moving into emergency relief rather than development lending. IFAD's mandate to work with the rural poor means that its work often includes a higher level of risk than for IFIs working on the most promising economic opportunities. Most countries accept the higher risk, in return for projects that are relevant for the most vulnerable parts of the rural population, under highly concessional terms. However, there is a concern that with an increasing number of countries transitioning to less concessional lending terms, their risk tolerance might dwindle, as the terms for graduating countries are less concessional. At the same time, there are still important pockets of rural poor people in those countries.

252. As to the **quality of mitigation,** evaluations indicate that the main risks are identified during project design. However, the mitigation of project risks was also an objective of IFAD's ex ante QA review. The QA recommendations have been valuable, and the case studies demonstrated that, when applied, the design was likely to be improved. However, some teams ignore the recommendations, which may affect the achievement of the DO. Better results may be achieved and risks may be mitigated if: (i) the ex ante quality design review assessed and rated relevance in terms of the appropriateness of the project design to the country context; and (ii) quality assurance recommendations were included in the terms of reference of all MTRs, which would show how the recommendations had been addressed during implementation.

253. **Lesson 4. A lack of understanding of institutional arrangements together with the lack of implementation capacity ranks as a main threat to improved relevance.** Weak implementation can cripple the relevance of even the best designs. The

average government performance rating in the IOE evaluations is a modest 3.9, close to the divide between (moderately) satisfactory and unsatisfactory. IOE evaluations and QA review comments, as well as the case studies, indicate that three factors are particularly helpful in successful implementation. These are: (i) continued and sometimes decentralized government ownership during implementation; (ii) timely support from IFAD staff and technical advisors and in particular support from IFAD Country Offices; and (iii) the adaptation of the project where and when necessary, while maintaining the project's focus on the rural poor. It may thus seem somewhat surprising that, given the positive impact of direct IFAD support, the annual allocation for supervision and implementation decreased after 2008 from US$50,000 per project to US$30,000, prior to the accelerated decentralization. Given IOE's focus on continued relevance, and the interesting example of the AfDB putting a premium on efforts to ensure ongoing relevance, it may be worth revisiting these allocations. Even where preparation periods are likely to be shorter, and designs left somewhat incomplete, the previous allocation for design (US$250,000), which is significantly lower than other IFIs, should not be reduced, at the risk of less relevant operations or poorer quality. In addition, the budget for implementation support appears inadequate to fill in the gaps of a speeded-up preparation process and to maintain quality and relevance under changing circumstances.

254. Three ways to build and maintain local capacity are: (i) contracting selected services in from local institutions; (ii) working towards longer-term engagements, including improved KM; and (iii) optimizing IFAD's decentralization. Over time, many countries have built capacity to undertake selected preparatory tasks in the design of projects, such as social and environmental research or technical training on agricultural, hydrological or engineering designs. Taken together, some of these country systems are likely to meet IFAD standards for contracting in their services, thus improving relevance while building capacity.

255. Longer-term engagement with selected borrowers could break the persistence of implementation and institutional issues. A longer-term engagement, led by COSOPs and informed by a solid portfolio review, would help overcome the limits of project durations of 5-6 years, which make solutions elusive and not resolvable in the timespan of a typical project. Setting longer-term policy and realistic implementation goals would focus on "how to" mechanisms to improve implementation capacity and inform any new project with a solid understanding of poverty and targeting. Over time, and depending on the country, the collaboration and mutual learning could be built up, with greater dependence on selected country systems, as suggested above and in the 2017 ARRI learning theme on financial management.

256. There also is an argument for continued relevance, which is the direction the discussion of the OECD-DAC is taking as well. Continued relevance means monitoring during implementation, ensuring that the intervention is still appropriate to the government, the context and the beneficiaries – making adjustments throughout the life of the project, but also throughout the life of several projects. In fact, the trend towards longer-term engagements may have actually started at IFAD. As a response to reduced design resources, there has been a rise in the design of multiple phases of a project through a number of additional financing and second-phase approvals. A different example of building longer-term relations is IFAD's decentralization. In 2018, IFAD accelerated its decentralization process to regional hubs in order to increase its relevance by being closer to the countries and demonstrate a longer-term commitment. Theoretically, this should also allow greater involvement of government in project design. IFAD's newly introduced

transition framework foresees graduating countries from highly subsidized loans to other products.

257. The question is justified if this graduation process may lead to governments designing their own projects. Many governments could design quality projects. However, they may have difficulty designing projects according to the specific requirements of a wide range of donors. With every additional requirement in the design of IFAD-funded projects (climate change, youth and nutrition, to name some recent ones), the design capacities of many governments will be stretched further. This increases the risk of government officials distancing themselves from the design process, an issue that is being addressed under the new guidelines for project preparation.

258. **Lesson 5. Well-functioning institutions are a key determinant of higher relevance.** "Institutional arrangements" is a prominent persistent issue raised by the QAG and IOE. A lack of understanding of institutions leads to the problems most often highlighted in both the QAG comments and IOE evaluations: slow implementation, overly ambitious and complex projects that are poorly matched to the limitations of existing capacity, underperforming PMUs, ineffective and inefficient training, missing important risks, failure to address political economy issues or use citizen accountability mechanisms, a lack of ownership or commitment, and ambiguous roles and responsibilities among the key stakeholders.

259. As to the insufficient understanding of the **institutional arrangements,** two elements warrant attention: (i) a comprehensive institutional assessment; and (ii) a depository of institutional knowledge and experience. While a solid institutional assessment should be a prerequisite for any project design, it need not be exhaustive. However, current practice errs to the other extreme, with projects routinely listing the number of agents from Ministry of Agriculture records, but without having done a training needs assessment or incentives analysis. The point is for the country team to be optimally informed to design and implement the project, keeping in mind the context in which the project will operate, the stakeholders in the project, and the mechanisms to make the project actually work.

260. As to the **context,** there is a need for a good understanding of the overall reform challenges, possibly with an assessment of the willingness to change among the key stakeholders. Prior to approval, the following areas of direct relevance to the project need to be addressed: the key political economy aspects; the availability and use of citizen accountability mechanisms; the effectiveness of public awareness communications, opportunities and challenges; and the incorporation of relevant results from the mandatory social assessment in the design and budget.

261. **New institutional analysis is not required for all projects,** and some projects may utilize the results of earlier analyses. This would be facilitated by the creation of a depository of past analyses, which may be developed and housed online by an interested ministry, national library or the IFAD website. The depository would store institutional analyses of previous projects, including those done on behalf of partner organizations. It would be particularly helpful to make use of that knowledge and experience in managing project risk, and to formulate specific institutional indicators for logframes. In countries with a long-standing collaboration with IFAD, such as Burkina Faso as compared to Eritrea, lessons from earlier implementation experience should also provide some pointers as to which aspects of an institutional assessment would merit particular attention.

Way forward

262. Relevance will remain a key criterion in IFAD-funded projects, as it confirms and guides IFAD's unique poverty orientation and commitment to the rural poor. Relevance, taken as a continuum, provides a linking mechanism between project quality and country context and allows for incremental improvements, ensuring value for money for the beneficiaries and the client.

263. **All efforts to improve performance in relevance will happen against a backdrop of change at IFAD.** There have been profound staffing changes that continue to pose a challenge to maintaining tacit knowledge, as well as skills and attitudes conducive to improved relevance. Should budgets for consultants be reduced, this would have a major impact on the ability of CPMs to deliver. Currently, Management is concerned that IFAD's approval process is: (i) too long and too costly;[44] (ii) limiting country ownership; (iii) lacking in detail on components; and (iv) skewed towards internal compliance. Management is currently implementing a plan to reduce the design process to about 12 months, while ensuring stronger country ownership. There is a new format for the design report that will "do away with excessive background information."

264. This pressure to prepare projects in a shorter time frame may result in reduced opportunities for dialogue with the beneficiaries, the borrower, and among IFAD staff. This may have negative effects on key elements of relevance, including consultation, targeting, and a solid institutional understanding. At the same time, IFAD management is introducing a new **restructuring** policy, which is intended to make the restructuring of projects easier, faster and cheaper. The two measures combined (faster preparation and easier restructuring) will make for a nimbler process of designing new projects. While it is still too early to judge, nonetheless, some risks to relevance may be considered at this stage: (i) "doing away with excessive background" may undermine the knowledge base for many projects; and (ii) the recent restructuring of PMD – which affected the number and quality of rural institutions and organizations specialists, and entailed the downgrading of P5-level CPM positions to P4 and filling them with P3-level Programme Officers – may carry the risk of less-experienced staff focusing on processes, rather than engaging substantively with governments.

265. As the analysis shows, achieving "optimal" relevance depends on a range of factors. Arguably, addressing two recurrent issues would have a significant impact on project relevance. They are: the **weak understanding of the institutional arrangements** underlying a project; and the ongoing issue of **limited implementation capacity** in many countries. These persistent issues indicate the need for IFAD to adopt a continued relevance approach that entails adaptive design in recognition that relevance needs to be dynamic and project interventions need to adapt in order to remain relevant for the duration of the project. Long-term engagement will also allow IFAD to build a robust institutional knowledge base of government institutions, implementation capacities and context that may be used to design projects in less time. Nonetheless, as even the best project design may fail due to changed socio-economic, political and environmental contexts, the design must be continually adapted through well-resourced implementation support and earlier MTRs. Thus, for continued relevance, a project requires good analysis as part of the pre-assessment, good capacities (government and IFAD) to implement the design, and the resources to adapt the design quickly or in a responsive manner.

44 Ranging from US$120,000 to US$400,000.

Viet Nam

Sustainable Rural Development for the Poor Project in Ha Tinh and Quang Binh Provinces

Tran Van Thuong, a 52-year-old farmer, stands for a portrait inside his house compound in Bac Kim Sen village, Truong Xuan commune, Quang Ninh district, central Viet Nam.

6 Conclusions and recommendations

Conclusions

266. **While most IOE ratings are positive, recent trends in performance of IFAD-funded projects are flat or slightly declining.** This is punctuated by downward trends in criteria such as IFAD's performance as a partner, relevance, rural poverty impact and GEWE. Little progress has been made in areas such as efficiency, sustainability of benefits, and government performance. These flat and declining trends are also reflected in Management's PCR ratings for all criteria except GEWE. This – along with the inclusion of sustainability of benefits in IFAD's composite project performance criterion from 2016 – has contributed to lowering IFAD project performance ratings compared to the World Bank's agricultural portfolio. However, IFAD project performance is higher than that of AsDB and AfDB, which share the Fund's definition.

267. **Improving the quality of a "bigger" ongoing PoW with fewer resources appears challenging.** IFAD's Strategic Framework set out to make IFAD "bigger, better and smarter". However, based on IFAD10 performance, this vision appears ambitious with trade-offs. While IFAD10 project investments remained big and were smarter in terms of reducing costs, they are yet to prove themselves better in quality – except in ENRM. While new investments increased, the actual number of approved projects decreased, indicating that country programme managers were designing and supervising fewer but "bigger" projects. IFAD also managed to improve its average effectiveness lag and reduced the number of extensions in IFAD10. However, the lower direct administrative budget allocated for country programme management, design and SIS may have contributed to the decline in project quality between IFAD9 and IFAD10, particularly in relevance and IFAD's performance as a partner.

268. **A shift in the nature of IFAD-funded projects from reaching high numbers of beneficiaries to increasing investments per beneficiary is possibly indicating more value-adding activities.** Most projects included in the 2019 sample take value chain or market approaches involving the private sector. This indicates the need for technical expertise to design and support a larger portfolio in market-oriented and private-sector-driven projects, which were new to IFAD in 2008-2010 when many of these projects were approved. In addition to managing a doubled programme of work from IFAD8, IFAD was also designing projects in new areas in which it had limited expertise. Therefore, there is a need for continued efforts to raise the overall quality of IFAD's performance with greater technical expertise.

269. **The importance of resources and technical expertise is reiterated in the positive trend in performance in the ENRM criterion.** Performance in ENRM has improved steadily, from a low in 2010-2012 to ranking third in best performance in 2015-2017. It is the only criterion that shows a positive trend between IFAD9 and IFAD10. This improvement in ENRM, as well as adaptation to climate change until 2014-2016, was supported by the creation of a unique division on the environment and climate change (now also including gender, youth and nutrition) as well as the supplementary funds for ASAP. During IFAD10, the Fund entered into a decisive transition towards full climate change mainstreaming in its country strategies and project portfolios. However, the positive trend did not continue in 2015-2017 for adaptation to climate change. This was due in part to the lack of specific strategies on climate at design and during implementation, and weak national policies adopted by local governments.

270. **Although still the top-ranking criterion, the trend in IFAD performance as a partner shifted in 2015-2017, showing a decline for the first time since 2008.** Recurring constraints include high staff turnover, weak M&E, inaccurate funding at the design stage, and a lack of specialists on supervision missions. Nonetheless, IFAD remains a valued and trusted partner – able to adjust to varying circumstances and show flexibility and willingness to find alternative solutions in changing contexts. Consultations based at IFAD Country Offices were deemed effective and efficient for problem-solving, providing timely support. However, additional measures are still needed in order to learn from past experience for scaled-up results. Capacity within IFAD Country Offices was not always sufficient to aggregate and share evidence across the portfolio. **With limited resources, complex projects, wide geographical distribution of activities and little time to engage in non-lending activities, IFAD Country Offices are often under pressure in supporting IFAD's project portfolio.**

271. **For non-lending activities, the absence of engagement by actors to go beyond the project's life and the lack of material and human resources and clarity of respective roles remain obstacles to productive partnership-building.** IFAD's need to catalyse new investments and financial resources will require better partnerships between sovereign governments, civil society and the private sector. To date, the Fund's enhanced country presence has facilitated knowledge-sharing among its range of partners and across countries and regions. **However, this year, the previously positive trend in KM has inverted, showing a decline.** Without adequate resources and a clear definition of responsibilities, KM has been weak at the national level and still far from the ambitious interventions mentioned in the COSOPs. **In addition, country-level policy engagement continues to exhibit a slow decline in performance.** IFAD faces some ongoing challenges linked to political instability, a lack of legal frameworks and resources, and an inadequate level of representation of stakeholders.

272. **Government performance as a partner is a key criterion that accounts for the overall performance of IFAD-funded projects.** The principal component analysis conducted this year indicated that positive ratings in overall project achievement

are correlated to good performance in government as a partner, effectiveness and rural poverty impact. However, government performance still shows shortcomings related to staffing issues, delays in financial execution and implementation, and insufficient procedures. As indicated in past ARRIs and this year's learning theme, building institutional capacity at the national level is especially important for good project design and improved project relevance.

