Evaluation of IFAD's Regional Strategy for Asia and the Pacific

July 2006
Evaluation of IFAD’s Regional Strategy in Asia and the Pacific (EVEREST)

Corporate-level Evaluation

July 2006
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# Evaluation of IFAD’s Regional Strategy in Asia and the Pacific (EVEREST)

## Corporate-level Evaluation

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* All annexes are available from IFAD’s Office of Evaluation - evaluation@ifad.org.
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<th>Description</th>
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<td>ACP</td>
<td>Agreement at Completion Point</td>
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<td>ACPM</td>
<td>Associate Country Programme Manager</td>
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<td>ADB</td>
<td>Asian Development Bank</td>
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<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
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<td>ANR</td>
<td>Agriculture and Natural Resources</td>
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<td>ARRI</td>
<td>Annual Report on Results and Impact</td>
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<tr>
<td>ASEAN</td>
<td>Association of South East Asian Nations</td>
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<td>CAS</td>
<td>Country Assistance Strategy (World Bank)</td>
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<td>CCA</td>
<td>Cross-Country Analysis</td>
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<td>CI</td>
<td>Cooperating Institution</td>
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<td>COSOP</td>
<td>Country Strategic Opportunities Paper</td>
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<td>CLP</td>
<td>Core Learning Partnership</td>
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<td>CPA</td>
<td>Country Programme Analysis</td>
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<td>CPE</td>
<td>Country Programme Evaluation</td>
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<tr>
<td>CPIA</td>
<td>Country Policy and Institutional Assessment (World Bank)</td>
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<td>CPM</td>
<td>Country Programme Manager</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>CSP</td>
<td>Country Strategy and Programme (ADB)</td>
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<td>CWP</td>
<td>Country Working Paper</td>
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<tr>
<td>DFID</td>
<td>Department for International Development (UK)</td>
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<tr>
<td>DFR</td>
<td>Draft Final Report</td>
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<td>DPPR</td>
<td>Divisional Portfolio Performance Review</td>
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<td>DSPP</td>
<td>Direct Supervision Pilot Programme</td>
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<td>DRR</td>
<td>Desk Review Report</td>
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<td>ENRAP</td>
<td>Programme for Electronic Networking for Rural Asia/Pacific Projects</td>
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<td>EREVEST</td>
<td>Evaluation of IFAD’s Regional Strategy in Asia and the Pacific</td>
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<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<td>FPPP</td>
<td>Field Presence Pilot Programme</td>
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<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<td>HQs</td>
<td>Headquarters</td>
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<td>HRM</td>
<td>Human Resources Management</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>IDA</td>
<td>International Development Agency</td>
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<td>IEE</td>
<td>Independent External Evaluation of IFAD</td>
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<td>IFI</td>
<td>International Financial Institution</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GNI</td>
<td>Gross National Income</td>
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<td>LGS</td>
<td>Loans and Grants System</td>
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<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>MTR</td>
<td>Mid-term Review</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>NRM</td>
<td>Natural Resources Management</td>
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<td>OE</td>
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<td>PAR</td>
<td>Project at Risk</td>
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<td>PBAS</td>
<td>Performance Based Allocation System</td>
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<td>PCR</td>
<td>Project Completion Report</td>
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<td>PD</td>
<td>Project Director</td>
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<td>PDFF</td>
<td>Programme Development Financing Facility</td>
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<td>PDT</td>
<td>Project Development Team</td>
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<td>PES</td>
<td>Performance Evaluation System</td>
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<td>PI</td>
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PICs Pacific Island Countries  
PMD Programme Management Department  
PNG Papua New Guinea  
POWB Programme of Work and Administrative Budget  
PPMS Project and Portfolio Management System  
PRSP Poverty Reduction Strategy Paper  
PSR Project Status Report  
PT Technical Services Division  
RIMS Results and Impact Management System  
SAARC South Asian Association for Regional Co-operation  
SIDS Small Island Developing States  
SIDA Swedish International Development Agency  
SWAPS Sector Wide Approaches  
TAG Technical Assistance Grant  
TRC Technical Review Committee  
UN United Nations  
UNDAF United Nations Development Assistance Framework  
UNDP United Nations Development Programme  
UNIFEM United Nations Fund for Women  
UNOPS United Nations Office for Project Services  
USAID United States Aid for International Development  
USD United States Dollars  
TOR Terms of Reference  
WFP World Food Programme  

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Evaluation of IFAD’s Regional Strategy
in Asia and the Pacific
(EVEREST)

Corporate-level Evaluation

Agreement at Completion Point

I. INTRODUCTION

1. The Office of Evaluation (OE) undertook the evaluation of IFAD’s Regional Strategy in Asia and the Pacific (EVEREST) in 2005/2006. The full EVEREST report was finalized in July 2006.

2. A regional workshop was co-organized by OE and the Asian Development Bank (ADB) in Manila on 28-29 June 2006 to discuss the main findings and recommendations from the evaluation. The workshop, attended by senior government officials, representatives from international organizations, civil society and research institutions, IFAD management and staff and others, also provided inputs for the preparation of this Agreement at Completion Point (ACP).

3. The ACP illustrates an understanding of the key evaluation findings and recommendations, proposals to implement them and a commitment to act upon them. Section B of the ACP includes the main evaluation findings, and section C contains recommendations agreed by the IFAD management.

II. MAIN EVALUATION FINDINGS

4. The evaluation of IFAD’s Regional Strategy in Asia and the Pacific illustrates that portfolio performance in the region has been good, especially as compared to the IFAD-wide ratings reported in the Annual Report on the Results and Impact of IFAD Operations. But concerns remain about targeting and sustainability, which the evaluation recognizes as areas in need of improvement.

5. Moreover, the EVEREST concludes that portfolio performance and overall results and impact could have been even greater if better business processes were in place. For example, changes to key aspects in the project and programme cycle would be beneficial, for instance, by giving more responsibility to the countries for project design (in fact, the management would need to review the current project cycle to allow countries, in selected cases, to take the lead in project formulation) and introducing a thorough annual review of country programmes and projects/programmes to improve effectiveness, rather than waiting for the mid-term review. Moreover, a more effective approach to human resources and budget management (e.g., by ensuring that country programmes are allocated according to staff experience, skills and competencies or earmarking sufficient budgets for implementing key aspects of the Regional Strategy, such as policy dialogue and impact assessment) and creating incentives for knowledge management with stronger linkages to and from the field, including a more systematic use of evaluation results, are likely to contribute to enhanced results.

6. Performance and efforts in building strategic partnerships with key institutions, in mobilising co-financing and counterpart funds, the promotion of innovations, policy dialogue, and IFAD’s participation in donor co-ordination and harmonisation have been overall weak. The evaluation observed that various initiatives have been taken in these areas since mid-2004.

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This annual report is prepared by OE and discussed with the IFAD management, the Evaluation Committee and the Fund’s Executive Board. It provides an overview of the Fund’s performance and impact based on evaluations undertaken by OE, and includes lessons learned and recommendations that are of IFAD-wide importance.
7. In sum, results have been good in terms of portfolio performance and impact, which is IFAD’s traditional area of business. But, there is no room for complacency, given the size and complexity of rural poverty in the region, which IFAD wants to help reduce.

III. RECOMMENDATIONS AGREED UPON BY IFAD

8. There is a clear need for IFAD to develop a new Regional Strategy for Asia and the Pacific for a specific period, which would guide the formulation of country strategies and overall operations in the region. The Regional Strategy would both serve as a platform for co-operation and partnership between IFAD and the countries of the region as well as an accountability framework for IFAD and the Asia and Pacific division. The EVEREST makes five specific recommendations described in the following sections.

Recommendation 1: Development of a New Regional Strategy

9. The strategy should be developed in close consultation with the countries of the region, and become a platform for development co-operation and partnership between IFAD and these countries. It should also be used as the basis for defining partnerships with major institutions and development agencies that are active in agriculture and rural development in the region. And, the Fund would benefit more broadly if the strategy takes into consideration sub-regional perspectives, and builds upon the concerns of the variety of countries in the region, that is, both its borrowing and non-borrowing member states.

10. A full costing and a thorough analysis up front of the resource levels required to meet the objectives of the strategy should be a prerequisite. In order to gain from the views and knowledge of others, it would be advantageous for IFAD to establish external and internal peer review panels during the preparation of the strategy\(^2\). The strategy should indicate how it would retro-fit the ongoing country strategies and operations to ensure that IFAD resources are used most effectively and in alignment with the new Regional Strategy. The new Regional Strategy should serve as a management tool for IFAD. In this regard, the strategy should include a results framework and provisions for a mid-term review. Its implementation should be monitored and evaluated.

11. The directions in the new strategy should be determined following robust analysis of rural poverty and key subsectors in the region. An analysis of emerging opportunities and threats as well as IFAD weak and strong points including a detailed study of the role and focus of other major players in agriculture and rural development, should lead to the development and assessment of alternative strategic options before the most promising directions are finally selected – a process that was squarely missing in the development of the 2002 Regional Strategy.

12. It is recommended for IFAD to extend its work in geographic areas where there is a serious opportunity to promote innovations that have the potential of being replicated and up scaled by other partners, in particular by both the government and donors. This requires, inter alia, a comprehensive institutional analysis upfront to ensure that IFAD is able to identify partners who are committed to similar objectives and have the ability to replicate and up-scale innovations. Moreover, what is of paramount importance is for the Fund to build on its experience and comparative advantage, as well as focus on supporting those most in need, who are being largely bypassed by the development efforts of others. Another crucial consideration is to assess thoroughly the overall governance framework and policy environment of the geographic areas within a country where IFAD plans to allocate its resources.

\(^2\) For example, it would be worthwhile to include a representative from another IFAD regional operations division in the internal peer review panel.
13. In addition, to the extent possible and especially in large countries, it is advisable to geographically concentrate IFAD’s assistance, rather than spreading thinly IFAD resources across different parts of the country. This will allow IFAD to develop deeper knowledge and specialization on selected issues and areas, as well as promote greater sustainability.

14. Emphasis to promoting peoples participation and building of grassroots institutions of the rural poor, should be maintained. In this regard, there is need to ensure a better balance between empowerment and social capital formation on one hand and income generating opportunities (both from farm and off farm sources) on the other. Greater attention is required in promoting better gender equity and addressing evolving gender relations as a result of women’s advancement.

15. IFAD should maintain a strategic focus on indigenous people, tribal people and ethnic minorities in Asia and the Pacific. However, the EVEREST underscores that, while focusing on such communities, a broader inclusive approach is necessary to targeting also to ensure that other rural poor living in the same project area play a constructive role in the development operation under consideration.

16. As other areas that require priority attention, fraud and corruption needs to be tackled explicitly as an overarching theme, throughout the country programmes and also at the policy level in close cooperation with other international development organizations and in consultation with governments, within the broad framework of IFAD’s Anti-Corruption Policy.

17. Likewise, attention to addressing HIV/AIDS issues would seem a must for IFAD in a region where the number of people affected is large and increasing. IFAD’s contribution should naturally be complementary to the work of others, and in particular, the Fund should only operate in those areas where a gap might exist.

18. Building on its experiences, decentralization needs support which IFAD can provide, as this would bring development planning and resource allocation closer to rural poor. In this regard, for IFAD, decentralization should not be considered an aim in itself, but serve as an instrument to enhance the effectiveness of rural poverty reduction programmes. Among other issues, in its future efforts in promoting decentralization, IFAD should ensure that local elected officials and bodies are duly considered given their central role in development matters at the local level.

19. Greater attention than in the past needs to be devoted to the environment and natural resources management where performance is weak, as well as to engaging proactively the private sector in IFAD operations, on which an IFAD policy has been recently adopted by the Board. Finally, the livestock and rural infrastructure subsectors deserve more attention, given that they constitute important components of IFAD operations not adequately included in the 2002 strategy.

20. Other integral aspects for the new Regional Strategy to consider are contained in recommendations two to five.

21. **Implementation time frame:** The new Regional Strategy should be presented to the Executive Board by the end of 2007.

**Recommendation 2: Strengthen Strategic Partnerships and Policy Dialogue**

22. Building on recent initiatives implemented by the Division, the EVEREST recommends that the strategic compact with the ADB and the World Bank be developed, given the increasing attention and investments of these IFIs to the agriculture and rural development sectors. The evaluation recommends that both the PI and IFAD senior management should be closely involved in the development, implementation and review of such a strategic compact. The partnerships would, among other issues, pay attention to co-operation in the areas of policy dialogue and the replication and upscaling of successful innovations promoted by IFAD. Enhanced co-operation and harmonization
with the other two Rome-based UN agencies (especially with the FAO, as per the Agreement Establishing the Fund) and selected bi-lateral aid agencies should also be considered, for example, in terms of project design and knowledge sharing.

23. Enhanced partnership with governments in the region is crucial as well. For this, IFAD must ensure that its country strategies and operations are firmly anchored in key national strategies and plans for rural poverty reduction. It is, however, important that IFAD work towards engaging a broader range of government institutions, in order to benefit from the variety of technical expertise, skills and experiences available at the country level. Further efforts need to be invested in increasing government counterpart funding in IFAD operations, as this would be one way of generating added ownership, responsibility and sustainability.

24. Private sector engagement needs to be improved in IFAD operations. This is particularly important in areas related to microfinance (such as by establishing linkages with commercial banks), processing and marketing of farm and non-farm produce, but also in the supply of technical assistance to project implementing agencies (for instance, in setting up and training project staff in monitoring and evaluation systems, in provision of extension advice or undertaking project supervision and implementation support). Strengthened partnership is also needed with civil society and the NGO community be it for advocacy on policy issues, social mobilization or capacity building purposes.

25. Finally, it is imperative that policy dialogue is approached in a more systematic manner, anchored in IFAD’s operational experiences from the field. Policy dialogue objectives need to be set in a realistic manner, and specific human and financial resources allocated for the purpose. IFAD policy dialogue efforts should also be undertaken in partnership with similar initiatives by other partners, including international organizations. A clear policy dialogue agenda should be articulated, with indicators that will allow to monitor implementation progress and evaluate the corresponding achievements. The role and responsibility of IFAD field presence staff in advancing IFAD’s policy dialogue objectives must be clarified, and policy dialogue should be included as a criterion for the year-end performance assessment of staff as well as the field presence.

26. **Implementation time frame:** The strategic compacts with the ADB and the World Bank will be developed by mid-2008. Policy dialogue and partnership strengthening indicators would be developed and included in the performance evaluation system of staff.

**Recommendation 3: Enhance Ownership, Accountability and Learning through Programme Cycle Management**

27. IFAD should identify appropriate partners through institutional assessments as early as possible in the project design process. The selected implementation partner must designate the project director and a core team to work on the project design process on an agreed time basis to the maximum extent. Partner countries should be granted greater responsibility for project design, and in this regard, IFAD should explore the opportunities for entrusting countries with responsibilities for project formulation, where appropriate., whereas IFAD should continue to be responsible for project appraisal.

28. Regardless of any changes that might be made in the project design process, problems and lessons that emerge during implementation should be addressed on a regular basis and not kept pending until the mid-term review, which is often a turning point in the development effectiveness of the project. One option for IFAD and its implementing partners would be to conduct joint annual reviews, agree on course corrections, and prepare the annual work plan and budget accordingly. Greater attention and resources should be devoted to project level monitoring and evaluation systems not only for this reason but also, more specifically, for improving impact assessment and reporting, and contributing more broadly to the Division’s knowledge management objectives.

29. **Implementation time frame:** Starting from 2007, IFAD would: (a) explore opportunities in selected countries entrusting governments the responsibility for project formulation; and (b) ensure
the undertaking of comprehensive annual reviews in all ongoing operations not having reached implementation mid-point.

**Recommendation 4: Improve Impact through Better Targeting and Sustainability**

30. The EVEREST recommends that IFAD should develop a clear and comprehensive approach that would guide IFAD and its partners in: (a) the selection of project areas within a given country; (b) the selection of beneficiary communities within a project area; (c) targeting of individuals within a community; (d) matching the interventions to the targeting approach; and (e) regular monitoring and reporting on targeting issues.

31. Issues of sustainability need to be addressed, for which a range of measures including the following should be considered: (i) an exit strategy should be developed in every project at an early stage; (ii) technical standards that are employed in service delivery and infrastructure development should be reviewed, and determine whether the rural poor can operate and sustain project interventions with the financial, social and human capital that is available to them; (iii) that in many countries, especially where implementation is through government line departments, it may be important to train technical experts in taking a more realistic, less technically demanding and more pro-poor approach to sustainability and (iv) a thorough analysis is required to determine whether agencies charged with operation and maintenance have the capacity to fulfill this aspect of their mandate.

32. **Implementation time frame:** These recommendations would be implemented in full compliance with the IFAD Targeting Policy paper and with immediate effect in all new country strategies and operations financed by IFAD.

**Recommendation 5: Organizational Considerations to Achieve the Objectives of the Regional Strategy**

33. Given the multisectoral nature of IFAD’s work with a strong focus on country programmes, the continued organization on a geographic basis of the core line functions and staff in the Asia and Pacific Division seems appropriate. The Division should deepen both its transversal structure and sub-regional organizational structure including exploring the possibility of establishing sub-regional teams.

34. With regard to the Field Presence Pilot Programme (FPPP), it is recommended that the role, function and relationships of field presence staff with the Division be further clarified, included in the divisional performance management and accountability framework, and accordingly communicated to the main partners at the country level. This includes the countries where IFAD has proxy field presence arrangements. Moreover, as mentioned, a greater delegation of authority to the field presence staff would ensure their better integration in the overall IFAD country team concept.

35. As the work of professional staff and others will evolve, the need for training and staff development becomes pressing. The resources available in the Human Resources Division for programme-related training purposes are limited. PI training needs will need to be fully costed and budgets allocated for its implementation by IFAD, as possible, for its implementation.

36. **Implementation time frame:** These recommendations will be implemented in the course of 2007.

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3 In fact, granting greater “delegation of authority to donors’ field staff” is a key commitment included in the Paris Declaration on Aid Effectiveness.
Evaluation of IFAD’s Regional Strategy
in Asia and the Pacific
(EVEREST)

Corporate-level Evaluation

Executive Summary

I. BACKGROUND

1. The International Fund for Agricultural Development (IFAD) adopted its Regional Strategy in Asia and the Pacific in March 2002, which was the first time that the Fund coherently developed and formally adopted a Regional Strategy. During its session in December 2004, IFAD’s Executive Board decided that the Office of Evaluation (OE) should undertake, in 2005/06, the Evaluation of IFAD’s Regional Strategy in Asia and the Pacific (EVEREST), which would represent the first such type of evaluation conducted by the Fund.

2. EVEREST, which was conducted under the overall provisions of the IFAD evaluation policy, is expected to provide the key building blocks for the preparation of the new Regional Strategy in Asia and the Pacific that IFAD plans to present to the Board in 2007.

II. EVALUATION OBJECTIVES AND METHODOLOGY

3. The main objectives of the evaluation were to: (a) assess IFAD’s performance and impact in the region during 1996-2005, with particular reference to the 2002 Regional Strategy in Asia and the Pacific; and (b) develop a series of findings and recommendations that would serve as building blocks for formulating the next IFAD Regional Strategy in Asia and the Pacific. In order to achieve its main objectives, the EVEREST defined the following three key questions that the evaluation would address: (a) What has been the performance and impact of IFAD in the region? (b) Has IFAD made the appropriate strategic choices in the region, including its operational emphases and the choice of niche, instruments, target group, partners, interventions and implementation modalities? and (c) How have IFAD business and management processes influenced performance and impact and the strategic objectives of IFAD in the region?

4. For each of these questions, more detailed questions were formulated and information sources identified by the evaluation team at the outset of the process. In order to facilitate the work of the evaluation team and to ensure that various stakeholders were able to gain an overview of and comment on the main issues being covered by the evaluation, OE prepared a detailed evaluation framework that captured the main questions the evaluation would cover and linked them to each of the three overarching questions listed above.

III. EVALUATION APPROACH AND PROCESS

5. The evaluation approach paper was discussed in two subregional EVEREST launching workshops, one held in Islamabad, and the other in Bangkok, in July 2005. The evaluation benefited from the views and experience of staff in the Asia and the Pacific Division (PI) throughout the process. Discussions were also held with other IFAD staff, including the three Assistant Presidents, various directors in the Programme Management Department, the director and staff in the Office of Human Resources and staff in the Strategic Planning and Budget Division.
6. A two-person senior advisory panel was constituted at the outset of EVEREST, including Professor M. S. Swaminathan and Dr Robert Picciotto. Their role was to provide comments and guidance on the overall evaluation objectives, methodology and process, as well as to review key deliverables generated throughout EVEREST. Their final report is included in this document (see Appendix 4).

7. The evaluation noted that the 2002 Regional Strategy formalized a strategy that IFAD had already been following in the region for a number of years before 2002. Given this, it was decided that the evaluation period for the EVEREST analysis would run from 1996 to 2005.

8. It is important to note that, as a contribution to EVEREST, PI undertook a comprehensive “Self-Assessment of PI Performance in Implementing the Regional Strategy in Asia and the Pacific”. The objective of this self-assessment for IFAD was to take stock of the Fund’s overall experiences in implementing the Regional Strategy. The self-assessment served as a useful input in EVEREST, inter alia, in collecting and analysing data on the alignment of project design with the strategic directions of the Regional Strategy and on cofinancing and counterpart funding.

9. **The five evaluation phases.** The evaluation was organized in five phases. First, an inception phase served to fine-tune the methodology, finalize the selection of countries to be covered, define in detail the workplan and develop the instruments for data collection. Second, a desk review was undertaken in the 12 countries included in EVEREST. More than 25 existing OE evaluation reports were reviewed, and extensive use was made also of the reports prepared during the External Review of the Results and Impact of IFAD Operations (2002) and the Independent External Evaluation of IFAD (2004/05). In addition to the aforementioned, all the IFAD country opportunities strategic papers produced during the evaluation period were reviewed, including the subregional strategies for Central Asia and the Pacific Islands, various country assistance strategies and evaluations of other international organizations, several government documents and so on.

10. Third, the evaluation team undertook country visits to China, India, Pakistan and the Philippines. In addition, the team visited the headquarters of the ADB twice and met with staff in the regional offices of the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Office for Project Services. In all countries visited, the evaluation team also met with senior government officials, representatives of other international financial institutions (IFIs), selected UN organizations represented at the country level (FAO, the United Nations Development Programme (UNDP) and the World Food Programme) and bilateral aid organizations, as well as academic and research institutions, NGOs, IFAD consultants and project staff.

11. Fourth, a meeting was held on 10 May 2006 at the M. S. Swaminathan Foundation in Chennai to discuss the draft evaluation report with representatives of IFAD and selected countries in the region. Fifth, OE co-organized with ADB a regional EVEREST workshop in Manila on 28-29 June. This workshop focused on learning from EVEREST with a view to enhancing the effectiveness of IFAD’s future strategy in Asia and the Pacific and to pave the way for the production of the Agreement at Completion Point for the evaluation.

12. It is important to highlight that the Board approved 68 loan projects in the region during the evaluation period, and the analysis conducted for the country working papers and cross-country analysis extends mainly to 22 of these, plus eight approved before 1996 for which OE evaluations have been completed since 2000. Of the 68 loan projects, 17 are not yet signed or effective, only one

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1 Bangladesh, China, India, Indonesia, Laos, Mongolia, Nepal, Pakistan, Papua New Guinea, the Philippines, Sri Lanka and Vietnam.
2 Prepared on China, India, the Philippines and Pakistan.
of which is included in EVEREST. This means that the evaluation includes 41% of the effective projects approved during the evaluation period. The evaluation also reviewed more than 25 (mainly large) technical assistance grants.

IV. RURAL POVERTY AND AGRICULTURE IN THE REGION

13. **Poverty in Asia and the Pacific.** The Asia and the Pacific Region’s track record in reducing income poverty in the 1990s was impressive. Poverty incidence, using a dollar-a-day standard, declined by about 30% over the decade. In 1990, about 32% of people in the region were living below the poverty line. By 2000, this proportion had come down to 22%. Rural poverty in the region declined from 39% to 28%. The absolute number of the poor also declined, by around 180 million, from 900 million in 1990 to 720 million by the end of the decade. This was achieved in spite of a major financial crisis in 1997 that depressed regional growth and increased poverty incidence.

14. Given continued growth, the Asia and the Pacific Region appears to be on track to meet the Millennium Development Goal for income poverty. However, several countries are likely to be left behind, and others that are likely to meet the target will still have to deal with pockets of poverty. In addition, worsening income distribution patterns are accompanying the economic growth, and the non-income dimensions of poverty have seen much less progress in the Asia and the Pacific Region. In particular, South Asia’s progress in reducing the proportion of undernourished children, expanding immunization coverage, increasing the number of births attended by skilled health staff, and combating HIV/AIDS has also been slow. These problems reflect a parallel lag in the progress made towards the gender equality and empowerment goal within this subregion.

15. **Agriculture in Asia and the Pacific.** Although the agriculture and rural sectors in the region continue to grow, the sectors are declining in relative importance in Asia, both in terms of their contribution to GDP and their share of the labour force. Urbanization is increasing, and farm households are diversifying their sources of income beyond agriculture. This relative decline of agriculture is inevitable in countries that experience economic growth, which has been widespread in the region. Nevertheless, more than half the economically active population is still involved in agriculture in the region, and agricultural employment is especially important among the livelihoods of the rural poor. In addition, agriculture remains a major sector in nearly all Asian economies even before adding the value generated through downstream processing. Agriculture also serves as a buffer and a safety net by providing employment in the face of large economic shocks, such as the financial crisis in 1997–98.

16. The importance of agriculture to the macroeconomy, the labour force and the rural poor suggests that investment in agriculture should continue. Indeed, studies in China and India have shown that, dollar for dollar, agricultural research has historically been one of the most effective means of government spending to reduce poverty. Other research has shown that agricultural growth in Asia is typically more pro-poor than growth in other sectors. Unfortunately, public funding for agriculture is declining in many countries, although there are notable exceptions, such as China. Furthermore, much of the funding for agriculture often goes to subsidies that are not targeted on the rural poor, instead of being allocated for activities that increase productivity.

17. In sum, the Asia and the Pacific Region is home to many of the world’s most dynamic economies, but it is also home to a majority of the world’s poor. Domestic agriculture provides the bulk of food for the poor in both rural and urban areas, and it is a key provider of jobs in rural areas, where the majority of the poor live. In order to promote agricultural development and growth, deeper attention and more resources will need to be invested in the agriculture sector by governments and the international community so as to ensure that rural poverty does indeed become history.

18. **The role and experiences of other IFIs and UN organizations in the region.** Both ADB and the World Bank have increased their attention on and their investments in agriculture and rural development in 2005 and 2006. ADB issued a new poverty reduction strategy at the end of 2004,
while the World Bank developed a global rural development strategy in 2002, as well as two subregional strategies for South Asia and East Asia-Pacific shortly before that.

19. Numerous evaluations examined by the EVEREST team had been prepared by the respective independent evaluation offices of ADB and the World Bank. ADB notes that high performance and impact are difficult to achieve in the agriculture and rural sectors relative to other sectors for a variety of reasons, including complexity in project design, overoptimistic project objectives and inadequate beneficiary participation. The Annual Evaluation Review of ADB (2005) mentions that there is a low probability of success in agriculture and natural resource projects. In comparison, however, according to the 2004 Annual Review of Development Effectiveness of the World Bank, close to 85% of the World Bank’s operations globally showed satisfactory outcomes in the agriculture and rural sectors from 2000 to 2004, up from around 75% between 1995 and 1999, with operations in all sectors in Asia and the Pacific performing better than operations in other regions. Interestingly, according to the World Bank, the general perception that rural projects are riskier is not supported by the Bank’s quantitative data analysis.

20. FAO has a regional strategic framework for 2004-06 for Asia and the Pacific, which puts food security and small farmers at the centre of its regional priorities. FAO does not produce a report providing an overview of the organization’s development effectiveness and has not undertaken any evaluation of its Regional Strategy in Asia and the Pacific. The UNDP has a Regional Cooperation Framework (2002-06) for Asia and the Pacific, in which agriculture or rural development is not a thematic priority. However, the UNDP does focus on promoting gender equality and tackling HIV/AIDS. Although it produces a development effectiveness report, given the nature of its mandate and operations, comparisons with the UNDP may not prove to be of much significance to IFAD.

V. IFAD’S STRATEGY IN ASIA AND THE PACIFIC

21. Strategy preparation process, coverage and format. The process leading up to the development of the strategy was not clearly defined, nor did the preparation include the active participation of persons from all subregions and countries across Asia and the Pacific. The strategy document did not clearly articulate its purpose and intended audience. Moreover, in spite of the dissemination efforts, important partners in the region at the country level and other key development organizations, such as ADB, conveyed to the EVEREST team that they were not familiar with the IFAD Regional Strategy.

22. However, feedback from IFAD staff, the Executive Directors and others highlighted the usefulness of the document as a reference point for the development of country strategies and operations, as well as for general communication purposes. That said, the evaluative content of the document is weak, as it does not refer adequately to operational experiences or the extensive range of lessons learned generated through OE evaluations. Moreover, it does not include a results framework or a timeline and lacks consideration of the issue of retrofitting ongoing country strategies and operations so as to bring them into conformity with the Regional Strategy. A full costing of the strategy, including human resources and organizational issues, was left out entirely.

23. Nor does the strategy articulate how it would engage donors and non-borrowing country partners in the region, and it does not sufficiently consider the diversity of the subregions in Asia and the Pacific. In sum, the Regional Strategy does not serve fully as an effective management tool.

24. Relevance of the strategic directions of the Regional Strategy. Three of the five strategic directions covered in the document are considered relevant both at the time of the strategy’s development and in the context of today’s development challenges and opportunities for rural poverty reduction in the region. The development of indigenous peoples, enhancing the capabilities of women and building coalitions of the poor are appropriate as IFAD’s strategic directions in Asia and the Pacific. However, in light of IFAD’s overarching mandate to promote replicable innovations, its experience and knowledge, and the role of other development organizations, the EVEREST team
believes that the development of less favoured areas and enhancing peace for poverty reduction should be reconsidered as strategic directions. The following sections underline some of the key reasons for the findings mentioned in this paragraph.

25. It is known that large numbers of indigenous peoples are living in the region. These peoples are among the most impoverished and disadvantaged parts of society, and they require special attention and assistance. IFAD has many achievements to highlight in supporting indigenous peoples in Asia and the Pacific. However, while focusing on indigenous peoples, IFAD must also find ways to support other rural poor people living in the same project and programme areas. According to the EVEREST team, this strategic direction, along with the above qualifications, was and remains pertinent for IFAD in the region. This is so because governments and donors alike expect IFAD, given its accumulated experiences, successes and comparative advantage, to take the lead in addressing rural poverty among indigenous peoples. This would also be consistent with and contribute to furthering IFAD’s commitment in relation to the Paris Declaration on Aid Effectiveness, which states that “Donors commit to make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programme, activities and tasks”.

