

Executive summary

Overview

This tenth Annual Report on Results and Impact of IFAD Operations (ARRI) presents a review of evaluations completed in 2011, with particular emphasis on highlighting what has changed since the first ARRI in 2003. The overall picture that emerges is positive, but with room for improvement, especially in light of the collective aim to transform the organization from generally moderately satisfactory performance to satisfactory, and if possible, even highly satisfactory results in the near future. On the one hand, there is evidence of clear and significant improvement across most of the criteria assessed by evaluations carried out by the Independent Office of Evaluation of IFAD (IOE). But equally, it is evident that a number of important issues identified in the early ARRIs are yet to be effectively addressed.

Performance and trends

Three broad performance trends can be observed from the 2002-2011 project evaluation data. Ratings for two evaluation criteria – natural resources and the environment, and IFAD's performance as a partner – have improved over the decade. A second group of evaluation criteria – sustainability, innovation and scaling up, and two rural poverty impact domains (human and social capital and empowerment, and institutions and policies) – show a marked improvement since 2002-2004, but a more recent decline since a peak in 2006-2008. A final group of evaluation criteria – relevance, effectiveness, efficiency, and the performance of government as a partner – show flat and/or declining performance.

Three other features have not changed over the years. First, a pattern of high project relevance and reasonable effectiveness, but only moderate efficiency and sustainability.

Second, the predominance of moderately satisfactory performance. Just 23 per cent of the 2011 ratings were satisfactory or better. And third, the importance of the country context. Performance in fragile states is markedly lower than in non-fragile states.

Eighteen country programme evaluations (CPEs) have been completed since 2006. These show clear improvement in all three non-lending activities since 2006-2008 – knowledge management, partnership-building and policy dialogue – but little improvement in the last activity since 2007-2009. Notwithstanding improvement in knowledge management, more efforts are needed at the country level, including a larger allocation of dedicated resources for this purpose. Similarly, as underlined in most past ARRIs, it is time for serious efforts to engage more systematically with the multilateral development banks and selected United Nations organizations at the country level, including the Rome-based agencies.

Two priorities stand out in respect of country programmes. Most CPEs reveal that IFAD-supported country programmes are largely a collection of individual investment projects. The first priority is thus for better integration of all IFAD-supported activities, which is critical to scaled-up and sustainable impact. The second priority is for a well-resourced country presence, preferably with more immediately outposted country programme managers, especially in large countries with sizeable portfolios.

Selected project and programme issues

This ARRI highlights six selected issues that remain an important challenge for IFAD-supported operations, with a seventh issue – policy dialogue – as this year's learning theme:

- (i) Sustainability has improved, but remains a problem area.
- (ii) The effectiveness of different targeting strategies, and the distribution of benefits among diverse types of poor people, remain key issues for IFAD.
- (iii) Improving the efficiency of IFAD-supported programmes, and of IFAD's own institutional efficiency, are important and connected challenges.
- (iv) The importance of effective project and programme management was confirmed by the 2011 evaluations.
- (v) Weaknesses in project and programme M&E are evident and important.
- (vi) The performance of recipient governments is one of the most fundamental determinants of success, but has remained more or less unchanged over the past decade. IFAD has only had limited success in conducting effective policy dialogue at the country level.

Benchmarking

External benchmarking of IFAD's performance against that of other agencies is important. This year, the ARRI team made a particular effort to obtain comparable data. Only two development agencies – the World Bank and the Asian Development Bank (ADB) – were found to have datasets that would enable a meaningful and fair comparison with IFAD operations. Analysis of these datasets suggests that the performance of IFAD-assisted operations is considerably better than ADB's in the Asia and the Pacific region since 2000, and broadly similar to World Bank operations globally. Data included in last year's ARRI showed that IFAD-supported operations in Africa performed better than those of the African Development Bank.

Internal benchmarking against the 2005 Independent External Evaluation of IFAD shows that performance has improved in all areas

except relevance, but this may be due to more stringent assessment metrics for this criterion. With regard to commitments under the Results Measurement Framework, the targets for relevance, gender and innovation either have been, or are likely to be, met. However, it is unlikely that the 2012 targets for effectiveness, efficiency, rural poverty impact and sustainability will be met given current trends. Finally, more attention is needed to better the results in West and Central Africa, which is the region where performance is weakest compared with the other regions covered by IFAD operations.

Evolution of the ARRI

IFAD is one of a very small number of development agencies that produce a comparable annual independent evaluation report. This is an important area in which the Fund also distinguishes itself from many other such agencies, and is a clear reflection of the organization's commitment to promoting accountability and learning through independent evaluation work.

The ARRI has changed since it was first produced in 2003, as have the reports produced by IFAD Management. This year's ARRI represents a further evolution in structure and content. Over time, it has become an increasingly robust document, based on a coherent evaluation methodology and analysis, as well as on a sizeable dataset of independent evaluations that makes possible a reliable account of performance.

The ARRI is a unique report, as it provides Management and IFAD Member States with an independent perspective on performance, and identifies lessons and systemic issues that need attention if even greater results in rural poverty reduction are to be achieved. IOE is committed to reviewing and refining the ARRI to ensure its continued relevance and usefulness. In particular, it proposes continuing the shift towards validation of results reported through IFAD's self-evaluation system (e.g. COSOP completion reviews, as well as project completion reports [PCRs]), and towards evaluation for learning.

Recommendations

The 2012 ARRI makes the following seven recommendations:

- (i) The 2013 ARRI should have two learning themes: (a) an examination of successful and unsuccessful projects in diverse country categories, with a special emphasis on fragile states and middle-income countries; and (b) analysis of the role of governments and of efforts the Fund could deploy to strengthen government performance in the context of IFAD-assisted activities.
- (ii) Future ARRI should track and report on performance in those evaluation criteria (i.e. relevance, effectiveness, efficiency and government performance) for which performance has been flat or declining since 2002.
- (iii) IFAD Management should pay special attention to improving the quality and usefulness of PCRs.
- (iv) Efforts should be made to improve performance in policy dialogue at the country level.
- (v) A dedicated slot should be allocated at the first session of future consultations on the replenishment of IFAD's resources, beginning with the Tenth Replenishment of IFAD's Resources in 2014, for IOE to make a presentation of the most recent ARRI available at the time.
- (vi) The ARRI should be considered as one of the first agenda items in December sessions of the Executive Board, prior to Board discussion of the Fund's annual programme of loans and grants and the administrative budget for the subsequent year.
- (vii) Follow-up to and implementation of these recommendations will be reported on by IFAD Management

through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, in accordance with past practice.