273. **The analysis on the relevance of IFAD project interventions highlights some important lessons that need to be considered in view of IFAD11.** First, relevance is not a fixed assessment at design, and project interventions may need to adapt to ensure their continued relevance. Second, meaningful engagement of beneficiaries in the design, implementation and evaluation of projects enhances project relevance by better understanding their needs. Third, government commitment is critical to adopting pro-poor policies and designs, in providing adequate implementation capacity, and in ensuring continued relevance during and after the project's lifespan. This entails the government having the willingness and capacity to create and maintain a pro-poor policy environment. Fourth, the lack of understanding of institutional arrangements together with the absence of implementation capacity ranks as a main threat to improved relevance. Fifth, well-functioning institutions are a key determinant of higher relevance. Slow implementation, overly ambitious and complex projects, underperforming PMUs and a failure to address political economy matters are some of the key prominent issues leading to weak project performance. A comprehensive institutional assessment, a good understanding of the political and economic context, and an identification of all key stakeholders' roles, accountabilities and responsibilities should be prerequisites for any project design.

Recommendations

274. The 2030 Agenda has set very ambitious targets for governments to achieve with IFAD's support. Reaching these goals requires commensurate resources and capacities within IFAD and its partner countries. The Executive Board is invited to adopt the recommendations below, which seek to address constraints in capacity and related issues raised in the 2019 ARRI.

Recommendation 1

275. **Dedicate more resources to country programme delivery – specifically project design, supervision and implementation – to achieve the improved quality needed for a "better" IFAD.** IFAD's aim to become "bigger, better and smarter" appears ambitious based on IFAD10 results. While IFAD has managed to maintain a significantly higher ongoing PoW since IFAD8, the decline in budgetary resources dedicated specifically to design, supervision and implementation may have affected its quality, with lower ratings across criteria in IFAD10. "Better" results also require high-quality technical expertise to support IFAD country programmes and projects. To improve quality standards, IFAD needs to plan and provide the commensurate resources for country programme management, design and implementation.

Recommendation 2

276. **Design IFAD-funded programmes and projects according to country capacities based on sound institutional analysis to ensure the most appropriate implementation arrangements for country delivery.** For projects to be more relevant, they need to be appropriate to the country context and designed according to country capacities (including public, private and civil society institutions). This knowledge begins with sound institutional analysis during the COSOP or project design, the inclusion of capacity-strengthening components and support to rural institutions within the country.

Recommendation 3

277. **Develop government capacities to design and implement country programmes and projects in collaboration with other partners.** Government performance is critical to achieving DOs and making a positive impact on rural poverty. In the short term, IFAD needs to provide more intensive implementation support, particularly in areas such as procurement and financial management. In the long term, IFAD can utilize its grant financing to work with other partners on strengthening the capacities of government institutions and PMUs. Depending on the country and project, multi-donor PMUs may be considered along with the greater involvement of government counterparts in project design and SIS.

Recommendation 4

278. **Determine the need to adjust project designs earlier on in order to ensure their continued relevance to the country context.** Good project design is necessary but not sufficient to achieve DOs. Project design should be viewed as a "living" blueprint that is reviewed and adjusted based on the context during implementation. Active supervision during start-up is needed to determine whether the project design needs to be adjusted even before the MTR. IFAD's new restructuring policy should facilitate project redesign early on where necessary, and should not simply be used to close projects that are challenging but important for achieving IFAD's mandate.

Recommendation 5

279. **A more comprehensive and integrated system is required to better mitigate risks in IFAD-funded projects and programmes.** IFAD currently has a decentralized system for risk mitigation at various stages of the project cycle, with assessments conducted by different divisions. To ensure that identified risks are addressed appropriately and at the right time, IFAD needs to develop better linkages among the various assessments from project design to evaluation.

280. **2020 ARRI learning theme.** Pending the decision on whether to retain learning themes in the ARRI based on recommendations of the External Peer Review of IFAD's Evaluation Function, the Evaluation Committee is invited to choose one of the two proposed topics:

(i) **Quality of IFAD's supervision and implementation support:** Given the observed decline in annual SIS missions per project, this learning theme would examine the quality of recent SIS missions in terms of technical composition, expertise and advice.

(ii) **Efficiency:** The efficiency criterion measures how economically resources and inputs (funds, expertise and time) are converted into results. Greater emphasis is now being placed on "value for resources" and IFAD's value for money proposition. In this context, the learning theme would explore the quality of results per dollar invested in IFAD-funded projects.

Burkina Faso

Rural Microenterprise Support Project

Awa Zoure Nonkane, 48, prepares dried hibiscus flowers in Garango, Burkina Faso. Supported by IFAD, the project provides farmers with training and support to develop microenterprises in rural areas of Burkina Faso.

Annexes

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

Chart 1.1 **Project evaluation methodology**

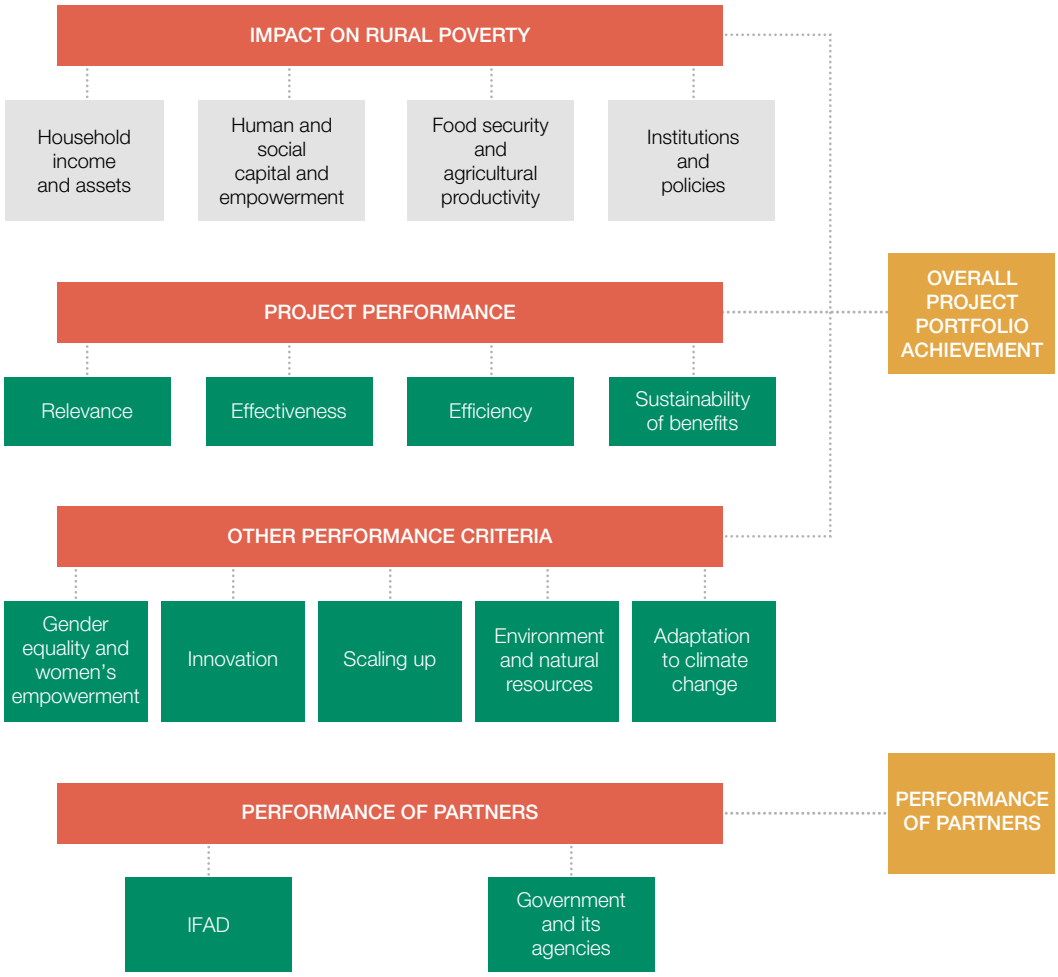
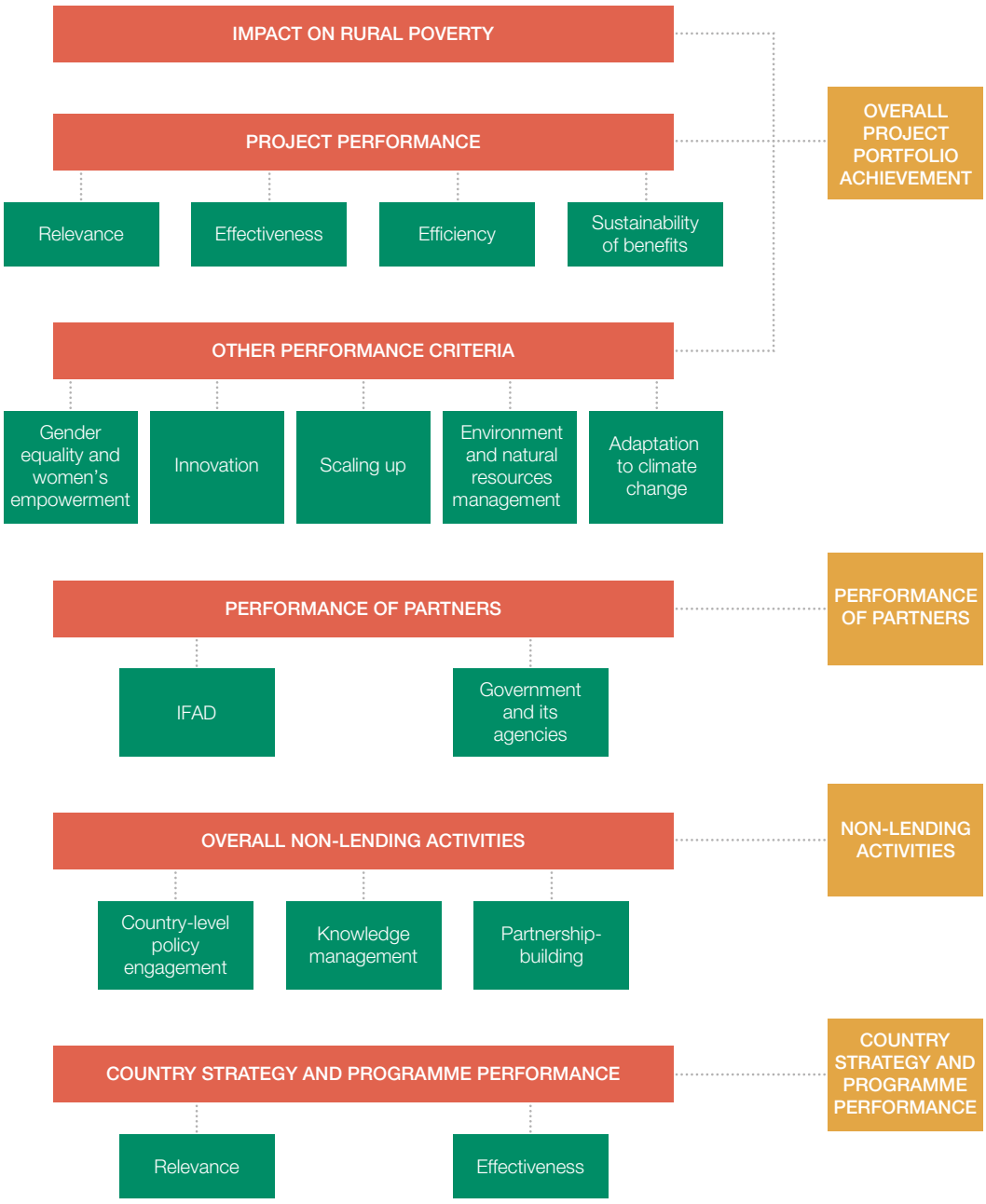


Chart 1.2 **Country strategy and programme evaluation methodology**



Annex 2 Definitions of the evaluation criteria used by IOE

Criteria	Definition[a]
Rural poverty impact	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.
	Four impact domains • Household income and net assets: 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. • Human and social capital and empowerment: 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. • Food security and agricultural productivity: 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. • Institutions and policies: 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.
Project performance	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 the 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[a]
Other performance criteria	
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision-making; workload 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 other 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.
Overall project achievement	Overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation, scaling up, environment and natural resources management, and adaptation to climate change.
Performance of partners	
• IFAD • Government	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.

[a] 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 2008; and the second edition of the Evaluation Manual discussed with the Evaluation Committee in 2015.

Annex 3 List of country strategy and programme evaluations completed and published by IOE (1992-2018)

Country programme evaluation	Division	Evaluation year(s)
Angola	WCA	2017
Argentina	LAC	2009
Bangladesh	APR	1993, 2005, 2014
Benin	WCA	2003
Bolivia (Plurinational State of)	LAC	2004, 2013
Burkina Faso	WCA	2018
Brazil	LAC	2006, 2015
Cambodia	APR	2017
Cameroon	WCA	2017
China	APR	2013
Congo	WCA	2016
Ecuador	LAC	2012
Egypt	NEN	2004, 2017
Ethiopia	ESA	2007, 2015
Gambia	WCA	2015
Georgia	NEN	2017
Ghana	WCA	1995, 2010
Honduras	LAC	1995
India	APR	2009, 2015
Indonesia	APR	2003, 2012
Jordan	NEN	2011
Kenya	ESA	2010, 2018
Madagascar	WCA	2012
Mali	WCA	2006, 2012
Mauritania	WCA	1997
Mexico	LAC	2005
Morocco	NEN	2006
Mozambique	ESA	2009, 2016
Nepal	APR	1998, 2012
Nicaragua	LAC	2016
Niger	WCA	2009
Nigeria	WCA	2008, 2015
Pakistan	APR	1994, 2007
Papua New Guinea	APR	2000

Country programme evaluation	Division	Evaluation year(s)
Peru	LAC	2017
Philippines	APR	2016
Republic of Moldova	NEN	2013
Rwanda	ESA	2005, 2010
Senegal	WCA	2003, 2013
Sri Lanka	APR	2001, 2018
Sudan	NEN	1993, 2008
Syrian Arab Republic	NEN	2000
Tunisia	NEN	2002, 2018
Turkey	NEN	2015
Uganda	ESA	2011
United Republic of Tanzania	ESA	2001, 2014
Viet Nam	APR	2000, 2010
Yemen	NEN	1991, 2010
Zambia	ESA	2013

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 2019 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$)	Cost per year	IFAD loan	Total project cost
								(US$ million)		
Corporate-level evaluations										
All	IFAD's Financial Architecture									
Evaluation synthesis reports										
All	IFAD's Support to Livelihoods Involving Aquatic Resources from Small-scale Fisheries, Small-scale Aquaculture and Coastal Zones									
	Inclusive Financial Services for the Rural Poor									
	Technical Innovations for Rural Poverty Reduction									
Country strategy and programme evaluations										
Angola	Market-oriented Smallholder Agriculture Project	1391	13/12/07	05/11/09	31/03/16	6.3	59	5.2	7.1	33.2
Burkina Faso	Agricultural Commodity Chain Support Project	1360	14/12/06	06/12/07	31/12/16	9	169	1.9	13.8	16.9
	Community Investment Programme for Agricultural Fertility	1220	11/09/03	22/10/04	30/06/12	7.7	179	3.5	12.1	26.9
	Rural Business Development Services Programme	1425	30/04/09	08/12/10	31/12/16	6	420	4.2	16.1	25.2
	Rural Microenterprise Support Project	1103	28/04/99	14/07/00	30/06/08	7.9	430	1.6	9.4	12.9
	Small-scale Irrigation and Water Management Project	1368	13/12/07	12/11/08	31/12/14	6.1	183	2.7	8.7	16.3
	Sustainable Rural Development Programme	1247	02/12/04	12/10/05	31/12/13	8.2	228	4.2	16	34.2