26. EVEREST finds that the emphasis devoted in the Regional Strategy to enhancing the livelihoods of rural women was equally appropriate. For example, women in the region have suffered and, generally, continue to suffer from heavy workloads both at home and in support of family incomes, less nutritional intake than other family members, limited access to assets such as land and housing, domestic violence and lower levels of education. They continue also to have a limited role relative to men in key decision-making processes, especially, but not only in formal institutions and political bodies at all levels. That said, the EVEREST team notes that more attention should have been devoted to gender roles and relations, that is, the consequences produced by the attention on women’s development in terms of the overall social and cultural fabric need greater analysis and consideration.

27. Building coalitions of the poor, including the mobilization and participation of poor people in projects and programmes, is at the centre of IFAD’s strategy and operations in the region. It is an underlying condition for achieving results and sustainability. This is so within today’s context as much as it was so in 2002 at the time when the Regional Strategy was adopted. The Fund has generally been quite successful in social mobilization, promoting participation and contributing to building grass-roots institutions throughout the region. Many good examples can be cited. At the same time, there are three specific points that need consideration. First, various evaluations have found that greater attention needs to be paid to understanding the types and capabilities of existing institutions at the local level. Second, while emphasis on social mobilization, people’s participation and training and on grass-roots institution-building is important in empowering the rural poor, the EVEREST team found that, in many instances, this objective needs to be better integrated with agricultural and non-agricultural productive activities that can contribute to raising incomes. Third, various evaluations call attention to the fact that governments are not always the most appropriate channel for promoting participation, especially in the remote geographical areas covered by IFAD operations. In addition to the above, EVEREST notes that building coalitions of the rural poor has been difficult in some cases, partly because processes to link groups or form associations are not sufficiently well defined in the project designs.

28. Focusing on the development of less favoured areas, another strategic direction, is a topic that requires careful reflection. Selecting less favoured areas as a precondition to IFAD’s assistance could compromise what EVEREST sees as IFAD’s central mission: the promotion of innovative approaches to rural poverty reduction that can be replicated and scaled up by others. Less favoured and, especially, remote and marginalized areas are not always a priority for governments and donors, and finding partner institutions that have a track record in innovations and in working in such geographical locations is therefore challenging. Furthermore, less favoured areas are often characterized by poor soils, a harsh climate, weak institutions and limited marketing opportunities. As
a result, they may have limited agricultural development potential. Thus, they may represent major risks and limited rewards for the IFAD operations focused on agricultural innovation. On the other hand, it is undeniable that some of the poorest people, including many indigenous people, are living in the less favoured areas, and one might argue that it is IFAD’s mandate to contribute to livelihood development among such people not only as a solo agent, but also by demonstrating to other donors that there are ways to assist the poorest even if they are living in the harsh conditions of less favoured areas. Such a policy stance would help in the reduction of regional inequalities. In turn, more equitable distribution of the benefits of growth may yield a reduction in conflicts. On balance, according to EVEREST, investment in less favoured areas should have a place in IFAD’s lending priorities, but an exclusive focus on such areas should not determine where IFAD should work within a given country. Rather, IFAD should channel its assistance to those parts of a country where the operating environment is conducive to promoting innovative approaches to agricultural development and rural poverty reduction with a view to their replication and scaling up by others.

29. The fifth strategic thrust, enhancing peace for poverty reduction, is innovative and bold, given that numerous countries were faced with serious problems of civil unrest and that these problems had not been factored into the strategies of other donors. However, it was not possible for the EVEREST team to assess IFAD’s effectiveness in pursuing this policy direction since few projects funded by IFAD in the region focused on peace building. Thus, the self-assessment report prepared by PI notes that only 3% of lending following the adoption of the Regional Strategy was assigned to enhancing peace for poverty reduction. This limited involvement can be traced to a host of constraints on IFAD’s capacity to operate in insecure environments. Recently, the development community has begun to give higher priority to peace building activities, including greater support for fragile states, so that IFAD may be called upon to play a pioneering role in peace building, e.g., in community-based projects geared to the reintegration of former combatants into the rural economy. Hence, the question arises whether IFAD should gear up with adequate capacity to work in conflict-ridden and conflict-prone areas, and whether, in this context, it should begin nurturing alliances with development and humanitarian organizations better equipped and specifically mandated to focus on this important theme. Until this policy shift takes place, a key message of the Chennai workshop (“IFAD cannot do everything and needs to be selective in addressing rural poverty”) will remain relevant.

30. **Other issues related to strategic directions.** The importance attributed to microfinance as an overarching feature in the Regional Strategy is highly relevant, and the results have been positive even though there is room for improvement in targeting the poor and building the sustainability of grass-roots institutions involved in microfinance. However, the strategy did not consider adequately a number of other development issues. First, the centrality of promoting innovations and having demonstration effects for replication and for purposes of scaling up through IFAD-funded operations was not given due treatment. This issue is important throughout the region, but even more so in the larger economies, where IFAD financial resources are not the only attraction available to borrowing countries.

31. In addition, the strategy, surprisingly, paid limited attention to rural infrastructure and the livestock subsector, which are important subsectors in the region. The issue of how IFAD might complement the work of the main institutions combating HIV/AIDS was not covered. Likewise, in spite of the good experiences in various countries, the Regional Strategy paid limited attention to decentralization and failed to address corruption seriously both at the time of the development of the strategy and following the approval of IFAD’s anticorruption policy. The role of the private sector, migration and remittances, their effects on the rural economy and ways in which the Fund could cost-effectively engage in the Pacific Islands were also not covered.

32. **Alignment of the country strategic opportunities papers and operations with the Regional Strategy.** By and large, the country strategies and projects formulated by IFAD are in line with the main elements of the Regional Strategy. Depending on the country strategy or project objectives, there is a stronger focus on some strategic directions than others. However, as mentioned elsewhere above, only one country strategy and very few operations have focused on enhancing peace for
poverty reduction. Loan resources have been, by and large, allocated in line with the main priorities of the strategy, which are separate from the area of enhancing peace for poverty reduction.

VI. ASSESSMENT OF RESOURCE ALLOCATION AND RESULTS

33. **Resource allocation.** Since its establishment, IFAD has provided around USD 2.8 billion to 21 countries in the region in the form of loans. During the evaluation period, IFAD loans in the region stood at around USD 1.2 billion through 68 projects and programmes. This represents 41% of the commitments and 37% of the projects approved for the region since IFAD was established in 1978. Total project and programme costs during the evaluation period were nearly USD 3 billion, and all lending since 1998 has been on highly concessional terms.

34. According to the regional lending allocations established by IFAD in 1994, the share of Asia and the Pacific Region was set at about 31% of the total for IFAD. Before the introduction of the performance-based allocation system (PBAS), PI worked out country-level allocations largely on the basis of precedent. Seen in conjunction with the current regional shares, these outcomes suggest that, prior to the introduction of the PBAS, IFAD’s actual lending in the Asia and the Pacific Region, as also in other regions, was driven by legacy rather than strategy, except that the addition of new borrowers diluted the share of old ones. These are some of the reasons for the introduction of the PBAS, which is expected to establish a more systematic and transparent resource allocation process.

35. The addition of new borrowers (e.g., Cambodia, Laos and Vietnam) tilted IFAD lending towards East and South-East Asia and away from South Asia. Perhaps the biggest loss was experienced by the Pacific Islands, however; these went from a 2.1% share of the PI portfolio to zero. The introduction of the PBAS is more likely to safeguard the interests of the smallest states if the minimum lending stipulated in the PBAS (USD 1 million per country) is followed. Moreover, because of the weight given to (rural) population in the PBAS, country allocations will shift in favour of South Asia.

36. EVEREST also notes that, within many of the countries in the region, IFAD support and resources are dispersed in various geographical areas, which, inter alia, militates against promoting synergies across the programme at large and limits the Fund’s ability to build deep knowledge on specific rural poverty issues. With regard to grants, the division’s current portfolio includes 47 grants, worth USD 17.3 million, that are divided into large and small grants and also regional and country-specific grants. The reported grant portfolio in the region is inexplicably only about 1.5% of the loan portfolio (excluding the programme development financing facility), which seriously limits the division’s ability to, inter alia, promote innovation, undertake knowledge management and conduct research through grant-funded initiatives. Finally, it is noted that there have been increases in grant allocations recently for partnership building, policy dialogue, and impact assessment.

37. **Cofinancing and counterpart funding.** There has been a drastic reduction in cofinancing in the past four or five years. Cofinancing as a percentage of IFAD lending varied between 65% and 68% in 2001-02 and only 3%-4% in 2003-04. There are various reasons for this, including the organizational decentralization of donor agencies, the increase in the use of other instruments to channel aid (such as sector-wide approaches and budget support) and limited knowledge among potential cofinanciers at the country level of IFAD’s programmes and experiences. Furthermore, there is little management guidance, and the incentives for mobilizing cofinancing are few. The lack of continuity in cofinancing partnerships is also a concern: 35 different partners have cofinanced IFAD projects in Asia since 1978, but only 11 of these were actively cofinancing with IFAD in 2002-05. New cofinancing with ADB and the World Bank has been zero since 2002 (see Main Report, Tables 10 and 11). The level of counterpart funding has also fallen markedly, from 45% of total cost between 1978 and 1995 to 19% between 2002 and 2005.

38. **Project portfolio performance** (see Main Report, Table 3). The ratings of the 14 projects examined in EVEREST show more or less consistently better results than those reported for IFAD as
In 100% of the sample, project objectives are highly or substantially relevant in Asia and the Pacific. In terms of effectiveness, projects in the Asia and the Pacific Region achieved far better results than the projects considered in the ARRI. Some reasons for this include the following: (a) IFAD operations in the region benefit from sounder institutions, well-trained human resources and a relatively favourable policy environment prevalent generally in the region. This is reflected in the high levels of economic growth and relatively good development performance of the region. In fact, the outcomes for projects funded by the World Bank are better in Asia and the Pacific than they are in other regions, and they are above Bank-wide averages. (b) The extensive involvement and quality of NGOs and community-based organizations, as well as the enhanced participation of women in development activities, help explain the higher effectiveness. (c) The project implementation indicators are better relative to those in other IFAD regions, for example, in terms of disbursements and time taken from loan approval to effectiveness. As far as efficiency is concerned, the ratings of projects in the Asia and the Pacific Region are a little better than the ARRI figures. The measurement of efficiency is not facilitated by the unsystematic data collection and infrequent estimates of cost-benefit indicators in IFAD-funded projects.

39. Impact on rural poverty (see Main Report, Table 4). In terms of the impact of projects on rural poverty, it is notable that the EVEREST sample yields higher ratings than the ARRI sample in all but one of the impact indicators (environment and natural resources). A possible reason for this is that 34% of the ARRI sample consists of projects from middle-income countries, where the ARRI has found relatively poor impact in the past. The EVEREST sample does not include any representation of middle-income countries. As noted by the ARRI, policy and institutional environments have a bearing on the rural poverty impact of projects. In this regard, as also indicated above, the Asia and the Pacific Region provides a better-than-average operating environment. Nonetheless, in spite of the good project results and impact, important concerns remain about targeting, innovations, sustainability in general terms and impact on the environment and natural resources in particular. Few ratings are available for policy dialogue, donor coordination and partnership strengthening in the 14 projects covered by EVEREST. However, those available show a generally weak impact in these areas, for example, in Bangladesh and Indonesia, but also in other countries. This is a key constraint on IFAD’s ability to promote innovative approaches to rural poverty alleviation that can be replicated and scaled up by others.

VII. ASSESSMENT OF KEY BUSINESS PROCESSES

40. The EVEREST team assessed a number of business processes that are crucial to ensuring that the implementation of the Regional Strategy is smooth. These processes include overall PI organization, human resources, budgets, knowledge management, project and programme cycle management, policy dialogue, partnership building, and donor coordination and harmonization.

41. Following the adoption of the Regional Strategy, the evaluation found that no particular steps had been taken by the division to reposition its organizational structure and human and financial resources to facilitate the implementation of the strategy. In general, the evaluation notes the need for more systematic management of human and financial resources. For example, a number of vacancy announcements issued for country programme managers have been left unfilled for close to two years, and there is inadequate representation of women and staff from developing countries of the region in the regular professional positions. Due to limited resources, staff had few opportunities for training. The allocation of country programmes has not always been made based on experience, competences and staff skills. Attention is required to the management of consultants. For example, only 20% of consultants are women, and the ratio of PI professional staff to consultants (one to 3.5) is very high, compared to the rest of IFAD, which is around one to one. Finally, field presence staff, as part of the FPPP, have not been sufficiently integrated in the overall activities of the division, and insufficient attention and budgets have been allocated to activities like policy dialogue and partnership building during the overall evaluation period.
42. The division has recently set up Economics and Results teams. Among other useful tasks, the economics team is responsible for undertaking thematic studies on emerging issues, for regional planning and for the production of the new Regional Strategy. The results team is responsible, inter alia, for budget management, the divisional portfolio review and knowledge management. As these teams became fully operational only at the beginning of 2006, it is premature for EVEREST to make meaningful comments on their operations.

43. Country programme managers have responsibility for two or more countries spread across the region. EVEREST believes that this model may not be the most appropriate organizational set-up for country programme management in Asia and the Pacific Region for a variety of reasons. For example, although each country situation is unique, countries within subregions are more likely to face similar issues and opportunities, and, given the vastness and diversity of the region, there are considerable subregional differences. Moreover, the sorts of issues of interest and the cooperation among countries predominantly revolve around subregions. If country programme managers were to focus their work on one subregion, they would contribute to building more specialized knowledge and networks of subregional consultants and partners, and they would reduce administrative costs. Finally, many country programme managers feel that, professionally, they are working alone in their “country-programme-manager silos” with little horizontal communication and support, and, despite the introduction of the country programme teams, there is no concept in PI of subregional teams or managers that could, among other issues, be responsible for a subregion and for supporting, coaching and supervising less experienced country programme managers and other staff assigned to the subregional teams.

44. There have been some useful initiatives to promote knowledge sharing, such as the organization of workshops and exchange visits across countries, as well as the recent introduction of peer reviews. During the evaluation period, the knowledge networking for rural development in Asia/Pacific Region (ENRAP) was one of the key vehicles for knowledge management, in fact, devoting much emphasis on the promotion of information and communication technologies, rather than on learning content related to rural poverty reduction. Also, the division has not made proactive efforts to contribute to and benefit from interdivisional learning, and, broadly speaking, the division has not fully utilized OE evaluation results. Generally, few resources and little time have been allocated to the task, and staff do not appear to have the necessary incentives to engage in knowledge sharing activities. Between the country level and headquarters, the knowledge flows are poor, partly due to weak monitoring and evaluation systems in the projects and the lack of a permanent presence in the field (notwithstanding the recent arrangements set up under the FPPP).

45. Limited ownership and responsibility at the country level among key stakeholders, especially in project and programme design, are an underlying reason for the problems associated with sustainability and are a constraint on even better project performance. The mid-term reviews have proved to be an effective instrument for improving project implementation, but this leads to deferred project effectiveness because important decisions related to potential project redesign are left until the mid-term review exercise, which normally takes place several years after the start of project implementation. The divisional annual portfolio review process has been well implemented, and the attention to self-evaluation processes is increasing.

46. Notwithstanding recent efforts, limited consideration and resources have been devoted to building strategic partnerships and policy dialogue, as well as donor coordination and harmonization. Partnerships and coordination with key institutions, such as ADB, FAO and the World Bank, are weak even though efforts have been deployed recently to redress the situation. While there is evidence of successful policy dialogue in some countries, this was being pursued mainly through project-related processes, rather than the implementation of coherent policy agendas as a distinct non-lending activity. Limitations in staff time and competencies, as well as management guidance, have been constraints in achieving better results in these areas.
VIII. CONCLUSIONS

47. **Overview.** The storyline emerging from the evaluation of IFAD’s Regional Strategy in Asia and the Pacific illustrates that portfolio performance in the region has been good, especially as compared to the IFAD-wide ratings reported in the ARRI. But concerns remain about the systematic promotion of innovations, replication, scaling up, targeting and sustainability, which the evaluation recognizes as areas in need of improvement.

48. EVEREST concludes that portfolio performance and overall results and impact could have been even greater if better business process management had been in place. For example, changes in key aspects of project and programme cycle management would be beneficial, for instance, by giving more responsibility to the country for project formulation and introducing a thorough annual review of projects/programmes to improve effectiveness, rather than waiting for the mid-term review exercise. Moreover, a more effective approach to human resources and budget management (e.g., by ensuring that country programmes are allocated according to staff experience, skills and competencies or by earmarking sufficient budgets to implement key aspects of the Regional Strategy, such as policy dialogue and impact assessment) and the creation of incentives for knowledge management with stronger linkages to and from the field, including a more systematic use of evaluation results, are likely to contribute to enhanced results.

49. Performance and efforts in building strategic partnerships with key institutions, the mobilizing of cofinancing and counterpart funds, the promotion of innovations, policy dialogue, and IFAD’s participation in donor co-ordination and harmonisation have been overall weak. Low achievements in these critical areas reveal the ‘go it alone’ characteristic of IFAD’s operational posture.

50. In sum, results have been good in terms of portfolio performance and impact, which is IFAD’s traditional area of business. But, there is no room for complacency given the size and complexity of rural poverty in the region, which IFAD wants to help reduce.

51. **The Regional Strategy.** The preparation process of the Regional Strategy was not well defined. It was not sufficiently inclusive of all key countries in the region, nor did the strategy document fully meet the requirements to allow it to be used as a management tool (see paragraphs 21 and 23). Even though the purpose and audience of the strategy were not articulated clearly, the document was considered by IFAD staff and others as a useful instrument and as an external communication vehicle.

52. According to EVEREST, the main directions covered in the strategy are mostly relevant. The focus on indigenous peoples is very important, given the poverty conditions faced by these people and the good results and experience accumulated by IFAD in supporting such communities. Likewise, the emphasis devoted to enhancing the capabilities of women and building coalitions of the poor is appropriate. The Fund has achieved positive results in empowering women, even though greater attention could have been given to analysing gender roles and relations, especially in a context where the role and status of women are constantly evolving. EVEREST found, however, that IFAD has devoted disproportionate attention to social capital formation and capacity-building and much less to enhancing productivity and incomes. Good results were achieved in using microfinance as an instrument for rural poverty reduction, even though there is scope for improving targeting and the sustainability of microfinance activities.

53. IFAD’s main objective in the region is to play a catalytic role in addressing rural poverty issues and assisting those rural poor people and their communities that are marginalized and voiceless. This means that, in terms of geographical focus, the Regional Strategy should identify areas where there is a high incidence of marginalized poor people and where there is a realistic potential for IFAD to promote innovative development approaches, with the ultimate objective of allowing others to replicate them and scale them up, whether in less favoured areas or not. This would, inter alia, require: (a) the actual or potential presence in the selected geographical area of organizations committed to
developing innovative solutions in agriculture and rural development; (b) plausible indications that
the selected geographical area will not be shunned by the government and key donors that have the
capability to replicate and scale up successful innovations tested on the ground; and (c) the
availability of technical packages or institutional innovations that have good prospects of enhancing
agricultural productivity and sustainable livelihoods and that take development experience and
knowledge into account in similar geographical areas and with relevant target groups. Such
operational criteria in defining IFAD’s geographical focus in Asia and the Pacific would facilitate risk
management and allow the Fund to make a difference by investing in those areas where others would
not otherwise venture, while giving a voice to the many voiceless rural poor. Finally, while
recognizing the importance of enhancing peace for poverty reduction, EVEREST concludes that this
is not an area in which IFAD currently has a particular comparative advantage.

54. At the time of preparation, the strategy did not consider adequately several important
development aspects. For instance, it did not address the issue of corruption. Likewise, in spite of the
successful experiences of IFAD in this area in the region, the strategy did not underline the role IFAD
would play in promoting decentralized development. Other important areas not given due treatment
included the way IFAD would engage the private sector in its operations and the specific contribution
IFAD could make in combating HIV/AIDS in collaboration with others (e.g., the Joint United Nations
Programme on HIV/AIDS), for which this would represent a core area of mandate.

55. The strategy surprisingly underemphasized the rural infrastructure, livestock and fisheries
subsectors, to which IFAD has allocated a fair amount of resources (and continues to do so), given
their importance for food security and poverty reduction. The issue of migration out of rural areas and
the impact of remittances on rural economies, as well as the way in which the Fund could engage cost
effectively in the Pacific Islands, were similarly left out of the strategy.

56. **Resource allocation.** There is broad consistency between resource allocation and the five main
strategic directions in the Regional Strategy, even though resources have been spread thinly across
geographical areas within many countries in the region, and, as mentioned elsewhere above, very few
resources had been allocated to enhancing peace for poverty reduction. The division has not made
sufficient use of grants, thereby limiting, for example, its ability to promote innovations and to engage
in policy dialogue processes. Cofinancing declined dramatically during the evaluation period, and
counterpart funding has also been falling over the last decade. Declining cofinancing and the
reduction in counterpart funds have not yet been matched by a corresponding increase in IFAD’s
participation in sector-wide approaches or the mobilization of cofinancing through alternative sources,
such as from the private sector.

57. **Performance and impact.** The ratings on project performance and rural poverty impact in the
region are, in general, consistently better than the IFAD-wide ratings for the same criteria. Part of the
difference in results and impact may be explained by the operating environment and project
implementation in the region, which are generally better than average. However, the ratings on impact
on the environment and the communal resource base are less than half the ones in the ARRI: few
projects in the region make environment a priority. Targeting and sustainability are causes for
concern. IFAD has had some success in policy dialogue. However, the successes have largely been
achieved by addressing policy issues in connection with project design and implementation processes,
rather than by efforts at integrated policy dialogue at the country programme level. Partnerships with
the IFIs and the UN have generally been weak. There are few examples illustrating that IFAD has
engaged in donor coordination and harmonization activities, even though the field presence
arrangements are contributing to a gradual improvement in these areas.

58. **Programme and project cycle management.** One main conclusion is that there is limited
ownership and responsibility at the country level in various phases of the project life cycle. This is
partly due to the way the project cycle is presently organized; IFAD takes the lead in most activities
related to project design. The limited ownership exercised by borrowing countries constrains the
achievement of even greater results and sustainability in the projects supported by IFAD. Moreover,
while the mid-term reviews have proved to be an effective instrument for improving project implementation, this comes relatively late in implementation and leads to deferred project effectiveness because important decisions related to potential project redesign are often left until the mid-term review takes place.

59. **Knowledge management and learning.** Some interesting initiatives were undertaken in knowledge management, such as promoting South-South exchanges and, more recently, the introduction of divisional peer reviews. However, less attention was given to learning from the experiences of other international or bilateral organizations, and no comprehensive approach was defined until 2006 on how knowledge management would be addressed at headquarters, with the required linkages to the field and to others concerned. ENRAP did not focus sufficiently on building up and making relevant knowledge available to key partners. OE evaluation results have not been fully utilized, and there continue to be few incentives, limited time, and few funds to encourage staff to get involved in knowledge management.

60. **Organization, resources and capacity of the Asia and the Pacific Division.** Following the adoption of the Regional Strategy, no major steps were taken to reposition PI’s organizational structure and human and financial resources in preparation for the implementation of the strategy. The timely filling of vacancies might have helped improve gender balance and enhance the representation of developing countries of the region among the staff. The recent creation of the economics and results teams has the potential to add value to the divisional and individual country programmes. However, a number of older problems persist, such as limited opportunities for staff training, the by and largely stand-alone mode of operation of country programme managers, the lack of a broader integration and utilization of the IFAD field presence arrangements, and inadequate budgetary allocations to further non-lending activities, even though added funds have been earmarked for this over the past couple of years.

**IX. RECOMMENDATIONS**

61. There is a clear need for IFAD to develop a new Regional Strategy in Asia and the Pacific for a specific period; it would guide the formulation of country strategies and overall operations in the region. The Regional Strategy would serve as a platform for cooperation and partnership between IFAD and the countries of the region, as well as between IFAD and key regional and subregional organizations. It would also be useful as an accountability framework for IFAD and PI. EVEREST makes five specific recommendations, each one of which is cross-referenced to corresponding sections in the conclusions.

**A. Development of a New Regional Strategy** (see paragraphs 51-55)

62. The strategy should be developed in close consultation with the countries of the region and become a platform for development cooperation and partnership between IFAD and these countries. It should also be used as the basis for defining partnerships with major institutions and development agencies that are active in agriculture and rural development in the region. And the Fund would benefit more broadly if the strategy would build upon the concerns of the variety of countries in the region, that is, both its borrowing and non-borrowing member states, the latter being an important part of the overall enabling environment. Some borrowing countries in the region are particularly interested in gaining access to IFAD’s accumulated knowledge and experiences in rural poverty reduction, in addition to the financial investments of the Fund. The Regional Strategy should state how it would address this requirement as well.

63. A full costing exercise and a thorough analysis of the resource levels required to meet the objectives of the strategy should be a prerequisite up front. In order to gain from the views and knowledge of others, it would be advantageous for IFAD to establish a panel of external peer
4. The strategy should indicate how it would retrofit the ongoing country strategies and operations to ensure that IFAD resources are used most effectively and in compliance with the new Regional Strategy. The new Regional Strategy should serve as a management tool for IFAD. In this regard, it should include a results framework and provisions for a mid-term review, and its implementation should be monitored and evaluated.

64. The directions in the new strategy should be determined following robust analysis of rural poverty and key subsectors in the region. An analysis of emerging opportunities and threats, as well as IFAD’s weak and strong points and a detailed study of the role and focus of other major players in agriculture and rural development, should lead to the development and assessment of alternative strategic options before the most promising directions are finally selected, a process that was squarely missing in the development of the 2002 Regional Strategy.

65. It is recommended that IFAD work in geographical areas where there is a serious opportunity to promote innovations that have the potential of being replicated and scaled up by other partners, in particular, by both the government and donors. This requires, inter alia, a comprehensive institutional analysis up front to ensure that IFAD is able to identify partners who are committed to similar objectives and have the ability to replicate and scale up innovations. Moreover, it is of paramount importance for the Fund to build on its experience, comparative advantage and reputation, as well as focus on supporting those most in need. Another crucial consideration is that the Fund should assess thoroughly the overall governance framework and policy environment of the geographical area within a country where IFAD plans to allocate its resources. In addition, to the extent possible and especially in large countries, it is advisable to concentrate IFAD’s assistance geographically, rather than spreading IFAD resources thinly across different parts of the country. This will allow IFAD to develop deeper knowledge and specialization on selected issues and in selected areas, as well as promote greater development results and sustainability.

66. Continued emphasis on promoting people’s participation and building up grass-roots institutions and coalitions of the rural poor should be maintained. In this regard, there is a need to ensure a better balance between empowerment and social capital formation on the one hand and income-generating opportunities (from both on-farm and off-farm sources) on the other. Moreover, women’s development is considered important in achieving a deeper impact on rural poverty in the region and should be considered a priority in the process leading up to the selection of future strategic directions. In this regard, greater attention is required in the effort to promote better gender equity and address how gender relations are evolving as a result of women’s advancement.

67. Moreover, given the sizeable involvement of IFAD in the sector, the positive results achieved on the ground, IFAD’s thorough understanding of issues affecting development and the continued, widespread poverty among such communities, IFAD should maintain a very special focus on indigenous and tribal peoples in Asia and the Pacific. However, EVEREST underscores that, while focusing on such communities, a broader inclusive approach is necessary to targeting also to ensure that other rural poor living in the same project area play a constructive role in the development operation under consideration.

68. As in other areas that require priority attention, corruption needs to be tackled explicitly as an overarching theme at the project level, but also at the policy level and in close cooperation with other international development organizations and in consultation with governments, within the broad framework of IFAD’s anticorruption policy. Likewise, attention to HIV/AIDS issues would seem to be required in a region in which the number of people affected is large and increasing. However, in this regard, it should be recognized that there are other development organizations at the forefront of HIV/AIDS issues. Hence, IFAD’s contribution should naturally be complementary to the work of

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4 It would be worthwhile to include on the peer review panel a representative of another IFAD regional operations division.
others, and, in particular, the Fund should only operate in those areas where a gap in assistance might otherwise exist.

69. Building on its experiences, IFAD can provide support for decentralization, as this would bring development planning and resource allocation closer to the rural poor. In this regard, for IFAD, decentralization should not be considered as an aim in itself, but it should serve as an instrument to enhance the effectiveness of rural poverty reduction programmes. Among other issues, in its future efforts to promote decentralization, IFAD should ensure that locally elected officials and bodies are examined carefully given their central role in development matters at the local level.

70. Greater attention needs to be devoted to the environment and to natural resource management, where performance is weak, as well as to engaging the private sector proactively in IFAD operations; an IFAD policy has recently been adopted by the Board in this area. Finally, the livestock and rural infrastructure subsectors deserve more attention, given that they constitute important components of IFAD operations that were not adequately included in the 2002 strategy.

71. The following four recommendations are also considered integral to the new IFAD Regional Strategy in Asia and the Pacific.

B. Strengthen Strategic Partnerships and Policy Dialogue (see paragraphs 49 and 56-57)

72. Building on recent initiatives implemented by the division, EVEREST recommends that a strategic compact with ADB and the World Bank be developed, given the increasing attention and investments of these IFIs to the agriculture and rural sectors. The evaluation recommends that both the PI and IFAD senior management should be closely involved in the development, implementation and review of such a strategic compact. The partnerships would, among other issues, pay attention to cooperation in the areas of policy dialogue and the replication and scaling up of successful innovations promoted by IFAD. Opportunities to develop joint agriculture and rural development strategies within the framework of Poverty Reduction Strategy Papers could be explored in selected countries on a pilot basis. Enhanced cooperation and harmonization with the other two Rome-based UN agencies (especially with FAO, per the Agreement Establishing the Fund) and selected bilateral aid agencies should also be considered, for example, in terms of project design and knowledge sharing.

73. Enhanced partnership with governments in the region is crucial as well. Greater country ownership in project design (see paragraph 76) would also lead to greater effectiveness and sustainability. For this, IFAD must ensure that its country strategies and operations are firmly anchored in key national strategies and plans for rural poverty reduction. It is, however, important that IFAD work towards engaging a broader range of government institutions in order to benefit from the variety of technical expertise, skills and experiences available at the country level. More effort needs to be invested in increasing government counterpart funding in IFAD operations, as this would be one way of generating added ownership and responsibility.

74. Private sector engagement needs to be improved in IFAD operations. This is particularly important in areas related to microfinance (such as through the establishment of linkages with commercial banks) and the processing and marketing of farm and non-farm produce, but also in the supply of technical assistance to project implementing agencies (for instance, in setting up and training project staff in monitoring and evaluation systems, in the provision of extension advice, or in undertaking project supervision and implementation support). Strengthened partnership is also needed with civil society and the NGO community be it for advocacy on policy issues, social mobilization, or capacity-building purposes. However, the evaluation experience in various countries has repeatedly highlighted the need to clarify, from the outset, their objectives, roles and responsibilities in order to ensure smooth relations with other project partners.
75. Finally, it is imperative that policy dialogue be approached in a more systematic manner, anchored in IFAD’s operational experiences in the field. Policy dialogue objectives need be to set in a realistic manner, and specific human and financial resources should be allocated for the purpose. IFAD policy dialogue efforts should also be undertaken with similar initiatives by other partners, including international organizations. A clear policy dialogue agenda should be articulated, with indicators that will allow the progress in implementation to be monitored and the corresponding achievements to be evaluated. The role and responsibility of IFAD field presence staff in advancing IFAD’s policy dialogue objectives must be clarified, and policy dialogue should be included as a criterion for the year-end performance assessment of staff.

