

profile



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2017 ANNUAL REPORT ON RESULTS AND IMPACT OF IFAD OPERATIONS

The 2017 Annual Report on Results and Impact of IFAD Operations (ARRI) is the 15th edition of this annual synthesis report on IFAD's performance based on evaluative evidence.

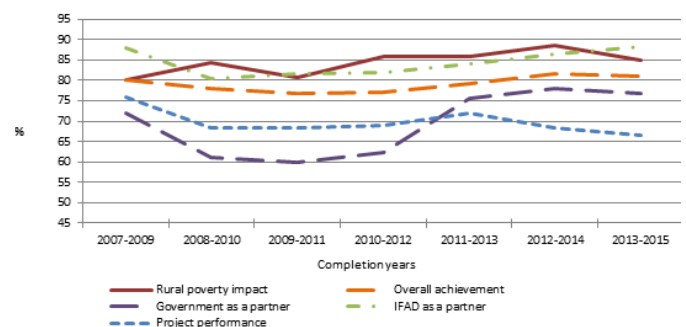
The 2017 ARRI draws upon a total sample of 295 independent project evaluations undertaken since 2002, including 35 evaluations conducted in 2016, based on a common evaluation methodology presented in the second edition of IFAD's Evaluation Manual.

The harmonization of IFAD's evaluation criteria with other institutions also allows IOE to compare IFAD's performance with other international financial institutions. Conducting benchmarking analysis, the 2017 ARRI finds that IFAD project performance in the agriculture sector is at par with the World Bank and higher on average than the Asian Development Bank and the African Development Bank.

Main findings

Overall, performance of IFAD operations shows improvement from 2009. Over 75 per cent of all evaluation ratings are moderately satisfactory or better in the period 2007-2015. Currently, 80 per cent or more projects were rated moderately satisfactory or better when assessed against the criteria of: relevance, IFAD performance as a partner, gender equality and women's empowerment, innovation and scaling up, and rural poverty impact.

Combined overview of the main evaluation criteria, percentage of projects rated moderately satisfactory or better



Source: IOE evaluation database, March 2017

What is the ARRI?

The ARRI is a synthesis report of IFAD's performance and highlights any systemic issues that may need to be addressed to enhance the impact of IFAD operations. The production of the ARRI since 2003 is a reflection of IFAD's commitment to strengthening accountability, learning and transparency.

However, the ARRI highlights that portfolio performance has begun to plateau, driven by moderately satisfactory ratings. In the period 2013-2015, overall project achievement, project performance, government performance and rural poverty impact all declined slightly. In addition, based on evaluative evidence, IFAD projects are performing below the Results Measurement Framework targets of the Ninth and Tenth Replenishments of IFAD's Resources (IFAD9 and IFAD10), in particular for efficiency, sustainability of benefits, effectiveness and environment and natural resources management.

Sustainability of benefits and efficiency remain longstanding bottlenecks for project performance, with the lowest means over the period 2007-2015. Efficiency remains the weakest-performing criterion due to inhibiting factors such as high project management costs, frequent staff turnover and implementation delays. Despite improved performance in sustainability of benefits, it is still significantly below the IFAD10 target due to recurrent issues such as the absence of exit strategies, the lack of beneficiary ownership, and limited results at completion.

At the country level, the 2017 ARRI highlights that knowledge management, partnership-building and country-level policy engagement are mutually reinforcing activities that need to complement IFAD's investment projects. While performance in knowledge management has improved, there is a declining trend in partnership-building and country-level policy engagement. Recent evaluations indicate the need to establish strong knowledge management platforms within country programmes; embed non-lending activities in existing country programme processes; and devise strategies that define how knowledge management contributes to partnership-building and, in turn, results in country-level policy engagement.

Raising performance by building on strengths

The 2017 ARRI highlights areas where IFAD can build on its strengths to improve performance from moderately satisfactory to fully satisfactory. The first area is pro-poor targeting strategies. Recent evaluations highlight that good operational performance is linked to well-defined targeting strategies. Although this is an area of strength for IFAD, evaluations found that: (i) poverty analyses at design do

not sufficiently capture the differences among groups of rural poor; (ii) project activities do not often reach all target beneficiaries; and (iii) strategies lack flexibility to adapt to changes during implementation.

Gender equality and women's empowerment is a second area of comparative advantage for IFAD where performance is beginning to plateau. To rise above this trend and contribute substantively to the Sustainable Development Goals, IFAD needs to adopt gender transformative approaches that result in systemic changes in laws, policies, behaviours and government capacities. Thirdly, IFAD needs to continue its recent efforts to strengthen project-level monitoring and evaluation by collecting disaggregated data and evidence on areas of strategic importance such as climate change and food security.

2017 ARRI learning theme:

Financial management and fiduciary responsibilities in IFAD operations

IFAD-financed projects are nationally managed, using national public financial management systems. This means that IFAD needs assurance from borrowers that they meet IFAD's fiduciary standards, especially when it comes to maintaining adequate financial management arrangements. Five major lessons emerge on the drivers of and impediments to the successful management of fiduciary responsibilities:

1. Introducing measures that address weaknesses in institutional and project management capacity, ahead of implementation, reduces unnecessary exposure to financial risk.
2. Managing fiduciary responsibilities through national systems and regulations may entail a trade-off between short-term risks and longer-term sustainability.
3. Effective fiduciary monitoring enhances financial management controls and fiduciary compliance, but does not eliminate risks.
4. Project supervision contributes to fiduciary compliance when it is backed by credible enforcement and matched by effective implementation support.
5. Implementation support diminishes fiduciary control risks, but is limited by high transaction costs.

Key recommendations

- **Raise performance to fully satisfactory:** Build on strengths and address performance bottlenecks such as efficiency to develop a new modus operandi, particularly for project design, to raise performance to satisfactory or better.
- **Transformative gender approaches:** Pursue gender-transformative approaches that address the root causes of gender inequality in order to substantially contribute to the Sustainable Development Goals.
- **Disaggregated evidence:** Improve data granularity for climate change and food security to better monitor performance and improve approaches to these strategic areas of importance.
- **Integrated non-lending activities:** Systematize knowledge management, partnership-building and policy engagement to unlock their potential to scale up country programme results.
- **Rigorous, not rigid, fiduciary compliance:** Extend country differentiation of fiduciary requirements to procurement, while supporting long-term national capacity-building.
- **2018 ARRI learning theme:** Adopt "targeting strategies" to reach the rural poor as the learning theme for the 2018 ARRI.

Further information:

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