Country/ Region	Title	Project ID	Executive Board approval date	Effec-tiveness date	Project comple-tion date	Project duration (years)	Cost per bene-ficiary (US$)	Cost per year	IFAD loan	Total project cost
								(US$ million)		
Kenya	Central Kenya Dry Area Smallholder and Community Services Development Project	1114	07/12/00	01/07/01	31/12/10	9.4	82.2	1.9	10.9	18.1
	Mount Kenya East Pilot Project for Natural Resource Management	1234	11/12/02	01/07/04	30/09/12	8.2	71.4	3.1	16.7	25.7
	Smallholder Horticulture Marketing Programme	1330	18/04/07	23/11/07	31/12/14	7.1	443.2	3.8	23.9	26.6
	Southern Nyanza Community Development Project	1243	18/12/03	10/08/04	30/09/13	9.1	47.5	2.6	21.5	23.7
Sri Lanka	Dry Zone Livelihood Support and Partnership Programme	1254	09/09/04	22/12/05	31/03/13	7.3	95	4.2	22.3	30.4
	Iranamadu Irrigation Development Project	1600	13/12/11	30/01/12	31/03/17	5.2	1327.2	5.7	22.2	29.3
	National Agribusiness Development Programme	1457	17/12/09	23/02/10	31/12/17	7.8	113.9	4.2	25	33
	Post-Tsunami Livelihoods Support and Partnership Programme	1351	19/04/05	09/03/06	31/03/10	4	216.4	1.2	4.7	4.7
	Smallholder Plantations Entrepreneurship Development Programme	1316	14/12/06	06/11/07	31/12/16	9.1	1016	4.4	22.5	39.9
Tunisia	Agropastoral Development and Local Initiatives Promotion Programme in the South-East	1213	05/09/02	08/04/03	30/06/15	12.2	669	4	23.2	48.8
	Integrated Agricultural Development Project in the Governorate of Siliana – Phase II	1299	13/12/05	11/06/07	31/12/14	7.5	1099	5.9	20.5	43.9

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 (US$ million)	Total project cost (US$ million)
Tunisia	Integrated Agricultural Development Project in the Governorate of Zaghouan	1104	03/12/98	14/12/99	30/06/08	8.5	750	3.9	16.1	33.4
Impact evaluations										
Kenya	Smallholder Horticulture Marketing Programme	1330	18/04/07	23/11/07	31/12/14	7.1	443.2	3.8	23.9	26.6
Project performance evaluations										
Belize	Rural Finance Programme	1456	17/12/08	01/09/09	30/09/16	7	403	0.4	3	6
Chad	Pastoral Water and Resource Management Project in Sahelian Areas	1446	15/09/09	26/01/10	31/03/15	5.2	141	4.4	19.5	22.6
Côte d'Ivoire	Agricultural Rehabilitation and Poverty Reduction Project	1435	17/12/09	21/12/09	31/12/14	5	171	5.1	10	25.6
Eswatini	Rural Finance and Enterprise Development Programme	1373	17/12/08	15/09/10	30/09/16	6	226	1.5	6.2	8.7
Ghana	Root and Tuber Improvement and Marketing Programme	1312	08/09/05	08/11/06	30/06/15	8.6	36	2.7	18.8	23.6
Guyana	Rural Enterprise and Agricultural Development Project	1415	13/12/07	15/01/09	31/03/15	6.2	333	0.9	5.4	5.8
Madagascar	Project to Support Development in the Menabe and Melaky Regions	1318	20/04/06	13/11/06	31/12/15	9.1	117	3	19.5	27.2
Mexico	Community-based Forestry Development Project in Southern States (Campeche, Chiapas and Oaxaca)	1412	15/09/09	23/03/11	31/03/16	5	206	3.7	na	18.6
Morocco	Rural Development Project in the Eastern Middle Atlas Mountains	1338	13/12/05	28/03/07	31/03/15	8	884	2	9.3	15.9

Country/ Region	Title	Project ID	Executive Board approval date	Effec-tiveness date	Project comple-tion date	Project duration (years)	Cost per bene-ficiary (US$)	Cost per year	IFAD loan	Total project cost
								(US$ million)		
Republic of Moldova	Rural Financial Services and Agribusiness Development Project	1562	15/12/10	04/07/11	30/09/16	5.2	982	7.6	19.8	39.5
Rwanda	Kirehe Community-based Watershed Management Project	1431	11/09/08	30/04/09	30/06/16	7.2	573	9	42.2	64.5
Sri Lanka	Smallholder Plantations Entrepreneurship Development Programme	1316	14/12/06	06/11/07	31/12/16	9.1	1016	2.9	22.02	26.6
Viet Nam	Pro-Poor Partnerships for Agroforestry Development Project	1477	17/12/08	27/05/09	30/06/15	6.1	448	4.2	21.4	25.7
Project completion report validations										
Afghanistan	Rural Microfinance and Livestock Support Programme	1460	30/04/09	24/08/09	30/09/16	7.1	147	4.4	29.3	31.5
Angola	Market-oriented Smallholder Agriculture Project	1391	13/12/07	05/11/09	31/03/16	6.3	59	5.2	7.1	33.2
Armenia	Rural Asset Creation Programme	1538	16/09/10	02/05/11	30/06/16	5.1	355	10.6	14	54
Benin	Rural Economic Growth Support Project	1331	30/04/09	01/10/10	31/12/16	6.2	664	3.2	16.1	20
Burkina Faso	Agricultural Commodity Chain Support Project	1360	14/12/06	06/12/07	31/12/16	9	169	1.9	13.8	16.9
	Rural Business Development Services Programme	1425	30/04/09	08/12/10	31/12/16	6	420	4.2	16.1	25.2
Congo	Rural Development Project in the Likouala, Pool and Sangha Departments	1438	11/09/08	02/02/09	31/03/15	6.1	187	1.8	5.4	10.7
Dominican Republic	Development Project for Rural Poor Economic Organizations of the Border Region	1479	30/04/09	26/05/10	30/06/16	6.1	314	2.5	13.7	14.9

Country/ Region	Title	Project ID	Executive Board approval date	Effec-tiveness date	Project comple-tion date	Project duration (years)	Cost per bene-ficiary (US$)	Cost per year	IFAD loan	Total project cost
								(US$ million)		
Egypt	Upper Egypt Rural Development Project	1376	14/12/06	24/09/07	31/03/17	9.5	153	2	15.1	19.3
Gambia	Livestock and Horticulture Develoment Project	1504	17/12/09	03/03/10	30/09/15	5.5	153	2.8	7.6	15.5
	Participatory Integrated-Watershed Management Project	1152	21/04/04	16/05/06	30/06/14	8.1	292	2.3	7.5	18.4
	Rural Finance Project	1303	14/09/06	16/04/08	30/06/14	6.2	44	1.3	6.5	7.9
Haiti	Small-scale Irrigation Development Project	1275	14/12/06	05/11/08	30/06/16	7.6	324	2.8	15.7	21.6
Honduras	Project for Enhancing the Rural Economic Competitiveness of Yoro	1407	13/12/07	17/11/08	31/12/16	8.1	263	1.8	7.29	14.93
India	North Eastern Region Community Resource Management Project for Upland Areas	1040	17/12/09	12/07/10	30/09/16	6.2	560	5.2	17.8	31.8
Liberia	Agriculture Sector Rehabilitation Project	1501	17/12/09	22/12/09	30/06/17	7.5	537	3.6	7.5	26.9
Nicaragua	Inclusion of Small-scale Producers in Value Chains and Market Access Project	1380	12/09/07	20/08/08	31/12/15	7.3	348	4.9	19.5	36.2
Nigeria	Rural Finance Institutions Building Programme	1212	14/09/06	20/01/10	31/03/17	7.2	23	5.6	27.6	40
Senegal	Agricultural Value Chains Support Project	1414	11/09/08	05/02/10	31/03/16	6.1	268	3.9	14.8	24
Sierra Leone	Rural Finance and Community Improvement Programme	1310	18/04/07	30/05/08	30/06/14	6.1	51	2.1	11.1	12.8
Sri Lanka	Iranamadu Irrigation Development Project	1600	13/12/11	30/01/12	31/03/17	5.2	1327	4.5	21	23.5

Country/ Region	Title	Project ID	Executive Board approval date	Effec-tiveness date	Project comple-tion date	Project duration (years)	Cost per bene-ficiary (US$)	Cost per year	IFAD loan	Total project cost
								(US$ million)		
Sudan	Western Sudan Resources Management Programme	1277	02/12/04	15/12/05	31/12/16	11	166	3.9	28.5	42.6
Tonga	Tonga Rural Innovation Project	1628	03/04/12	25/05/12	30/06/17	5.1	238	0.9	3.1	4.7
United Republic of Tanzania	Agricultural Sector Development Programme	1420	02/12/04	30/01/07	30/09/16	9.7	24	40	98.6	386.5
	Rural Micro, Small and Medium Enterprise Support Programme	1363	14/12/06	12/07/07	30/09/16	9.2	51	2	16.1	18.6
Viet Nam	Project for the Sustainable Economic Empowerment of Ethnic Minorities in Dak Nong Province	1483	22/04/10	09/11/10	31/12/16	6.1	171	3.8	19.4	23
	Agriculture, Farmers and Rural Areas Support Project in Gia Lai, Ninh Thuan and Tuyen Quang Provinces	1552	15/12/10	25/02/11	31/03/17	6.1	192	10.7	45.6	65.1

Annex 5 **2019 ARRI methodology and analyses**

Methodology

1. **Methodology.** The project evaluations included in the 2019 Annual Report on Results and Impact of IFAD Operations (ARRI) were performed in 2018, and thus follow the provisions of the second edition of the Evaluation Manual published in December 2015. This is the third year that this new methodology is reflected in the ARRI. The evaluation criteria and definitions included in the revised harmonization agreement[45] between Management and IOE are fully reflected in the 2019 ARRI.

2. With the introduction of the 2015 Evaluation Manual, each project is assessed and rated across ten evaluation criteria: relevance, effectiveness, efficiency, sustainability of benefits, rural poverty impact,[46] gender equality and women's empowerment, innovation, scaling up, environment and natural resource management, and adaptation to climate change. In addition to these ten criteria, each project is evaluated for IFAD and government performance as partners, in line with the practice of other international financial institutions.

3. 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), whereas overall project achievement is based on (but not an average of) all ten criteria now applied by IOE. The definitions for the evaluation criteria are given in annex 2.

4. This year's ARRI was also prepared using the NVivo software for the qualitative analysis. This software is an advanced data management tool that allows queries and visualization of data in an efficient and organized way. On the quantitative side, the 2019 ARRI methodology includes standard descriptive statistics, trend analysis and t-test to compare average ratings of criteria across IOE and PMD evaluations and between IFAD replenishment periods. Lastly, a correlation analysis was performed on project completion report validation (PCRV) / project performance evaluation (PPE) ratings in order to test for interrelationships among evaluation criteria.

5. **Ratings scale and data series.** In line with the Good Practice Standard of the Evaluation Cooperation Group of the Multilateral Development Banks for Public Sector Evaluations, IOE uses a six-point rating scale to assess performance in each evaluation criterion. Table 5.1 summarizes this rating scale.

45 IFAD, *Agreement between IFAD Management and the Independent Office of Evaluation of IFAD on the Harmonization of IFAD's Independent Evaluation and Self-Evaluation Methods and Systems,* Part I: Evaluation criteria (IFAD, 2017) https://webapps.ifad.org/members/eb/120/docs/EB-2017-120-INF-2.pdf.

46 As per the new methodology, environment and natural resources management as well as adaptation to climate change are no longer included among the impact domains contributing to rural poverty impact. The four remaining impact domains (household income and net assets; human and social capital and empowerment; food security and agricultural productivity; and institutions and policies) are no longer rated.

Table 5.1 **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.

6. The ratings, which are the foundation of performance reporting in IOE evaluations, are thereafter used in the analysis of the ARRI for reporting on IFAD's aggregate operational performance. Therefore, in each independent evaluation, IOE pays maximum attention to ensuring that the ratings assigned are based on evidence and follow a standard methodology and process. Moreover, comprehensive internal and external peer reviews are organized in finalizing the assessments and ratings of each evaluation, also as a means to enhance objectivity and minimize inter-evaluator variability.

7. As in recent ARRIs, the analysis is based on two data series: (i) all evaluation data; and (ii) PCRV/PPE data only. The 2019 ARRI primarily presents analysis based on the PCRV/PPE data series,[47] which contains only ratings from PCRVs, PPEs and impact evaluations (IEs) of completed projects. As IOE has conducted PCRVs for all completed projects since 2011, covering the entire portfolio at exit, there are no selection biases in the projects chosen for evaluation. The PCRV/PPE data series currently includes ratings from 228 evaluations out of the total of 344 evaluations in the all evaluation data series. In comparison to last year's database, the sample includes new PCRVs, PPEs and IEs conducted mainly in 2018 and only two evaluations in 2017. As the new PCRVs, PPEs and IEs completed between 2014 and 2017, both data series stop in 2017 in the last cohort.[48]

8. The all evaluation data series consists of ratings from all evaluations conducted by IOE since 2002. In addition to PCRV/PPE data, it also includes country strategy and programme evaluations (CSPEs), and therefore contains evaluated projects that were not selected randomly and followed other criteria.[49] In the 2019 ARRI, the all evaluation data series is used to triangulate findings and for the analysis benchmarking IFAD performance with other IFIs, as the sample sizes provided by the PCRV/PPE data series are currently too small for this exercise. The analysis on project evaluations has been carried out based on the year of project completion,[50] in line with most other international financial institutions (IFIs) and previous editions of the ARRI. Finally, the ratings discussed in the CSPE section (portfolio performance, non-lending activities and COSOPs) come from a separate database of CSPEs undertaken by IOE between 2006 and 2018. CSPEs are included in this database based on year of evaluation.

9. Charts and tables showing the moving averages of performance based on the all evaluation data series are available in the online appendices[51] as they, overall, support the trends of the PCRV/PPE data series and, therefore, do not need to be mentioned in comparison with the PCRV/PPE data series. As in the past, the 2019 ARRI analyses independent evaluation ratings grouped by IFAD replenishment periods, starting with that for the Fifth Replenishment of IFAD's Resources (IFAD5, 2001-2003). The results of the analysis of performance by replenishment period are presented in annex 6 and discussed in the special chapter on IFAD replenishment (chapter 4), whereas supplementary tables/charts are included in the online appendices.