C. Enhance Ownership, Accountability and Learning through Programme Cycle Management (see paragraphs 48 and 58-59)

76. IFAD should identify appropriate partners through institutional assessments as early as possible in the project design process. The selected implementation partner must designate the project director and a core team to work on the project design process on a full-time basis. Project formulation should be the responsibility mainly of the selected implementing partner, whereas IFAD should continue to be responsible for project appraisal. However, transferring the highly important and time-sensitive formulation process mainly to the implementing partners would leave IFAD facing the risk of not getting projects approved on time. This would be inconsistent with the prevailing situation, wherein staff are rendered accountable for getting loans approved by the Board according to schedules. Therefore, a review of the overall accountability framework in place in the division and in IFAD is required.

77. Regardless of any changes that might be made in the project design process, problems and lessons that emerge during implementation should be addressed on a regular basis and not kept pending until the mid-term review, which is often a turning point in the development effectiveness of the project. One option for IFAD and its implementing partners would be to conduct joint annual reviews, agree on course corrections, and prepare the annual workplan and budget accordingly. Greater attention and resources should be devoted to project-level monitoring and evaluation systems not only for this reason, but also, more specifically, to improve impact assessment and reporting and contribute more broadly to the division’s knowledge management objectives.

D. Improve Impact through Better Targeting and Sustainability (see paragraphs 47 and 52)

78. Within the framework of the forthcoming IFAD targeting policy, EVEREST recommends that IFAD should develop a clear and comprehensive approach that would guide IFAD and its partners in: (a) the selection of project areas within a given country; (b) the selection of beneficiary communities within a project area; (c) the targeting of individuals within a community; (d) the matching of interventions to the targeting approach; and (e) regular monitoring and reporting on targeting issues.

79. Issues of sustainability need to be addressed, for which a range of measures, including the following, should be considered: (i) an exit strategy should be developed in every project at an early stage; (ii) technical standards that are employed in service delivery and infrastructure development should be reviewed, and whether the rural poor can operate and sustain project interventions with the financial, social and human capital available to them should be determined; (iii) in many countries, especially where implementation occurs through government line departments, it may be important to train technical experts to take a more realistic, less technically demanding and more pro-poor approach to sustainability; and (iv) a thorough analysis is required to determine whether agencies charged with operation and maintenance have the capacity to fulfil this aspect of their mandate.
E. Organizational Considerations to Achieve the Objectives of the Regional Strategy
(see paragraphs 48 and 60)

80. Given the multisectoral nature of IFAD’s work and the strong focus on country programmes, the continued organization, on a geographical basis, of the core line functions and staff in PI seems appropriate. However, PI should explore the possibility of reorganizing its staff into an appropriate number of subregional teams. There are several examples of such an approach taken by others, including ADB and the World Bank for their operations in Asia and the Pacific. Within IFAD, the Latin America and Caribbean Division has recently adopted a subregional team organizational set-up, and IFAD’s operations in Africa are managed by three regional divisions focusing on three subregions of the continent.

81. With regard to the FPPP, it is recommended that the role and relationships of field presence staff with the division be clarified and accordingly communicated to the main partners at the country level. This includes the countries where IFAD has proxy field presence arrangements. Moreover, as mentioned, a greater delegation of authority to the field presence staff would ensure their better integration in the overall IFAD country team concept.

82. As the work of professional staff and others evolves, the need for training and staff development becomes pressing. In light of the limited resources available in the Human Resources Division for decentralized training purposes, PI training needs will need to be fully costed, and budgets will need to be allocated for the implementation of the training.

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5 In fact, granting greater “delegation of authority to donors’ field staff” is a key commitment included in the Paris Declaration on Aid Effectiveness.
I. THE EVALUATION AND ITS CONTEXT

A. Background

1. In February 2002, a dedicated roundtable discussion took place during the IFAD annual Governing Council on the draft Regional Strategy Paper for Asia and the Pacific. The discussion allowed IFAD’s Asia and Pacific Division (PI) to benefit from the comments and insights of key partners. Thereafter, the paper was accordingly enhanced and the final version published and adopted by PI in March 2002.

2. The other four IFAD regional operations divisions\(^1\) also adopted their respective regional strategies at the same time and the corresponding documents were published more or less simultaneously, and were discussed in draft format in separate roundtables during the 2002 Governing Council session. It is to be noted, however, that the strategy was not discussed with nor approved by the IFAD Executive Board.

3. This was the first time that IFAD coherently developed and adopted regional strategies. In the past, there were documents capturing PI’s (and the other operational divisions) overall Regional Strategy, but these were mainly for internal purposes and not issued as published documents. Traditionally, a two-three page summary of the broad directions and elements of the PI Regional Strategy, as well as for the other four regional operations divisions, was included in the IFAD annual Programme of Work and Budget Document (POWB), submitted to the Fund’s Executive Board in its December sessions. However, given the evolution of the POWB document and the publication of the IFAD regional strategies in 2002, the write up of each division’s regional strategies is now no longer included in the POWB.

4. During its session in December 2004, while approving the annual work programme for the Office of Evaluation (OE), the Executive Board decided that OE should undertake in 2005-06 the evaluation of PI’s Regional Strategy (EVEREST), which would represent the first such type of evaluation conducted by IFAD. Moreover, during its session in December 2005, the Executive Board decided that it would discuss the findings and conclusions of the EVEREST at its session in September 2006. Before that, as also decided by the Board, the EVEREST will be discussed during the 44\(^{th}\) session of the Evaluation Committee\(^2\).

5. The undertaking of the EVEREST is timely because PI plans to prepare a new Regional Strategy in 2006/7. The EVEREST, which was conducted under the overall provisions of the IFAD Evaluation Policy\(^3\), is therefore expected to provide the key building blocks for the preparation of the new Regional Strategy.

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\(^1\) IFAD operations are organized around five regional divisions, namely Western and Central Africa, Eastern and Southern Africa, Near East and North Africa, Latin America and the Caribbean, and Asia and the Pacific.

\(^2\) The Evaluation Committee is one of the two standing sub-committees of the IFAD Executive Board.

\(^3\) Approved by the Executive Board in April 2003, see document EB 2003/78/R.17/Rev.1.
6. It is useful to recognise that the EVEREST was undertaken in a period of significant change at IFAD. For instance, the Fund underwent its first ever comprehensive Independent External Evaluation (IEE) in 2004, which raised various issues related to IFAD strategies, operations and management processes. The management’s response to the IEE has resulted in the formulation of a detailed Action Plan to Enhance the Development Effectiveness of IFAD, which was approved by the Executive Board in December 2005. Last but not least, the Seventh Replenishment of IFAD’s Resources was completed in 2005 and its corresponding resolution was adopted by the Governing Council in February 2006. These above-mentioned processes, respectively, generated important issues, recommendations and lessons learned, as well as determined priorities, deliverables and targets that the Fund will have to meet in the coming period, which will impact on IFAD’s Strategic Framework, including the Regional Strategies.

7. The Action Plan, and in particular the new operating model, will have important consequences for PI and the other IFAD regional operations divisions. In the context of the next operating model, *inter-alia*, IFAD plans to enhance country presence and bring the centre of gravity of IFAD’s operations closer to the country reality, lay greater emphasis in developing a results-based country opportunities and strategic papers (COSOP), make a more coherent use of the grants programme, undertake direct supervision and implementation support, strengthen its engagement in policy dialogue processes and partnerships, and improve the generation and sharing of knowledge on rural poverty issues. The key concept in the new operating model is the shift of the unit of account from the project to the country programme level. In fact, the Action Plan will not only influence the Regional Strategies through the new operating model. Other aspects of the Action Plan are also expected to influence the Regional Strategies, such as the preparation of the targeting policy, the new Strategic Framework and other Action Plan deliverables.

**B. Evaluation’s Objectives and Methodology**

8. **Objectives.** The main objectives of the evaluation were to:

   (b) Develop a series of findings and recommendations that would serve as building blocks for formulating the next Regional Strategy.

9. Insofar as this evaluation provides building blocks for a future Regional Strategy, it would also contribute to greater strategic relevance, operational effectiveness and development impact of IFAD in the region.

10. **Methodology.** In order to achieve its main objectives, the EVEREST defined the following three key questions for the evaluation to address:

   (a) What has been the performance and impact of IFAD in the region?
   (b) Has IFAD made the appropriate strategic choices in the region, including its operational emphases and the choice of niche, instruments, target group, partners, interventions and implementation modalities?

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4 The EVEREST was conducted under the overall guidance of Mr Luciano Lavizzari, Director of OE; and Mr Ashwani Muthoo, Senior Evaluation Officer, OE, who managed the evaluation process. Mr Muthoo was assisted by the following consultants: Mr Tariq Husain, Mission Leader; Mr Jakob Grosen; Mr Subhash Bhatnagar; Ms Dorothy Lucks; Ms Thuy Thu Le.

5 See paragraph 7 in the Executive Summary for the rationale for the evaluation period used in the EVEREST.
How have IFAD business and management processes influenced performance, impact and IFAD’s strategic objectives in the region?

11. For each of these questions, more detailed questions were formulated and information sources identified by the evaluation team at the outset of the process. In order to facilitate the work of the evaluation team and to ensure that the various stakeholders were able to gain an overview of and comment on the main issues being covered by the evaluation, OE prepared a detailed evaluation framework, which captured the main questions the evaluation would cover and links them to each of the three overarching questions listed in paragraph 8 above. The evaluation framework is found in Appendix 1.

C. Evaluation Approach and Process

12. As per the requirements of the Evaluation Policy, the evaluation process was initiated with the preparation of an EVEREST approach paper. As a novelty, the approach paper was discussed in two sub-regional EVEREST launching workshops, held respectively in Islamabad and Bangkok in July 2005. The workshops provided an opportunity to hear the views and priorities of PI and other stakeholders (such as government officials, project staff, representatives of donor agencies, civil society and others) from the region for the evaluation. They also helped to develop a common understanding of the evaluation’s objectives, methodology, process, timeframes and expected outputs.

13. Likewise, the evaluation benefited from the views and experience of PI staff. A number of meetings were organised throughout the process with the PI division as a whole. This was supplemented by numerous formal and informal bi-lateral discussions and exchanges with most PI staff and its Director. Discussions were also held with other IFAD staff, including the Assistant Presidents for PMD and the Finance and Administration Department (FAD), the Assistant President/Special Adviser on Indigenous Peoples, various PMD Directors, the Director and staff in the Human Resources Division, and staff in the Strategic Planning and Budgeting Division. Discussions were also held with selected Executive Directors.

14. A two-person Senior Advisory Panel was constituted at the outset of the EVEREST, including Professor M.S. Swaminathan (India) and Dr Robert Picciotto (Italy). Their role was to provide comments and guidance on the overall evaluation objectives, methodology and process, as well as to review key deliverables generated throughout the EVEREST. Their final report may be seen in Appendix 4. Moreover, OE undertook a thorough peer review process within the division to improve the evaluation’s overall quality. The peer review team included the Director and Deputy Director of OE.

15. It is important to note that as a contribution to the EVEREST, the Asia and Pacific division undertook a comprehensive “Self Assessment of PI Performance in Implementing the Regional Strategy for Asia and the Pacific”. The objective of this self assessment was for IFAD to take stock of its overall experiences in implementing the Regional Strategy. The self assessment served as a useful input in the EVEREST, *inter-alia*, in collecting and analysing data on the alignment of project design with the strategic directions of the Regional Strategy, and on co-financing and counterpart funding.

16. **The five evaluation phases.** The evaluation was organised in five phases. Firstly, an inception phase served to fine tune the methodology, finalise the selection of countries to be covered, define in detail the work plan and develop the instruments for data collection. Secondly, a desk review was

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6 The Regional Strategy Paper of PI includes five specific Implementation Modalities: (i) New Implementation Focus; (ii) Partnership-Building; (iii) Policy Dialogue; (iv) Knowledge Management; and (v) Impact Assessment. The implementation modalities are discussed further in Chapter III.B.

7 Who was Director of PI from 1997-2002.
undertaken in the twelve countries included in the EVEREST. More than 25 existing OE evaluation reports were reviewed, and extensive use was made also of the reports prepared during the External Review of the Results and Impact of IFAD Operations (2002) and the IEE (2004/5). In addition to the aforementioned, all the IFAD country opportunities strategic papers produced during the evaluation period were reviewed, including the sub-regional strategies for Central Asia and the Pacific Islands, various country assistance strategies and evaluations of other international organizations, several government documents, etc.

17. Thirdly, the evaluation team undertook country visits to China, India, Pakistan and the Philippines. In addition, the team visited the headquarters of the Asian Development Bank (ADB) twice, and met with staff in the regional offices of the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Office for Project Service (UNOPS). In all countries visited, the evaluation team also met with senior government officials, representatives of other international financial institutions (IFIs), selected UN organizations represented at the country level (FAO, the United Nations Development Programme (UNDP) and World Food Programme (WFP)) and bi-lateral aid organizations, as well as academic/research institutions, non-governmental organizations, and IFAD consultants.

18. Fourthly, a meeting was held on 10 May 2006 at the M.S. Swaminathan Foundation in Chennai to discuss the draft evaluation report with representatives of IFAD and selected countries from the region. Fifth, OE co-organised with the ADB a regional EVEREST workshop in Manila on 28-29 June. This workshop focused on learning from the EVEREST with a view to enhancing the effectiveness of IFAD’s future strategy in Asia and the Pacific and to pave the way for the production of the Agreement at Completion Point for the evaluation.

19. It is important to highlight that the Board approved 68 loan projects in the region during the evaluation period, and the analysis conducted for the country working papers extends mainly to 22 of these, plus eight approved before 1996 for which OE evaluations have been completed since 2000. Out of the 68 loan projects, 17 are not yet signed or effective, only one of which is included in EVEREST. This means that the evaluation includes 41% of the effective projects approved during the evaluation period. The evaluation also reviewed more than 25 (mainly large) Technical Assistance Grants (TAGs).

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8 Bangladesh, China, India, Indonesia, Laos, Mongolia, Nepal, Pakistan, Papua New Guinea, the Philippines, Sri Lanka and Vietnam.
9 Prepared on China, India, the Philippines and Pakistan.
D. The Evaluation Report

20. The final evaluation report is organised in seven chapters. Chapter one provides an overview of the background to the evaluation, and defines its overall objectives, approach and process. Chapter two summarises the main rural poverty and agriculture development challenges in the region, and underlines some key aspects of the strategies, operations and experiences of other donors working in agriculture and rural development. In chapter three, an assessment is provided of the Asia and Pacific Regional Strategy in terms of process, content and alignment. This chapter basically addressed the second main evaluation question in paragraph 10. Chapter four addresses the first main evaluation question, as contained in paragraph 10, and summarises the trends in co-financing, and the main results and impact of IFAD operations. In chapter five, an analysis is provided of the core PI business processes, thus relating to third question (c) contained in paragraph 10. The last two chapters present the EVEREST’s main conclusions and recommendations.

II. RURAL POVERTY AND AGRICULTURE IN THE REGION

A. Poverty in Asia and the Pacific\(^\text{11}\)

21. The Asia and Pacific region’s track record in reducing income poverty in the 1990s has been impressive, although the region’s aggregate performance was driven largely by India and China\(^\text{12}\). The rest of the region did not witness a decline in the number of the poor over the decade, which remained at about 172 million, although poverty incidence fell from 22% to 18%\(^\text{13}\). Poverty incidence, using a USD 1 a day standard, declined by about 30% over the decade. In 1990, about 32% of people in the region lived below the poverty line, which came down to 22% by 2000. Rural poverty in the region declined from 39% to 28%. The absolute number of poor also declined by around 180 million, from 900 million in 1990 to 720 million by the end of the decade. This was achieved in spite of a major financial crisis in 1997 that depressed regional growth and increased poverty incidence.

22. The region’s poverty reduction performance contrasts with that of other developing regions where the number of poor people increased. One important reason is that the region experienced faster economic growth, especially in the last 10-15 years. Within the region, East and Southeast Asia, experienced the largest decrease in poverty and also the fastest annual growth in per capita income of 6.4% during the 1990s.

23. Given continued growth, the Asian and Pacific region appears to be on track for meeting the Millennium Development Goals (MDG) for income poverty. However, several countries are likely to be left behind, and others that are likely to meet the target will still have to deal with pockets of poverty. In addition, worsening income distribution patterns accompany economic growth.

24. The non-income dimensions of poverty have seen much less progress in the Asian and Pacific region. This is raising doubt about the likelihood of achieving non-income MDGs. For instance, for children under the age of five, the mortality rate was reduced from 85 per 1,000 live births in 1990 to 70 in 2000, too slow a pace to reach the MDG target of reducing the under five mortality rate by two

\(^{11}\) Data and analysis in this and the next section is taken from a variety of sources, including the Review of the ADB Poverty Reduction Strategy, June 2004; the World Bank website and the FAO Regional Office for Asia and Pacific website; and the comprehensive document prepared by PI in January 2006 entitled The Rural Dimension of Achieving the MDGs in Asia and the Pacific.

\(^{12}\) In the same ten-year period poverty incidence declined from 41 to 33% in India, and from 31 to 16% in China. The number of poor fell from 352 million to 335 million in India and from 372 million to 216 million in China.

\(^{13}\) In Pakistan, however, the poverty incidence is estimated to have increased from 24 to 37% over the decade. With better growth performance and more emphasis on social sector investment, the trend is beginning to reverse.
thirds by 2015. Central Asia and the Pacific have made no progress in this regard. But the biggest problem lies in South Asia, where under-five and infant mortality have been and remain exceptionally high. In South Asia, the under-five mortality rate declined slowly in the 1990s from 120 per 1,000 live births to 94, while infant mortality was reduced from 69 per 1,000 live births to 58. South Asia’s progress in reducing the proportion of undernourished children, expanding immunization coverage, increasing the number of births attended by skilled health staff, and combating HIV/AIDS has also been slow. These problems reflect a parallel lag in the progress made toward gender equality and the empowerment goal with this sub-region.

25. Improvements in educational achievement have also been modest. Youth literacy has risen only marginally from 82% in 1990 to 85% in 2000. In this respect, too, the MDGs seem out of reach in many countries. As with health, South Asia presents the biggest challenge. Only 68% of children in South Asia reached grade 5, while enrolment increased from 79% to 89% during the 1990s. Modest progress was made in achieving gender equality, with the ratio of literate women to men rising from 0.72 to 0.80 in the 1990s. The track record towards meeting MDG 7, especially halving the proportion of people without access to safe drinking water and a significant improvement in the lives of slum dwellers, has been mixed as well.

26. Low-income countries in the region generally tend to under-invest in the social sectors. Households finance a large proportion of investment in health and education implying a regressive impact on the incomes of the poorest segments of society. Public expenditure is inadequate and often fails to reach the poor. Countries with low social indicators have typically experienced sluggish economic growth, which has constrained government revenues. The effectiveness of rural poverty reduction programs is further compromised by poor targeting and ineffective service delivery.

B. Agriculture in Asia and the Pacific

27. The Asia and the Pacific region has made great strides at reducing poverty and food insecurity, and improving human development. The Human Development Index is higher today than it was in 1975 for all countries in the region for which there are data. Despite the substantial progress, many remain mired in poverty. As mentioned in the previous section, many developing countries in Asia and the Pacific are not on track to meet all of the MDGs by 2015. As of 2000–02, there were still 548 million undernourished in the developing and transition economies of Asia and the Pacific. Many farmers, fishers, and foresters are exceedingly vulnerable to floods, droughts, and cyclones as well as less frequent events such as earthquakes and tsunamis. Absolute income gaps between the richest and poorest quintiles are widening, and it is difficult to politically manage these disparities.

28. Although the agricultural and rural sectors continue to grow, they are declining in relative importance in Asia, both in terms of its contribution to GDP and its share of the labour force. Urbanization is increasing, and farm households are diversifying their sources of income beyond agriculture. This relative decline of agriculture is inevitable in countries that experience economic growth, which has been widespread in the region. Since the Industrial Revolution, no country has managed to become wealthy without a major re-orientation of the economy away from agriculture.

29. Nevertheless, more than half of the economically active population is still involved in agriculture in the region, and agricultural employment is especially important for the livelihoods of the rural poor. In addition, agriculture remains a major sector of nearly all Asian economies, even before adding the value generated through downstream processing. Agriculture also serves as a buffer and safety net by providing employment in the face of large economic shocks, such as the financial crisis in 1997–98.

30. The importance of agriculture to the macro economy, the labour force, and the rural poor suggests that investment in agriculture should continue. Indeed, studies in India and China have shown that, dollar for dollar, agricultural research has historically been one of the most effective means for government spending to reduce poverty. Other research has shown that agricultural growth
in Asia is typically more “pro-poor” than growth in other sectors. Unfortunately, public funding for agriculture is declining in many countries, although there are notable exceptions, such as China. Furthermore, much of the funding for agriculture often goes to subsidies that are not targeted to the rural poor, but are instead allocated to activities that increase productivity, especially of commercial and large farmers. Private funding of agricultural research may be able to compensate to some extent, but has so far been limited in developing countries due to difficulties in reaching small farmers.

31. Agriculture also faces policy challenges emerging from rapid globalization and urbanization, with consequent changes in diets and lifestyles. Emerging food supply systems, along with migration out of rural areas, are leading to a structural transformation of farming systems. Continued population growth and associated changes are placing unprecedented pressure on environmental resources at local and global levels.

32. But, it must be recognised that poverty in many parts of Asia is concentrated in backward regions and among disadvantaged families that will not be lifted out of poverty by agricultural growth alone. This poverty will need to be specifically targeted with more education and improved infrastructure, and good governance will be needed to implement these programmes. But even for these people, it is likely that agricultural growth will provide an essential complement to education and infrastructure in the process of poverty reduction.

33. In sum, the Asia and Pacific region is home to many of the world’s most dynamic economies, but it is also home to a majority of the world’s poor. Domestic agriculture provides the bulk of food for the poor in both rural and urban areas, and it is a key provider of jobs in rural areas, where the majority of the poor live. In order to promote agricultural development and growth, deeper attention and resources will need to be invested, both by governments and the international community, in the agricultural sector to ensure that rural poverty does indeed become history.

C. What the Other IFIs/UN Organizations are Doing in the Region

34. Overall, the poverty reduction strategies of the main IFIs working in the region raise the importance of investing in rural areas where around 75% of Asia’s poor population live. They have increasingly emphasized the need for results-based strategies; the importance of social capital development in rural areas and natural resource management for environment sustainability; and the need to strengthen partnerships with all stakeholders. The engagement of the private sector in improving services delivery to and stimulating economic growth in poor rural areas has gained significant recognition. The investments of the IFIs in agricultural and rural development went down during 2000-2004, but picked up again in 2005.

Table 1. Lending in Agricultural and Rural Development (USD millions)

<table>
<thead>
<tr>
<th>IFIs</th>
<th>2000</th>
<th>2001</th>
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<th>2004</th>
<th>2005</th>
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<tr>
<td><strong>IFAD (Asia and the Pacific)</strong></td>
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<tr>
<td>USD million</td>
<td>128</td>
<td>107</td>
<td>97</td>
<td>93</td>
<td>128</td>
<td>208</td>
</tr>
<tr>
<td>% of total lending</td>
<td>12.2</td>
<td>12.7</td>
<td>9.1</td>
<td>6.6</td>
<td>4.0</td>
<td>5.4</td>
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<tr>
<td><strong>ADB</strong></td>
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<tr>
<td>USD million</td>
<td>663</td>
<td>671</td>
<td>505</td>
<td>392</td>
<td>199</td>
<td>314</td>
</tr>
<tr>
<td>% of total lending</td>
<td>12.2</td>
<td>12.7</td>
<td>9.1</td>
<td>6.6</td>
<td>4.0</td>
<td>5.4</td>
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<tr>
<td><strong>WB (East Asia and the Pacific and South Asia)</strong></td>
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<tr>
<td>USD million</td>
<td>856</td>
<td>721</td>
<td>778</td>
<td>815</td>
<td>715</td>
<td>1 617</td>
</tr>
<tr>
<td>% of total lending</td>
<td>16.8</td>
<td>13.4</td>
<td>14.7</td>
<td>15.6</td>
<td>11.9</td>
<td>20.5</td>
</tr>
</tbody>
</table>

Asian Development Bank

35. The ADB refocused in a major way on poverty reduction in the late 1990s. Their 1999 Poverty Reduction Strategy focused on three pillars: pro-poor sustainable economic growth, social development and good governance. The strategy was reviewed in 2004\(^{14}\), which confirmed the importance of the three pillars. The review recommended that the Bank’s country support be more closely aligned with national poverty reduction strategies; more comprehensive approaches to monitoring be adopted; and the focus of the Bank’s performance monitoring be shifted to results on the ground, in connection to MDGs. The Bank’s operations in rural areas include policy support covering trade and land rights, rural services and infrastructure covering agriculture research, rural finance, irrigation and roads, natural resources management including land, water, ocean, forest and biodiversity, as well as institution building.

36. The ADB produced its 2005 Annual Evaluation Review dated July 2005, which includes a section on project success by sector, in addition to a thorough assessment of the work in agriculture\(^{15}\). The report recognises that three billion people in the region live in rural areas and depend on agriculture for their livelihood, and that the fight against poverty must be won in these areas. It also highlights that agriculture was an important part of ADB’s operations during the review period, accounting for a quarter of the total number of projects and 16% of the total lending.

37. The ADB notes that high performance and impact is difficult to achieve in the agricultural and rural sectors as compared to other sectors due to a variety of reasons, including the complexity in project design, over-optimistic project objectives and inadequate beneficiary participation. The ADB’s 2005 Annual Evaluation Review mentions that there is a low probability of success in agriculture and natural resources projects. The success rate\(^{16}\) of ADB operations in agriculture improved to 47% in the 1980s from 37% in the 1970s, but this trend did not continue: the success rate of projects approved in the 1990s remained at 47%. Due to unavailability of data, it is not possible to comment on ADB performance in agriculture since 2000.

38. In terms of insights, the ADB reports bring out a number of experiences in agriculture that are similar to those of IFAD. Among other issues, the ADB finds that institutions at the local level are often quite weak in terms of human capacities and budget availability, thus causing difficulties to ADB project and programme implementation. Also, there is increasing recognition in keeping project design simple and realistic, be it in terms of objectives, variety of components, and institutional arrangements that would allow for easy co-ordination and implementation.

World Bank

39. In 1997, the World Bank launched a comprehensive rural development strategy, From Vision to Action, aiming at revitalizing its lending programme for rural areas and enabling the Bank to become “the world leader in the fight against rural poverty”\(^{17}\) by 2000. However, implementation of the strategy fell short of expectation, with disappointing results on the ground. Instead of growing, rural development lending steadily decreased, reaching the lowest point in the Bank’s history in 2001, both in absolute and percentage terms. The main lessons from the strategy implementation included the recognition of the need to: i) strengthen the holistic approach by emphasizing non-agricultural,

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\(^{15}\) See Chapter II, part B, pages 12 to 15.

\(^{16}\) The ADB uses five criteria to assess their operations: relevance, efficacy, efficiency, sustainability, and institutional development and other impacts. Operations are then rated overall into four categories: highly successful, successful, partly successful and unsuccessful. ‘Success rate’ includes projects rated as highly successful or successful.

physical and human infrastructure while maintaining a strong commitment to agriculture; ii) enhance advocacy and partnerships at the global and country levels with clear linkage to implementing the strategy; and iii) ensure the systematic implementation of the strategy by integrating it into the strategies of the Bank’s client countries.

40. The Bank’s result-oriented strategy, Reaching the Rural Poor was formulated in 2002 aiming at revitalizing the Bank’s activities in rural areas. In preparing its overall rural development strategy, it developed two rural development strategies for Asia and the Pacific: one for South Asia and the other for East Asia and the Pacific, which have not been evaluated yet. Broadly speaking, these strategies have the following objectives: i) foster rural growth; ii) empower rural communities and poor to meet priority economic and social needs; ii) provide food security; and iv) support natural resource management.

41. The World Bank’s Independent Evaluation Group has undertaken numerous country assistance evaluations in the region, but has not undertaken an evaluation of their agricultural/rural sector focusing on Asia and the Pacific. Based on the Bank’s data for all regions, and contrary to the results of ADB operations in agriculture, according to the 2004 Annual Review of Development Effectiveness of the World Bank, close to 85% of their operations globally had satisfactory outcomes in the rural sector (including agriculture) from 2000-2004, up from around 75% between 1995 and 1999. Moreover, interestingly, according to the World Bank, the general perception that rural projects are riskier is not supported by their quantitative data analysis. Lastly, given that the Bank’s operations in all sectors are better in Asia and the Pacific than in other regions, it is assumed that the Bank’s operations in the rural sector in Asia and the Pacific is by and large also performing at the same level, if not better than in other regions.

42. The World Bank country assistance evaluations also bring out useful insights, even though they do not only deal with the rural sector in a particular country. One particularly interesting perspective offered by recent evaluations of the Bank’s programme in India (2002) and China (2004) is to concentrate Bank resources in a given country on states/provinces and programmes strongly committed to reform.

Food and Agriculture Organization of the United Nations

43. The FAO Regional Strategic Framework (2004-2006) for Asia and the Pacific puts food security and small farmers at the centre of its six regional priorities. They are involved, inter-alia, in restructuring the agricultural sector to empower the poor under changing market and trade conditions and promoting effective and equitable management, conservation and sustainable use of natural resources. At the field level, FAO also has a portfolio of projects of more than USD 30 million per year, investing in a wide spectrum including livestock, crops, fisheries, forestry and food security.

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19 The World Bank’s measure of outcome considers three criteria, namely relevance, efficacy and efficiency. World Bank ratings are divided into six categories: highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory and highly unsatisfactory. ‘Satisfactory outcomes’ includes projects rated as highly satisfactory or satisfactory.

20 This is a finding of the Bank’s portfolio review included in Annex 1 of the World Bank Rural Development Strategy: Reaching the Rural Poor of 2003.


22 It is estimated that many small and marginal farmers with less than two hectares of land are poor in Asia and the Pacific. (FAO website: http://www.fao.org/world/regional/rap/).
44. FAO has not undertaken any Regional Strategy evaluation in Asia and the Pacific or any detailed thematic evaluation of relevance to the EVEREST\textsuperscript{23}. However, a review of key documents\textsuperscript{24} discussed at the recent FAO regional conference for Asia and the Pacific in Jakarta (2006) indicate that there are major challenges in the region to achieve food security and to eradicate poverty. One important lesson captured in the documentation is the need to focus further on increasing agricultural production in Asia and the Pacific to meet the demands of an ever growing population, without undermining the viability of the natural resource base upon which that production depends.

