

Executive summary

This is the sixth Annual Report on Results and Impact of IFAD Operations (ARRI) prepared by the Office of Evaluation (OE). It presents a comprehensive synthesis of the main results and impact from evaluations conducted by OE in 2007.

The report also includes a specific section on two key learning themes: (i) the importance of analysing country context issues thoroughly in order to strengthen IFAD's development effectiveness; and (ii) a reflection on the opportunities and challenges in enhancing the performance of project-level monitoring and evaluation (M&E) systems.

EVALUATION FINDINGS RELATED TO PERFORMANCE

Evaluation findings from the projects assessed in 2007 reveal an encouragingly positive picture of the Fund's operations. In fact, for the first time since production of the first ARRI report in 2003, all projects evaluated manifested satisfactory results in two of the most important evaluation criteria: project performance and overall project achievement.¹ This is a noteworthy achievement that deserves to be highlighted.

In addition, 91 per cent of the projects evaluated demonstrated satisfactory results in rural poverty impact, with strong performance in promoting physical assets and agricultural productivity.

Moreover, there have been marked improvements in the 2007 sample with regard to sustainability, which has been unsatisfactory in the past. Sustainability was satisfactory in 67 per cent of the projects evaluated in 2007, as compared to merely in 40 per cent in 2002. The results in promoting pro-poor innovations are also quite good, particularly in introducing low-cost technologies, gender mainstreaming and pro-poor institutional arrangements.

Following the practice introduced in last year's report, this edition includes an analysis of the entire ARRI data set for six years,² from 2002-2007 (see section 5). It also presents the data

according to three two-year blocks (2002-2003, 2004-2005, and 2006-2007). This analysis reveals that performance is improving over time in most evaluation criteria, with the exception of government and cooperating institution performance, where a trend is hard to discern. The results over the period 2006-2007 are also better than at the time of the Independent External Evaluation of IFAD in 2004-2005.

Benchmarking against other agencies reveals that IFAD's project performance appears slightly better in comparison with the World Bank's agriculture and rural development portfolio. Similarly, taken together, IFAD's project performance and sustainability are significantly better than the Asian Development Bank's in the Asia and the Pacific region. The emerging results from a joint African Development Bank (AfDB)/IFAD Africa evaluation reveal that IFAD's performance in Africa is broadly similar to AfDB's, except in the criteria of relevance and efficiency, where IFAD scores higher.

In sum, the trends in performance and impact are indeed promising, even though this cannot be substantiated 100 per cent by statistical evidence, given limitations in the data set. However, the overall findings in the 2008 report are confirmed by three mutually reinforcing analyses: (i) results of the evaluations undertaken in 2007; (ii) analysis of the three two-year blocks of ARRI data; and (iii) findings in this and last year's report that recent operations tend to perform better than older ones. Taken together, it can reasonably be concluded that IFAD's development effectiveness is improving, and even stronger results can be expected in the future when the reforms of IFAD's Action Plan for Improving its Development Effectiveness are fully implemented.

However, this positive performance should not lead to complacency. Five areas are identified in the ARRI report in which improvements can be achieved:

First, numerous projects showing positive results are only moderately satisfactory. Performance can be further strengthened, particularly in efficiency, given the relatively low score of this indicator overall.

Second, while significant improvements are evident in the sustainability of IFAD operations in 2006 and 2007, the results and experiences of the

Asian Development Bank and World Bank (where sustainability results were weak in the late 1990s) demonstrate that IFAD performance in this area can be further improved with appropriate efforts in the near future.

Third, the importance of impact on market access, including private-sector engagement, and on the environment and natural resources cannot be overemphasized. Both domains need improvement to ensure sustainable development in rural areas.

Fourth, the promotion of innovation is a fundamental principle of engagement for IFAD. While performance in introducing innovative approaches has been good, more can be done to ensure their systematic replication and scaling up by others. Towards this end, more attention needs to be devoted in country programmes to policy dialogue, partnership-building and knowledge management.

Fifth, the performance of partners (IFAD, governments and cooperating institutions) is satisfactory in two out of three projects. This is an area in which improvements are critical and possible, as the performance of the respective partners is broadly within their own realms.

EVALUATION FINDINGS RELATED TO LEARNING

Evaluations have underlined the importance of IFAD's investment in a comprehensive understanding of country context issues, including the institutional framework, government policies related to agriculture and rural development, rural poverty profiles, and social and cultural issues. This would allow IFAD to design and implement country strategies and projects that are more adequately tailored to the prevailing environment in which they are executed. For example, the circumstances of middle-income countries and fragile states are different from those of other countries and need specific treatment. Evaluations have also underlined that IFAD's capacity to conduct analytic work of this nature is rather limited and needs strengthening.

Generally speaking, the performance of project-level M&E systems has not been a strong point in IFAD operations. While it is fair to recognize that other

development organizations have also not had a great deal of success in this area, the Fund needs to step up the attention and resources it devotes to this critical component exponentially. IFAD has made sporadic efforts in the past, in particular using grant funds, but a more coherent and systematic effort is required to make a real difference in the performance of project-level M&E systems across the board. An ARRI workshop dedicated to M&E produced useful suggestions for the future. These will be further elaborated during a planned IFAD-wide initiative to improve the performance of M&E systems that OE is undertaking jointly with IFAD's Programme Management Department.

RECOMMENDATIONS

The Executive Board is invited to approve the following recommendations:

- (a) In discussing the ARRI report during its session in December 2007, the Board agreed that OE should analyse a selection of **weaker impact areas** (including markets, institutions and the environment) in the 2009 report. In the light of the resources required and the time that IFAD Management and staff need to devote to the process, OE proposes to include dedicated learning sections in next year's report on two of the weakest impact areas.
- (b) The learning themes proposed for the 2009 edition are **access to markets and the environment**, as IFAD's performance in these areas is not as good as that in the area of institutions. In this regard, OE proposes to comprehensively analyse IFAD's evaluative evidence and international experience in the two topics, engage IFAD Management and staff in a workshop to discuss possible actions to further improve IFAD's performance, and bring the results to the attention of the Board.
- (c) It is recommended that other weaker impact areas – **institutions** and **social capital and empowerment** – be taken up as learning themes in the development of the 2010 report.
- (d) It is recommended that OE further analyse those areas requiring improvement, as presented in this ARRI report, and propose to the Board, within the context of the 2009 report, a list of learning themes to be treated in future editions.