10. The qualitative analysis is based on the project evaluations done in 2018 (PCRVs, PPEs, IEs and CSPEs) as well as two evaluations done in 2017 but not included in the 2018 ARRI, the evaluation syntheses and a corporate-level evaluation. For the complete overview of the consulted evaluations of 2018, please see annex 4.

11. **Age of the portfolio.** Of the 41 newly evaluated projects included in this year's ARRI, 13 were approved between 2004 and 2006, 22 between 2007 and 2009, and 6 between 2010 and 2012. All projects are completed and closed: 6 in 2014, 8 in 2015, 21 in 2016, and 6 in 2017. The average project duration was 6.9 years. Only one project

47 Introduced in the 2013 ARRI.

48 The all evaluation data series also stops in 2017 due to comparability with the PCRV/PPE data series and due to the small sample size of country strategy and programme evaluation (CSPE) projects completing in 2017.

49 For example, in the past it was mandatory for IOE to undertake an interim (project) evaluation before Management could proceed with the design of a second phase of the same operation.

50 Reporting by year of project completion is preferred to year of approval as this includes all the inputs and changes to the project, not just project design and appraisal. It is also preferred over presentation by year of evaluation results where there is a wide range of project approval dates, and sometimes very old projects are included. Presentation by year of project completion provides a more homogenous cohort.

51 Available online at https://www.ifad.org/en/web/ioe/arri.

had an implementation period of more than 10 years compared to 4 of the 36 evaluated in the 2018 ARRI. Thus, although some projects were designed ten or more years ago, a large number of them were under implementation until recently. However, given the age of the portfolio of projects analysed in the ARRI, it is important to note that the analysis of performance does not take into account recently designed projects.

12. The ARRI also assesses the performance of IFAD country programmes beyond the project level, using the assessments contained in CSPEs. Historically, a total of 72 CSPEs have been undertaken by IOE since the product was introduced in the 1990s (see annex 3 for a complete list). Of these, 50 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 Angola, Burkina Faso, Kenya, Sri Lanka and Tunisia.

13. **Analysis of ratings.** As per past practice, the ARRI uses three-year moving averages to smoothen short-term fluctuations and highlight long-term trends.[52] The moving average is particularly applicable to the "all data" series as it includes projects that were not randomly selected.

14. The main trends in performance are explained through an analysis of the percentages of projects that are rated as moderately satisfactory or better. However, as requested by the Evaluation Committee, the proportions of ratings for each evaluation criteria falling within the full range of the six-point rating scale (i.e. from highly unsatisfactory to highly satisfactory) used by IOE are available in the online appendices. Moreover, at the request of Management, non-lending performance ratings are presented for the first time within the full range of the six-point rating scale (i.e. from highly unsatisfactory to highly satisfactory) by replenishment period.

15. The overview section presents a detailed analysis of ratings from 2007 to 2017. This includes the distribution analysis of available ratings in the PCRV/PPE data series in the period, which provides a summary of the mean, standard deviation (SD) and the coefficient of variation by evaluation criteria. The mean is presented together with the SD along with the coefficient of variation for a nuanced understanding of performance. The coefficient of variation is a relative measure of variability and is calculated as the ratio of the SD to the mean.

16. These analyses are complemented by a correlation analyses of PCRV/PPE ratings to test for interrelationships among evaluation criteria. The correlation analysis is presented in the subsequent section and is followed by a principal component analysis (PCA) to understand how criteria relate to each other in groups. A Student's t-test was subsequently performed to test the significance of the difference in average ratings between IFAD replenishment periods for each criterion, using the all evaluation data series.

17. As with the trends analysis of the share of moderately satisfactory or better presented in the ARRI, annex 8 presents a trend analysis of IOE and PCR ratings by evaluation criteria using the PCRV/PPE data series and the usual three-year moving average to smoothen short-term fluctuations. This is complemented by a presentation of the disconnect between IOE and PCR ratings by three-year moving average.

Test for correlation between evaluation criteria

18. The most commonly followed approach to evaluating project performance is an analysis of the various evaluation criteria through their ratings scale. This approach involves an examination of ratings for individual criteria in order to understand the performance of projects (either the project is performing well or not). However, this method may

52 Three-year moving averages were first used in the 2009 ARRI, before IOE started undertaking PCRVs/PPEs. A three-year moving average allows for the assessment of trends in performance over time, and also overcomes any bias that may result from the sample of projects evaluated, which are not chosen on a random basis. Three-year moving averages are calculated by adding evaluation results from three consecutive years.

reveal only part of the picture. It may be then useful to take into account ratings of other criteria that could be closely associated and could therefore guide in understanding the performance of projects. For example, close association between ratings for effectiveness and sustainability could help understand to what extent project objectives have been reached and how results from the project are likely to continue beyond the phase of IFAD's funding support.

19. In order to avoid multicollinearity issues among some evaluation criteria, project performance and the overall project achievement criteria have been removed from the analysis. In fact, these variables represent two composite evaluation criteria. While the former is based on the ratings of four individual criteria (relevance, effectiveness, efficiency and sustainability), the latter is based on all ten criteria[53] applied by IOE.

20. In interpreting the correlation coefficients in table 5.2, a strong correlation between ratings (having a correlation coefficient greater than 0.7) only means that ratings follow the same trend, without it necessarily being the case that a relation of "true causality" exists between them.

21. The correlation analysis is based on the PCRV/PPE data series, which includes evaluations for projects completed between 2007 and 2017. For a better understanding of the underlying associations between the various evaluation criteria, the Spearman's rank correlation test[54] is used to undertake

53 See the 2017 ARRI for a description of all evaluation criteria.

54 The Spearman's rank correlation test provides reliable results for ordinal variables that usually present non-linear relationship among them.

Table 5.2 **Correlation between evaluation criteria**

Spearman's correlation coefficients,[a] PCRV/PPE data series, 2007-2017, N=172

	Relevance	Effectiveness	Efficiency	Sustainability	Rural poverty impact	Innovation	Scaling up	GEWE	ENRM	Adaptation to climate change	IFAD performance	Government performance
Relevance	1											
Effectiveness	0.56	1										
Efficiency	0.36	0.63	1									
Sustainability	0.51	0.64	0.50	1								
Rural poverty impact	0.50	**0.72**	0.52	0.61	1							
Innovation	0.39	0.58	0.47	0.47	0.53	1						
Scaling up	0.46	0.57	0.44	0.52	0.49	0.80	1					
GEWE	0.34	0.39	0.38	0.26	0.32	0.34	0.31	1				
ENRM	0.28	0.42	0.36	0.39	0.53	0.29	0.31	0.26	1			
Adaptation to climate change	0.31	0.38	0.30	0.36	0.50	0.29	0.29	0.22	0.70	1		
IFAD performance	0.51	0.63	0.47	0.46	0.55	0.47	0.44	0.40	0.34	0.33	1	
Government performance	0.45	**0.70**	0.66	0.52	0.59	0.54	0.50	0.40	0.40	0.37	0.60	1

[a] Indicates statistical significance at 5 per cent level.

Source: IOE evaluation database, PCRV/PPE data series, April 2019.

correlations. The correlation results are also tested for statistical significance at the 5 per cent significance level. The results are presented in a matrix form and show the degree of association, i.e. the correlation coefficient between the various criteria.

22. For the sake of simplicity, the different correlation coefficient values could be interpreted[55] in the following way:
    - for values between 0.90 and 1, the correlation is very strong;
    - for values between 0.70 and 0.89, the correlation is strong;
    - for values between 0.50 and 0.69, the correlation is moderate;
    - for values between 0.30 and 0.49, the correlation is low;
    - for values below 0.29, the correlation is weak.

23. Table 5.2 shows the correlation of all the indicators with one another. It is important to ensure that there are no perfectly correlated variables, which would mean that one of them does not add information and can be deleted before looking for significant correlations and possibly clusters.

24. The results presented in table 5.2 show, for example, that:
    - All criteria are positively correlated.
    - All correlations between criteria appear to be statistically significant at the 5 per cent level.
    - Most correlations between criteria are either moderate or low.
    - The strongest correlation was observed between rural poverty impact and effectiveness (0.72), and between government performance and effectiveness (0.70).
    - There is moderate correlation between effectiveness vis-à-vis efficiency, sustainability and IFAD performance, as well as between sustainability and rural poverty impact, and between government performance and efficiency.
    - Correlation with most criteria is stronger for effectiveness than relevance (confirming that quality of implementation has stronger effects than does design).
    - With the exception of relevance, correlation between government performance and other criteria is stronger than between IFAD performance and other criteria, and this is particularly the case for effectiveness and efficiency.

Principal component analysis

25. In order to obtain a synthesis of the different dimensions of the interrelationship among evaluation criteria, a principle component analysis (PCA) is used. This method describes how evaluation criteria relate to each other in groups, and helps identify components in the data indicating when these criteria vary similarly. The PCA captures the essence of the data in a few principal components, which convey the most variation in the dataset. In order to ensure analysis on significant relationships among evaluation criteria, project performance and the overall project achievement criteria have been removed from the analysis, as these variables represent two composite evaluation criteria. The criteria GEWE and ENRM have been removed from the PCA because of the weak correlation with the other variables. In addition, adaptation to climate change has been removed because of its small sample size.

26. **Methodology.** The analysis is based upon a polychoric PCA.[56] This approach is based on a nonlinear PCA, which is a method of dimension reduction applied to ordinal variables. This approach seems particularly suitable because it preserves the ordinal nature of the criteria, without assuming equal difference between subsequent categories.

27. The PCA allows two interesting analysis. The component loadings plot presents the correlation between each criterion and each component. A high correlation indicates that a large proportion of a criterion is associated

55 There is no set rule in the interpretation of the correlation coefficient.

56 See Stanislav Kolenikov and Gustavo Angeles, *The Use of Discrete Data in Principal Component Analysis for Socio-Economic Status Evaluation* (Carolina, USA: University of North Carolina at Chapel Hill, 2005).

with the component and that the criterion contributes significantly in explaining the variability in the dataset. The score plot is a map of the projects in the PCRV/PPE database and allows clusters or groups of projects to be identified.

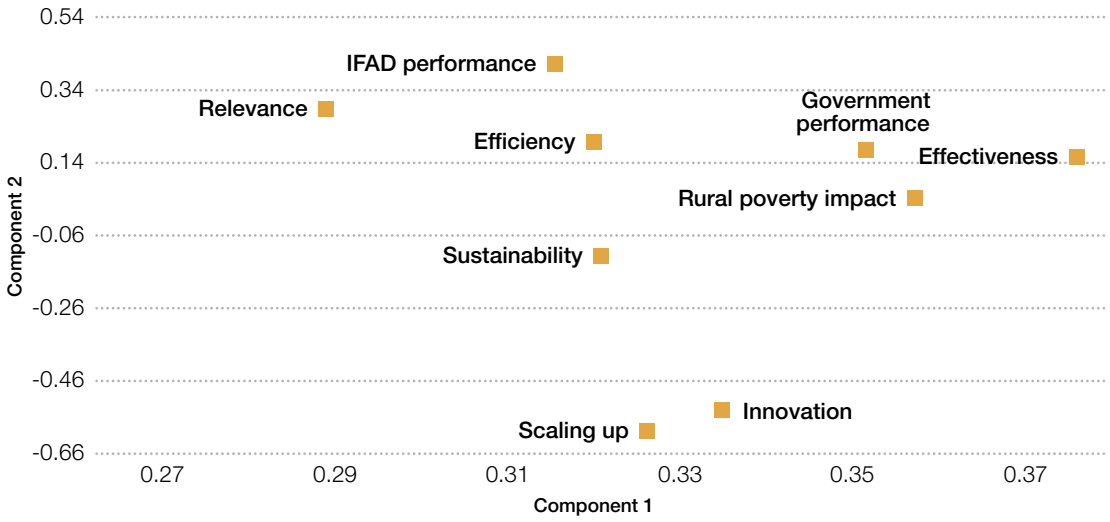
28. The first step was to compute the principal components (PCs) and to choose the most significant components. The rule of thumb for choosing the PCs was eigenvalues equal to or greater than 1. For the sake of simplicity, the first two components were retained for the rest of the analysis. The proportion of the total variance of the data accounted by the first two PCs was 70 per cent, the first PC accounting for 61 per cent, and the second PC representing 9 per cent.

29. **Main findings.** Two conclusions can be drawn from the PCA using the component loadings plot in chart 5.1. First, the overall performance of IFAD-funded projects can be associated with criteria such as effectiveness, rural poverty impact and government performance. As a matter of fact, these criteria capture the most part of the variability in the data, given their large correlation with the first component. Thus, projects rated satisfactory on these three criteria will tend to have higher scores for the first component. Notably, effectiveness, rural poverty impact and government performance have the strongest correlation with the overall project achievement.

30. Second, the component loadings plot shows that these three criteria vary together, and this is also confirmed by the correlation analysis. It confirms that partnership and government involvement is a facilitating factor in the extent to which the development objectives of IFAD operations are achieved (effectiveness) and in the realization of positive change in the lives of rural poor. In other words, projects with a good government performance rating will tend to have a good effectiveness and rural poverty impact rating.

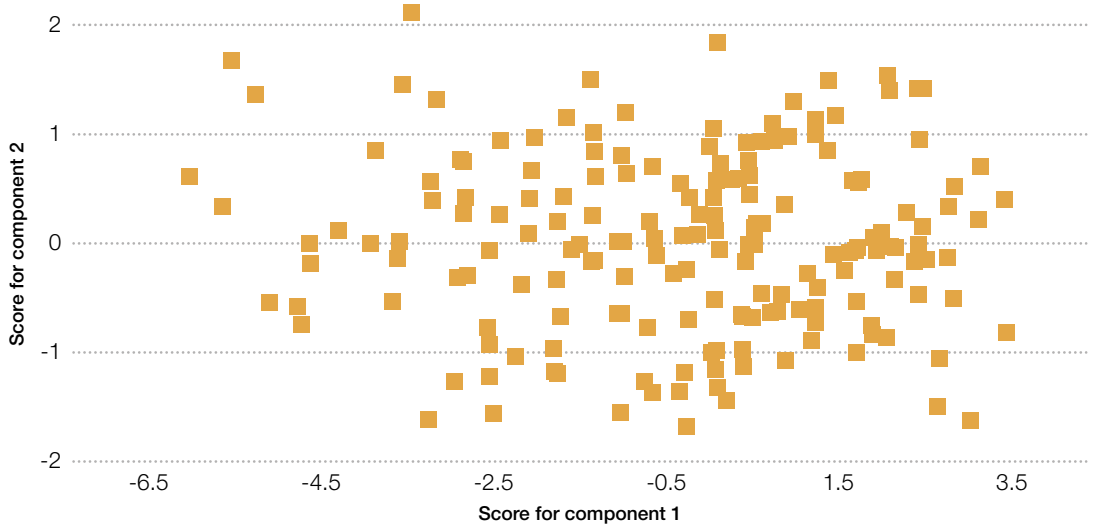
31. The score plot in chart 5.2 shows that projects close to each other have similar overall performance, especially in government performance, rural poverty impact and effectiveness, whereas those far from each other are dissimilar. However, the plot shows that projects cannot be grouped into clusters.