**United Nations Development Programme**

45. UNDP has a Regional Co-operation Framework (2002-2006) for Asia and the Pacific, in which agricultural or rural development is not a thematic priority. However, UNDP does focus on promoting gender equality and tackling HIV/AIDS. Although UNDP produces a development effectiveness report, given the nature of its mandate and operations, comparisons with UNDP may not prove to be of much significance for IFAD.

46. Two recent country level evaluations by the Office of Evaluation of UNDP in Bangladesh (2006) and Vietnam (2002) reveal some lessons that could also be of interest to IFAD, such as: (i) that ideas and knowledge can be as important as money in promoting change; and (ii) in selecting projects and activities to finance, attention must be devoted to assessing UNDP’s comparative advantage in the selected field and the potential for policy change.

**III. IFAD’S STRATEGY IN THE ASIA AND THE PACIFIC REGION**

47. This chapter addresses mainly the second question included in paragraph 10, that is, “has IFAD made the appropriate choices in the region, including its operational emphasis and the choice of niche, instruments, target group, partners, interventions and implementation modalities”? More specifically, it attempts to respond to the various questions included under section A.1 in the evaluation framework (see Appendix 1) and is divided into seven parts including: (i) strategy preparation process, coverage and format; (ii) strategic directions and implementation modalities of the Regional Strategy; (iii) relevance of the Regional Strategy; (iv) IFAD in the context of the country strategies of other donors; (v) alignment of the country strategic opportunities papers (COSOPs)\textsuperscript{25} in Asia and the Pacific with the Regional Strategy; and (vi) alignment of project design with the Regional Strategy. In the final section, an outline is provided of the key points covered in the chapter.

**A. Strategy Preparation Process, Coverage and Format**

48. Following the appointment of its Director in 1997, PI commissioned analytical work, which focused on the impact of the Asian Crisis of 1997 on the uplands of Asia and on conservation agriculture\textsuperscript{26}, with particular emphasis on the consequences to the rural poor. This was a useful effort to develop a strategic approach to IFAD’s operations in the region, in response to serious development threats that the region had been exposed to at the time.

49. As mentioned in paragraph 3, however, the 2002 Regional Strategy represented the first major effort by IFAD to prepare and capture in a single published document its Regional Strategy, even though the annual POWB documents traditionally included a short write-up on PI’s strategy, which

\textsuperscript{23} Source: Chief of FAO’s Evaluation Service.

\textsuperscript{24} Regional State of Food and Agriculture (document APRC/06/INF/5), and Adjustment and Restructuring in Major Asian Economies and their Implications on Food Security and Poverty in the Rest of the Region (APRC/06/02).

\textsuperscript{25} These documents contain the IFAD country strategy and programme.

\textsuperscript{26} Interview with Phrang Roy, former Director of PI, 11 November 2005.
would lay the basis for the division’s lending and grants programme for the year. Although it is not stated in the Regional Strategy document, the intended purpose of the strategy was to “articulate strategic thrusts of IFAD for rural poverty reduction in the region and to provide general guidance to IFAD staff for the development of country strategies and programmes/projects”\(^{27}\).

50. The preparation process for the Asia and Pacific (and other) regional strategies lie in the IFAD Rural Poverty Report (2001), which was commissioned in 1999 and published in 2001. That is, each regional operations division at IFAD was required to undertake a regional poverty assessment to generate the data and the analyses needed to inform the production of the Rural Poverty Report.

51. In 2001, PI assembled a number of experts to synthesize its own operational experiences and conduct a literature review of major opportunities and challenges facing the rural poor in the region. This laid the basis for the above-mentioned regional assessment, which was formally synthesized into an IFAD publication known as the *Assessment of Rural Poverty in Asia and the Pacific*, published in January 2002. The extensive research undertaken during this phase provided the basis for the articulation of the Regional Strategy for Asia and the Pacific.

52. In terms of consultation, a reality check workshop with around 40 stakeholders from different institutions was held in India in mid-2001 to discuss the key issues and conclusions of the Assessment of Rural Poverty Asia and the Pacific. Following this event, PI prepared its draft Regional Strategy, which was presented to and discussed in a dedicated panel during the 2002 annual IFAD Governing Council. Thereafter, the strategy was finalised and widely distributed in print and posted on IFAD’s website. Two major symposiums were also organised in mid-2002 in Indonesia and India to build awareness of the Regional Strategy paper amongst key stakeholders.

53. Although the paper does not contain a summary of the process that led to its development, the evaluation team ascertained that there was good consultation within and outside the division in the formulation of the strategy. This was not the case in some other IFAD divisions, such as the Eastern and Southern Africa Division’s Regional Strategy\(^{28}\). On the other hand, in spite of a significant dissemination effort, important partners at the country level and other key development organizations (e.g., the ADB, the UN systems and others) interviewed by the EVEREST team said that they had not seen and were even unaware of the existence of the PI Regional Strategy. This is not surprising: an avalanche of documents and publications are received by these development partners on a routine

\(^{27}\) First paragraph, page 8 of PI’s comments dated 2 May 2006 on the zero draft EVEREST report.

basis so that without targeted and proactive efforts by IFAD to involve key partner representatives in the design of strategies, it cannot expect documents of this kind to receive adequate attention.

54. Underlying this outreach gap, the PI Regional Strategy paper never specified its audience or the results intended. However, based on feedback from PI staff and others, the evaluation found that the document, once it had become known, was considered a very useful reference point. In fact, the PI Country Portfolio Managers (CPMs) and consultants expressed appreciation of its ‘enabling’ character, that is, the setting out of broad parameters that would guide the preparation of COSOPs and projects/programmes. Equally, discussions with IFAD Executive Directors revealed the importance they attach to having a consolidated document, which provides them an overview of IFAD’s strategic thrusts and priorities in the PI region. The document was also considered useful for a general overview of PI’s priorities for reference by senior government officials, donors (UN/IFIs/Bi-laterals), NGOs, and various other national/sub-regional/regional institutions.

55. This said, the evaluative content of the document was weak. While the Regional Strategy paper includes a comprehensive section on IFAD experiences in the region, it does not refer to operational lessons learned from numerous OE evaluations in PI conducted in the last decade or so, nor whether or how they were used to improve IFAD’s performance. Moreover, the projects referred to in the said section are only from six countries: Bangladesh, China, India, Indonesia, Nepal and the Philippines.

56. Looking closely at the map on the cover page of the PI Regional Strategy Paper, and after a careful review of the document, two important issues emerge with regard to the coverage of the Regional Strategy. Firstly, while there is some recognition in the strategy paper for the need to consider sub-regional perspectives, it neglects the Central Asia sub-region, in spite of IFAD having funded two projects in Kyrgyzstan, approved by the Board in 1995 and 1998, respectively. The fact that IFAD developed separate sub-regional strategies for the Pacific Islands and Central Asia is partly a reflection of the importance of building upon sub-regional concerns and development needs. Secondly, the Regional Strategy does not address PI’s approach with regard to its overall relations with donor countries in the region (that is, Australia, Japan and New Zealand), let alone other developing countries such as Malaysia and Thailand, who do not borrow from IFAD and are increasingly active as donors in the sub-region/region. Among other reasons, this would have allowed IFAD to understand better the programme priorities of such countries, and articulate the way in which it would have engaged them in pursuit of the Fund’s own development objectives and operations in the region.

57. The PI Regional Strategy paper of 2002 resembles in many respects the regional strategies of the other four operational divisions. Like them (but unlike the Fund’s overall Strategic Framework (2002-2006)), the PI Strategy does not indicate the timeframe it intends to cover or the mechanism it proposes to adapt, although experience shows this is an important issue. This is a shortcoming according to the EVEREST, given the need for regional strategies to be responsive to a rapidly changing development context. In addition, the immediate transfer of the then Director of PI following the adoption of the PI Regional Strategy (under whose leadership the strategy was formulated), was not helpful from a continuity nor an accountability perspective.

58. The PI Regional Strategy (as all the other regional strategies) was prepared in a way that does not facilitate its monitoring and evaluation, its effective implementation nor ultimately the achievement of its strategic objectives. For example, apart from the lack of clarity regarding its timeframe, inter-alia, the PI Regional Strategy did not include a section on expected outcomes, nor did it contain performance indicators or targets to help assess the degree to which it has met its intended objectives. No indication was given of the budget resources required for strategy implementation or the human resources needed in terms of numbers, competencies or skills mix for its

29 The Executive Board approved the Pacific Islands sub-Regional Strategy in December 2004, whereas the Central Asia sub-Regional Strategy was approved by the Board in December 2005.
implementation. Last but not least, the document did not discuss the need for ‘retrofitting’ of ongoing COSOPs and operations to bring them in conformity with the PI Regional Strategy.

59. Along similar lines, while giving an overview of the division’s strategic thrusts and implementation modalities, a depiction of the operational processes through which the PI Regional Strategy would be translated into practice is missing. For example, the strategy does not provide any guidance on the amount of annual lending and grant resources to be allocated to the different strategic thrusts to meet the strategy’s overall objectives. Moreover, the Regional Strategy paper is also silent about the operational and oversight processes needed to ensure that the strategy is appropriately reflected in PI’s COSOPs and project design processes. For example, it could have demanded that each COSOP needed to include a matrix to describe how each of the five strategic directions and five implementation modalities were being addressed in the corresponding country strategies. On another issue, the Regional Strategy made no provision for periodic monitoring and self evaluation during implementation. In sum, according to the EVEREST, while it provided overall guidance for IFAD country programmes and related activities, the Regional Strategy document could not be expected to serve as a useful management instrument let alone provide a benchmark for performance monitoring and assessment.

B. Strategic Directions and Implementation Modalities of the Regional Strategy

60. The PI Regional Strategy states that because of “the enormity of the problem and IFAD’s experience but its limited resources, the Fund must intervene in a niche area so as to play a catalytic role.” This niche is defined in terms of a spatial dimension as well as a specific people focus: “IFAD strategy for Asia and the Pacific envisages a focus on the less favoured areas. Within this geographical focus, the strategy will concentrate on women and marginalized minorities (indigenous peoples and other excluded groups).” In addition to the niche-defining focus on a specific target group, the strategy calls for: enhancing women’s capabilities to promote social transformation and agricultural development; enhancing the capabilities of indigenous peoples and other marginalized groups; building coalitions of the poor; and enhancing peace for poverty reduction (by means that include a rights-based approach to development as a distinctive feature of an IFAD pro-poor strategy). The strategy contains 22 specific measures spanning these five strategic directions, and ten of these are under the heading “development of less favoured areas.

61. The five main programme directions of PI’s Asia-Pacific Strategy, including its niche orientation, are broadly consistent with the objectives of the Strategic Framework for IFAD 2002-2006, with the possible exception of one element of the PI Regional Strategy, namely, “enhancing peace for poverty reduction,” which is not directly related to IFAD’s three strategic objectives. And, in line with the concluding sections of the Strategic Framework, it includes ambitious statements on improving impact, community participation, targeting, monitoring, advocacy, policy dialogue and project design as well as a set of implementation modalities in support of the strategy.

62. Therefore, in addition to the five strategic directions, the document contained five specific implementation modalities, which would contribute to achieving the objectives of the strategy. The latter outlines a new implementation focus characterized by “a keener search for and support of projects and programmes with the potential to influence policies and generate ripple effects.” In connection with policy dialogue and upscaling, the strategy reiterates that IFAD “will continue to influence policy using its country assistance programmes as triggers, and that “IFAD will work closely with governments to replicate and scale up projects and programmes that have demonstrated impact.” Moreover, “Strategic partnerships will be maintained and nurtured with a view to improving the influence of IFAD initiatives.” In addition, the strategy calls for strengthening knowledge management and impact assessment, and using “better knowledge and improved documentation of

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30 The Asia-Pacific strategy is one of only two (Latin America being the other) IFAD regional strategies in which indigenous people are identified as a primary target group.
impact … more systematically to convince governments of the need for pro-poor growth policies.”

All in all, the strategy identifies 24 specific measures for operationalizing the new implementation focus.

C. Relevance of the Regional Strategy

63. In this section, the EVEREST assesses the relevance\(^{31}\) of the five strategic directions and also reviews the five implementation modalities in the Regional Strategy document.

Strategic Directions

64. Development of less favoured areas. It is stated that the aim of the *Assessment of Rural Poverty – Asia and the Pacific* was “to identify IFAD’s niche area for intervention, with the objective of playing a catalytic role in rural poverty reduction.” The reason given in the Regional Strategy for carving out a geographical niche is as follows: “Taking into account the enormity of the problem and IFAD’s experience but its limited resources, the Fund must intervene in a niche area so as to play a catalytic role. Thus IFAD strategy for Asia and the Pacific envisages a focus on the less favoured areas\(^{32}\).”

65. The strategic direction of focusing on the development of less favoured areas is a topic that requires careful reflection. That is, selecting less favoured areas as a pre-condition to IFAD’s assistance could compromise IFAD’s central mission – the promotion of innovative approaches to rural poverty alleviation that can be replicated and up-scaled by others. Less favoured, especially remote and marginalised areas, are not always a priority for governments and donors and it is therefore challenging to find partner institutions with a track record in innovations working in such geographic locations. Furthermore, less favoured areas are often characterized by poor soils, a harsh climate, weak institutions and limited marketing opportunities. As a result, they may have limited agricultural development potential. Thus, they may involve major risks and limited rewards for IFAD operations focused on agricultural innovation. On the other hand, it is undeniable that some of the poorest people, including many indigenous people live in less favoured areas and it can be argued that it is IFAD’s mandate to contribute to their livelihood development not only as a ‘solo’ agent but also by demonstrating to other donors that there are ways of assisting the poorest even in the harsh conditions of less-favoured areas. Such a policy stance would help in the reduction of regional inequalities. In turn, more equitable distribution of the benefits of growth may yield conflict reduction benefits. According to the EVEREST, investment in less favoured areas should have a place in IFAD’s lending priorities in the region, but an exclusive focus on such areas should not determine where IFAD should work within a given country. Rather, IFAD should channel its assistance to those parts of a country where the operating environment is conducive towards promoting innovative approaches to agriculture development and rural poverty reduction with a view to their replication and up-scaling by others.

66. Last but not least, it is noteworthy that the Regional Strategy is silent on the issue of Small Island Developing States (SIDS) which, at least since the UN Conference on SIDS in Barbados in 1994, have staked a coherent claim to special attention from the international community. In particular, the Regional Strategy did not articulate an approach for IFAD’s engagement in a cost-effective manner in the Pacific Island countries.

\(^{31}\) For the EVEREST, relevance of the Regional Strategy is assessed both at the time of the adoption of the strategy in 2002, as well as in today’s context. It takes into account the strategic directions in relation to the: (i) needs of the rural poor; (ii) overarching strategies of partner countries in the region for rural poverty alleviation; (iii) main objectives of IFAD’s strategic framework and other corporate policies; and (iv) broad strategic directions of other donors working in agriculture and rural development.

\(^{32}\) As per PI’s definition, this would include remote uplands and mountains, marginal coastal areas, drylands and rainfed areas – see pages 2 and 6 in the Regional Strategy paper.
67. **Enhancing women’s capabilities in order to promote social transformation and agricultural development** is the second of the five thrusts in the PI Regional Strategy. The EVEREST finds that the emphasis devoted to enhancing the livelihoods of rural women in the Regional Strategy was appropriate. For example, women in the region have suffered and on the whole continue to suffer from heavy workloads both at home and in support of family incomes, poorer nutritional intake than other family members, limited access to productive assets such as land and housing, domestic violence and lower levels of education. They also continue to have a limited role in key decision-making processes, especially but not only in formal institutions and political bodies at all levels. For instance, the Vietnam Country Programme Review and Evaluation\(^\text{33}\) highlighted the importance of addressing such issues at the policy level, in order to ensure a wider reduction in inequalities and promotion of women’s empowerment.

68. The recent Bangladesh Country Programme Evaluation (CPE) and, among others, the evaluations of the India Tamil Nadu Women’s Development Project, the Laos North Sayabouri Development Project, the Nepal Production Credit for Rural Women Project and the Philippines Rural Microfinance Enterprise Project, are some examples that unequivocally demonstrate that when they are given access to resources, training and marketing opportunities, rural women throughout Asia play a central role in rural poverty reduction. Other IFAD-supported operations (including the grant-funded programme in collaboration with UNIFEM in support of gender mainstreaming in the region) have also provided space to addressing women’s issues, aiming at improving women’s economic and social empowerment as well as their own general welfare and status.

69. That said, the EVEREST notes that more attention should have been devoted to gender roles and relations. That is, the consequences of attention on women’s development to the overall social and cultural fabric needs greater analysis and consideration. For example, a number of projects focusing on the empowerment of women have not proactively sought to address the need for training of men in order to ensure acceptability of the changing roles of women in society. As another example, often emphasis is given to ensuring a quota for women in grassroots institutions, but limited attention is devoted to ensuring that they are allocated key functions in such institutions where the majority of participants are men. Concern for clearly addressing gender issues in a more holistic manner was also an important finding in the Sri Lanka CPE, which stated\(^\text{34}\) that “an explicit gender policy with guidelines on how to respond to the needs of women and men should be built into project design”.

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70. **Reducing poverty by enhancing the capabilities of indigenous peoples and other marginalized groups**, the third strategic thrust, was and is relevant to the overall poverty context of many countries in the region. It is known that large numbers of indigenous peoples live in the region (around 70% of the world’s more than 250 million indigenous people live in Asia and the Pacific). Such groups are amongst the most disadvantaged and impoverished communities, and need special assistance and attention. Discussions at and background documents prepared for the recent IFAD Policy Forum on Indigenous Peoples and the Conference on Poverty and Indigenous Peoples both noted the continued exclusion of indigenous people from political, economic and social processes, resulting in high levels of poverty, illiteracy and low life expectancy among such groups. Among various issues, one of the most pressing constraints persisting to their development is the legal allocation in favour of indigenous peoples of land and other natural resources available in areas inhabited by them. This is of paramount importance, as obtaining rights to their land proves difficult, especially where national legislation require legal proof of ownership.

71. IFAD has many achievements to highlight in supporting indigenous peoples in Asia and the Pacific region. In India, for example, IFAD has gained significant experience and a remarkable reputation for supporting tribal people. The evaluation of the Orissa Tribal Development Project by OE in 1998-09 found that the project had been successful in allocating *dongar pattas* (legal documents recognizing land rights) to tribal people, which encouraged further investments in land. The evaluation of the Andhra Pradesh Tribal Development Project in 2001 noted the income benefits to tribal communities once the project facilitated access to research and marketing institutions that processed non-timber forest products the tribals collected for their livelihoods. In Laos, the Philippines (e.g., in the Cordillera region), Vietnam (e.g., Ha Giang) and other countries, too, the Fund has financed projects that have been successful in achieving developmental results on such target groups. In the PI region, therefore, the Fund is accumulating knowledge and building a comparative advantage in this area.

72. However, in spite of the aforementioned, based on evaluations in India, Nepal, Papua New Guinea and Vietnam, the EVEREST notes, as also recommended by the Executive Board, that while IFAD is right to further strengthen its focus on indigenous peoples in the future in the region, it must find ways to support other rural poor people living in the same project/programme areas. This is essential not only to promote an inclusive approach to targeting, but also operationally important to ensure that non-indigenous groups play a supportive role in the development operation under consideration.

73. In sum, according to the EVEREST, this strategic thrust with the above qualifications was and remains pertinent for IFAD in the region, also given that other international development organizations are not devoting as much emphasis to the plight of indigenous peoples in the region. In fact, in various countries of the region, such as Laos and India, governments and donors alike expect IFAD, given its accumulated experiences, successes and comparative advantage, to take the lead in addressing rural poverty amongst indigenous peoples. This would also be consistent with and

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35 Indigenous peoples are variously known as ethnic minorities, tribal groups and scheduled tribes.
36 See Policy Forum Brief on “IFAD and Indigenous Peoples” prepared for the Policy Forum held on 4 May 2006 at IFAD headquarters.
39 Similar concerns were flagged in the Latin America Region in the context of the recently completed Mexico CPE.
contribute to furthering IFAD’s commitment in relation to the Paris Declaration on Aid Effectiveness, which states\(^\text{40}\) that “Donors commit to make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks”.

74. The fourth strategic thrust in the Regional Strategy is **building coalitions of the poor**, including the mobilization of poor people in projects and programmes. This is at the centre of IFAD’s strategy and operations in the region, and an underlying condition for achieving results and sustainability of impact in today’s context, as much as it was in 2002 when the Regional Strategy was adopted.

75. The Fund has generally been quite successful in social mobilization and contributing to building grassroots institutions throughout the region. Many good examples can be cited, including the women’s self-help groups in India, infrastructure user groups in Laos or the community development funds in Vietnam and so on. Three specific points could improve the Fund’s programme in this area.

76. Firstly, various evaluations have found that greater attention needs to be given to understanding the types and capabilities of existing institutions at the local level\(^\text{41}\). That is, villages with strong traditional institutions find it easier to internalize new approaches and technologies, and hence, the intensity of project delivery needs to be based on the institutional capacity available at the village level. The same evaluations found that projects need to include a coherent strategy to ensure the convergence of community institutions with the traditional power structures on the one hand and government institutions on the other. This would ensure due complementarity of actions by different institutions and groups in the overall interests of the rural poor.

77. Secondly, while emphasis on social mobilization, training and grassroots institution building is important to empower the rural poor, the EVEREST found that, in many instances, this objective needs to be better integrated with productive activities that can contribute to raising incomes through both agricultural and non-agricultural activities. The Indonesia CPE came up with the same finding\(^\text{42}\). In India, IFAD’s contribution to the formation of self-help groups as a vehicle for rural poverty reduction has been acknowledged widely. However, here too, more emphasis is required in establishing linkages with on- and off-farm income-generating activities and marketing to ensure that the vast amounts of savings generated by such groups can be utilized for rural poverty reduction.

78. Thirdly, the Sri Lanka and Papua New Guinea CPEs and other evaluations\(^\text{43}\) raise attention to the fact that governments are not always the most appropriate channel to promote participation, especially in remote geographic areas covered by IFAD operations. This is, among other issues, due to their limited skills and experiences in participatory methods, as well as weak outreach capabilities in rural areas of concern to IFAD. But, it also has to do with the need to change mind-sets within governments, from top-down approaches to more participatory development approaches that can gradually lead to the transfer of authority ‘downwards’. While this is becoming widely recognised and efforts are being made to enhance the involvement of NGOs and community-based organizations, governments still play a too prominent role in promoting participatory approaches in many countries.

79. Finally, the EVEREST notes that building coalitions of the rural poor has been difficult to achieve, partly because the processes to link groups or form associations are not sufficiently defined in project design. There are successes in some countries, such as the creation of Water Management

\(^{40}\) See paragraph 35 in the declaration.

\(^{41}\) For example, see evaluations of: (a) the India Andhra Pradesh Tribal Development Project; and (b) the Vietnam Quang Binh Agricultural Resources Conservation Project.

\(^{42}\) See paragraph 3 in the Agreement at Completion Point, Indonesia CPE report dated July 2004.

\(^{43}\) For example, see paragraph 30 in the evaluation of the India Andhra Pradesh Tribal Development Project.
Co-operative Associations in Bangladesh\textsuperscript{44} or the inter-group and cooperatives for marketing of produce and other purposes in the Nepal\textsuperscript{45}. Yet in other countries, IFAD has not pursued the matter consistently. For example, in Indonesia, against the recommendation of its partners, IFAD did not want to pursue federating self help savings and credit groups, citing that the federation of groups would result in the poorest groups being marginalized.

80. **Enhancing peace for poverty reduction.** The fifth strategic thrust, is indeed innovative and bold, especially given that numerous countries (e.g., India, Indonesia, Nepal, Pakistan, the Philippines, Sri Lanka and Vietnam) have been facing different types of internal civil unrest. Rural areas are much affected by instability in these countries, and it is extremely difficult to implement development activities and achieve results in the prevalence of insurgencies, violence and major social agitation. For example, in some project areas, IFAD-supported project directors and other implementation need police escorts to interact with target communities.

81. In any case, there have been few projects funded by PI focusing on this strategic direction. The PI self assessment notes that only 3\% of total PI lending following the adoption of the Regional Strategy were assigned to enhancing peace for poverty reduction\textsuperscript{46}. Furthermore, only one COSOP (Sri Lanka, 2003) prepared in the recent past discusses IFAD’s involvement in this specific area. And, the PI self assessment notes that the Sri Lanka COSOP highlighted that “a number of agencies had already committed themselves to large scale relief and reconstruction in the conflict affected areas and that absorption capacity was stretched to the limit”.

82. The fact that such limited attention was devoted to the topic of enhancing peace may partly be due to Regional Strategy not providing clear guidance on how such a strategic direction could be translated into reality, apart for advocating the need for the “promotion of social justice and human rights”.

83. One IFAD-financed project (the Andhra Pradesh Tribal Development Project) evaluated by OE found that the IFAD type of grassroots-oriented and participatory rural development operations can contribute, although indirectly, to peace building. Through this operation, IFAD managed to demonstrate that, in many cases, the main reason behind such social agitation and civil unrest is extreme poverty, social injustice and inequality, which need to be addressed through the promotion of sustainable development, rather than merely treated as a law and order matter.

84. However, the examples are too few, and the question arises whether IFAD really has the capacity and required experience of working in serious conflict-ridden circumstances in the Asia and Pacific region. Moreover, other relevant organizations may be better equipped and are in fact specifically mandated to focus on this important theme. In this regard, a key message from the Chennai workshop was that IFAD cannot do everything and that it needs to be selective in addressing rural poverty.

85. **Other issues related to strategic directions.** Moreover, while the Regional Strategy paper *per se* is innovative in many aspects and states that the Fund would aim to play a catalytic role in the region, the centrality of promoting innovations and having demonstration effects for replication and up-scaling purposes through IFAD-funded operations was not given adequate treatment. This is important throughout the region, but even more so in the larger countries, where IFAD financial resources are not the only incentive for borrowing countries. There was also agreement at the Chennai workshop on the need for IFAD to focus on promoting replicable innovations, and for serving as an

\textsuperscript{44} See the Bangladesh CPE report.

\textsuperscript{45} See evaluation of Nepal, Hills Leasehold Forestry and Forage Development Project.

\textsuperscript{46} See pages 39-40 of the PI Self Assessment.
institution that facilitates the documenting and exchange of good practices and knowledge across countries and regions.

86. The Regional Strategy is more specific than the Strategic Framework in identifying sectoral and sub-sector priorities. The priorities of the Regional Strategy, however, are consistent with those outlined in the Strategic Framework (allowing for differences between countries and sub-regions). It is not clear, however, why: (i) the Regional Strategy paid only some attention to rural infrastructure, when in fact PI operations consume significant resources in this area; and (ii) livestock development, which is an important activity for the rural poor in the region, is not mentioned in the Regional Strategy.}

87. Noticeably, in its “regional overview” part, the Regional Strategy paper recognises that HIV/AIDS is spreading at a faster pace in Asia and increasingly affecting the rural poor. However, the topic is not considered in the section on “IFAD Strategy for Asia and the Pacific”. HIV/AIDS is a reality having an impact on the overall rural livelihoods in the region, for example in terms of availability of labour and household responsibilities, and thus a major cause for concern.

88. Likewise, in spite of the good experiences achieved by IFAD in various countries, the Regional Strategy paid limited attention to decentralization, which is crucial in developing ownership and ensuring that the rural poor have a greater say in development planning and implementation. For example, through the introduction of community development funds in Vietnam and establishment of participatory village development plans in China, IFAD-funded projects are recognized by the Government and other donors as good examples of operations that have contributed to decentralization of decision-making and resource allocation processes. In this regard, it is noted that the strategy did not explicitly state how it intended to engage local elected bodies and officials (and, for that matter, it does not treat the role of the political establishment in general) in IFAD-supported operations. It is recognized that local bodies, not only in Asia and the Pacific, have an important role and sphere of influence that cannot be ignored.

89. Moreover, the Regional Strategy paper also does not treat the matter of corruption (apart from a reference under the section on Enhancing Women’s Capabilities), which is widespread in the region with many countries appearing consistently in the top 30 positions of the corruption index developed by the NGO Transparency International. The Indonesia CPE (2004) and Bangladesh CPE (2006) have both brought up the issue forcefully, recognising that corruption is not only a concern at higher political and administrative levels, but needs to be treated also at the grassroots level including amongst NGOs. Finally, the EVEREST notes that IFAD alone cannot tackle corruption issues, and that a proactive dialogue and partnerships are required also with other international organizations (such as the ADB and World Bank) to jointly pursue the matter with governments and other partners at the country level in a co-ordinated manner.

90. The importance attributed to microfinance as an overarching feature in the Regional Strategy is highly relevant. Evaluation experience in many countries of the region illustrate that IFAD

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47 Recognising the importance of livestock development in some countries, PI submitted for Board approval in December 2005 and April 2006, respectively, two grants for a total of USD 2.28 million supporting such activities in the region.

48 The recent OE thematic evaluation on Decentralisation in Eastern and Southern Africa found that local elected officials play a major part in development planning, resource allocation, pro-poor policy dialogue and so on - see evaluation report dated July 2005, report number 1641.

49 See paragraphs 7 and 13 (iv) in the CPE’s Agreement at Completion Point.

50 See paragraph 18 in the CPE’s Agreement at Completion Point.

51 For example, see Bangladesh (2006), Indonesia CPEs (2004), and the Thematic Evaluation on Rural Financial Services in China, report dated December 2001. There are various examples of project evaluations illustrating the good results in the field of microfinance, including the India Tamil Nadu Women’s Development
microfinance operations have been successful in mobilising savings, generating incomes and improving overall livelihoods, as well as empowering the rural poor, especially women. However, a few issues that need attention have also been highlighted by evaluations. These include the need for: (i) better targeting of microfinance towards poorer rural people, including supporting the outreach capabilities and infrastructure of institutions involved in microfinance; (ii) ensuring sustainability of grassroots microfinance institutions, such as the self-help groups, for example, by assisting them to develop federations or associations once the groups have reached a level of cohesiveness and capacity; and (iii) deeper linkages between microfinance operations and income generation. That is, there is a need to ensure a more systematic approach for promoting on- and off-farm opportunities for the rural poor and their groups (in the framework of microfinance activities) to utilise their accumulated savings for income-generating purposes and open up possibilities for marketing.

91. The recent Bangladesh CPE emphasised the important role the vibrant private sector can play in Asia and the Pacific in agriculture and rural development, such as by providing services, including technical assistance, supplying agricultural inputs, processing and marketing agricultural and non-farm produce, etc. However, although the Executive Board adopted in April 2005 a corporate policy for IFAD’s Private Sector Development and Partnership Strategy, the Regional Strategy did not stress the importance of proactively engaging the private sector in IFAD operations. This is particularly noteworthy given that there is an abundance of positive IFAD experience in the region of co-operation with the private sector. Two recent examples are that: the rural poor have been successfully linked with commercial banks in India and small rural enterprises in the Philippines co-operate actively with the larger private sector for processing and marketing of produce.