Chart 5.1 **Component loadings plot**



Source: IOE evaluation database, April 2019, PCRV/PPE data series, 2007-2017, N=172.

Chart 5.2 **Component score plot**



Source: IOE evaluation database, April 2019, PCRV/PPE data series, 2007-2017, N=172.

32. **Limitations.** The PCA based on the PCRV/PPE data series shows interesting results, but there are some limitations. The first limitation is the fact that the second component's eigenvalue is less than 1. This is due to the very low variability in ratings and many projects having average performance. Nevertheless, the first two PCs account for a significant 70 per cent of the variance. The second limitation is related to the first, as the low variability in ratings makes it impossible to identify clusters or groups of projects in the score plot, as projects are concentrated in the centre.

T-test on average rating differences between IFAD10 and IFAD9, and between IFAD9 and IFAD8

33. The purpose of this section is to compare the average ratings of evaluation criteria across IFAD9 and IFAD10, IFAD8 and IFAD10, and IFAD8 and IFAD9, and to test the differences for statistical significance. This is done using a t-test, a procedure that is useful for interpreting mean difference from two sets of data.

34. The t-test is set with two tails (as it tests whether the difference in means is different from zero), unpaired (as the projects are different in the two groups), and with unequal variance (as it is evident comparing the variances for each criterion across the two groups). The analysis is based on the all evaluation data series.

35. Results show that the differences between IFAD10 and IFAD9 rating averages are negative for all criteria except ENRM and adaptation to climate change (table 5.3). This may suggest that there was a general underperformance in IFAD-funded projects between the two replenishment periods. However, it is worth noting that the sample in which the analysis of IFAD10 is performed is very small. A more accurate picture will come in future ARRIs.

36. Results show that the differences between IFAD9 and IFAD8 rating averages are positive for all criteria except rural poverty impact. This confirms a general improvement in IFAD-funded projects between the two replenishment periods, as found in the 2018 ARRI.

37. The criteria that show a statistically significant and negative change between IFAD10 and IFAD9 are relevance and IFAD performance, while the only statistically significant positive

Table 5.3 **Comparison of project average ratings of IFAD10 vs IFAD9, IFAD10 vs IFAD8, and IFAD9 vs IFAD8**

	Mean ratings			Mean disconnect			T-test (comparison of means)		
Criteria	IFAD8	IFAD9	IFAD10	IFAD9 – IFAD8	IFAD10 – IFAD8	IFAD10 – IFAD9	p-value (IFAD9 – IFAD8)	p-value (IFAD10 – IFAD8)	p-value (IFAD10 – IFAD9)
Adaptation to climate change	3.67	3.84	3.93	0.16	0.26	**0.09**	0.26	0.13	0.53
ENRM	3.77	4.07	4.11	0.30	0.35	**0.05**	0.03*	0.03*	0.73
Sustainability	3.70	3.68	3.68	(0.02)	(0.02)	**0.00**	0.86	0.89	1.00
Rural poverty impact	4.25	4.07	3.97	(0.18)	(0.28)	**(0.10)**	0.13	0.06	0.45
Overall project achievement	4.01	4.02	3.91	0.00	(0.10)	**(0.10)**	0.98	0.52	0.45
Efficiency	3.60	3.67	3.57	0.08	(0.03)	**(0.11)**	0.62	0.87	0.52
Government performance	3.81	3.91	3.80	0.10	(0.01)	**(0.11)**	0.44	0.97	0.51
Scaling up	4.06	4.10	3.97	0.04	(0.09)	**(0.13)**	0.79	0.67	0.48
Effectiveness	4.00	4.03	3.89	0.03	(0.11)	**(0.14)**	0.84	0.52	0.34
Innovation	4.06	4.27	4.14	0.21	0.08	**(0.14)**	0.14	0.70	0.43
GEWE	4.20	4.17	4.00	(0.04)	(0.20)	**(0.17)**	0.78	0.31	0.30
Project performance	3.93	3.99	3.77	0.06	(0.16)	**(0.22)**	0.59	0.25	0.06
IFAD performance	4.16	4.28	4.00	0.12	(0.16)	**(0.28)**	0.28	0.25	0.03*
Relevance	4.27	4.33	4.00	0.06	(0.27)	**(0.33)**	0.57	0.06	0.01*

* Indicates significance at 5 per cent level.

Source: IOE Evaluation database, all evaluation data series, April 2019.

change between IFAD9 and IFAD8 is for ENRM. All the other criteria do not show statistical significance; hence, not making it possible to conclude that there was a substantial change in their ratings between the replenishment periods.

38. In order to interpret the non-significance of some of the differences, it is worth noting that this result might be due, not only to relatively small changes in the ratings between the two periods, but also to the reduced size of the sample, which causes large standard errors and low levels of statistical significance.

Annex 6 Project performance by IFAD replenishment period (2001-2018)

Chart 6.1 Relevance – by replenish ment period

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

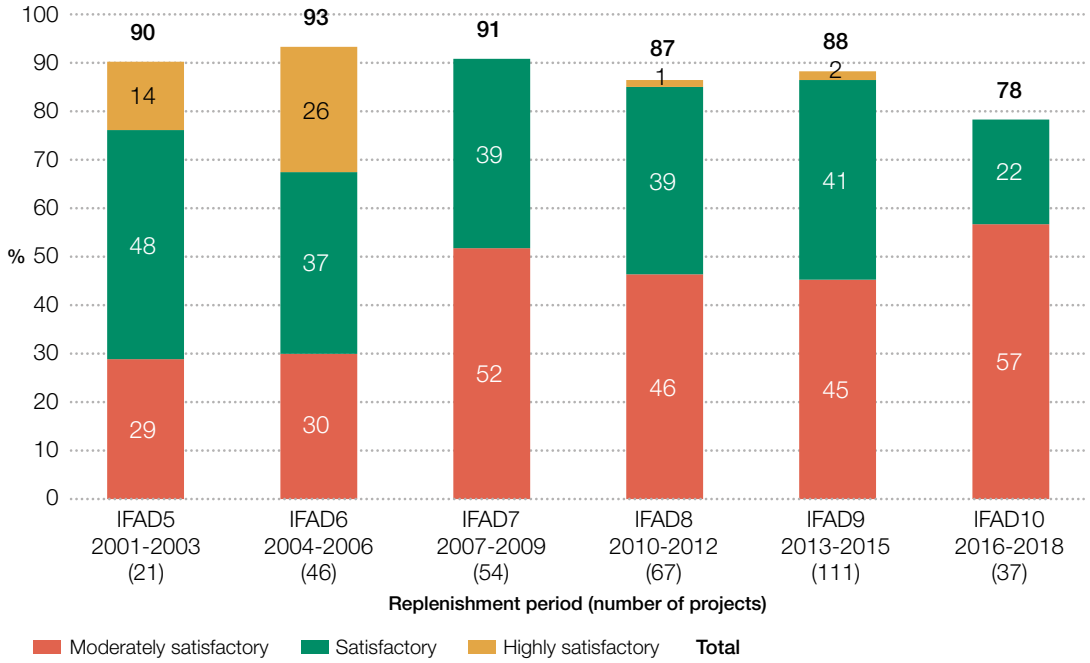


Chart 6.2 Effectiveness – by replenishment period

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

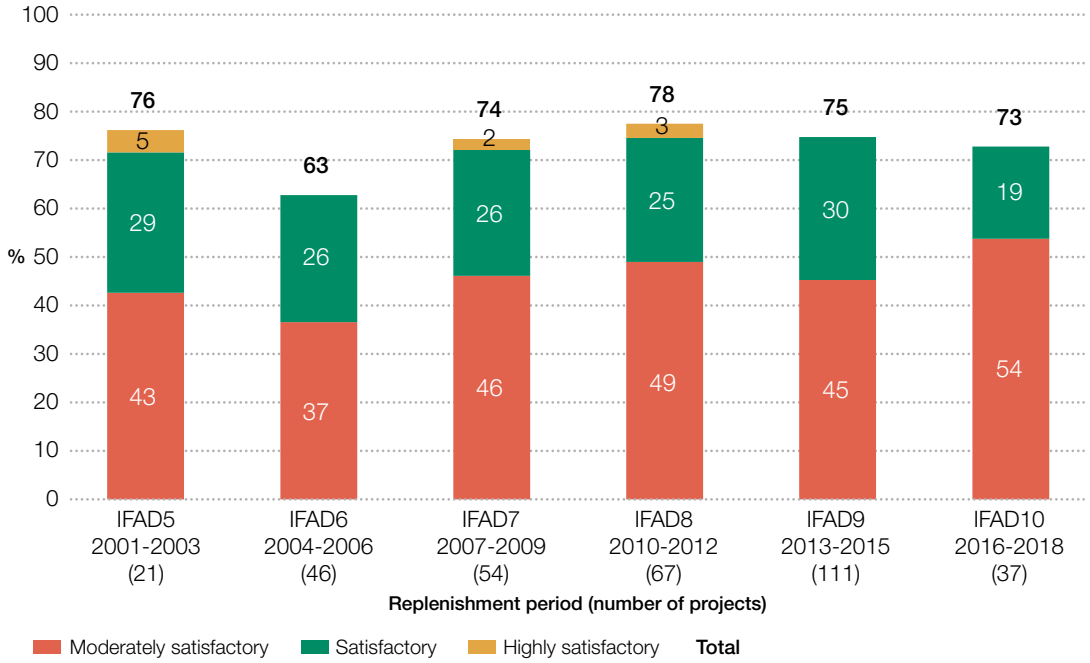


Chart 6.3 Efficiency – by replenishment period

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

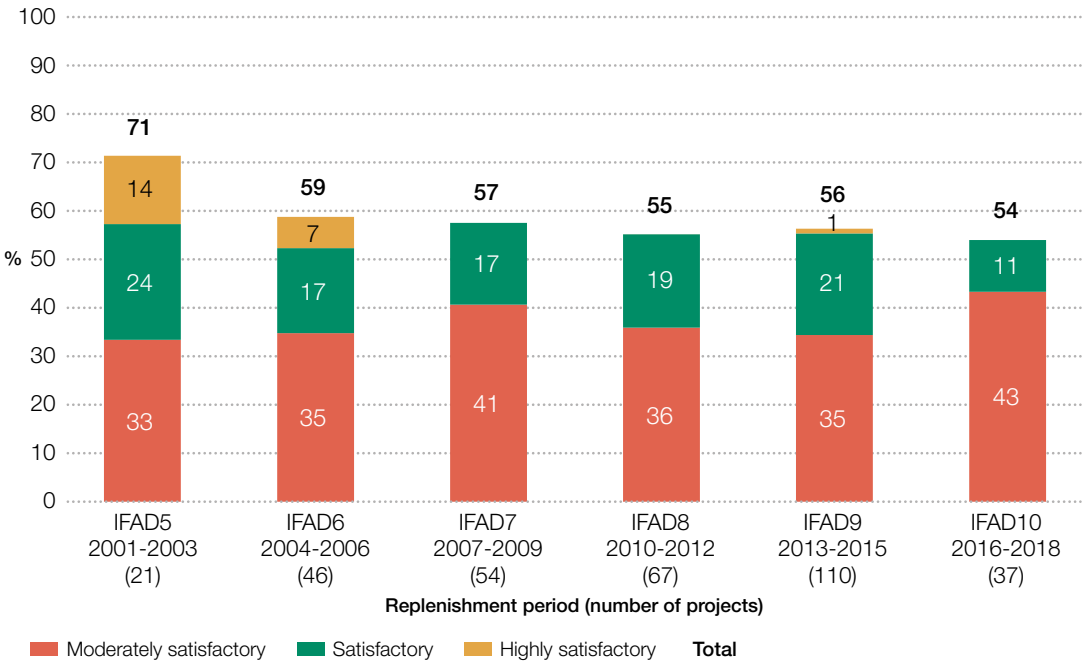


Chart 6.4 Sustainability – by replenishment period

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

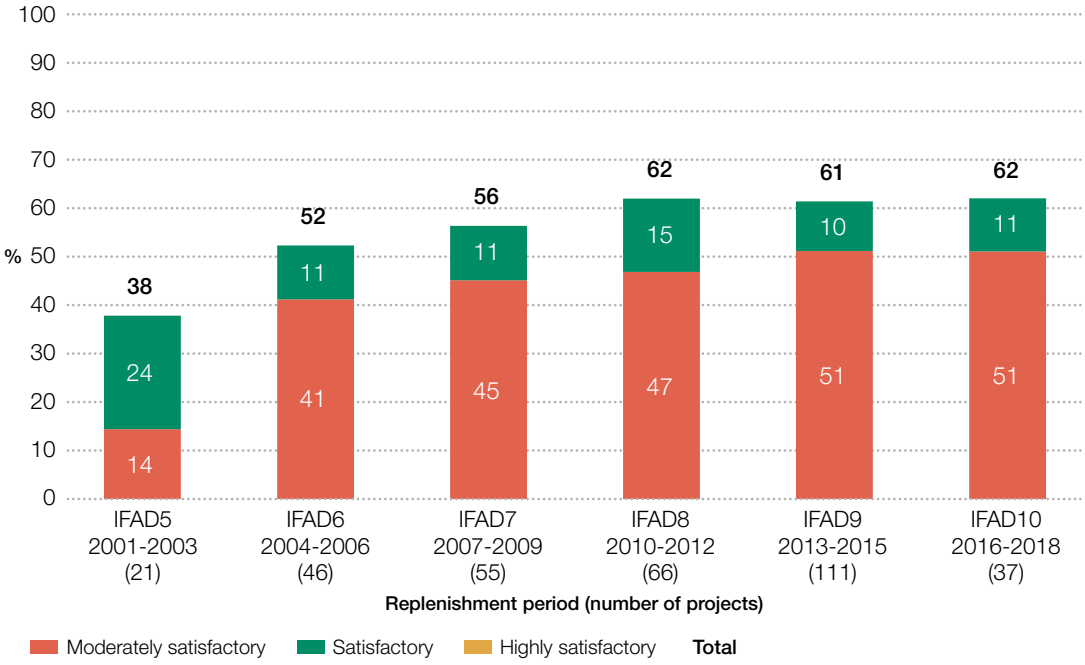


Chart 6.5 Project performance – by replenishment period

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

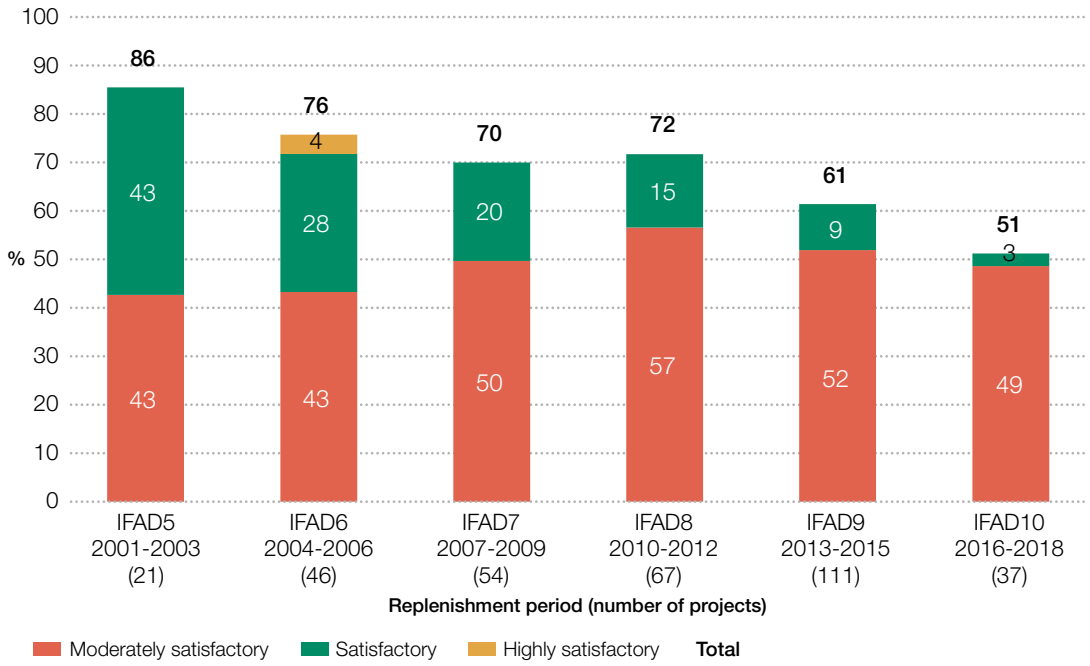


Chart 6.6 Rural poverty impact – by replenishment period

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

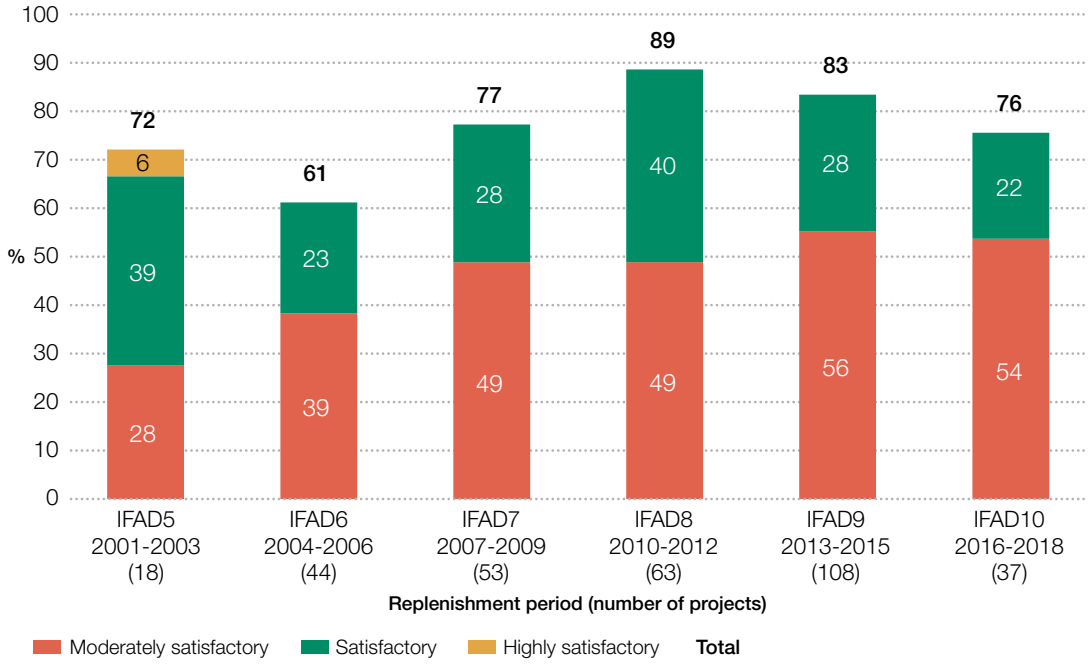


Chart 6.7 Innovation – by replenishment period

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

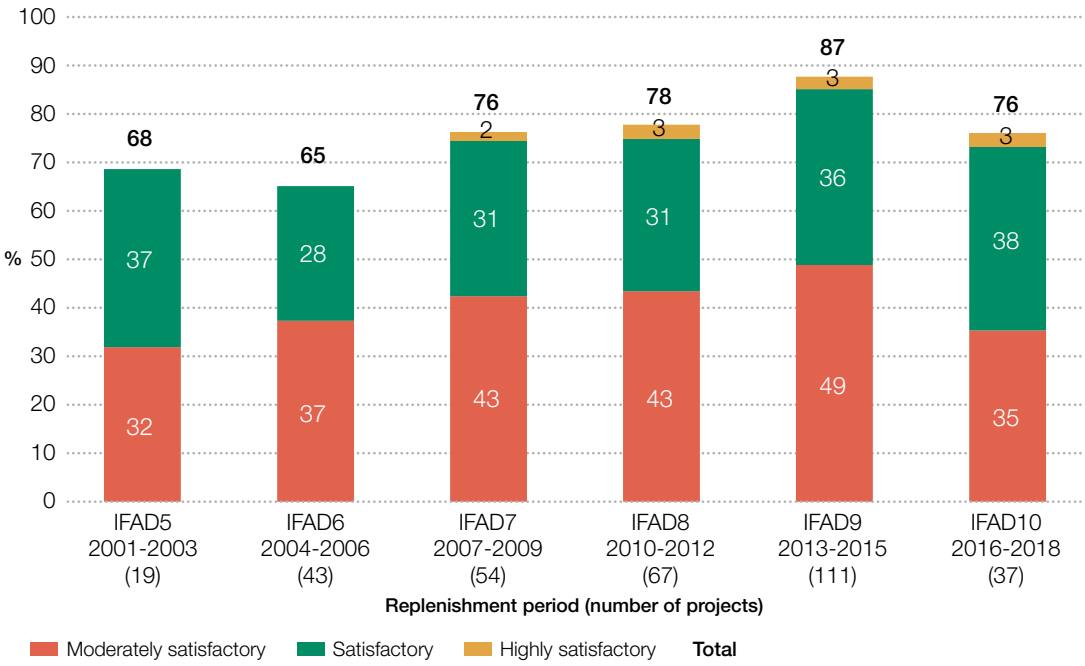


Chart 6.8 Scaling up – by replenishment period

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

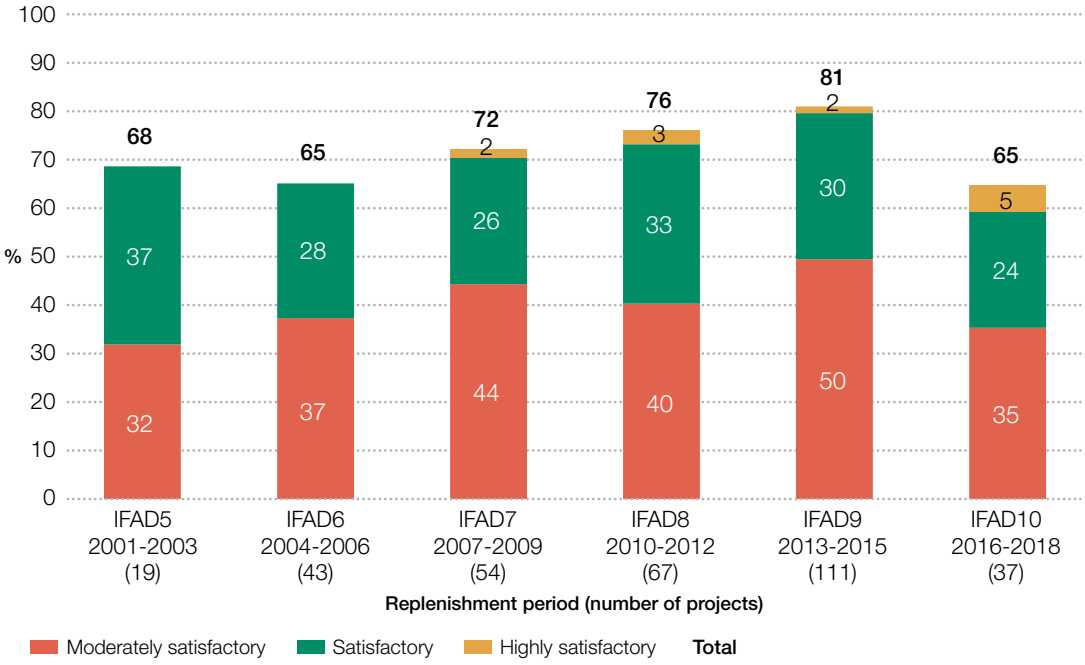
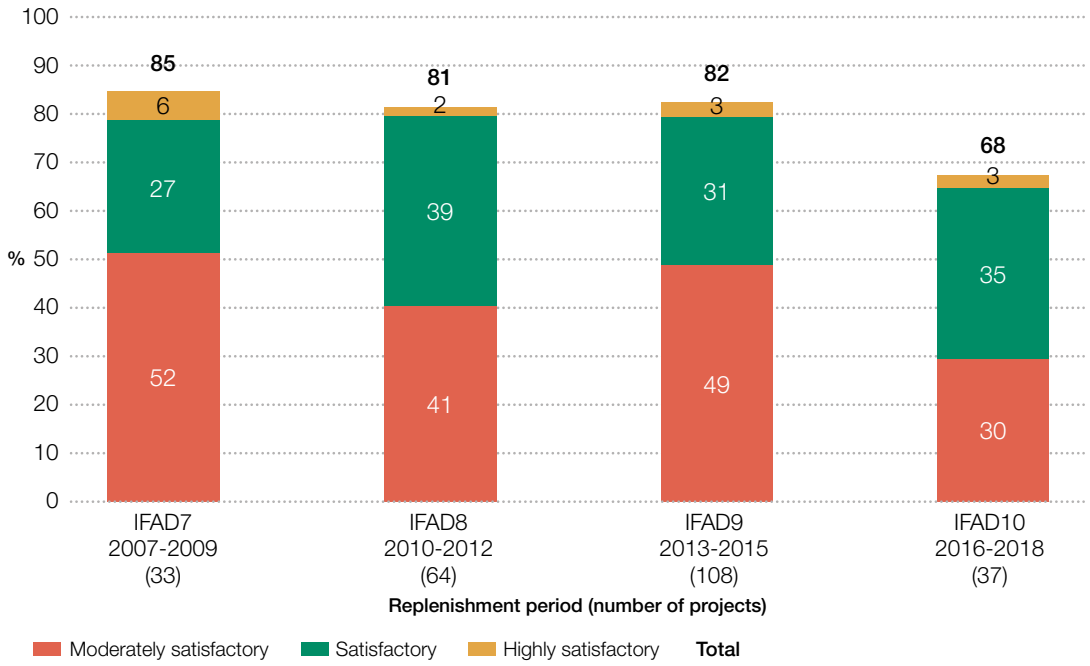


Chart 6.9 Gender equality and women's empowerment – by replenishment period

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



Note: Due to small sample size, the GEWE became a stand-alone criteria about 2010. The chart is presented only from IFAD7.

Chart 6.10 Environment and natural resources management – by replenishment period