92. Last but not least, the Regional Strategy does not consider the issue of migration and remittances, and their wider implication for the rural economy. It is known that there is significant migration from rural to urban areas and from rural areas generally in Asia to other regions (e.g., from many countries in South Asia and the Philippines to the Middle East and Europe, from China and Vietnam to the United States, etc.). Huge sums of money are sent back by such workers to their countries of origin, including their rural areas, much of which is channelled towards investments in education, assets such as land and housing, starting small- and medium-sized enterprises, etc. Finally, in addition to the financial implications, migration also has consequences on the dynamics of rural families that need to be considered (for example, it could be in terms of availability of labour or even further responsibilities for women).

Implementation Modalities

93. The Regional Strategy has five implementation modalities, which will be considered in detail in chapter IV on business processes. The new implementation focus to shift the emphasis from the conventional approach of managing problem projects to a keener search for and support of projects and programmes with the strategic potential to influence policies has potential.

94. On policy dialogue, the Regional Strategy paper underscores the importance of working closely with governments to adopt pro-poor policies, collaborating with other donors and the UN to increase the Fund’s inputs into the Poverty Reduction Strategy Papers (PRSPs), and engaging with NGOs. However, while reference is made to the ADB and the World Bank, it is more in order to “inform and consult” with them, rather than to develop a broader policy-related collaboration. Also, the section

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52 See for example paragraph 11 of the Philippines Rural Micro-Enterprise Finance Project evaluation or paragraphs 6.7 and 6.8 in the Thematic Evaluation on Rural Financial Services in China.

53 This was a major constraint in Vietnam. See recommendation (ii) on page x of the Agreement at Completion Point in the Vietnam Country Programme Review and Evaluation dated April 2001.
does not provide sufficient attention to how IFAD will contribute towards enabling the rural poor to influence policy and institutional change.

95. In the partnership-building section, the Regional Strategy focuses mainly on establishing strong networks (although it does not specify among whom)\(^\text{54}\) for sharing experiences, developing new approaches to using grants, and policy/advocacy by promoting local champions and supporting regional and international mentors (on thematic work having policy implications). It does not, for instance, specifically single out partner governments or other international/bi-lateral organizations, neither does it highlight the need for partnership-building in essential areas of innovation scouting and promotion, co-financing, or project design and implementation.

96. Under knowledge management, the Regional Strategy emphasises issues of south-south cooperation, learning from each other’s experiences, and documenting and disseminating innovative approaches to project design. These are issues of significance to IFAD member states in the region. Workshops, information sharing and communication facilitated by an electronic network such as ENRAP are all good platforms for knowledge sharing. Less attention in the Regional Strategy is given to learning from the experiences of other international/bi-lateral organizations, and no approach is defined on how knowledge management will be addressed in PI at the headquarters level.

97. The fifth implementation modality, impact assessment, is very relevant with today’s emphasis at IFAD and is a fundamental aspect of the emerging self-evaluation systems. However, one aspect that was not sufficiently addressed was the generally weak performance of project-level monitoring and evaluation systems, and how that would affect PI’s overall impact assessment efforts.

D. Alignment of the COSOPs with the Regional Strategy

98. Targeting women and enhancing women’s capabilities draws a perfect score from the post-Regional Strategy COSOPs, and a lower one in the pre-Regional Strategy COSOPs. The IFAD-wide gender Action Plan approved by the Board in April 2003 (i.e., after the adoption of the Regional Strategy) also laid out requirements to be considered in country strategies and operations. The two most innovative thrusts of the Regional Strategy, building coalitions of the poor and enhancing peace for poverty reduction, are not emphasised in the COSOPs, both of the pre and post Regional Strategy period. However, targeting is talked about consistently, but instruments for targeting are not sufficiently spelled out.

99. Sectoral priorities do indeed show some patterns of change between and pre- and post-Regional Strategy periods: the post-Regional Strategy COSOPs give greater importance to a range of natural resources management issues (land degradation, water management, joint forest management and forestry), as well as to rural infrastructure (which was given only passing attention under the first strategic direction, namely the Development of Less Favoured Areas), rural finance and micro-enterprise development. The important agricultural research priorities of the Regional Strategy, however, are not included adequately in the COSOPs.

100. Policy dialogue and partnership feature in most of the pre-Regional Strategy COSOPs but with 100% consistency in the post-Regional Strategy COSOPs. The advocacy agenda of the Regional Strategy, however, is missing from an overwhelming majority of both pre- and post-Regional Strategy COSOPs\(^\text{55}\). Indeed, the trend, if anything, is negative over time: issues of land tenure, land reform and

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\(^{54}\) In their comments to OE, PI clarified that the intention was to develop partnerships with regional organizations and NGOs. PI has done so with the International Centre for Integrated Mountain Development (Nepal), International Centre for Research in Agroforestry, International Rice Research Institute, International Maize and Wheat Improvement Centre, UNIFEM, Asian Institute of Technology. See reference to paragraph 66 on page 15 of PI’s comments dated 2 May 2006.

\(^{55}\) Among other matters, the Regional Strategy included provisions to work with the International Land Coalition to advocate placing the issue of redistributive land reform on the policy agenda of national
The most recent COSOP for India discussed in December 2005 by the Executive Board includes an important strategic shift worthy of deeper reflection, as it may have wider implications for IFAD’s future Regional Strategy in Asia and the Pacific. While retaining support, albeit reduced, for tribal people and upland areas, the new COSOP argues for IFAD’s future involvement in the mid-gangetic plains, in particular by covering the states of Bihar and Uttar Pradesh. This shift will naturally entail redirecting resources from areas in which IFAD has developed over time a comparative advantage and considerable experience and partnerships. That is, IFAD has developed a reputation in tribal development amongst the government and donors alike, and they expect IFAD to take the lead in this sub-sector. While poverty is widespread in the states of Bihar and Uttar Pradesh, these are probably the two most complex states in the country, where corruption, law and order issues are rampant, cast conflict and Naxalite insurgencies are extensive, governance and institutional capabilities very weak, including inadequate monitoring and financial systems, and the policy and political environment unstable. In fact, in spite of the large amounts of government and donor-funded investments over the past 30-40 years, these two states still remain amongst the poorest in India. For the aforementioned reasons, and the Fund’s limited knowledge and partnerships in these two states, the evaluation is not convinced about the rationale for this shift in emphasis in the new India COSOP. Moreover, various partners, in particular international/bi-lateral organizations and others met by the EVEREST mission, expressed their reservation for IFAD’s potential future engagement in Bihar and Uttar Pradesh, particularly due to IFAD’s remoteness from project action, and its present approach to supervision.

The overall conclusion about the alignment of the COSOPs with the Regional Strategy is as follows:

(a) The Regional Strategy sensitized the division to the need for women’s development to such an extent that every COSOP deals with this issue. Also, in tandem with the IFAD Strategic Framework for 2002-2006, it led to a greater emphasis on rural finance and micro-enterprise development.

(b) The Regional Strategy also successfully drew the COSOPs into resource management issues such as land degradation, water management, joint forest management and forestry.

(c) Apart from the issues raised above in relation to the 2005 India COSOP, in terms of geographical niche and targeting, however, the COSOPs show continuity rather than change between the pre- and post-Regional Strategy periods, with a focus on women and the rural poor, and varying degrees of attention to the more specific target groups (including indigenous peoples and scheduled castes).

(d) A discordance revealed by COSOPs is that fully one-half of the 68 projects in the region in the last ten years have been supporting health, education and sanitation, sectors that are not priorities in the Regional Strategy. In all but two of these 32 projects, the social sector components are financed by IFAD resources rather than through co-financing.
E. IFAD in the Context of the Country Strategies of Other Donors

103. The EVEREST also reviewed the 45 most recent country-level strategic documents of selected major multilateral organizations working in the PI region including: (i) 16 ADB Country Strategy and Programme (CSP) documents, (b) 15 World Bank Country Assistance Strategy (CAS) documents, and (c) 14 United Nations Development Assistance Frameworks (UNDAFs) that are coordinated by the UN Secretary General’s Coordinator in each country. All these agencies concerned are active in rural poverty alleviation, agriculture and selected policy reform, to varying degrees. It is the exception rather than the norm, however, for IFAD to be mentioned as an innovator or strategic partner by these key institutions.

104. The ADB has loan-financed projects in the agricultural and natural resources sector in 13 of the 16 concerned countries. IFAD is included in the donor coordination matrix of only seven of the 16 CSPs, and it is missing from a total of nine (Cambodia, India, Indonesia, Kyrgyzstan, Nepal, Pacific Island Countries (PICs), Pakistan, Sri Lanka and Vietnam). There is no reference to IFAD in the ADB’s two poverty reduction strategies (dated March 2001 and December 2004) and neither in their specific strategy for 2005-2009 for the Pacific (dated October 2004). The latter is particularly significant given that the IFAD strategy for the Pacific Islands was also being developed more or less at the same time, which was ultimately approved by the Board in December 2004.

105. The World Bank is providing non-loan assistance for agriculture in 13 of the 15 countries, and loans for agriculture in all 15. In 11 countries, the World Bank is engaged in policy dialogue on rural poverty alleviation, and in six it pursues policy dialogue in the agricultural sector. IFAD is not mentioned in nine of the 15 CASs, including those for Bhutan, Cambodia, China, India, Indonesia, Kyrgyzstan, Pakistan, the Philippines and Sri Lanka. However, it is to be noted that IFAD is mentioned in the revised (global) Rural Development Strategy (2002) of the World Bank, as an institution that could complement the Bank’s rural development efforts. Having said that, there is no...
reference to IFAD in the two latest World Bank strategies for Asia and the Pacific\textsuperscript{64}, that is, neither in their South Asia strategy nor in the East Asia rural development strategy covering also the Pacific.

106. According to the 14 UNDAFs reviewed, the UN system is providing or will provide assistance in the agricultural sector in six countries, but in only two for rural poverty alleviation. In only one country, however, is it engaged in policy dialogue or policy reform in agriculture or rural poverty alleviation. IFAD is mentioned in the Results Matrix of the UNDAF in only six cases, five of which emerge in countries in which the UNDAF was signed in 2005.

F. Alignment of Project Design with the Regional Strategy

107. In general, project design has shown good alignment with the thrusts of the Regional Strategy. Naturally, projects do not focus on all the five strategic thrusts in the Regional Strategy. They may focus on two or three thrusts, depending on the project’s objectives and specific circumstances. Interestingly, the EVEREST cross-cutting analysis covering eight countries revealed that there is a strong relationship between project design and the 2002 Regional Strategy. This is important, especially considering that 13 out of the 15 projects studied in the cross-country analysis were approved prior to the formulation of the Regional Strategy, thus confirming the evaluation’s theory that the broad dimensions of the 2002 Regional Strategy were already followed in PI operations since more or less that mid-1990. With the exception of a couple of projects, the twelve projects examined in the other four countries covered by the EVEREST (China, India, Pakistan and the Philippines) also show similar alignment.

108. As evidenced by project design as well as the analysis of COSOPs, the term “less favoured areas” used in the Regional Strategy has not been strictly used in project design. Depending on the country context and based on the definition provided in the Regional Strategy paper, projects have been mostly designed in less-favoured areas. For example, the description “mountain areas” is used most frequently for the projects in South Asia, “upland areas” for South East Asia and “lower altitude” and “sloping lands” for East Asia. Flood-prone and deltaic areas are more common among projects in South Asia, while rainfed project areas are more common in South East Asia.

109. Women have been an increasingly clear target group across the region for more than a decade. More specific strategies have been included in project design not only for targeting women, but also increasing women’s representation in policy and structural changes, in planning and decision-making and in participation in monitoring and evaluation. The grant-funded Gender Mainstreaming in IFAD Projects in Asia and the Pacific Region programme, launched in 1999, has given added impetus to the topic. The programme provided specific recommendations and training on improving gender mainstreaming in country programmes and projects. It is evident that the awareness raising through the analyses were taken up in implementation as well as at the strategic level.

110. The analysis showed that PI generally targeted marginalised groups, especially indigenous peoples. All projects reviewed strongly emphasised the building of grassroots institutions and participatory approaches. Peace building, however, has received minimal attention thus far. Among sectoral priorities, in spite of little attention paid to rural infrastructure in the Regional Strategy, PI operations include rural infrastructure in many projects approved after 2002. Apart from few recent cases, policy dialogue is not incorporated explicitly in the majority of projects designed in the past ten years.

111. The EVEREST assessment of project design alignment with the 2002 Regional Strategy is, by and large, similar to the results on this topic contained in the PI self assessment (see page 27 in the PI Self Assessment document). That is, there is strong alignment with strategic directions one through

\textsuperscript{64} (i) South Asia; Strategy and Action Plan for Rural Development, July 2001; and (ii) East Asia Rural Development Strategy: Reaching the Rural Poor in the East Asia and Pacific Region, October 2001.
four in the Regional Strategy, but not with strategic direction five (see section B in chapter III where the five strategic directions are listed).

**Summary of Key Points on IFAD’s Strategy in the Asia and the Pacific Region**

- The process leading up to the preparation of the 2002 Regional Strategy was not clearly defined, nor did its preparation sufficiently include participants from important sub-regions and countries in Asia and the Pacific.
- The Regional Strategy does not define its purpose nor audience. It sets out the broad parameters for the preparation of country strategies and projects, and is also an effective communication tool.
- The strategy does not indicate the period it intended to cover. It does not have a results framework, nor did it recognize the need for retrofitting ongoing country strategies and operations to bring them in conformity with the Regional Strategy. In sum, it did not serve as an effective management tool.
- The strategy did not recognise thoroughly the diversity of the various sub-regions in the Asia and Pacific,
- The strategy did not articulate how to engage donor and non-borrowing member countries of the region.
- The strategic directions contained in the strategy are broadly relevant, especially the focus on indigenous people, women, and building coalitions of the rural poor. However, while recognizing the importance of enhancing peace for poverty reduction, this is not an area in which IFAD currently has a particular comparative advantage. And, finally, with regard to having a geographic niche, the issue is not whether IFAD operations should be concentrated in less favoured or high potential areas. Rather, the Fund should seek to work in those places where there is a concrete opportunity to promote innovative approaches that have potential to be replicated and up-scaled by others.
- Moreover, the strategy did not adequately consider some important development aspects, including: the promotion of innovations; the need to tackle corruption and promote decentralized development; the role of the private sector; the importance of rural infrastructure and livestock; the way in which IFAD could contribute to the fight against HIV/AIDS; the issue of migration out of rural areas and the impact of remittances on rural economies; nor the way in which the Fund could engage cost-effectively in the Pacific Islands.
- On the whole, the country strategies and projects funded build upon the main strategic functions within the Regional Strategy.

**IV. ASSESSMENT OF RESOURCE ALLOCATION AND RESULTS**

112. This chapter addresses resource allocation trends and the assessment of development results of the evaluation framework. Moreover, the analysis contributes towards addressing the first main evaluation question: What has been the performance and impact of IFAD in the region? This chapter has five sections on: (i) evolution of the IFAD portfolio in Asia and the Pacific; (ii) IFAD’s co-financing trends and issues; (iii) performance of projects and the portfolio; (iv) impact on rural poverty; and (v) impact on policy and partnerships.

**A. Evolution of the IFAD Portfolio in Asia and the Pacific**

113. **Terms of lending.** Since its establishment, IFAD has provided around USD 2.8 billion to 21 countries in the region in the form of loans. During the evaluation period, IFAD loans in the region have totaled around USD 1.2 billion through 68 projects and programmes. This equals 41% of the commitments and 37% of the projects approved for the region since IFAD was established in 1978.
Total project/programme costs during the evaluation period is nearly USD 3 billion, and all lending since 1998 has been on highly concessional terms.

114. **Loan size.** The average loan size during the evaluation period was USD 17.84 m, which is 19% greater than the average for 1978-1995. During 2000-2004, however, it was about 30% greater than the average for the earlier five years of the period. With the introduction of the Performance Based Allocation System (PBAS), which became effective in 2005, the average loan size has to decrease in view of the PBAS-induced country limits for the largest borrowers, and PI will no longer have the flexibility to meet administrative costs by increasing the average loan size. Indeed, as other regional operations divisions, PI will have to prepare more project proposals each year than it now does. This and other issues will need to be considered in an eventual evaluation of the PBAS.

115. **Regional and country-level allocation of resources.** According to the Regional Lending Allocations established by IFAD in 1994, PI’s share was set at about 31% of the total for IFAD. Before the introduction of the PBAS, PI worked out country-level allocations largely on the basis of precedent. For the five-year period 1999-2003, PI conducted an exercise in which it consulted with all its CPMs and, within its regional share, determined a pattern of country allocations that projected the volume of lending for each country, an average loan size and the number of projects. This is reported in detail in the undated PI draft note called “Lending Programme for Asia and the Pacific Region, 1999-2003.” This analysis assumed a lending programme of USD 131.6 million per year, which is 14% more than the actual average for 1996-2005. It projected an average loan size of USD 14 million, which is 21% less than the actual average for 1996-2005. Seen in conjunction with the current regional shares, these outcomes suggest that IFAD’s actual lending in the Asia-Pacific region as also in other regions, prior to the introduction of the PBAS, was driven by legacy rather than strategy, except that the addition of new borrowers diluted the share of old ones. This, in fact, was one of the reasons for the introduction of the PBAS, which would introduce a more systematic and transparent resource allocation process. On another issue, the EVEREST notes that within many countries in the region, IFAD resources are dispersed throughout various geographic areas which, inter-alia, militate against promoting synergies across the programme at large and limits the Fund’s ability to build deep knowledge of specific rural poverty issues.

116. The addition of new borrowers (e.g., Cambodia, Laos and Vietnam) tilted IFAD lending towards East and Southeast Asia, away from South Asia. Perhaps the biggest loss, however, was experienced by the Pacific Islands, which went from a 2.1% share of the PI portfolio to zero. The introduction of the PBAS is more likely to safeguard the interests of the smallest state, if the minimum lending stipulated in the PBAS (USD 1 million per country) is followed. Moreover, because of the weight given to rural populations in the PBAS, country allocations will shift in favour of South Asia.

117. **Resource allocation at the project level.** Revealingly, information is not readily available for comparing resource allocation, according to the five main strategic directions of the Regional Strategy\(^\text{65}\), in the period before and after the adoption of the PI Regional Strategy in 2002. PI’s self assessment suggests that resource allocation in the period after the adoption of the Regional Strategy has focused: (a) very strongly on building coalitions of the poor, developing less-favoured areas and enhancing women’s capabilities; (b) strongly on enhancing the capabilities of indigenous peoples and other marginalized groups; and (c) very weakly on enhancing peace for poverty reduction (or a rights-based approach to development). The self assessment also shows a high degree of alignment between resource allocation and almost all the sectors highlighted in the Regional Strategy paper. About one-third of the projects planned to increase the access of marginal farmers and the landless to productive

\(^{65}\) These are: (i) Development of Less-Favoured Areas; (ii) Enhancing Women’s Capabilities in Order to Promote Social Transformation and Agricultural Development; (iii) Reducing Poverty by Enhancing the Capabilities of Indigenous Peoples and Other Marginalized Groups; (iv) Building Coalitions of the Poor; and (v) Enhancing Peace for Poverty Reduction.
resources (land, water and forests), but the focus on equitable use of common property resources has been weak.

118. **Retrofitting.** Many international development agencies consider retrofitting an essential element of strategy and policy management. In essence, the concept entails assessing and accordingly adjusting, or if needed, terminating ongoing operations to bring them in compliance with a new policy or strategy that has been adopted. The purpose of retrofitting is to ensure that all operations funded by IFAD are in conformity with the objectives, directions and approaches included in such new policies/strategies. Retrofitting should also consider major lessons learned that would also contribute to improving portfolio performance and impact.

119. The evaluation did not find evidence that efforts were made by PI to analyse the need for retrofitting of the ongoing portfolio when the Regional Strategy was adopted in 2002. Along similar lines, no evidence was found that the division analysed the need to retrofit the ongoing portfolio upon the approval by the Executive Board (since 2000) of a number of key corporate policies and strategies, including the Rural Finance Policy, the Rural Micro-Enterprise Policy, and the Private Sector Development Strategy.

120. **Grants**\(^{66}\). According to PI’s portfolio review, its current portfolio includes 47 grants worth USD 17.3 m that are divided into large and small grants\(^{67}\), and regional and country-specific grants. Small grants account for about 64% of all grants in the portfolio, and 16% of the amount of all grants. Regional grants—large and small—account for 55.5% of the grant portfolio, almost all of it in large rather than small grants. On the other hand, the country-specific grants portfolio is divided about 3:1 in favour of large grants. While grants are supposed to amount to 10% of IFAD’s lending programme\(^{68}\), in PI the reported grant portfolio is only about 1.5% (excluding the Programme Development Financing Facility (PDFF)) of the loan portfolio, which seriously limits PI’s ability to, *inter-alia*, promote innovation, knowledge and conduct research through grant-funded initiatives. It is important to clarify that the PDFF is part of the overall grant resources available to IFAD, which, as per the Strategic Planning and Budgeting Division, absorbs around 2.5% of IFAD’s total annual grant allocations. Moreover, the EVEREST notes that the grant allocation of 10% of the lending programme is for IFAD as a whole, and that there is no *a priori* earmarking of grants for each division at the time of approval of the IFAD Annual Programme of Work and Budget by the Governing Council.

121. In continuation of the above, the PI self assessment has an interesting analysis showing a comparison of grant allocation across the five implementation modalities included in the Regional Strategy between the periods 1996-2001 and 2002-2005. This analysis reveals that while there have been increases in grant allocations for partnership building, policy dialogue, and impact assessment, decreases are noted in the areas of new implementation focus and knowledge management.

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\(^{66}\) The Executive Board adopted an IFAD policy on grants in December 2003.

\(^{67}\) Large grants are grants in the amount of more than USD 200,000, and these have to be approved by the Executive Board. Smaller grants are approved by the President of IFAD.

\(^{68}\) As per the decision taken during the Sixth replenishment of IFAD resources (2002), which is reflected in the IFAD grants policy. Before that, grants accounted for 7.5% of the total annual resources committed by IFAD.
Table 2. Grant Resource Allocation by PI

<table>
<thead>
<tr>
<th>Regional Strategy Area</th>
<th>1996-2001</th>
<th>2002-2005</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Implementation Focus</td>
<td>395 437</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Partnership Building</td>
<td>35 000</td>
<td>195 000</td>
<td>230 000</td>
</tr>
<tr>
<td>Policy Dialogue</td>
<td>0</td>
<td>50 000</td>
<td>0</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>1 875 441</td>
<td>1 060 000</td>
<td>2 935 441</td>
</tr>
<tr>
<td>Impact Assessment</td>
<td>75 000</td>
<td>266 160</td>
<td>341 160</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2 380 878</td>
<td>1 571 160</td>
<td>3 952 038</td>
</tr>
</tbody>
</table>

Source: PI self assessment, Table 12, Page 52

B. IFAD Co-financing Trends and Issues

122. **Volatility of co-financing.** Significant changes took place during the evaluation period in the pattern of co-financing PI’s portfolio has experienced. There have been huge swings in co-financing from one short period to another: co-financing as a percentage of IFAD lending varied between 65-68% in 2001-2002 and only 3-4% in 2003-2004. A similar pattern is observed in comparing 1995-1997 (high levels of co-financing) with 1998-2000 (dramatically lower levels). The lack of continuity in co-financing partnerships has also been noted by PI’s self-assessment, 35 different partners have co-financed IFAD projects in Asia since 1978, but only 11 of them were actively co-financing with IFAD during 2002-2005, and only five have collaborated continuously with PI since 1978. The latter group consists of the governments of Germany, Italy, Japan, UNDP and the WFP.

123. **Trends during 1996-2005 as a whole.** In addition, there is also a generally decreasing trend in the share of co-financing over a longer term, including the 1996-2005 period. An analysis of the latter period comes up with the following findings:

   (a) Bilateral organizations have been much less involved in co-financing as international organizations, and they have been concentrating their contributions in South Asia while absenting themselves completely from IFAD-assisted projects in East Asia.
   (b) Domestic sources—the private sector and the beneficiaries combined—have contributed about as much as international organizations. This trend has been particularly pronounced in South Asia, probably because of the substantial contributions of microfinance institutions.
   (c) However, government contributions in South Asia as well as Southeast Asia are a fraction of what the governments contribute in East Asia.

124. **Changes between pre- and post-PI Regional Strategy periods.** The scenario, however, is far from static: indeed, there are marked changes in cofinancing patterns over time, particularly as they are reflected in differences between the pre- and post-Regional Strategy periods. More specifically:

   (a) Compared with the pre-Regional Strategy years 1996-2001, there was an increase of 13 percentage points in IFAD’s share of project cost in the post-Regional Strategy period 2002-2005, and international organizations contributed only 2% of the project cost, down 17 percentage points. IFAD and other international organizations are not finding each other to be attractive partners in the region.
   (b) At the same time, the governments of the region are reducing their stake in IFAD-assisted projects, and transferring more of the burden (in a one-to-one ratio) to the beneficiaries and the private sector. However, this applies more to countries in South and East Asia than in Southeast Asia.
125. **Co-financing partners in PI’s current portfolio.** Although co-financing has been declining, the current PI portfolio is still characterized by a large number of co-financiers contributing small amounts. Several bilateral donors and NGOs find niche areas attractive for joining IFAD in its operations in the region. The UN agencies contribute 23% of the co-financing (all but a fraction of it coming from WFP, which is the main contributor to the divisional programme in terms of the number of projects: it is engaged in 18 projects in eight countries across the region, including all current ongoing projects in China). The IFIs contribute 40% (with ADB, PI’s largest single source of co-financing, accounting for two-thirds). The World Bank (providing 14% of the co-financing) also maintains a significant position in the current portfolio. Bilateral agencies contribute 26% (two-thirds of which comes from the Department for International Development – UK (DFID), which concentrates in India). Japan’s contribution to ongoing projects, however, decreased by 97% between 2004 and 2005, and PI has not been successful in the past in developing a co-financing partnerships with Australia and New Zealand, which are important regional donors, especially in the Pacific.

126. **Possible reasons for declining trend in co-financing.** IFAD’s other regional divisions have also experienced declining co-financing levels. There are a number of reasons for this. For example, traditional partners (e.g., the main IFIs and bi-lateral aid agencies) have undergone in the past five-seven years important organizational decentralisation, with decision-making for country strategy formulation and programme development, as well as resource allocation largely delegated from headquarters to the country levels. Moreover, at IFAD, in the absence of country presence in most cases, the main decisions are still taken at headquarters and the Fund has not found ways of connecting effectively for dialogue and partnerships at the country level under the new structural architecture of other donor organizations. The latter makes mobilising co-financing more difficult, also because CPMs have limited time as they are required to attend to multiple issues on each country visit. Therefore, the incentives for CPMs to pursue co-financing arrangements (which, by nature, are more complex to develop than projects exclusively financed by IFAD) are not high, also because the amount of co-financing raised is not used as an indicator to assess the performance of CPMs. Moreover, the increases in the total funds available to IFAD for lending puts more pressure on CPMs and the operational divisions to meet their annual lending targets, which also mitigates against objectives of raising co-financing.

127. Although a deeper assessment is warranted, it would appear that more clear guidance may be required for the operational divisions as a whole and its CPMs to proactively pursue co-financing opportunities. In this regard, it is recalled that in the late 1990s, IFAD management had issued a directive stating that the total new lending made by IFAD in a given year should be accompanied by 25% co-financing (that is, every dollar lent by IFAD should include 25 cents as co-financing, making the total project costs USD 1.25). Clearly, this is not being pursued.

128. A complementary explanation is that the major potential co-financing partners, including the IFIs, UN organizations and various bi-lateral aid agencies, do not at the country levels have much knowledge or awareness of IFAD’s programmes and experiences. Moreover, the gradual increase in recent years of donors providing their financial contribution through budget support mechanisms and Sector Wide Approaches (SWAPs) has limited the opportunities of identifying co-financing the specific investment projects still favoured by IFAD. Thus, the increasing shift towards the use of alternative development instruments for channelling aid, rather than the traditional project-based support, is a contributing cause for reduced co-financing of IFAD operations in recent years.

129. In sum, the declining co-financing trends, which has not be matched by a simultaneous increase of IFAD’s participation in SWAPs, reveals the ‘go it alone’ characteristic of IFAD’s operational posture in Asia and the Pacific that contrasts with the considerable efforts deployed by the development assistance community to enhance co-ordination and coherence in aid programmes.

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69 This was a findings from the four country visits (China, India, Pakistan and the Philippines) undertaken, but also is recognised in various OE evaluation reports (e.g., Indonesia CPE and others).
Issues of co-financing and partnerships are discussed further in the section on partnerships in Chapter V.

C. Performance of Projects and Portfolio

130. This section draws on the ratings of 14 projects (from seven of the 12 countries included in the EVEREST\textsuperscript{70}), taken from existing project or CPEs reports prepared in the past years using a consistent evaluation methodology developed by OE. The EVEREST decided to only use formal ratings that have been previously generated through evaluations, as these have been arrived at following extensive field work in each project area and comprehensive analysis by OE. The aggregation of evaluation ratings is justified by the uniform methodological basis (in terms of evaluation criteria and ratings scale) implemented across OE evaluations. Lastly, the insights included in this section use all the evaluation reports considered in the EVEREST and not just the 14 cases for which ratings have been used.

131. The ratings of the 14 projects examined in the EVEREST show more or less consistently better results than those reported, for IFAD as a whole in the Annual Report on the Results and Impact (ARRI) of IFAD Operations during 2002-2004. That is, in 100\% of the sample, project objectives are rated highly or substantially relevant in Asia and the Pacific. It is comforting that relevance\textsuperscript{71} should be so high, and it would be a major failure of the institution as a whole, including its Executive Board, if “non-relevant” projects for rural poverty reduction are designed and approved.

Table 3. Project Performance Ratings

<table>
<thead>
<tr>
<th>Performance Criteria\textsuperscript{72}</th>
<th>Percentage of Projects Rated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High or Substantial</td>
</tr>
<tr>
<td>Relevance</td>
<td>90% 100% 62% 38% 0% 0%</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>66% 92% 8% 85% 8% 0%</td>
</tr>
<tr>
<td>Efficiency</td>
<td>52% 62% 8% 54% 38% 0%</td>
</tr>
</tbody>
</table>

Source: Ratings by the EVEREST (2006)

132. In terms of effectiveness, projects in the Asia and Pacific region achieved far better results than the projects considered in the ARRI. Some reasons for this include: (a) IFAD operations in the region benefit from sounder institutions, well trained human resources and a relatively favourable policy environment prevalent generally in the region: this is reflected in the high levels of economic growth and relatively good development performance of the region. In fact, the outcomes for projects funded by the World Bank in Asia and the Pacific are better than in other regions and above Bank-wide averages; (b) the extensive involvement and quality of NGOs and community-based organizations as well as the enhanced participation of women in development activities help explain the higher effectiveness; and (c) better project implementation indicators as compared to other IFAD regions, for example, in terms of disbursements and time taken from loan approval to effectiveness. As far as efficiency is concerned, the ratings of projects in the Asia and Pacific region are a little better than the

\textsuperscript{70} These are the countries in which OE has done a previous evaluation in recent years.

\textsuperscript{71} Relevance is defined as the extent to which project objectives, as formally documented at the time of the evaluation, are consistent with: (i) the rural poor’s perceptions of their needs and potential at the time of the evaluation; (ii) the economic, social and policy environment; (iii) IFAD’s mandate and its strategic framework and policies; (iv) IFAD’s current Regional Strategy and country strategy as contained in the COSOPs; and (v) the country’s current policies and strategies for poverty reduction – definition from the ARRI (2004), page 12.

\textsuperscript{72} A definition of these evaluation criteria can be found in Chapter III of the ARRI.
ARRI figures. The measurement of efficiency is not facilitated by the unsystematic data collection and infrequent estimates of cost-benefit indicators in IFAD-funded projects.

133. As far as efficiency\textsuperscript{73} is concerned, the ratings of PI projects are a little better than the ARRI figures. The measurement of efficiency is not facilitated by the unsystematic data collection and infrequent estimates of cost-benefit indicators in IFAD-funded projects.

134. Problems in interpretation of ratings are common, but it is revealing that effectiveness improves after the MTR in the PI region and is also enhanced by extensions in the project closing date as well as the continuation of projects into the second phase. That said, this report, and PI's own portfolio review, point to inadequacies in the borrowing country environment as a drag on performance at various stages of the project cycle. The list of problems is familiar and spans procedures, human resources and various other management and governance issues. There is also the litany of problems characteristic of IFAD’s operational culture that has persisted over the years, and has been documented in the IEE: a central planner’s approach to the project cycle, inadequate stakeholder participation, weak borrower ownership of design process, weak implementation support and supervision, and few operational policies to provide guidance throughout the project cycle.

D. Impact on Rural Poverty

135. The impact of the 14 rated projects on rural poverty and overarching factors is summarized in Table 4. It is notable that the EVEREST sample yields higher ratings than the ARRI sample for eight of the nine impact indicators. One of the possible reasons for this is that 34% of the ARRI sample consists of projects from middle-income countries, where the ARRI has found relatively poor impact in the past, whereas the EVEREST sample does not include any representation of middle-income countries. As noted by the ARRI, policy and institutional environments have a bearing on the rural poverty impact of projects, a finding consistent with policy research findings. As indicated above, the Asia and Pacific region provides a better-than-average operating environment. For example, the CPIA\textsuperscript{74} rating for the region is higher than that for Africa and a number of middle-income countries where IFAD operates\textsuperscript{75}.

\textsuperscript{73} Efficiency is a measure of how economically inputs (funds, expertise, time, etc.) are converted to outputs. This can either be based on economic and financial analysis, or on unit costs compared with alternative options—definition from the ARRI (2004), page 14.

\textsuperscript{74} The World Bank undertakes periodically a Country Policy and Institutional Assessment (CPIA), which assesses the quality of a country’s present policy and institutional framework. Quality refers to how conducive that framework is to fostering poverty reduction, sustainable growth, and the effective use of development assistance.

\textsuperscript{75} See World Bank CPIA website.
Table 4. Project Impact Ratings

<table>
<thead>
<tr>
<th>Impact Domains</th>
<th>Percentage of Projects Rated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High or Substantial</td>
</tr>
<tr>
<td></td>
<td>ARRI 2002-2004</td>
</tr>
<tr>
<td>Targeting the rural poor(^{\text{76}})</td>
<td>57%</td>
</tr>
<tr>
<td>Physical and financial assets</td>
<td>55%</td>
</tr>
<tr>
<td>Human assets, including HIV/AIDS</td>
<td>55%</td>
</tr>
<tr>
<td>Social capital, empowerment of poor</td>
<td>55%</td>
</tr>
<tr>
<td>Food security</td>
<td>62%</td>
</tr>
<tr>
<td>Environment/communal resource base</td>
<td>43%</td>
</tr>
<tr>
<td>Institutions</td>
<td>41%</td>
</tr>
<tr>
<td>Gender equality and mainstreaming</td>
<td>52%</td>
</tr>
<tr>
<td>Innovation, replication and scaling up</td>
<td>52%</td>
</tr>
<tr>
<td>Sustainability</td>
<td>41%</td>
</tr>
</tbody>
</table>

Source: Ratings by the EVEREST (2006)

136. The targeting rating calls for particular attention because it is much lower than the high and substantial impacts on physical, financial and human assets, which suggests elite capture or lack of inclusive development. Various OE evaluations confirm this finding of the EVEREST, including the Bangladesh, Indonesia and Sri Lanka CPEs.

People’s Republic of Bangladesh
Grameen Bank Project
Jewellery makers pound metal and sell their wares on the side of the road.
IFAD photo by Anwar Hossain

\(^{\text{76}}\) It is to be noted that the ARRI did not have a rating on targeting issues.
137. Given the favourable operating environment, it is surprising that only about 15% of the rated sample achieved a high impact on physical and financial assets as well as social capital and empowerment of the poor. In fact, none of the 14 projects used in the EVEREST got a high overall rating on impact on rural poverty. The same kind of pattern is observed in the sample of reviewed projects that were not rated. Indeed “the high-impact project” is a rarity in the IFAD and PI portfolio in general\(^\text{77}\). One of the main difference between IFAD-assisted projects and recognized high achievers in the region is an institutional one: the latter belong primarily to NGOs, Civil Society Organizations (CSOs), universities, the private sector and government-supported institutions that are allowed to operate independently (e.g., the IFAD-funded Tamil Nadu Women’s Development Project in India).

138. Among the individual indicators of impact, only 20% of the rated sample showed high or substantial impact on the environment and communal resource base, which is less than half the 43% proportion in the ARRI, which shows it as the least significant impact among all impact domains. The ARRI, as well as the non-rated EVEREST sample show that few projects make environment a priority area, which is surprising given that erosion-prone land is common in upland, mountainous areas. Moreover, PI’s self-evaluation points to the particular neglect of common property natural resources on which the rural poor depend for a variety of livelihoods needs.

139. The 79% high or substantial impact on gender equality and mainstreaming bears testimony, in the first instance, to the efforts made by PI for several years. It is particularly noteworthy because high levels of impact have been reported for projects located in Bangladesh, India, Indonesia and parts of the Philippines. This is interesting in view of the prevailing cultural and traditional context that has determined the role of women in these countries in the past. While gender mainstreaming is seldom achievable in the duration of a project, components and interventions for women’s development undoubtedly generate impact quickly. In other words, the impact on gender equality is driven mainly by positive discrimination that has been well received even in ostensibly conservative rural communities.

140. Sustainability problems in the region are associated with a number of institutional and technical factors. Sometimes, donors (including IFAD and its co-financiers) proceed in undue haste, without rigorous institutional analysis, to accept government assurances that project interventions will be maintained once put in place. This is true for infrastructure as well as institutions and personnel. Similarly, project officials are motivated to achieve physical and financial targets at the expense of community ownership. Moreover, a mismatch is often observed between the technical standards of interventions and the human, social and financial capital that is available with a community to operate and maintain them: interventions are over-designed by technical experts.

141. Finally, the high rating for innovation, replication and upscaling needs further reflection. Firstly, two quite different factors—innovation and replication/upscaling—have been grouped into one overarching factor, within which one may compensate for the other. On this, in spite of the high rating, evidence from the ARRI, the corporate level evaluation of innovation\(^\text{78}\), the IEE and the non-rated EVEREST projects suggests that innovation promotion is the area that requires considerable improvement. Secondly, while there are some examples of replication and upscaling by other donors and NGOs, it is common to find the government upscaling and replicating the approach in other parts of the country, which is an achievement. However, donors could play a greater role in upscaling and replication operations and in policy and institutional reform, and more needs to be done to engage them proactively in IFAD’s innovation promotion agenda.

\(^{77}\) Only 4% of the ARRI sample of 29 projects got a high rating for rural poverty impact – see Figure 2 in the ARRI (2004), page 27.

\(^{78}\) Corporate Level Evaluation of IFAD’s Capacity as a Promoter of Replicable Innovations in Cooperation with other Partners, report dated November 2002.
E. Impact on Advocacy, Policy and Partnerships

142. Few ratings are available for policy dialogue and partnership strengthening in the 14 projects covered by the EVEREST. However, those available show overall weak impact, especially in Bangladesh and Indonesia.

143. PI’s strategy does not include a strategy for partnership building, and there is no document that presents lessons learned from successful partnerships. Beyond one-off events and publications, there is no evidence that partnerships were forged for developing policy influence, though some cofinancing partnerships (e.g. in China with WFP) have achieved this impact. IFAD’s participation in the PRSP and UN Country Team processes has been minimal until very recently. While the Field Presence Pilot Programme (FPPP) and proxy field presence is contributing to better donor coordination, the links between this and the advocacy and policy dialogue objectives of the Regional Strategy are not evident.

144. The resources allocated by PI to policy analysis and policy dialogue during the evaluation period have been very small and concentrated in the most recent two-to-three year period. Resource allocation for advocacy has been negligible. During 2005, however, PI has invested a considerable amount of time and effort in preparing policy-oriented analyses in support of the PBAS, the PRSP and the MDG processes of all countries in the region.

F. Summary of Key Points on Resource Allocation and Results

- IFAD is a rather attractive agency for borrowers, because, inter alia, its loans do not come with the range of conditionalities similar to those of other IFIs. Before the PBAS, IFAD’s lending in the region was driven by legacy rather than strategy.
- There is broad consistency between resource allocation and the five main strategic directions in the Regional Strategy. However, the division has not made sufficient use of grants, limiting, for example, its ability to promote innovations and to engage in policy dialogue processes.
- The division did not provide further loans to the Pacific Islands after April 1993.
- Co-financing has been declining in general, inter-alia, partly due to the organizational decentralisation of donors’ organizations, gradual increase in SWAPs and limited knowledge of potential co-financiers at the country level of IFAD’s programmes and experiences. Management guidance and incentives for mobilising co-financing are low. Counterpart funding has also declined significantly.
- Relevance, effectiveness and impact on rural poverty are higher in Asia and the Pacific as compared to IFAD-wide averages included in the ARRI. Efficiency is also slightly better than the ARRI averages. While this is reassuring, it is to be noted that the region is known for an overall better operating environment and project implementation.
- There are some areas of concern including targeting, sustainability and IFAD’s capability to promote replicable innovations, as well as policy dialogue and partnership building.

V. BUSINESS PROCESSES IN RELATION TO REGIONAL STRATEGY

145. This chapter addresses the third overarching question of the EVEREST, that is, how have IFAD business and management processes influenced performance, impact and IFAD’s strategic objectives in the region. The chapter is organised in five parts on: (i) organization, resources and management of the Asia and Pacific Division, including the FPPP and supervision; (ii) the PI administrative budget; (iii) knowledge management and impact assessment; (iv) project and programme cycle management; and (v) partnerships, policy dialogue and donor co-ordination.
A. Organization, Resources and Management of the Asia and the Pacific Division

146. There is very little in the Regional Strategy concerning the organization, resources (human and administrative budgets\(^{79}\)) and management of the PI division. The only direct references are to field presence and human resource development (HRD), in the following terms:

(a) “Flexible field presence that is built up gradually, innovatively and cost-effectively”; and” support for this field presence will come from the local and regional mentors and better use of information and communications technologies (for example the holding of virtual team meetings)”- see paragraph 7 on page 11 of the Regional Strategy paper.
(b) Enhance proficiency of Fund’s staff, particularly in terms of better negotiation, communication and strategic-management skills - see paragraph 4 on page 11 of the Regional Strategy.

Human Resources and Related Management Issues

147. PI today has a total of 30 staff members (see Table 5 on PI Human Resources, which provides an overview of the approved against actual human resources). Out of these, 17 are on regular posts funded through the IFAD administrative budget, of which ten are in the professional category and seven in the general service category. In addition, ten headquarters’ posts (temporary, with fixed-term conditions)\(^{80}\) are funded through PDFF\(^{81}\), which was established in 2001 “to finance activities required for the design and implementation of project/programme financed by loans and grants from a single source”\(^{82}\). As compared to all PMD regional divisions, including the Office of the Assistant President of PMD and PT, PI has the largest number of PDFF-financed posts. Specifically, PI is augmenting its annual administrative budget by around USD 800 000\(^{83}\) from the PDFF for staffing purposes, and is thus using important funds from the PDFF intended for programme matters (e.g., the preparation of COSOPs, project design, implementation support, etc) towards the recruitment of staff. However, it is recognised that some of the human resources financed through the PDFF are being used for furthering selected implementation modalities contained in the Regional Strategy, such as the Results and Impact Management System (RIMS) and knowledge management. PI also has one Associate Professional Officer (APO) funded by Finland, and two professional staff funded through supplementary funds (SF) from Italy and South Korea. Finally, PI retains the services of two headquarters consultants on a long-term basis.

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\(^{79}\) The use of the term administrative budget for the purpose of this evaluation includes the resources allocated to PI through the PDFF.

\(^{80}\) These are of one year duration: see IFAD Human Resources Procedures Manual, section 1.17.

\(^{81}\) The data on posts is taken from the “Programme of Work and Budget of IFAD and its Office of Evaluation for 2006”, document (GC 29/L.6) approved by the Governing Council in February 2006. The data has also been cross-checked with the records in FS and FH, as well as with the self assessment report of PI.


\(^{83}\) Data provided by FS to OE (by email on 4 April 2006) related to the 2006 PI staff costs from the administrative budget and the PDFF.
### Table 5. PI Human Resources

<table>
<thead>
<tr>
<th>Human Resource Category</th>
<th>Approved Human Resources</th>
<th>Actual Human Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Staff</td>
<td>No. of Staff</td>
</tr>
<tr>
<td>REGULAR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Staff (PS)</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Director</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Regional Economist</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>CPM</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>General Service Staff</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Programme Assistant</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Secretary/Clerk</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>TEMPORARY</td>
<td>13</td>
<td>13.5</td>
</tr>
<tr>
<td>Professional Staff</td>
<td>8</td>
<td>8.5</td>
</tr>
<tr>
<td>PS funded by PDFF budget</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>PS funded by governments and SF</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>APO funded by his/her government</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>General Service Staff</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>GS Staff (PDFF budget)</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>28.5</td>
</tr>
<tr>
<td>Professional Staff</td>
<td>18</td>
<td>16.5</td>
</tr>
<tr>
<td>General Service Staff</td>
<td>12</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Programme of Work and Budget of IFAD and its Office of Evaluation (document GC 29/L.6) and information provided by the Human Resources, Strategic Planning and Budget Division & PI Self Assessment Report (March 2006)

148. There are no women amongst the ten regular professional staff members in PI (two of these positions are vacant)\(^84\). Women professional staff, including the two long-term consultants, hold only temporary positions and account for 33% of the total (16.5) PI professional staff in both regular and temporary staff categories\(^85\). Moreover, of the eight filled regular professional positions in PI, 50% are nationals of OECD countries (this percentage is 76% when considering the 16.5 filled professional staff in PI). Notwithstanding the overarching requirement to recruit staff based on merit, PI’s current human resources pattern is inconsistent with the requirements of IFAD’s Human Resources Policy, which states that the Fund should take “into account the criteria of equitable geographic distribution and gender balance” in recruiting professional staff\(^86\). It should also be noted that out of all, the 16.5

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\(^84\) Forty-four percent of regular IFAD staff positions are occupied by women: see Annex XVIII of document GC 29/L.6.

\(^85\) Various core divisional functions are left to staff with temporary contracts, for example, the management of some country programmes and grant activities, budget and accounts, the annual portfolio review process, PBAS, and the PI self assessment undertaken in preparation for the development of the division’s new Regional Strategy. This is a concern, as it can contribute to loss of institutional memory, given that there is no assurance that contracts of staff on temporary contracts will be renewed.

filled professional positions (both on regular and temporary fixed-term contracts) in the division, there are no CPMs from the South Asia and South East Asia sub-regions\textsuperscript{87}. While staff originating from such sub-regions will not be a panacea for all problems, it is clear that they would bring to the division considerable assets in terms of their intimate understanding of poverty concerns, deep knowledge of the institutional and political context, as well as the overall operating environment prevailing in these sub-regions.

149. It is not clear why PI has been unable to fill two CPM positions, which were advertised more or less 20 months ago. The Human Resources Division expressed concern with these delays, given that the Fund invested financial and human resources in advertising the posts and screening the applications received, as well as the frustration these delays can cause to the applicants. Budget pressures may explain the lags as PI is using the savings from these posts to finance consultants and temporary staff as well as other programme activities.

150. There are other PI management and staffing issues that the EVEREST considers important to underscore. Firstly, a number of young officers, some of them APOs, have been made CPMs for large countries (e.g., India\textsuperscript{88} and Indonesia), where the operating environment may be considered complex even for experienced professionals\textsuperscript{89}. These countries are covered by the Direct Supervision Pilot Programme (DSPP), and India is included in the FPPP, both of which require experienced CPMs to exercise thorough oversight, provide substantive inputs, supervise consultants/field staff and manage complex partnerships and processes. Another APO was given full CPM responsibilities to lead the process of IFAD’s engagement in complicated and volatile countries, such as Afghanistan and Myanmar. In some such countries, key government officials expressed their concern with the assignment of young and relatively inexperienced CPMs. And, finally, this may also expose such staff and the organization to risks that more experienced staff could more easily contribute to minimizing.

151. The Human Resources Division reported that the annual Performance Evaluation System (PES) exercise for PI was delayed considerably in 2005, causing the finalization of the PES exercise of all staff in PMD to be delayed until around September of last year. This led to other delays in awarding the annual “within grade step increases” for concerned staff.

152. The IEE of IFAD noted that “there is little evidence of staff maintaining their levels of expertise due to very limited training and development provision”\textsuperscript{90}. While training is an IFAD-wide issue given the relatively small training budget allocated to the Human Resources Division for individual training purposes, it is noteworthy that no special efforts were made to train PI staff and its key consultants, as well as the concerned IFAD co-operating institutions in the main characteristics of the Regional Strategy and their implications for the division’s work. The evaluation believes that PI should have used its own administrative budget or PDFF allocations for training purposes as required. Lack of training is a notable lacuna in the implementation of the Regional Strategy, especially as this was stressed as an important dimension by the Regional Strategy itself: “In a changing and more challenging world, there will also be a need to enhance the proficiency of the Fund’s staff, particularly in terms of better negotiation, communication and strategic-management skills”\textsuperscript{91}.

\textsuperscript{87} There is only one professional from these regions, namely, the regional economist.

\textsuperscript{88} Partners in India conveyed their dissatisfaction as IFAD did not designate an appropriate CPM for around one and a half years (from more or less mid-2004 till January 2006) following the departure of the last CPM for India. During the said period, the programme was managed by an APO with the support of a consultant.

\textsuperscript{89} Normally, CPMs are recruited between the P3 to P5 level. As a general requirement, P3 level staff are expected to have five-seven years of work experience, P4 from seven-ten years, and P5 level staff are expected to have ten years or more of experience. Most of the time, APOs are recent graduates from university or have less than five years of total work experience.

\textsuperscript{90} Para 3.44, IEE, September 2005.

\textsuperscript{91} See paragraph 4, PI Regional Strategy Paper.
153. Last but not least, the evaluation noted that the post of PI Director was left unfilled for around two years between 2002 and mid-2004. The senior-most CPM at the time was requested to serve “temporarily” as PI Officer-in-Charge while continuing to discharge his individual work programme as CPM with the support of a consultant. Clearly this is an issue for the senior management, and especially since the PI Regional Strategy was adopted in February 2002, and had thus to be implemented in the initial crucial two years or so without the necessary leadership and oversight of a division director. This most probably had an adverse impact on the division’s performance and ultimately in the results obtained by the Regional Strategy.

**PI Organizational Structure**

154. Before the introduction of the Regional Strategy in 2002, the division was organised according to the “Eriksson92 model” introduced around 1997. In this model, the CPMs responsible for managing country portfolios and the regional economist were expected to report directly to the PI Director. Each programme assistant supported two CPMs. The programme assistant was, in turn, supported by one secretary. With regard to PI organizational structure, the EVEREST notes that no specific actions were undertaken within PI to prepare itself for implementing the Regional Strategy. For example, no steps were taken to determine the staff competencies required and work load implications of the five implementation modalities contained in the strategy and neither were monitoring mechanisms introduced to oversee the implementation of the Regional Strategy.

155. In early 2006, PI’s human resources were re-organized in three main teams: the Economics Team, the Results Team and the Country Programme Teams. The Economics Team assesses the compliance of COSOPs and new projects with the national frameworks and with the PI Regional Strategy. Among other useful tasks, it undertakes thematic studies on emerging issues and is responsible for supporting the division furthering the corporate strategy agenda, as well as contributing to regional planning and the production of the new Regional Strategy. The Results Team is responsible, inter-alia, for budget management issues, divisional portfolio review process and follow-up on the implementation of the Results and Impact Management System. The Economics and Results Teams have developed instruments and processes that are useful to the Country Teams and general divisional management. These include a compendium of country descriptions, a software system for monitoring budget execution in real time, and improved processes for following up on the portfolio reviews. The internal financial system managed by the Results Team contributes to the quarterly PI country performance management meetings reviewing budget execution and progress on work plans as well as the follow-up actions agreed in the previous portfolio review. Though the Results Team has highly important divisional responsibilities and functions, it is staffed by five temporary staff. Individual team members are also assigned additional responsibilities for elements such as supervision, regional and country grants, policy analysis, portfolio review, self-evaluation, and so on. As the Economics and Results Teams became operational only in the beginning of 200693, it is too early for the EVEREST to make a more thorough assessment of these organizational initiatives within PI.

**Country Programme Managers**

156. The Country Programme Teams are headed by a CPM who is responsible for two or more countries, in several cases countries from different sub-regions. This may not be the most appropriate for several reasons. First, although each country situation is unique, countries within sub-regions are more likely to face similar issues and opportunities; and given the vastness and diversity of the regions, there are considerable sub-regional differences. Secondly, issues and cooperation between

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92 Mr Erik Eriksson was a human resources adviser (consultant) to the management of IFAD, who produced a report with a series of recommendations on human resources management and organizational issues.

93 As stated in page 21 of PI comments to OE dated 2 May 2006.
countries, for example, sharing water resources and agricultural trade, are pre-dominantly related to sub-regions, such as South Asia, the Mekong countries, and some of these issues are addressed in sub-regional organizations (the Association of South East Asian Nations (ASEAN), Mekong Commission, South Asian Association for Regional Co-operation (SAARC))\(^\text{94}\). Thirdly, having CPMs focus their work in one sub-region would contribute to building more specialised knowledge and networks of sub-regional consultants and partners, and reduce IFAD administrative costs, for instance, related to supervision and implementation support as well as project design. Fourthly, based on interviews, PI CPMs generally feel that they (professionally) are working alone in their “CPM silos” with little horizontal communication and support. This finding is not new, as it is already reported in the corporate level evaluation on the direct supervision pilot programme (2005) and in the IEE. Fifth, even with the introduction of the Country Programme Teams, there is no concept in PI of sub-regional teams or managers, who could, among other issues, be responsible for a sub-region and for supporting, coaching and supervising less experienced CPMs and other staff assigned to the sub-regional teams.

Moreover, the Asia and Pacific region is no less diverse than, for example, Africa and Latin America and the Caribbean. IFAD operations in Africa are conducted under the responsibility of three separate regional divisions in the PMD\(^\text{95}\), reflecting the need to address the diversity of development challenges in the African continent through separate yet complementary organizational divisions. The Latin America and Caribbean Division of IFAD has recently adopted an organizational structure by establishing four sub-regional teams, who each have responsibility for all strategy and operational matters in their respective sub-regions. Although their operations are much larger, the operations departments in both the ADB and the World Bank for Asia and the Pacific are organised according to a number of sub-regional outfits. In sum, in addition to addressing the variety of issues raised in the previous paragraph, a sub-regional team approach is expected to allow for an even better management of loans and grants that cut across countries and greater team work.

CPMs also have divisional focal point responsibilities. These are normally assigned to respond to corporate needs for communications and sharing information and knowledge among divisions or with partners external to the organization. Recently, two staff have been fully dedicated to two key areas, namely policy dialogue and knowledge management. Focal points have also been designated for partnerships with other international organizations and donor countries. However, three (building coalitions of the poor, enhancing peace for poverty reduction and reducing poverty by enhancing the capabilities of indigenous peoples and other marginalised groups) of the five strategic priorities of the Regional Strategy have no focal point. Focal point responsibilities are not described, for example, in terms of references and not included in Form A (Part I, Setting Operational Objectives) of the IFAD PES, and generally the focal point responsibilities are considered secondary to delivering the country programmes. Entrusting focal point responsibility is considered important, as not all staff can develop experience and skills in all the strategic directions contained in the Regional Strategy. Hence, assigning focal point responsibilities would ensure that, taken as a unit, the staff of the division as a whole would have a more intimate understanding and knowledge of the Regional Strategy.

The evaluation team examined the job descriptions for PI CPMs before and after the adoption of the Regional Strategy in 2002. The CPM’s job has evolved in line with the evolution of the Fund (in fact, the title of this function has evolved from project controller, to country portfolio manager to country programme manager, reflecting to some degree substantive changes in the job content). For example, in the 1990s much of the CPM’s time was devoted to project design and implementation, including direct supervision. However, the PI CPM vacancy announcement in August 2004 correctly...

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\(^\text{94}\) One argument in favour of allocating countries from different sub-regions to the same CPM could be that it promotes exchange of knowledge between the sub-regions. However, there are other ways of doing that, and by extending this argument, one may ask why not mixing countries from Africa and Asia.

\(^\text{95}\) That is, by the: (i) Western and Central Africa Division; (ii) Eastern and Southern Africa Division; and (iii) Near East and North Africa Division.
places much more emphasis on strategic and policy matters and knowledge management, in addition to focusing on the traditional role of the CPM. But there is one omission, that is, experience in partnership building, which is a key dimension in IFAD’s overall development objectives and approaches, which was not included as a requirement for the positions. Notwithstanding some recent initiatives, the overall lack of a strategic approach and attention to partnerships during the evaluation period is manifested in poor results in partnership building, including in terms of co-financing and policy dialogue.\textsuperscript{96}

160. Although the evaluation team did not conduct a thorough work load analysis of PI staff, based on the review of the job descriptions and interviews with PI staff, it can state with reasonable assurance that various change initiatives (for example, direct supervision and FPPPs, PBAS, policy dialogue objectives, etc.) have augmented the CPM’s general workload. This is consistent with the finding on the same topic in the corporate level evaluation on the DSPP\textsuperscript{97}. In addition, the changed job description of CPMs would indicate that a person who filled the post in the mid-1990s would have needed to go through a thorough training and development programme in order to be able to fulfil the job requirements in recent years, which has not been the case. It is to be highlighted that a comprehensive IFAD-wide workload analysis, which will be undertaken by the Human Resources Division in 2006, should provide an opportunity to study these and related issues more thoroughly.

161. Finally, there are two operationally-relevant issues about PI CPMs that deserve comment. Firstly, in the last decade or so, there has been some rotation of country allocations between CPMs\textsuperscript{98} that were not based on pre-defined criteria and within consistently established timeframes. A lack of rotation of CPMs can lead to difficulties, including conflict of interest and collusion\textsuperscript{99}. Secondly, the career development prospects within IFAD for CPMs are limited once they have reached the highest professional rank (P5 grade). This is a disincentive to professional development and achieving consistently high levels of performance. This is especially the case for staff members who have been in the P5 category for a long time.

**Consultants’ Management**

162. Data for the period 2002-2005 analysed by the evaluation team reveal that there is a very high reliance on consultants and that the total consultants days jumped significantly from 2004 to 2005. In fact, the current ratio of professional staff to PI consultant is one to 3.5 (average for 2002-2005), which is much higher that the IFAD-wide average\textsuperscript{100}. It is also higher than the average for the same period for any other PMD regional division\textsuperscript{101}. This is also a concern as there is a limit to how many consultants a professional staff can effectively coach and supervise\textsuperscript{102}. Only 20% of the total consultants used by PI from 2002-2005 were women, whereas 59% of consultants were from Asia and

\textsuperscript{96} See section E in Chapter V on partnership, dialogue and donor co-ordination, and section C in Chapter IV on the impact on advocacy, policy and partnerships.

\textsuperscript{97} Document considered by the Executive Board in December 2005, EB 2005/85/R.9.

\textsuperscript{98} More broadly, rotation of country programmes (and of staff both within and outside IFAD), among other issues, would contribute to enhancing skills and cross-fertilisation of experiences as well as provide incentives in the form of fresh professional challenges.

\textsuperscript{99} In fact, there has been one such documented case in PI in recent years.

\textsuperscript{100} The IEE Report (September 2005) says that “IFAD has a very high reliance on consultants, with a professional staff to consultants ratio of 0.92” – see paragraph 3.40. That is, there is one consultant employed for each staff member.

\textsuperscript{101} The same ratio for PA is 2.5, PF 3.1, PL 3.0 and PN 3.4 – based on data provided by FH.

\textsuperscript{102} In addition to managing consultants, the CPMs are managing the outsourced supervision function. This implies that the CPMs have to review and comment and decide upon the supervision reports prepared by portfolio managers of the CIs.
53% from List B and C countries. Having said that, it is to be noted that, in 2005, the Board approved 11 projects in Asia and the Pacific as compared to six in 2004.

### Table 6. Use of External Consultants in PI

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>Total</th>
<th>Average</th>
<th>Average Share</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Consultants</strong></td>
<td>131</td>
<td>106</td>
<td>144</td>
<td>143</td>
<td>524</td>
<td>131</td>
<td></td>
</tr>
<tr>
<td><strong>Men</strong></td>
<td>101</td>
<td>83</td>
<td>111</td>
<td>123</td>
<td>418</td>
<td>105</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Women</strong></td>
<td>30</td>
<td>23</td>
<td>33</td>
<td>20</td>
<td>106</td>
<td>27</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Asian</strong></td>
<td>73</td>
<td>67</td>
<td>82</td>
<td>88</td>
<td>310</td>
<td>78</td>
<td>59%</td>
</tr>
<tr>
<td><strong>Non-Asian</strong></td>
<td>58</td>
<td>39</td>
<td>62</td>
<td>57</td>
<td>216</td>
<td>54</td>
<td>41%</td>
</tr>
<tr>
<td><strong>No. of Contract Days</strong></td>
<td>7 074</td>
<td>6 074</td>
<td>6 975</td>
<td>9 392</td>
<td>29 515</td>
<td>7 379</td>
<td></td>
</tr>
<tr>
<td><strong>Field</strong></td>
<td>6 049</td>
<td>4 703</td>
<td>6 239</td>
<td>7 578</td>
<td>24 569</td>
<td>6 142</td>
<td>83%</td>
</tr>
<tr>
<td><strong>HQ</strong></td>
<td>1 025</td>
<td>1 371</td>
<td>736</td>
<td>1 814</td>
<td>4 946</td>
<td>1 237</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Asian</strong></td>
<td>3 442</td>
<td>3 366</td>
<td>3 651</td>
<td>5 426</td>
<td>15 885</td>
<td>3 971</td>
<td>54%</td>
</tr>
<tr>
<td><strong>Non-Asian</strong></td>
<td>3 564</td>
<td>2 708</td>
<td>3 324</td>
<td>3 966</td>
<td>13 562</td>
<td>3 391</td>
<td>46%</td>
</tr>
<tr>
<td><strong>List A</strong></td>
<td>3 223</td>
<td>2 712</td>
<td>3 868</td>
<td>4 069</td>
<td>13 872</td>
<td>3 468</td>
<td>47%</td>
</tr>
<tr>
<td><strong>List B &amp; C</strong></td>
<td>3 783</td>
<td>3 334</td>
<td>3 107</td>
<td>5 306</td>
<td>15 530</td>
<td>3 883</td>
<td>53%</td>
</tr>
</tbody>
</table>

Source: Page 109, PI Self Assessment Report, March 2006

163. A review of consultants’ lists from the Human Resources Division found that PI tends to use the same set of consultants repeatedly, and written appraisals of their performance are not systematically prepared and discussed with consultants at the end of their assignments, which is a specific requirement of the IFAD Human Resources Procedures Manual. Like the rest of IFAD, PI does not advertise (for example, on the web site) for consultants and recruitment is largely by word of mouth or previous knowledge of consultants. There are no divisional guidelines on how to determine the level of effort for consultants or the tasks that should be outsourced.