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

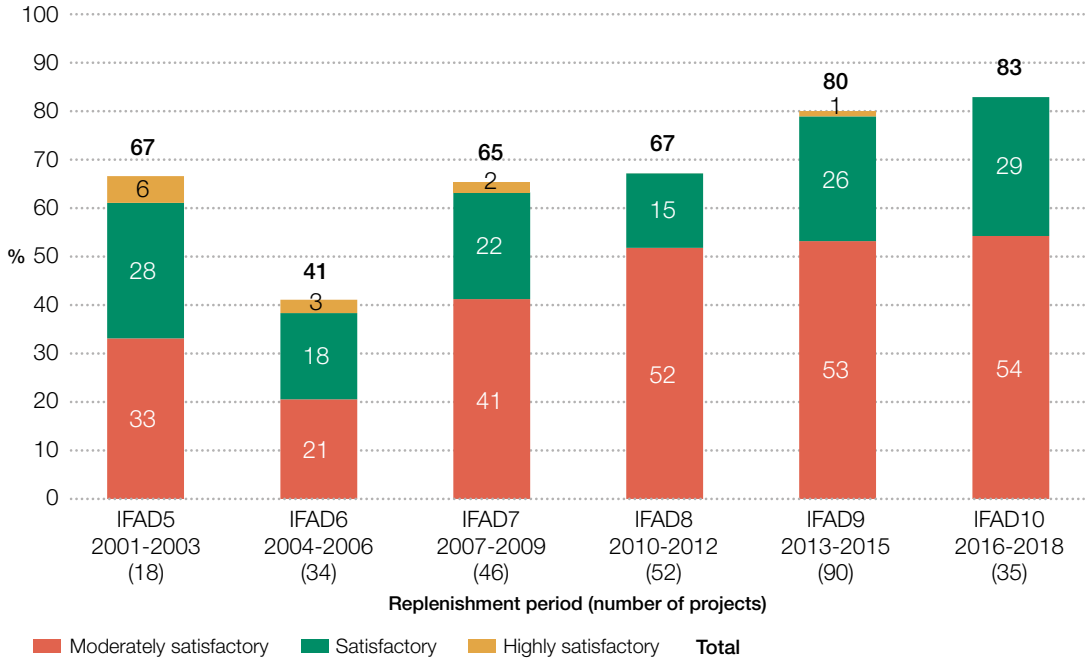


Chart 6.11 **Adaptation to climate change – by replenishment period**

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

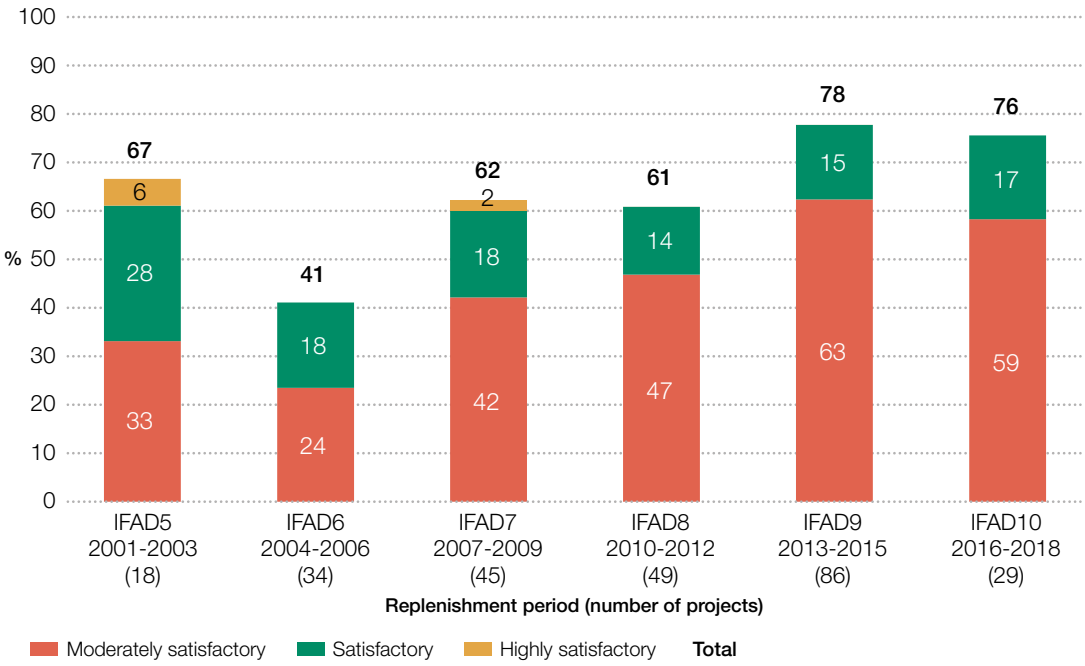


Chart 6.12 **Overall project achievement – by replenishment period**

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

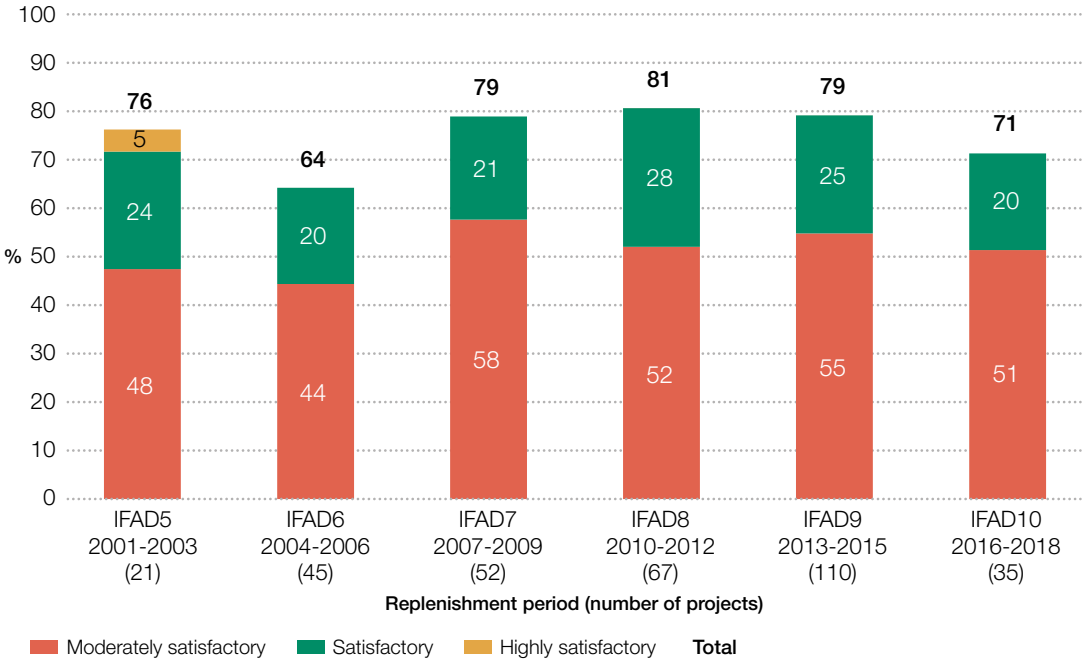


Chart 6.13 **IFAD performance as partner – by replenishment period**

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

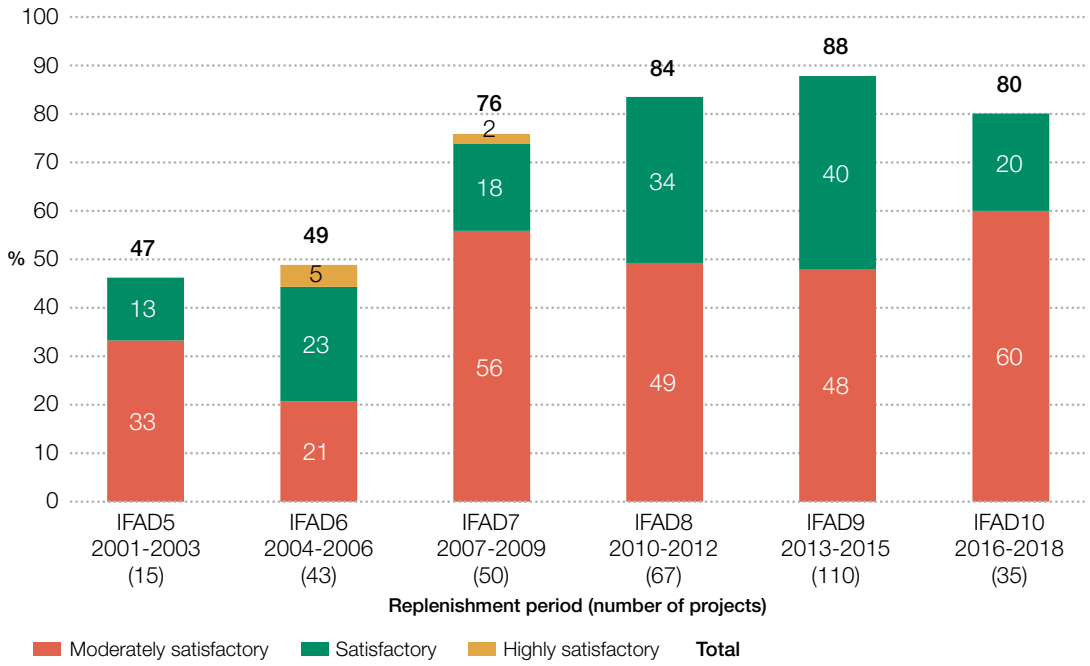
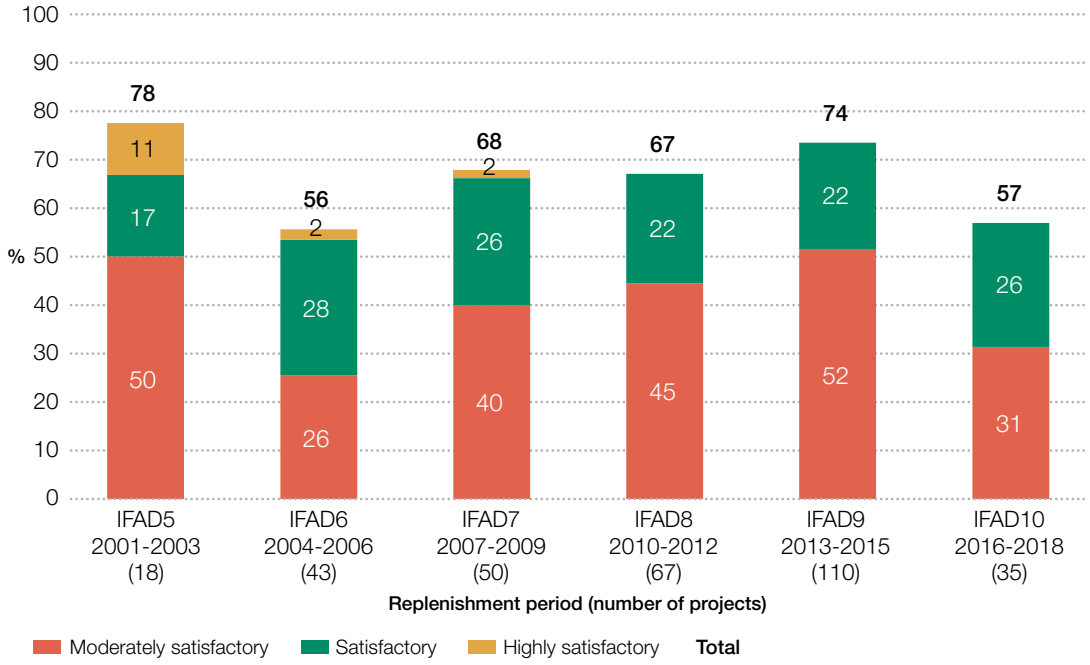


Chart 6.14 **Government performance as a partner – by replenishment period**

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



Annex 7 Comparison of IOE's PPE ratings and IFAD's Programme Management Department's PCR ratings

Table 7.1 All evaluation criteria, projects completed in 2007-2017 (N=72)

Criteria	Mean ratings		Disconnect	Mode	
	IOE	PMD		IOE	PMD
Relevance	4.10	4.90	(0.80)	4	5
Scaling up	4.11	4.66	(0.55)	4	5
Project performance	4.00	4.48	(0.48)	4	5
Adaptation to climate change	3.82	4.29	(0.47)[a]	4	4
IFAD performance	4.18	4.57	(0.39)	4	5
Efficiency	3.82	4.21	(0.39)	4	4
Effectiveness	4.08	4.44	(0.36)	4	5
Overall project achievement	4.13	4.48	(0.35)	4	5
Sustainability	3.83	4.18	(0.35)	4	4
ENRM	3.90	4.23	(0.32)	4	4
GEWE	4.25	4.57	(0.32)	4	5
Government performance	4.04	4.33	(0.29)	4	5
Innovation	4.18	4.46	(0.28)	4	5
Rural poverty impact	4.21	4.36	(0.15)	4	5

[a] The disconnect of adaptation to climate change is only indicative as the sample is much smaller.

Source: IOE evaluation rating database (only PPE ratings) and Programme Management Department project completion report rating database (corresponding PCR), April 2019.

Annex 8 **Analysis of performance by region**

1. The tables in this annex indicate the performance of every IFAD region within each criterion analysed in the most recent periods presented in the 2019 ARRI. Table 8.1 presents the percentage of moderately satisfactory and better ratings (project completion report validation [PCRV]/project performance evaluation [PPE] data series) by region in 2015-2017. Darker shaded cells indicate a negative trend compared to the previous three-year period of 2014-2016. Table 8.2 indicates the magnitude of the decline or increase between 2015-2017 and 2014-2016.

2. The tables can be summarized with the following findings:
   - APR performance has declined across all criteria except ENRM, where all projects received moderately satisfactory or better ratings in 2015-2017. In comparison with last year's ARRI, performance has improved across all criteria except rural poverty impact, which slightly declined. The most substantial declines are for adaptation to climate change, IFAD performance, and innovation.
   - ESA performance has improved for half of the criteria, with innovation and adaptation

Table 8.1 **Percentage of moderately satisfactory and better ratings by region, 2015-2017**

Criteria	APR (14 projects)	ESA (11 projects)	LAC (10 projects)	NEN (11 projects)	WCA (13 projects)
Relevance	86	82	80	82	85
Effectiveness	93	64	70	73	69
Efficiency	79	36	60	45	31
Sustainability	86	64	40	73	31
Project performance	86	45	50	45	46
Rural poverty impact	93	82	60	73	69
Innovation	79	100	80	64	77
Scaling up	79	82	70	64	54
GEWE	86	73	70	36	85
ENRM	100	67	70	91	75
Adaptation to climate change	69	78	67	73	71
IFAD performance	86	73	90	82	85
Government performance	86	45	70	55	46
Overall project achievement	92	70	67	73	69

Negative trend Positive trend

Table 8.2 **Percentage point increase/decrease between the periods 2015-2017 and 2014-2016**

Criteria	APR	ESA	LAC	NEN	WCA
Relevance	(9)	(6)	0	(5)	(6)
Effectiveness	(2)	1	(3)	(6)	6
Efficiency	(6)	(1)	0	(7)	(1)
Sustainability	(4)	1	(7)	12	(1)
Project performance	(4)	2	3	(2)	1
Rural poverty impact	(2)	1	(7)	(10)	(3)
Innovation	(11)	6	0	(23)	4
Scaling up	(6)	(6)	(3)	(19)	4
GEWE	(9)	(2)	(3)	(18)	(1)
ENRM	6	(12)	3	0	8
Adaptation to climate change	(20)	6	(10)	(13)	0
IFAD performance	(14)	(9)	(3)	(9)	(2)
Government performance	(9)	(5)	(3)	(15)	(4)
Overall project achievement	(2)	3	(5)	(10)	6

Negative trend Positive trend

to climate change presenting the most significant improvement (+6 points). ENRM and IFAD performance show the most severe drops. All projects rated for innovation in 2015-2017 received moderately satisfactory or better ratings.

- LAC shows declining ratings across all criteria except relevance, efficiency, project performance, innovation and ENRM, and a double-digit decrease in adaptation to climate change.
- NEN presents declining trends for all criteria except sustainability and ENRM. NEN has experienced the most severe decline across all regions, with seven criteria showing double-digit decreases. Innovation shows the highest decline (-23 points), while sustainability shows the best improvement (+12 points).
- WCA performance has improved for half of the criteria. However, in comparison with the other regions, the declines and improvements in criteria performance have been moderate. In comparison with 2014-2016, ENRM presents the most significant improvement in WCA. Relevance shows the most alarming decline.

Annex 9 Response of IFAD Management to the 2019 Annual Report on Results and Impact of IFAD Operations

Introduction

1. Management welcomes the 2019 Annual Report on Results and Impact of IFAD Operations (ARRI), and finds most of the recommendations balanced, intuitive and in line with Management's own thinking. While the actions proposed by the Independent Office of Evaluation of IFAD (IOE) have already been identified by Management as part of the commitments to the Eleventh Replenishment of IFAD's Resources (IFAD11), Management will continue to strengthen efforts in these areas as a result of the analysis and recommendations presented in the ARRI.

2. Although it appreciates the candidness of the ARRI and the in-depth analysis of the 2019 dataset, Management has reservations about the methodology and analysis in two areas. The first relates to the data and methodological limitations of the ARRI, including the small sample size and the lack of statistical significance of the reported changes in performance. The second concerns performance trends and the factors the ARRI cites as driving these trends – particularly in the Tenth Replenishment of IFAD's Resources (IFAD10). Management's detailed views on these issues are presented in the sections below (Data and methodology, and Overall performance trends).

3. The ARRI, the Report on IFAD's Development Effectiveness (RIDE) and the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) are complementary but distinct tools within the organization's evaluation architecture designed to further the Fund's effectiveness, transparency and credibility.