### Field Presence Pilot Programme

164. The FPPP was approved by the Executive Board during its 80th session in December 2003. The main objective of the FPPP is to allow the Fund to play a more effective catalytic role and strengthen its impact on the lives of the rural poor by strengthening and integrating four interrelated dimensions: project implementation, policy dialogue, partnership building and knowledge management.

165. At this stage, it is important to anticipate that OE has been requested by the Executive Board to undertake a corporate level evaluation of the pilot programme and present its results to the Board in 2007. Hence, although OE will conduct a comprehensive evaluation of the FPPP in 2006/7, based on the review of various documents, discussions with stakeholders and field visits undertaken, the

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103 According to IFAD’s governance structure, List A countries represent the OECD countries (excluding Mexico and South Korea, which belong to List C), List B the OPEC member countries, and List C the developing countries (that is, the Group of 77).

104 See section 13.18 page 197.

EVEREST provides few observations on the emerging characteristics of the field presence arrangements in the PI region.

166. PI selected the following countries for inclusion in the FPPP: China (also covering Mongolia), India and Vietnam. Although the China and India field presence were formally brought into the pilot programme in early January 2004, field presence arrangements in a largely similar form existed in these two countries since the early 2000s. The Vietnam field presence started in early 2005. Moreover, in addition to the countries included in the FPPP, the division has also established, over the past year or so, field presence (also referred to as ‘proxy field presence’ to distinguish them from the countries included in the FPPP) in four other countries [Bangladesh, Cambodia, Pakistan and Uzbekistan (covering also Central Asian countries members of IFAD)]. In these countries, IFAD’s field presence is mostly in the form of a consultant recruited by PI on a retainer basis with specific terms of reference.

167. The first comment of the EVEREST is related to the selection of the three countries included in the pilot programme. While the rationale for choosing China and India is clear, it is not evident why Vietnam was included in the pilot programme. Other options might have been worth considering. Among them, the evaluation believes that Indonesia could have been included in the pilot programme, because the OE CPE of Indonesia in 2003/4 concluded that there was a need for critical rethinking of IFAD’s strategy in the country and much improvements in the Fund’s overall portfolio and impact, and field presence in Indonesia would have given an opportunity for IFAD to establish an even closer partnership with the Indonesian authorities, inter-alia, to further IFAD’s objectives of enhancing the country’s participation in IFAD replenishments. On the other hand, the Vietnam Country Programme Review and Evaluation (2001) and the two OE evaluations of projects in Vietnam in 2004 illustrated that IFAD’s country programme in Vietnam was performing well and achieving good results without major bottlenecks.

168. Pending detailed analysis during the forthcoming evaluation of the FPPP and based on the information collected and analysed during the EVEREST, the latter notes that field presence: (i) generally facilitates the organization and follow-up of IFAD missions to the concerned countries; (ii) allows communications and issues raised from headquarters to be pursued in a more effective and timely manner; (iii) to a varying degree from country to country, enables the Fund (through the field presence representative) to take part more frequently in donor working groups discussions; and (iv) gives IFAD the opportunity to be better

106 Indonesia is a List B (OPEC) member state and traditionally has made important contributions to IFAD resources. The country reduced its contribution to IFAD from USD 10 million in the Fifth replenishment (2001-2003) to USD 5 million in the Sixth (2004-2006) and USD 5 million in the Seventh replenishment (2007-2009).

107 Ha Giang Ethnic Minorities Project and Quang Bing Agricultural Resources Conservation Programme.
informed of the latest developments at the country level in relation to agriculture and rural development.

169. According to the EVEREST, there are some issues hampering field presence in contributing to achieving the Fund’s main objectives at the country level. These include: (i) decision-making on most strategic and operational issues are still retained by the CPM in Rome, thus reducing the role and potential effects field presence can have on IFAD operations; (ii) the specific roles and responsibilities of the CPM, the co-operating institution, and field presence staff are not clearly articulated to key partners, especially the IFAD-funded project staff, government authorities, international organizations and others. For example, when the EVEREST mission visited China in February 2006, it was noted that no official communication had been made by IFAD to the donor community, UN organizations and other partners informing them of the establishment in September 2005 of IFAD’s field presence and its terms of reference; (iii) the communication between headquarters and field presence staff and timely responses to issues raised by the field presence staff needs enhancement. For example, the IFAD field presence staff in India mentioned that emails and proposals sent to headquarters often go unanswered; and (iv) field presence staff have not received sufficient orientation and access to the IFAD intranet, and some were even unaware of the PI Regional Strategy and other key corporate documents and policies; and (v) FPPP staff in China and India are recruited by WFP and housed in their offices. This is of some concern, not least because it becomes difficult for partners to recognise IFAD field presence personnel in their own capacity, and often confuse them as WFP officials.

**Supervision by Co-operating Institutions**

170. Supervision issues have been extensively treated in recent years by OE in its two corporate level evaluations on: (i) supervision modalities in IFAD-supported projects in 2002/3; and (ii) the DSPP in 2004/5. Therefore, and also in view of the decision of the Board for IFAD to undertake direct supervision and implementation support in all new projects and programmes from 2007 onwards, that is after the approval of the new IFAD supervision and implementation support policy to be presented to the Board in December 2006, the EVEREST will limit its observations on this topic to only few key issues.

171. The overwhelming majority of IFAD-funded projects in PI are supervised by UNOPS, accounting for 83% of the ongoing portfolio. This is followed by the World Bank with 8% of the portfolio and the ADB with 6%. Furthermore, the UNOPS share of the ongoing portfolio rises to over 95% when only considering IFAD initiated and designed projects.

172. The evaluation believes that, while it provides an opportunity for specialisation, the high proportion of projects entrusted to UNOPS is a cause for concern. For obvious reasons, relying on mainly one supplier can be risky and does not allow the Fund to benefit from alternative sources of expertise, knowledge and experience available in the region.

173. The second point about supervision (including direct supervision and implementation support) is the weak internal quality assurance system within PI and IFAD in general. That is, the CPM is the primary person responsible for exercising oversight upon and reviewing the deliverables prepared by the co-operating institutions. They are the ones who also have to ensure follow-up on supervision recommendations. Given that, *inter-alia*, CPMs cannot be technical experts in all agriculture and rural development sub-sectors, the need for robust quality assurance becomes even more essential.

174. Finally, in order to strengthen the work of UNOPS, PI developed in 2004 a proposal to provide an additional one-time allocation of USD 300 000, paid out of its PDFF resources, to UNOPS to

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108 See Agreement at Completion Point of the Corporate Level Evaluation of the DSPP, adopted by the Executive Board at its session in September 2005.
improve its projects-at-risk portfolio. The evaluation is not supportive of this proposal, as it is not consistent with the findings and recommendations of the evaluation on the DSPP adopted by IFAD’s management and the Executive Board. The said evaluation established that enhanced direct supervision and implementation support by IFAD itself led to better project implementation and impact, as well as contributed to furthering IFAD’s wider objectives at the country level, such as policy dialogue and partnership building. Hence, one option would have been for PI to advance ahead of others and allocate the additional USD 300,000 out of its core budget resources for enhancing its implementation support capabilities and activities.

B. PI’s Administrative Budget

175. Table 7 provides an overview of PI’s administrative budget and PDFF from 2002-2005\(^\text{109}\). The administrative budget is used mainly for meeting staff costs. PDFF is divided into two parts: PDFF A is mainly for COSOP preparation, strategy development, and project/grant design, whereas PDFF B is for supervision, implementation support and other activities related to the ongoing portfolio. Staff travel is also financed through the PDFF, as are some of the staff positions in PI.

<table>
<thead>
<tr>
<th>Table 7. PI Original Budgetary Allocations by Year (USD ‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Budget</td>
</tr>
<tr>
<td>PDFF (% year-end utilisation)</td>
</tr>
<tr>
<td>Total (admin + PDFF)</td>
</tr>
<tr>
<td>Projects financed (numbers)(^\text{110})</td>
</tr>
<tr>
<td>Loan amounts (USD million)</td>
</tr>
</tbody>
</table>

Source: Various IFAD Programme of Work and Budget documents approved by the respective Governing Council

176. Although IFAD had a self-imposed policy of maintaining a zero real growth on the IFAD administrative budget and PDFF from 1993-2005, it is noteworthy that PI’s administrative budget and PDFF grew on average by around 11% per year in nominal terms, indicating a growth in real terms of around 7-8% per year. This does not include the supplementary funds and the small TAG resources the division mobilised for its own use, such as for the organization of workshops or undertaking studies. However, it is worth noting that in spite of this growth in the administrative budget (some of this is due to increases in staff costs across the UN system during the evaluation period), in terms of budget utilisation, there has been a consistent under-utilisation in the PDFF category. The balance in the PDFF allocation can, however, can be carried over into the next calendar year. The year-end

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\(^{109}\) The PDFF was established in 2001 and the first PDFF allocation was in 2002.

\(^{110}\) As approved by the Executive Board.

\(^{111}\) Includes various projects to fund post-Tsunami reconstruction in five countries and post-earthquake rehabilitation in Pakistan.
under-utilisation of the PDFF may be partly explained by the fact that project development, financed by the PDFF, can span over more than one calendar year.

177. Apart from 2005, the increase in the budget does not correspond proportionately to the increases in the total numbers of projects prepared from 2002 onwards. However, apart from in 2003, the amount of loan financing (as approved by the Executive Board) for projects and programmes has increased well above the levels of increases in the administrative budget and PDFF.

178. Data obtained from the budget management staff in PI indicates that on average the division spends around USD 40-50 000 on COSOP preparation. More or less the same amount is spent on project inception, USD 140-160 000 for project formulation and USD 50-80 000 for project appraisal. Moreover, USD 60 000 is usually allocated for project start-up. Given the growing importance of the COSOPs, which provide the foundations of IFAD’s engagement in any country programme (even more so within the framework of the Action Plan), the EVEREST highlights the relatively low amount of resources allocated to the preparation of COSOPs.

179. A careful examination of Table 30 of the PI self assessment report (see summary below, which provides a detailed budget breakdown for PI by different activities) reveals a number of interesting trends in terms of administrative budget/PDFF allocations from 2001-2005. Among other issues, it can be noted that: (i) there has been a consistent increase for strategy development (including policy dialogue) from 2003 onwards, especially in 2005 with around USD 887 000 allocated for the purpose in 2005; (ii) the implementation support/follow-up budget line has also seen important increases after the adoption of the Regional Strategy, but especially in 2005; (iii) specific allocations were made in 2005 of USD 111 000 for partnership building with IFIs, UN Agencies and Bilateral donors (of which, however, around 50% was utilised) and around USD 100 000 for knowledge management and regional communication; (iv) staff duty travel budget has more or less remained around USD 300 000 since 2001, which is not entirely consistent with the need for PI staff to devote more attention to core areas in the Regional Strategy, such as implementation support, knowledge management, policy dialogue and partnership strengthening, all of which require greater interactions with partners at the country level and in the region as a whole. This is important, as current performance in these areas is weak and a greater level of PI staff’s own involvement is essential for ameliorating results.

Table 8. Summary of Table 30 in PI’s Self Assessment (USD ‘000)

<table>
<thead>
<tr>
<th>Activity</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy and Policy Development</td>
<td>29</td>
<td>83</td>
<td>282</td>
<td>385</td>
<td>887</td>
</tr>
<tr>
<td>Implementation Support/Follow-up</td>
<td>157</td>
<td>412</td>
<td>605</td>
<td>542</td>
<td>1 100*</td>
</tr>
<tr>
<td>Staff Duty Travel</td>
<td>310</td>
<td>267</td>
<td>291</td>
<td>312</td>
<td>Not available</td>
</tr>
</tbody>
</table>

* This figure is calculated based on data provided by the PI budget management staff, and includes implementation follow-up for loans and country grants.

180. In spite of the aforementioned, and given the great difficulties to obtain data (both allocations and utilizations) systematically for all years and in comparable formats, it is very difficult to assess whether and to what extent PI’s budget allocations were redirected in support of the core areas in the Regional Strategy. In some areas, such as strategy/policy development and implementation follow-up, increases were noted over time consistent with the requirements of the Regional Strategy. However, transparent allocations for knowledge management and partnership strengthening are only seen in the 2005 budget. Although they may have also existed in previous years, this is not evident to the EVEREST from the data available.
C. Knowledge Management and Impact Assessment

181. Knowledge management and impact assessment were two of the five\textsuperscript{112} “implementation modalities” included in the Regional Strategy. There were various commitments made by the division in each of these areas.

Knowledge Management\textsuperscript{113}

182. The strategy identified the following six key areas of focus in knowledge management:

(a) enhance networking and sharing of knowledge through a second phase of the Electronic Networking for Rural Asia/Pacific (ENRAP) to be submitted for approval to the Board in 2002;
(b) improve knowledge sharing through sub-regional workshops and exchange visits that will involve grassroots beneficiaries;
(c) devote more time to collaboration with grant partners and co-operating institutions, encouraging the latter to prepare case studies on promising technologies, best practices and policy initiatives under various projects;
(d) document and disseminate innovative approaches to project design;
(e) initiate a resident scholar scheme to document their experiences of ways in which IFAD has influenced policy at the government level; and
(f) promote south-south co-operation to encourage countries to learn from each other’s experiences.

183. Assessment of ENRAP. The first phase of ENRAP received USD 750,000 in grant funding, approved by the Executive Board in April 1998 for a three year duration (ending in May 2001). By the end of ENRAP’s first phase, fifteen projects in eight countries in PI regional were connected to the network. OE undertook an interim evaluation of ENRAP in 2001, which generated a series of findings and recommendations for designing phase two of ENRAP. An additional amount of grant funding, USD 1 million, was approved by the Board for ENRAP’s second phase in April 2002. Presently, 36 projects in eight countries are connected to the network. A self-evaluation is currently being conducted to assess the feasibility for IFAD to fund a further phase of the initiative.

184. Although ENRAP has served to strengthen information and communication technology infrastructure at the project level and create the necessary access points, as a forum for exchange of knowledge its contribution has been limited. An analysis of articles and postings on the site suggests that ENRAP has become a forum to discuss the potential usage of Information and Communication Technology for development, rather than a forum to address the core mission of IFAD in tackling rural poverty within the Asia and Pacific region. ENRAP’s contribution cannot be considered significant in creating knowledge, as only a handful of professionals seem to be posting a bulk of the material. Nor can it be considered significant as a tool for wide dissemination, given the small number of visitors, in particular for the Asia and Pacific region. The number of unique visitors has ranged from 241 to 374 over the last ten months. Only 27.9% of sampled visitors spent more than five minutes on the site. There have been little efforts by PI to learn from and exchange experiences with FIDAMERICA, a similar network operated by IFAD in the Latin America and Caribbean Division, or for that matter with FIDAFARIQUE (IFAD’s electronic network operational in the Western and Central Africa Region). Moreover, it appears that some key lessons in the Agreement at Completion Point of the OE interim evaluation on ENRAP were not fully implemented. For example, it was agreed that ENRAP should be integrated as a core component (or sub-component) within the broader framework of knowledge management/monitoring and evaluation activities in all new IFAD-funded projects

\textsuperscript{112} The other three being (i) new implementation focus; (ii) partnership-building; and (iii) policy dialogue.

\textsuperscript{113} The EVEREST analysis on this topic,\textit{inter-alia}, draws upon the Progress Report on Knowledge Management dated 21 November 2005 prepared by PI for the evaluation.
designed after the evaluation, but this has happened only in sporadic cases. Likewise, the evaluation recommended reconfiguring ENRAP as a network of networks instrument, by decentralising activities to the national level as this would be more effective for communication and knowledge sharing. This recommendation does not appear to have received sufficient attention.

185. **Sub-regional workshops and exchange visits, including south-south co-operation.** Since 2002, sub-regional workshops have been organized nearly every year in different countries to promote exchange of experiences amongst project staff, NGOs, co-operating institutions, IFAD staff and others. In collaboration with PI, OE organised a regional workshop on local knowledge and innovations in July 2003. Two thematic regional conferences were organized in New Delhi and Bangkok, respectively, in 2005 on gender mainstreaming and pro-poor policy analysis. There are also other examples of similar initiatives, for instance, sub-regional workshops held to introduce RIMS to project staff or the Asia and Pacific Regional Consultation with Farmers Organizations and the National Farmers’ Forum in Sri Lanka in October 2005 and in the Philippines in December 2005. Although these workshops were perceived to be successful in promoting exchange of ideas, the impact was short lived in the absence of an effort to document key learning and to ensure concerted follow-up.

186. A number of useful exchange visits have been implemented to promote south-south co-operation and learning. For example, an Indonesian delegation led by the then Minister of Agriculture, including government officials and IFAD-funded project staff visited Vietnam in January 2003 to learn from IFAD’s efforts and experiences to promote greater participation of local authorities and communities in design and implementation of investment projects. Similar types of exchange visits have been organised between other countries, including Iran-India, Laos-Cambodia and India-North Korea-the Philippines. The EVEREST however notes that, while the aforementioned activities have been useful, they were pursued in an ad-hoc manner by individual PI staff and not anchored in a broader strategy on the topic. It is to be noted that as part of the 2004 annual field visit of the Evaluation Committee, twelve Board members visited Indonesia\(^{114}\), which gave them the opportunity to see two IFAD-funded projects on the ground and participate in the national roundtable workshop on the Indonesia CPE. Moreover, five Executive Board members took part in an exposure and dialogue programme visit to India in December 2004\(^{115}\). Such events are important and contribute to broader learning processes, and are much appreciated by the Board members, as it gives them a chance to hold discussions with beneficiaries and other partners. It also provides them with an opportunity to assess the prospects and challenges IFAD faces in its overall rural poverty eradication efforts.

187. **The role of grant partners and co-operating institutions in knowledge management.** PI has around 50 ongoing grant-funded activities in the region. From a knowledge perspective, the TAGs can help identify innovative approaches, *inter alia*, on pro-poor technology, women’s participation, etc. However, the impact of TAGs on investment programmes appears limited and documentation is not completed in a manner that would be useful as a learning vehicle. Additionally, supervision and quality assurance of TAG deliverables is weak. Neither are the results of TAG activities disseminated in a systematic manner. However, in its 2006 Approach to Knowledge Management Paper, PI includes a number of efforts to address this point, including the production and dissemination of Technical Advisory Notes by each grant recipient. The role of co-operating institutions in knowledge management was widely assessed in the framework of the corporate level evaluation on the DSPP. In sum, the evaluation concluded that even with enhanced resources and improved supervision processes, the real contribution to learning within IFAD through supervision undertaken by co-operating institutions is limited, especially as most of the tacit knowledge (which is more difficult to capture and share) would reside with the portfolio managers of co-operating institutions. By and large,

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114 See Report of the Evaluation Committee Chairperson to the Executive Board on the Committee’s field visit to Indonesia dated April 2004, document EB 2004/81/R.3.

the objectives set out in the Regional Strategy for grant partners and co-operating institutions to document best practices have not been adequately achieved. Finally, it is to be noted that in 2006 PI developed a divisional knowledge management approach, which is expected to address these types of issues raised.

188. **Documentation and dissemination of innovative approaches and the role of resident scholars.** As a one off effort, PI prepared case studies on its successful experiences in selected projects in China, Nepal and Vietnam, and presented them at the Conference on Scaling-Up Poverty Reduction, held in Shanghai (China) in May 2004\(^{116}\). With some exceptions, PI COSOPs include a section on lessons learned that give an account of successful innovative approaches promoted in specific countries. On the same issue, it is worth noting that the Executive Board decided that, whenever available, the Agreement at Completion Point from corresponding CPEs should be included as part of the COSOP documentation submitted to the Board\(^{117}\). In this way, Board members are able to themselves assess the extent to which evaluation lessons and recommendations are internalised in new COSOPs. However, apart from the aforementioned, there is little proactive and continuous action to document and disseminate successful innovative approaches promoted in the PI region.

189. Although a few papers were prepared by resident scholars to document their experiences on selected topics (e.g., a review of the Maharashtra Rural Credit Project or Lessons from the Mewat Area Development Project), this initiative was not pursued in a systematic manner.

190. **The role of OE evaluations and learning in PI knowledge management efforts.** At the country programme level, 17 of the 21 PI COSOPs approved during 1996-2005 make no reference to evaluation findings from IFAD. Only five of the COSOPs, namely China 2005, PICs 2004, Pakistan 2003, Vietnam 2003 and Sri Lanka 2003: refer to useful lessons from IFAD’s evaluation findings, and all five were prepared during 2003-2005. However, it is unfortunate that in spite of a comprehensive CPE in Indonesia\(^{118}\) undertaken in 2003, with an Agreement at Completion Point prepared in close consultation with the Government of Indonesia, PI has yet to develop a new COSOP for the country. The preparation of a new COSOP in 2004 was a commitment undertaken at the outset of the Indonesia CPE, as reflected in the evaluation approach paper agreed with PI and the Government of Indonesia\(^{119}\). The last COSOP for Indonesia, a major IFAD borrower in the Asia and Pacific, dates back to August 1998\(^{120}\).

191. However, in none of the above-mentioned five COSOPs are critical aspects of evaluation cited, and in one of them (the Sri Lanka COSOP of 2003), what is said about the findings of evaluation (in this case the 2002 CPE) is not exactly what the evaluation actually said. For example, OE undertook two thematic evaluations in PI in the last five years. Firstly, a thematic evaluation on local knowledge and innovations was undertaken in 2002/3, and an Agreement at Completion Point was finalised in September 2003. This evaluation included numerous recommendations, including the need for the division to develop an “explicit policy and strategy statement”\(^{121}\) in this area. However, there is no evidence of such a policy/strategy having been articulated by PI, even though in selected COSOPs the issue of local knowledge and innovation is given some attention. Finally, OE conducted, in 2004/5, a

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\(^{116}\) More information on the conference and the IFAD case studies may be seen on the internet at the following website - [http://info.worldbank.org/etools/reducingpoverty/index.html](http://info.worldbank.org/etools/reducingpoverty/index.html). In fact, three of the four case studies presented by IFAD at the conference were related to PI (the fourth one was from Peru).


\(^{118}\) The final report is dated July 2004 (IFAD Report No.1523-ID).

\(^{119}\) See paragraph 2 of the CPE approach paper dated 11 February 2003, which was also attached to a fax sent to the Government of Indonesia copied to PI dated 6 February 2003.

\(^{120}\) See IFAD Report Number 1200-ID.

\(^{121}\) See paragraph 16 of the Agreement at Completion Point shared with PI on 15 September 2003.
thematic evaluation on organic agriculture\textsuperscript{122} with focus on China and India. The new COSOP on India, considered by the Executive Board in December 2005, makes no reference to the thematic evaluation nor to its Agreement at Completion Point (whereas the China COSOP also presented to the Board on the same occasion makes good use of the evaluation findings and recommendations).

192. On the whole, the main project evaluation findings have been used in follow-up projects prepared by PI in the country. For instance, the results of a project evaluation in the Philippines (Rural Micro-Enterprise Finance Project, June 2003) have been broadly included in the follow-up programme funded by IFAD, although the recommendation to formulate an agreement on improved co-operation amongst partners has not been prepared. As already mentioned, some of the key recommendations from the ENRAP evaluation were not fully implemented. The main findings and recommendations of project evaluations in India, Laos, Nepal and Vietnam undertaken in the last five-seven years have been used to design follow-up operations (2004). To summarise, PI could improve the attention it devotes to ensuring concrete follow-up to the lessons learned and recommendations from OE evaluations, which would contribute to improved country strategy formulation and project level results, for example, in the areas of targeting and sustainability.

193. The self assessment of PI performance in implementing the Regional Strategy. During the EVEREST process, it was agreed that PI would undertake such a self assessment. It was also decided by the Directors of OE and PI\textsuperscript{123}, that as far as the EVEREST is concerned, the self assessment should address to the extent possible the key questions included in the (EVEREST) evaluation framework. The self assessment has provided a useful mechanism for OE to obtain data and to have a continuous exchange with PI on substantive issues during the evaluation.

194. Other activities and issues related to knowledge management. As one useful initiative introduced in 2005, all new COSOPs prepared by the division undergo an internal peer review process. This is not only an excellent mechanism for knowledge sharing, but also an opportunity for learning and quality assurance. Moreover, the division increasingly organises country-level portfolio workshops, providing project staff a chance to exchange views and experiences. PI produces a periodic newsletter on different themes, which serves to keep partners within and outside IFAD informed of major initiatives and events. It is well prepared and has a wide distribution.

195. Apart from the aforementioned, the EVEREST notes that PI could enhance learning from and sharing knowledge with other divisions within PMD\textsuperscript{124}. For example, the Latin America and Caribbean Division has a long history and significant experiences of working with indigenous peoples, gender issues and in operating FIDAMERICA. The evaluation did not find evidence of specific steps taken to internalise the experiences of other divisions or for PI to specifically share some of their most innovative experiences, such as designing and implementing investment projects in a decentralised environment.

196. Until recently, the following were some constraints to promoting deeper knowledge management in PI: (i) the division only developed a knowledge management approach in 2006, which is now being gradually implemented; (ii) limited time and attention devoted to the topic, especially by CPMs, partly due to other pressing work priorities; (iii) lack of incentives for promoting knowledge sharing, especially failures; and (v) weak linkages with the field, partly due to inadequate project-level monitoring and evaluation systems, in-direct supervision through co-operating institutions and lack of an established field presence programme. Better knowledge management would allow the division to document what works and what does not, and use its operational experiences, for example, to inform its policy dialogue initiatives and for raising more co-financing from other donors, which

\textsuperscript{122} The report was issued in July 2005.

\textsuperscript{123} Meeting held on 11 October 2005.

\textsuperscript{124} Staff members interviewed outside PI particularly felt that the division could devote more emphasis to sharing their experiences and innovative approaches with others in PMD.
are two areas where the results need improvement. The division took steps to address these issues by recruiting in October 2005 a Knowledge Management Facilitator, who developed, PI’s Approach to Knowledge Management in early 2006.

197. **Promotion of innovations.** As discussed in the chapter III, the promotion of replicable innovations was not central to the PI Regional Strategy. However, as mentioned, there have been instances of successful innovations that were up-scaled and replicated, but this was not part of a systematic innovation promotion process, which would also entail a coherent approach to partnership and policy dialogue. The EVEREST notes that PI has not in general pursued a well-defined agenda for innovations to guide and direct operations. Grants have been used from time to time for innovations, but again, there is no strategy for grants at the divisional level, in which innovations would be emphasised. Moreover, given the centrality of partnership and policy dialogue in the identification, promotion and scaling up of innovations by IFAD, PI has not put sufficient emphasis on the identification of innovative and capable actors and institutions at the country level, nor has it developed any particular partnership and dialogue with donor institutions that can effectively upscale and replicate IFAD-promoted innovations. This is further supported by the statement in the previous section of the evaluation that, as committed in September 2003 following the thematic evaluation on local knowledge and innovations, PI did not develop an explicit approach on this topic. Another example to illustrate the limited attention to innovations is that, thus far, PI has mobilised only a limited amount of grant funding under the IFAD Innovations Mainstreaming Initiative. Finally, various recommendations in the corporate level evaluation on IFAD’s capacity as a promoter of replicable innovations\(^\text{125}\), have not been give due consideration by the division. One such example is the evaluation recommendation to match the requirements of the innovation process (e.g., partnering with NGOs/CBOs in scouting for innovation and with governments, IFIs and other donors for replicating and scaling up) and the development of effective models of partnership for scaling up innovations.

**Impact Assessment**

198. Under impact assessment, the Regional Strategy states that PI would focus on enhancing impact-orientation throughout the project cycle by mainly:

   (a) identifying a set of common indicators to assess the contribution of IFAD-supported projects in achieving the MDG goals; and
   (b) working with governments to enhance their capacities to develop and use appropriate indicators for monitoring and evaluation.

199. With regard to the above, it is noted that within the Framework for a Results Management System for IFAD-Support Country Programmes\(^\text{126}\) (more commonly known as RIMS), PI is introducing the framework as required in all new projects. Two sub-regional workshops, held in Bangladesh and the Philippines, focusing on project M&E staff (refer to paragraph 297 in the PI 2004/5 Annual Portfolio Review) were organized to introduce the RIMS approach. On this issue, the EVEREST notes that other concerned stakeholders from governments and co-operating institutions have not been included in this process. In fact, although some initial discussions have taken place, the Executive Board decided that specific “training of co-operating institution staff [in RIMS], as a criterion for the selection of co-operating institutions”\(^\text{127}\) should be organized, something that PI has thus far not complied with.

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\(^{125}\) OE evaluation report dated November 2002.


\(^{127}\) See paragraph 44 (c) of document EB 2003/80/R.6/Rev.1 approved by the Executive Board on the RIMS.
200. Lastly, as a corporate initiative to improve monitoring and impact-orientation throughout the project cycle, OE made major efforts and investments in the production of *A Guide for Project M&E*, issued in 2002. Thereafter, OE organized a PI regional training workshop on monitoring and evaluation in July 2003, bringing together around 100 concerned participants from different countries. Moreover, in some countries, including China and Laos, PI made specific efforts to train project staff in the overall approaches and concepts included in the M&E Guide. In Vietnam, the Government translated the Guide into Vietnamese. The Guide was posted on the ENRAP website, so that all projects and others could have immediate access to it, and was considered the main reference document of the Fund for M&E and reporting purposes.

201. However, RIMS has largely replaced the M&E Guide as the main reference for monitoring and evaluation at the project level. The introduction of RIMS, soon after the above efforts in introducing the M&E Guide within IFAD and across the region, has required a fair amount of effort by project staff and other partners. Finally, the evaluation notes that it may be difficult for IFAD to reconcile its commitment to the Rome and Paris declarations on harmonization with the introduction of RIMS and its related reporting requirements.128

D. Project and Programme Cycle Management

202. This section will treat selected key issues related to IFAD COSOPs as well as project/programme design, implementation and monitoring and evaluation, as these are the pillars of Fund’s project and programme cycle management. The EVEREST has not analysed the PBAS in any detail, as this would require a very comprehensive treatment of the subject given its general importance. Moreover, even though the PBAS has only been applied so far to the 2005 (and 2006) programme of work, its design is currently under review by IFAD management. In spite of the aforementioned, the EVEREST does in parts highlight some of the salient consequences the PBAS has had on the allocation of resources within PI.