4. As evaluation is undertaken after project closure, the 2019 ARRI has aggregated ratings from projects that closed between 2007 and 2017, with a focus on three-year rolling averages from 2015 to 2017 (based on 59 completed projects) and the first two years of IFAD10 (37 completed projects in 2016 and 2017). It has focused its qualitative analysis on 41 new evaluations, including project completion report validations, project performance evaluations, impact evaluations, and country strategy and programme evaluations (CSPEs) conducted in the past year. As noted in the ARRI, trends and ratings are based on projects that were designed about one decade ago or more, and the report does not take into account recently designed projects, ongoing projects or those completed in the last year of IFAD10. The RIDE contains a full holistic performance report of the IFAD10 period, including data from rigorous impact assessments, ratings from all projects closed in IFAD10 (98 projects), disbursement ratios, cofinancing, ratings at design, and metrics of institutional performance across a range of indicators.

Data and methodology

5. As mentioned by Management as a limitation in the RIDE, sample size matters because a small number of projects can have a disproportionately large impact on results presented as percentages. **The sample size in the ARRI is less than half that included by Management in the RIDE.** The ARRI's 2015-2017 sample is based on 59 completed projects compared to 113 in Management's sample. In addition, IOE's IFAD10 sample is based on 37 projects from 2016 and 2017 only, whereas Management's sample in the RIDE covers the entire IFAD10 period (2016-2018) and is based on 98 projects. Therefore, it would be helpful for the ARRI to: present the analysis in terms of numbers **and** percentages, as was done in the RIDE; and cite the number of cases on which the qualitative analysis is based. While performance has declined

in terms of percentage of projects rated moderately satisfactory or above, the number of projects rated in the unsatisfactory zone has not increased. In fact, it has decreased on most assessed domains.

6. Second, the declining performance reported in the ARRI is based on minor fluctuations of ratings per cohort. IOE has included t-tests to assess the statistical significance of fluctuations in annex 5 (shown in table 9.1). The results of this analysis confirm Management's concern that performance dips between the different cohorts assessed **are not statistically significant for most criteria.** There are two exceptions: (i) between IFAD8 and IFAD10, **positive** and statistically significant performance was recorded in environment and natural resource management; and (ii) between IFAD9 and IFAD10, **negative** and statistically significant performance was recorded on relevance and IFAD's performance (although in both cases, mean ratings are still in the satisfactory zone). Given the lack of statistically significant changes in mean ratings, it is challenging to conclude that performance is declining.

7. Third, as indicated by IOE in the 2019 ARRI, the **performance assessment criteria changed** during the review period. As a result, declining performance on some criteria may have resulted from changing

Table 9.1 **Comparison of project average ratings for: IFAD9 vs IFAD8; IFAD10 vs IFAD8; and IFAD10 vs IFAD9**

	Mean ratings			Mean disconnect			T-test (comparison of means)		
Criteria	IFAD8	IFAD9	IFAD10	IFAD9 – IFAD8	IFAD10 – IFAD8	IFAD10 – IFAD9	p-value (IFAD9 – IFAD8)	p-value (IFAD10 – IFAD8)	p-value (IFAD10 – IFAD9)
Adaptation to climate change	3.67	3.84	3.93	0.16	0.26	**0.09**	0.26	0.13	0.53
ENRM	3.77	4.07	4.11	0.30	0.35	**0.05**	0.03[a]	0.03[a]	0.73
Sustainability	3.70	3.68	3.68	(0.02)	(0.02)	**0.00**	0.86	0.89	1.00
Rural poverty impact	4.25	4.07	3.97	(0.18)	(0.28)	**(0.10)**	0.13	0.06	0.45
Overall project achievement	4.01	4.02	3.91	0.00	(0.10)	**(0.10)**	0.98	0.52	0.45
Efficiency	3.60	3.67	3.57	0.08	(0.03)	**(0.11)**	0.62	0.87	0.52
Government performance	3.81	3.91	3.80	0.10	(0.01)	**(0.11)**	0.44	0.97	0.51
Scaling up	4.06	4.10	3.97	0.04	(0.09)	**(0.13)**	0.79	0.67	0.48
Effectiveness	4.00	4.03	3.89	0.03	(0.11)	**(0.14)**	0.84	0.52	0.34
Innovation	4.06	4.27	4.14	0.21	0.08	**(0.14)**	0.14	0.70	0.43
GEWE	4.20	4.17	4.00	(0.04)	(0.20)	**(0.17)**	0.78	0.31	0.30
Project performance	3.93	3.99	3.77	0.06	(0.16)	**(0.22)**	0.59	0.25	0.06
IFAD performance	4.16	4.28	4.00	0.12	(0.16)	**(0.28)**	0.28	0.25	0.03[a]
Relevance	4.27	4.33	4.00	0.06	(0.27)	**(0.33)**	0.57	0.06	0.01[a]

[a] Indicates significance at 5 per cent level.

Source: IOE evaluation database, all evaluation data series, April 2019.

assessment standards rather than changing performance. Management would like to highlight one such criterion – scaling up – in which performance appeared to have declined in recent years, and where the "disconnect" between Management and IOE ratings was greatest. In their harmonization agreement (2017), Management and IOE agreed to move from assessing **potential** for scaling up to scaling up itself. While Management did not retroactively apply the new assessment measure to projects completed in 2017, IOE did. As a result, the two indicators are not comparable either between Management and IOE, or within IOE's own dataset.

8. Fourth, Management believes that the specific rating of rural poverty impact, currently used in both the ARRI and the IFAD10 Results Management Framework (RMF), is not a robust measure of the impact of IFAD-supported projects. This is because calculating attributable impact requires a counterfactual-based analysis. Instead, the findings on rural poverty impact presented in the ARRI are based on ratings that rely heavily on qualitative data. For this reason, Management has decided not to include the rural poverty impact indicator in the IFAD11 RMF, and will assess impact solely through rigorous impact assessments in each replenishment cycle. Management looks forward to engaging with IOE in revising this rating criterion (and its subdomains) as a follow-up to the harmonization agreement and in line with best practices from comparator organizations.

Overall performance trends

9. Notwithstanding the limitations mentioned above, particularly the results reported in the statistical analysis, Management notes that the performance trends reported in the 2019 ARRI are similar to those in the 2018 ARRI and Management's own analysis in the RIDE. For example, both the ARRI and RIDE indicate weaker project performance on efficiency and sustainability compared to other domains. As noted in both reports, there is a strong positive correlation between government performance, sustainability and efficiency.

10. While the ARRI identifies drivers of good and weak performance in each of the assessed domains based on a qualitative review of evaluations, Management would have appreciated a deeper and more differentiated analysis of underlying constraints related to regional or country context. Management's analysis in the RIDE shows that weaker performance was concentrated in West and Central Africa; and within that region, in countries with fragile situations.

11. At the country programme level, Management is pleased to note that IOE has adopted Management's suggestion to present ratings from CSPEs as three-year rolling averages. Given the very small cohort of CSPEs each year (five CSPEs were conducted in very different contexts and regions for the 2019 ARRI), there may be merit in moving away from an analysis of aggregate ratings in the ARRI, which would be in line with suggestions in the peer review.

12. In addition, the ARRI notes that partnership-building improved while knowledge management and policy engagement declined. Management would have liked to understand better the "disconnect" between these three seemingly related criteria. At the same time, Management agrees that there is room for improvement in the performance of non-lending activities. Through a series of interlinked IFAD11 commitments, including the partnership framework, dedicated resources for policy engagement, and the cofinancing strategy and action plan, Management is laying the foundations for more robust engagement in non-lending activities at the country level.

Initial performance trends over the IFAD10 replenishment period

13. The new chapter on the IFAD10 replenishment period, which utilizes a partial dataset (37 out of 98 projects completed in 2016 and 2017) presents mixed results, linking an apparent

decline in quality to a reduction in country programme management budgets and frequency of supervision and implementation support missions. This is an area that interests Management, but there are two concerns. First, **no empirical evidence was included in the report to demonstrate the causal link between declining performance and a decline in budgets or supervision of the assessed projects.** Second, none of the individual project evaluations on which the ARRI is based included recommendations to increase the supervision budget and frequency of supervision missions. The most recurrent recommendations (as reported in the 2019 PRISMA) were to make designs more realistic and less complex, improve targeting and address weak implementation capacities.

14. Nonetheless, **Management fully agrees that implementation support is critical,** and it has strengthened supervision and implementation support through: the decentralization of technical, financial and operational staff; and closer monitoring of the portfolio, including actions on potential or actual problem projects. As noted in the 2019 RIDE, as a result of Management's efforts to promote proactivity in the portfolio, quality has improved, with a decline in the number of problem projects and overall improvement in project performance ratings.

15. In conclusion, Management believes that instead of the frequency of missions or budget allocations, the ARRI could have benefited from more analysis of the effectiveness of design, supervision and implementation support, and the causal links between these and weaker performance.

Recommendations to Management

16. In addition to the concrete actions included in the RIDE and PRISMA, Management's detailed responses to the recommendations of the 2019 ARRI are provided in table 9.2.

Table 9.2 **Recommendations to Management**

IOE recommendation	Management response
1. Dedicate more resources to country programme delivery – specifically project design, supervision and implementation – to achieve the improved quality needed for a "better" IFAD.	
IFAD's aim to become "bigger, better and smarter" appears ambitious based on results thus far. While IFAD managed to maintain a significantly higher ongoing programme of work since IFAD8, the decline in budgetary resources dedicated specifically to design, supervision and implementation may have affected its quality, with lower ratings across criteria in IFAD10. "Better" results also require high-quality technical expertise to support IFAD country programmes and projects. To improve quality standards, IFAD needs to plan and provide the commensurate resources directly to country programme management, design and implementation.	**Partially agreed.** Management dedicates sufficient budget to country programme delivery, particularly in challenging contexts such as fragile situations and for problem projects. All projects are mandated to have at least one full supervision mission per year, with additional implementation support as needed, and problem projects must have two supervision missions. In some cases, actual expenditures go beyond allocations due to changing circumstances and emerging requirements during implementation. Management's own analysis of country programme budgets does not show a decline – it shows an average increase in supervision budget allocation and utilization per project due to a decline in the number of active projects over time. Management believes that the overall positive ratings of design in recent years by the Quality Assurance Group are contradictory to the conclusion that design quality has declined. Going forward, Management will ensure that the quality of design is not compromised while meeting the ambitious IFAD11 targets on timeliness of design. However, Management agrees that strong design, supervision and implementation are vital, and looks forward to working closely with IOE on further analysis of resources dedicated to country programme delivery.

IOE recommendation	Management response
2. Design IFAD-funded programmes and projects according to country capacities based on sound institutional analysis to ensure the most appropriate implementation arrangements or country delivery.	
For projects to be more relevant, they need to be appropriate to the country context and designed according to country capacities (including public, private and civil society institutions). This knowledge begins with sound institutional analysis during the country strategic opportunity programme (COSOP) or project design, the inclusion of capacity-strengthening components and support to rural institutions within the country.	**Agreed.** This recommendation is already being addressed through the updated COSOP guidelines. Country teams conduct institutional and risk assessments during COSOP preparation to contextualize IFAD's support in the country. Based on country context, COSOP objectives are being set with an increased focus on implementation capacity and delivery, particularly in contexts where capacity is weaker. Management will monitor implementation of new COSOP guidelines and adjust them as necessary.
3. Develop government capacities to design and implement country programmes and projects in collaboration with other partners.	
Government performance is critical to achieving development objectives and making positive impacts on rural poverty. In the short term, IFAD needs to provide more intensive implementation support, particularly in areas such as procurement and financial management. In the long term, IFAD can utilize its grant financing to work with other partners on strengthening the capacities of government institutions and project management units. Depending on the country and project, multi-donor project management units may be considered along with the greater involvement of government counterparts in project design and supervision and implementation support.	**Agreed.** As outlined in the development effectiveness framework and reiterated in the IFAD11 business model, there has been an important shift in the organization from being inward-oriented to outward-looking. As a result, during IFAD10, IFAD implemented three complementary initiatives to improve in-country capacities: the Programme in Rural Monitoring and Evaluation (M&E) (PRiME); Advancing Knowledge for Agricultural Impact; and Deliver. Together, these unique initiatives in the rural development sector provide holistic capacity-building support in delivery and M&E in-country. In addition, building on the PRiME model, initiatives are already under way to strengthen capacity in financial management and procurement. However, Management agrees that retaining trained project staff is challenging. Through new initiatives such as the Faster Implementation of Project Start-up facility, Management is working towards smoother transitions between projects to address capacity challenges.
4. Determine the need to adjust project designs earlier on in order to ensure their continued relevance to the country context.	
Good project design is necessary but not sufficient to achieve development objectives. Project design should be viewed as a "living" blueprint that is reviewed and adjusted based on the context during implementation. Active supervision during start-up is needed to determine whether the project design needs to be adjusted even before the mid-term review. IFAD's new restructuring policy should facilitate project redesign early on when necessary, and should not simply be used to close projects that are challenging but important for achieving IFAD's mandate.	**Agreed.** Management agrees with IOE's conclusion, which is aligned with findings presented in the RIDE. Through the Operational Results Management System (ORMS), projects are assessed on a range of indicators during implementation, including continued relevance, with key indicators used as risk flags to identify potential problems early on. IFAD's recently approved restructuring policy provides the options necessary for country teams to adjust and reorient projects during implementation. Management will continue to focus on strengthening performance by ensuring that all problem projects have performance improvement plans that indicate the level of action required (and restructuring if needed), and are closely monitored.

IOE recommendation	Management response
5. A more comprehensive and integrated system is required to mitigate risks in IFAD-funded projects and programmes.	
IFAD currently has a decentralized system for risk mitigation at various stages of the project cycle, with assessments conducted by different divisions. To ensure that identified risks are addressed appropriately and at the right time, IFAD needs to develop better linkages among the various assessments from project design to evaluation.	**Agreed.** An important part of the IFAD11 business model is enhancing the Fund's risk architecture from the operational to the organizational level. Management has already taken a number of actions to lay the foundations for this, including the development of a risk dashboard and a new risk function in the Programme Management Department that works closely with the Enterprise Risk Management Committee. Currently, both COSOPs and projects have an integrated risk framework that can be tracked during implementation through ORMS.

Learning theme

17. Management acknowledges the two learning themes – **efficiency** and **quality of IFAD's supervision and implementation support** – proposed by IOE for the Executive Board's consideration, and believes that both are relevant and important for IFAD's operations. However, Management is concerned that understanding root causes and drivers of project-level efficiency is complex, and may be better suited to a different evaluation product such as a thematic or cluster evaluation (as recommended by the peer review). In addition, while it is necessary to assess the quality of IFAD's supervision and implementation support, this may be premature given that Management is currently revising the supervision and implementation support guidelines. Therefore, Management would appreciate sufficient time following these revisions before they are evaluated.

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