203. Moreover, it is to be noted that under the IFAD Action Plan, particularly within the context of the ongoing work on the new operating model, there are various issues related to the project/programme management cycle that are being addressed by the Fund. For instance, a new result-based COSOP outline and a revised project approval format are being prepared, and will be submitted to the Executive Board in September 2006. A corporate supervision and implementation support policy will be developed for approval by the Board in December 2006. These and other Action Plan deliverables affect IFAD’s project and programme cycle management. However, the Action Plan activities have just initiated and therefore represent areas of work in progress. Additionally, given that the Action Plan will be evaluated separately by OE in 2006/7, the EVEREST confines its analysis to project and programme cycle management in place until the implementation of the Action Plan. This is consistent with the EVEREST period of coverage (1996-2005).

204. COSOPs (including two sub-regional strategies for the Pacific Islands and Central Asia) were prepared during 1996-2005 for all 17 of the countries in the region in which IFAD has had lending or grant-funded operations during the evaluation period. In nine of these countries (including major borrowers Bangladesh, Indonesia and the Philippines) the COSOP is already more than four years old. Among other major borrowers, Pakistan has experienced the longest gap (11 years) between two successive country-level strategies. The issue is that, for the time being, PI COSOPs do not systematically state the timeframe the strategy intends to cover129, which is the case of country

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128 Harmonisation is one of the five dimensions of the Paris Declaration on Aid Effectiveness of March 2005, to which IFAD is a signatory. In particular, paragraph 45 of the declaration requires that donors, including IFAD, “harmonise their monitoring and reporting requirements, and, until they can rely more extensively on partner countries’ statistical, monitoring and evaluation systems, with partner countries to the maximum extent possible on joint formats for periodic reporting”.

129 Apart from the China COSOP.
strategies of other IFIs, thus leaving the decision mainly in the hands of the division to decide when to prepare a new COSOP. This is the case even with all but one of the most recent six PI COSOPs (including the two sub-regional strategies) produced in the last couple of years.

205. There is no mandated process of stakeholder consultation for COSOP formulation at PI, although most of the COSOPs mention some kind of consultation with stakeholders, including intended beneficiaries and the government and donors concerned. As mentioned previously, since end 2004/5, COSOPs are also subject to a peer review within PI, which is particularly appreciated by the CPMs. Since 2004, COSOPs provide lending scenarios, but do not always integrate grant resources into country programmes for supporting non-lending objectives and activities, which is allowed under the IFAD grants policy of December 2003.

206. The COSOPs do not include a results framework with targets and indicators to monitor performance, and there is no assessment of the administrative resources including human resources, skills and competencies required, as well as the processes (for example, for policy dialogue or partnership building) needed to implement effectively the COSOPs. It should, however, be noted that the diversity of objectives and activities in the COSOPs, which requires a mix of skills and competencies in different areas, are to be met mainly by one staff member, the CPM. Neither do the PI COSOPs, on the whole, include a prioritization or time plan for the delivery of its different objectives and activities. The EVEREST does recognise that several of the above findings on the PI COSOPs may also be applicable to the IFAD COSOPs in general.

207. Lastly, as conveyed by several partners in the field, the term COSOP, Country (CO) Strategic (S) Opportunities (OP) Paper (P), gives the impression that the country strategy is not primarily driven by strategic considerations to reduce rural poverty, but more by the Fund’s opportunistic objectives to develop a lending programme at the country level. By the way of comparison, the country strategies of other lending institutions are called country assistance strategy (World Bank) and country strategy and programme (ADB).

208. **Project design process.** Project design is largely still undertaken by PI consultants under the overall supervision and guidance of CPMs. Other IFIs are increasingly delegating project formulation to partners at the country level, which enhances ownership by governments and other stakeholders in the country.

209. In any case, the commitment and experience of PI’s CPMs, and the familiarity they have with participatory methods, has tended to ensure that stakeholders, including intended beneficiaries, are consulted during the project design process. The duration of project formulation, however, does not generally allow the kind of depth and breadth of stakeholder consultation that is required for complex multi-sectoral projects. The use of the same consultants in design exercises in a given country is a limiting factor in the introduction of innovations. The usually voluminous appraisal report contains details on many issues, often based on projections and assumptions that are misinterpreted as binding targets and templates for key areas (e.g., targeting, environmental impact assessment and M&E) and leaves implementers with a lack of understanding and initiative. And the absence of operational policies means that there is no common reference point that could unite designers, reviewers and implementers in a common system of quality assurance. These are just two key omissions in terms of translating knowledge into operations where it matters.

210. **Pre-implementation issues: introduction.** PI has recognised the need to streamline the steps entailed in the process between project approval by the Executive Board and the effectiveness of the project. This is reflected, in particular, in PI’s DPPR for 2005, in which about three pages (Section 4.2) are devoted to pre-implementation activities (as they are called in the PMD guidelines for portfolio review). This section discusses country specificity as a cause of delayed effectiveness, and

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130 Although there are few instances when the CPM may have a deeper role in the process.
the relationship between such delays and the Regional Strategy, PAR assessment, programme management, and the organizational structure and allocation of the administrative budget within PI. In other words, pre-implementation problems can be viewed as a prism through which a wide range of IFAD business processes can be assessed, and much of this analysis can also be taken straight into a discussion of project implementation.

211. From approval to effectiveness: comparison between IFAD and ADB. The IEE calculated that it took 17 months for IFAD-assisted projects to proceed from Executive Board approval to project effectiveness (for the year ending 2003). For PI, however, the duration was only 10.3 months. For all loans sanctioned by the ADB, the elapsed time is 8.4 months for the period 2002-2004, up 24% from 1995-1997, but loans for the Agriculture, Environment and Natural Resources sector take 11.1 months. Thus, not only IFAD in Asia and the Pacific but also ADB is subject to increasing delays in project effectiveness. One possible reason is that Asia and the Pacific in general is becoming less aid dependent, thus giving external project assistance reduced priority.

212. Worsening trends in loan effectiveness in the PI portfolio. Analysis of the 68 projects that were approved in the PI region during 1996-2005 shows that 52% of the projects became effective within one year (and 20% of these took less than six months to reach effectiveness). Put differently, almost one-half (48%) of the PI projects have taken more than one year to reach effectiveness. Between the pre- and post-Regional Strategy periods (without inferring, however, that the difference is due to the Regional Strategy per se), the elapsed time between loan approval and signing has increased by 25%, the time between signing and effectiveness has increased by 12%, and the time between approval and effectiveness has increased by 19%. This is about the same order of magnitude as the increase in elapsed time experienced by the ADB. At the sub-regional level, Southeast Asia has been the most efficient starter of IFAD projects for much of the period under review (but not during 2002-2005). South Asia has been the most inefficient in this respect, and East Asia falls in between these two sub-regions.

213. From loan signing to effectiveness: differences within the region. Different governments in Asia and the Pacific handle loan signing and project effectiveness in different ways. The indicator that reveals the country context most directly in this case is the time it takes for each government to sign a loan and make it effective. The norm for Cambodia, Korea (D. P. R.), Kyrgyzstan, Laos, Nepal and Vietnam is to sign a loan and make the project effective within six months of Board approval. Bangladesh, Bhutan, Indonesia, Mongolia, Pakistan and the Philippines tend to do so within 6-12 months of Board approval. China, India and Sri Lanka take much longer, while the Maldives is yet to make its only IFAD project in ten years effective, even though it is aimed largely at post-Tsunami relief.

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132 In the experience of the ADB, however, South Asia is more efficient in terms of reaching project effectiveness than the other sub-regions, and Southeast Asia is the least efficient (op. cit., Table 28).
214. **The bunching phenomenon.** Another observation from the ADB concerns the “bunching” phenomenon - “the tendency for an abnormally large proportion of the projects to be approved during the fourth quarter each year. The inference is that the year-end rush to approve loans to meet the annual lending targets might result in many loans being approved without sufficient consideration to the readiness of the borrower to sign the loan or of the executing agency to implement the project.” Analysis of the 68 PI projects approved during 1996-2005 shows that there is also a “bunching” phenomenon at work in IFAD’s Asia-Pacific portfolio: 65% of these projects were approved at the September or December meeting of the Executive Board (43% in December alone). According to the ADB, “A move toward multi-year allocations and lending targets should help to reduce bunching in the future.”

215. **Post-effectiveness processes: overview.** The remainder of this section looks, in particular, at the following aspects of project implementation:

   (a) the effect of PI’s annual portfolio review process on Project at Risk (PARs);
   (b) the effect of various start-up and implementation procedures (such as staff recruitment, operation of bank accounts, flow of funds and procurement) on project performance and impact;
   (c) establishment and effectiveness of the monitoring and evaluation (M&E) system and RIMS; and
   (d) the effectiveness of MTRs.

216. **Projects at risk.** PI’s 2005 DPPR shows that 76-78% of the projects were consistently not at risk during 2002-2005, based on the PBAS methodology. Only one project in 2005 was considered to be potentially problematic. Eight projects in 2002 and 2005 (20% of ongoing PI projects in 2005), and 10 in 2004 were categorized as PARs, showing no overall improvement in the portfolio over time. However, between 2004 and 2005, three projects (two in Pakistan and one in Vietnam) moved out of the PAR category, while one (in India) was added to this category once it became effective.

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134 It is surprising, however, that the 2004 portfolio review identifies 14, not 10, projects at risk.
Pakistan improved its country score during the review period (the only country to show an improvement), whilst the country scores for India, Laos and Vietnam decreased.

217. Start-up and implementation procedures. Start-up and implementation procedures (such as staff recruitment, operation of bank accounts, flow of funds, procurement, financial and physical reporting, monitoring and evaluation, financial audit) are not discussed at any length either in PI’s annual portfolio reviews or in evaluation reports. They are, however, of great importance for fiduciary reasons, and occasional references do, indeed, show up in IFAD documents regarding the problems caused by difficulties in these processes. However, the staff of IFAD-assisted projects often mention the difficulties they face in understanding and complying with the procedures required by IFAD and its CIs. Unlike ADB, IFAD and its main CI (UNOPS) do not provide systematic training and orientation on required procedures to project management. The best that has been observed in PI’s annual portfolio reviews is in the nature of problem-solving in the wake of crisis situations (e.g., a large number of delayed audit reports led to one action; the general absence of effective M&E systems is being tackled with a crash training programme; and RIMS was introduced mainly through sub-regional workshops).

218. Project M&E systems. The basis for the M&E system is reportedly introduced to each project at the project launch workshop and, in some cases, by the first UNOPS supervision mission. Such a mission would typically provide a list of physical and financial indicators as well as the format and guidelines for six-monthly and annual progress reports. Every project is supposed to report on a list of indicators that is several pages long. This is certainly true for the multi-sectoral projects reviewed by the evaluation, as each of them has a long list of interventions under each of the components. One progress report, for example, includes 14 pages (in small print) of physical and financial indicators.

219. Previous assessments of M&E systems. The IEE concluded that “Project arrangements for M&E have been widely criticized in a variety of studies.” Moreover, as per the OE evaluations in the Asia and the Pacific regions during the evaluation period, it can be clearly stated that the performance of project-level M&E systems has been generally inadequate. PI’s draft DPPR for 2005 notes that “the performance of M&E systems was the portfolio’s worst performing indicator in 2004, with 21% of the portfolio recording poor performance.” In this year’s review only three projects were rated below target (paragraph 218). Presumably, one of the worst performers of 2004—the M&E system—has been turned around to the almost complete satisfaction of PI in about one year, but the way in which this transformation has been brought about is not explained in the document in question. However, PI has obtained approval of two TAGs during 2005 for the explicit purpose of improving M&E systems and introducing RIMS in the projects.

220. Effectiveness of MTR. The MTR is supposed to be a major turning point during the implementation of many projects, and perhaps the most important one after the completion of project design. The IEE found that 35% of the 20 projects it reviewed “were severely delayed until major modification following the respective MTRs.” In a similar vein, PI’s 2005 DPPR gives the example of five projects that underwent MTRs during the review period. At a more general level, it observes that “There are numerous project examples throughout the region which have greatly benefited from MTR inputs. These inputs relate to guidance, issues and even project redesign.” The evaluation found that MTRs are often critical documents that do, indeed, turn projects around and enhance project effectiveness.

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135 But it is not clear how M&E and RIMS requirements were or would be introduced to projects in which a cofinancer or another international organization is the CI.

136 Rural finance projects, however, could end up with a shorter list of indicators.

137 But paragraph 10 of (the summary of) the DPPR says that “disbursement performance was the portfolio’s worst performing indicator in 2004, with 27% of the portfolio recording poor performance.”
221. **Delays in making course corrections.** A relevant question is why improvements are not taking place in real time well before the MTR. Implementation problems are a fact of life, and the gap between the expectations of design and the realities of implementation is well known in the field of development. At the same time, every project works with an Annual Work Plan and Budget, which is approved by IFAD. Thus, it would seem logical as well as feasible to introduce the idea of an annual review around the annual work planning exercise, and allow projects to benefit from flexibility rather than have to wait for the MTR.

222. **Portfolio review.** As per IFAD’s requirements, each PMD regional division is required to prepare an annual portfolio report, providing an overview of the implementation progress and results achieved in both the loans and grants programme, responses to specific corporate initiatives, and highlight strategic and operational issues affecting the divisional portfolio in that particular year. The portfolio review reports of PI have followed the required institutional guidelines and are generally well prepared, especially the one for 2004/5.

223. **Project Status Report (PSR).** Some (but not most) of the data generated by the projects is reflected directly in the PSR. The PSR also contains PI’s ratings on 32 indicators, 14 of which focus on the progress of implementation, six on impact, seven on gender equality and women’s empowerment, and six on the CI’s performance. It also contains a separate section on the status of RIMS, focusing on key results and impact indicators. The relevance and quality of self-evaluation improves remarkably in comparison with project-level indicators and reports: the PSR provides to-the-point quantitative assessments (with explanation in case the rating is low) on project performance, RIMS, gender issues, CI performance, and the status of follow-up on previous recommendations.

224. **PI’s treatment of corruption.** So far, corporate-level pronouncements have not been supported by concerted action by PI against corruption. To start with, the Regional Strategy is largely silent on the issue of corruption, except to refer to studies that report a decline in corruption when women’s role in decision making is enhanced. PI’s draft DPPR for 2005 makes no mention of corruption, while the DPPR for 2004 cites one project (in Cambodia) in which decentralized participatory systems are leading to the prevention of corruption and enhancement of accountability.

225. **Project audit requirements and compliance.** Regarding the mandatory annual audit, the 2004 DPPR warns that if a project audit is “not received 180 days after the due date, then IFAD will suspend the loan/grant.” The 2005 DPPR does not report any suspensions during the review period but observes that:

(a) “Ten audit reports from fiscal year 2004 are outstanding (as of October 2005)”;

(b) “During the review period the division faced the reality of an entire country programme being suspended for non-conformance with audit guidelines;” and

(c) “During the next review period an initiative aimed at building the capacity of country partners with respect to the submission of audit will be undertaken, commencing in December 2005 in Bangladesh.”

226. **The design-and-implementation continuum.** Despite a ten-year old call for greater attention to the design-and-implementation continuum, project cycle management is characterized by a series of compartmentalized processes between which ownership changes and the players are left with inadequate understanding, responsibility and accountability. CPMS are held accountable for meeting country allocation targets, which obliges IFAD to control the project design process, which undermines country ownership. Delays in project effectiveness have become long and inevitable as

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138 In one project, the authorities repeatedly emphasized to the evaluation team that IFAD did not register their point of view and, at the time of loan negotiation, told them to wait until the MTR.

139 It is quite possible that some of the other data reported by the projects are also used in arriving at the large number of ratings given in the PSR.
implementers either resist or struggle to meet the expectations of design. A one-time project launch takes place months after loan effectiveness and provides what can only be a superficial introduction to loan administration and other implementation requirements. M&E requirements may, if the CPM and CI agree, be explained to the project some time during its first year, while design and implementation problems as well as key supervision recommendations are put on hold until the MTR. Many projects require extensions because of delayed effectiveness and remedies are put on hold for too long. Finally, a second phase of the project, whenever approved, may come with a time lag during which resource flows are stopped or negligible, key personnel are let go and beneficiaries left wondering, before a new start is made, new staff inducted and the disruption sorted out. The end result is de-responsibilization of key players throughout the project cycle as well as an un-ending debate about design versus implementation mistakes.

227. Numerous issues raised in this section warrant further reflection in order to strive for better results on the ground. For instance, there is need to enhance sustainability (according to the results in Table 4 on Project Impact Ratings, 43% of the projects in Asia and the Pacific have a modest or negligible prospect for sustainability). Another area where results need amelioration is targeting: only 57% of projects have high or substantial impact on targeting the rural poor (see Table 4). In sum, improvements in various aspects of the project and programme cycle management are fundamental to achieving better developmental impact.

E. Partnerships, Policy Dialogue and Donor Co-ordination

Partnership

228. The Regional Strategy stated that “strategic partnerships will be maintained and nurtured with a view to improving the influence of IFAD initiatives”. It makes the following commitments in the following area of partnerships:

(a) IFAD will collaborate with the World Food Programme and governments in implementing rural public works programmes;
(b) In collaboration with civil society and the Popular Coalition to Eradicate Hunger and Poverty (now the ILC), the Fund will advocate placing the issue of redistributive land reform on the policy agendas of national governments;
(c) Collaboration with other donors will be promoted, including the UN system, in order to increase the Fund’s input into the PRSP preparation;
(d) The Fund will also work through such partners as NGOs and if a country is not involved in a PRSP process, IFAD will work directly with the government;
(e) The Fund will inform and consult ADB, the UNDP and the World Bank; and
(f) PI would promote partnership with local champions and support regional and international mentors (on thematic work having policy implications).

229. The EVEREST will assess partnership from a number of aspects, including co-financing, policy dialogue, project supervision, knowledge sharing, and donor co-ordination and complementarity.

230. Partnership with governments. Individual CPMs have made efforts to strengthen relations and dialogue with key government institutions in the region. In various countries, however, it is noted that IFAD has worked primarily with one main government ministry/department, and that other relevant such outfits who are also involved significantly in rural poverty reduction have not been sufficiently included in IFAD activities in the same country. Moreover, government contribution to the total project costs has declined, from 45% during 1978-1995 to 23% during 1996-2001 and to 19% during 2002-2005.

231. As a proxy for assessing PI’s partnership with governments, the EVEREST notes that replenishment contributions from PI List B and C countries went down from the Fifth replenishment (period 2001-2003) to the Sixth replenishment (2004-2006), from a total of USD 59.7 million to
USD 38.9 million. The contributions to the Seventh replenishment (2007-2009) have gone back up to USD 46.7 million, but are still lower than those made to the Fifth replenishment. While the EVEREST recognises that PI is not responsible for IFAD’s replenishment negotiations and that individual country contributions are determined by a number of factors external to IFAD, through the management of its country programmes and partnerships with corresponding governments, PI does have a major indirect influence on replenishment contributions. For instance, as discussed previously, the inclusion of Indonesia in the FPPP by PI could have positively influenced Indonesia’s contribution, a country which has halved its contributions in the Sixth and Seventh replenishments, as compared to the Fifth. In this regard, a number of Indonesia government officials have conveyed to OE that they were hopeful of Indonesia’s inclusion in the FPPP, especially because IFAD had fielded a mission to Indonesia in 2003 to study the then proxy field presence arrangement in the country. They expressed that a field presence in Indonesia would have given an important signal to the government about IFAD’s commitment to developing an even stronger strategic partnership with the country.

232. It is to be noted that Japan increased its contribution in the Seventh replenishment as compared to the Fifth and Sixth replenishments. However, Australia and New Zealand did not contribute to IFAD’s Sixth and Seventh replenishments. As far as Australia is concerned, the country informed IFAD in early 2003 of its withdrawal as a member of the Fund (which will become effective in 2007), citing the latter’s disengagement from the mid-1990s until recently in the PICs as one of the main reasons for this development. Although the Fund prepared a sub-Regional Strategy for the Pacific Islands (approved by the Board in December 2004), the EVEREST believes that the Pacific Island Strategy should have been formulated much earlier, and not what appears as a measure in response of Australia’s notice of withdrawal. This is unfortunate, given that the thematic evaluation by OE on Small Island Developing States (in 1998/9) and the CPE of Papua New Guinea (2001) while recognising the high costs for project development and supervision, strongly recommended that IFAD find appropriate ways and means to continue their laudable development efforts in the vulnerable Pacific sub-region.

233. **Asian Development Bank.** The co-operation agreement with the ADB dates back to 1978 and focuses mainly on project co-financing and supervision. On 15 June 1994, the then Director of PI signed a Memorandum of Understanding with the ADB, which, *inter-alia*, makes reference to ADB’s interest in “exploring the possibilities of replicating innovative poverty alleviation approaches and programs adopted by IFAD”. It also refers to enhanced co-financing, and exchange of data, information and experiences.

234. In actual terms, co-operation with the ADB between 1996 and 2005 has not evolved. From the below table, it can be seen that only four projects were co-financed with the ADB from 1996-2005, out of the 68 projects funded by PI in the same period. Likewise, ADB has been IFAD’s co-operating institutions only in four projects in the same period, in spite of the fact that the overall quality of their supervision reports (ADB refers to them as reviews) are comparable to UNOPS supervision reports and ADB costs for supervision are much lower than those for UNOPS. Of the four co-financed project, only one was IFAD-initiated.

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140 This was part of a wider study of proxy field presence arrangements in various countries, which was discussed in the Executive Board in September 2003. See document EB 2003/79/R.3/Rev.1 titled IFAD’s Field Presence and In-Country Capacity.


142 Corporate Level Evaluation on the DSPP (table 12), report No. 1687, dated November 2005.
Table 9. Partnership with the ADB

<table>
<thead>
<tr>
<th>Approval Period</th>
<th>IFAD in Asia and the Pacific</th>
<th>ADB as Co-finance and Co-operating Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IFAD Financing Amount (USD mil)</td>
<td>No. of Projects</td>
</tr>
<tr>
<td>1978-1995</td>
<td>1 468.7</td>
<td>111</td>
</tr>
<tr>
<td>1996-2001</td>
<td>724.1</td>
<td>42</td>
</tr>
<tr>
<td>2002-2005</td>
<td>526.1</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>2 718.9</td>
<td>179</td>
</tr>
</tbody>
</table>

Source: IFAD PPMS data, April 2006

235. One of the reasons for the above is that the ADB has focused attention on large infrastructure projects during the evaluation period. However, during the various EVEREST missions, it was noted that in many countries in the last three to four years the Bank is once again investing major resources in agriculture. Agriculture, in fact, accounted for 12% of the Bank’s total lending volumes between 1997 and 2003, equivalent to around USD 1.15 billion.

Moreover, in 2004 alone, ADB approved loans for around USD 200 million in agriculture and in 2005 it was around USD 314 million.

236. Notwithstanding the most recent efforts by PI that have yet to result in a concrete partnership, both the EVEREST and other OE evaluations undertaken have found that the efforts made by IFAD in the last decade to engage ADB have been very limited. For example, the interim evaluation of the IFAD-ADB co-financed Rural Micro-Enterprise Finance Project in the Philippines found that IFAD had been a rather passive partner during implementation of the project and had been absent in reviews and policy dialogue. What is unfortunate is that IFAD financed a second phase of this project in 2005 (the Rural Micro-Enterprise Promotion Programme) and the ADB also financed a separate operation as a follow-up to the Rural Micro-Enterprise Finance Project, which is an example, inter alia, of a lost opportunity for strengthening partnerships between the two organizations.

237. The CPE of Indonesia stated that IFAD’s “relationship with ADB has not been smooth right from the start, and during the CPE, the ADB signalled reluctance to enter into further partnership (at least in the field of microfinance) with IFAD. Its concerns arise from communication difficulties with IFAD, unclear roles and responsibilities, and difficulties in professional working relationships, particularly in the context of the timing and approach of supervision missions”. In the context of the interim evaluation of the Vietnam Quang Binh Agricultural Resources Conservation and Development Project, the evaluation recommended that “IFAD should develop active partnerships with ADB in general. In this regard the Fund should ensure close synergies between the new IFAD phase II project in Quang Binh Province and the ADB programme under implementation in the programme”. However, the report continues: “PI was not in agreement with this recommendation, arguing that ADB provides an overwhelming input to the province and that IFAD shouldn’t work in the same communes as ADB does. However, PI agreed to share experiences with ADB on the two different programmes”. Finally, the recent Bangladesh CPE also notes that IFAD did not pursue or develop a partnership with ADB in a strategic fashion.

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147 Evaluation Agreement at Completion Point [section E (i)], report No. 1532, dated October 2004.
238. **The World Bank.** The co-operation agreement with the World Bank also dates back to 1978, and similar to the one with the ADB, focuses mainly on project co-financing and supervision. Also with the World Bank, co-operation during the period 1996-2005 has been minimal (see table below). There have been only three projects co-financed in this period out of 68 funded by IFAD in total in the region. Likewise, the World Bank has been IFAD’s co-operating institution only in five projects. Of the three co-financed, one was initiated by IFAD. The World Bank has major investments in agriculture and rural development in the region, but there is no evidence that IFAD has invested in developing a strategic partnership with the Bank (for example, see paragraph 108 in the Indonesia CPE report). This was also echoed during the meetings with World Bank staff in China, India and the Philippines held by the EVEREST team.

239. The World Bank is making a major re-entry into agriculture in the PI region. Their overall lending for rural development, including agriculture, to borrowers in Asia has increased dramatically from around USD 777 million in 2002 to USD 1.6 billion in 2005149.

240. **The UN organizations.** The EVEREST focused its analysis on three such organizations, the other two Rome-based food and agriculture organizations, FAO and the WFP, and UNDP.

241. There is no mention in the Regional Strategy of a partnership with FAO, nor has any important joint activity been undertaken with them, apart from the use of the FAO Investment Centre for project

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149 The World Bank Annual Report, 2005 (see tables 2.2 and 2.3).
design purposes. This is unfortunate given the emphasis to developing partnership and co-operation with FAO in the Agreement Establishing IFAD. However, only in December 2005 did the Executive Board approve a grant for USD 1.5 million for FAO in support of Pro-Poor Policy Formulation, Dialogue and Implementation at the Country Level in eight countries in the PI region. This is an interesting initiative, which will be implemented by the FAO regional office in Bangkok.

242. In 2004, IFAD signed an operational partnership agreement for the Asia region with WFP which deals with WFP’s support for hosting IFAD’s FPPP in China and India, and includes intentions of integrating WFP food aid and IFAD financial aid in rural development programmes, using common targeting tools (Vulnerability Analysis and Mapping used by WFP), undertaking joint project missions and a joint annual review of partnership programmes, and expanding the role of WFP in the relationship to include thematic studies and project supervision upon the request of IFAD.

243. WFP provides logistic and financial support for IFAD’s FPPP in India and China. Based on discussions with WFP staff in these two countries, the Programme considers IFAD’s rural development projects as attractive channels for delivering food aid, such as “food for work” in connection with labour-intensive rural infrastructure programmes. However, WFP’s role in several Asian countries is changing as the countries develop food surpluses and become donors to WFP. In fact, in China, the Programme has closed its operations and the small office with one staff only has the mandate for fund raising. In India, WFP is reflecting on its future co-operation with the country, and hence is also questioning the incentives to continue housing IFAD’s field presence staff. Finally, especially in view of IFAD’s core objective of being a catalytic institution, the efforts invested in building a useful partnership with WFP may have been better directed in establishing partnerships with the ADB and World Bank, who have the capacity to replicate IFAD’s successful innovative approaches and generally play a major role in pro-poor policy and institutional change at the country level across the region.

244. UNDP has provided grant funding for a total of USD 8.2 million in five projects from 1996 to 2005. These funds have been used for, among other things, training and capacity building, social mobilisation, documentation of good practices and project management. Apart from a few cases, the collaboration between IFAD and UNDP on wider policy and strategy issues is weak. In China and India visited by the EVEREST, but also in other countries like Indonesia and Mongolia, the UNDP staff including the resident representative, indicated to the EVEREST team that they were not familiar with the IFAD country strategy (COSOP) and programme in the respective countries. In Pakistan, the UNDP (the only other co-financer than ADB) withdrew prematurely. In one of these, the Northern Areas Development Programme, there was a lack of institutional compatibility: UNDP, which was responsible for the community mobilization component of the project, was managing this component as a separate programme within the project, and under its own operational manual, which led to problems between IFAD, UNDP and the government and resulted in the withdrawal of UNDP at the MTR stage. Finally, to the extent possible, IFAD has been involved in the UNDAF processes in various countries and is mentioned in six out of the 14 UNDAF documents consulted by the EVEREST team.

245. Bi-lateral donors. As per the data in the PI self assessment report, DFID has been the largest bilateral contributor over the period 2002-2005, with a total of USD 40 million committed at design to supplement the IFAD loan of the Orissa Tribal Empowerment and Livelihoods Programme in India. Other bilateral co-financing partners are Canadian International Development Agency (USD 0.96 million), GTZ (USD 1.75 million), Japan BIC (USD 1.14 million) and Luxembourg (USD 1.77).

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150 Section 2 of Article 8 in the Agreement Establishing IFAD specifically says that: “The Fund shall cooperate closely with the Food and Agriculture Organization of the United Nations and other organizations of the United Nations system…[and] the Fund will seek the collaboration in its activities of the Food and Agriculture Organization of the United Nations…..”.

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246. The EVEREST team held discussions with staff in the DFID country office for India, which expressed discontentment in their communications with PI. They lamented the poor pace of implementation, and weak and distant monitoring, supervision and backstopping to projects co-financed with IFAD in India in general. In fact, DFID has withdrawn an earlier allocation of USD 10 million to the Jharkhand Chhattisharg Tribal Development Project in the country. They also felt that the India COSOP was too ambitious in terms of policy objectives and institutional reform given that IFAD’s participation in country-level policy dialogue processes was very weak. Another example of weak partnership with bi-lateral donors is the case of Swedish International Development Agency (SIDA) in Vietnam, which in February 2004 requested IFAD to defer the formulation of the second phase of the Ha Giang project (co-financed by SIDA) to give them appropriate time for internalising the lessons learned from the OE interim evaluation of the project. However, PI went ahead with the formulation, which resulted in SIDA not co-financing the second phase of the project as per their original intentions\textsuperscript{151}. In the Philippines, the EU and USAID, two of the more importance donors in agriculture, have not had interactions with IFAD in spite of very clear references to them in the COSOP\textsuperscript{152}. In Indonesia, major bilateral donors and international NGOs involved in rural development lack knowledge of IFAD and its work in the country\textsuperscript{153}. Finally, in spite of the recent efforts in 2005 to enhance engagement with Japan, the EVEREST did not find evidence of a strategic and/or coordinated approach at the divisional level to mobilising co-financing from or co-operating with bi-lateral aid agencies, a task which is mainly left to the initiatives and modalities pursued by individual CPMs.

247. **Non-governmental organizations.** On the whole, PI has established very good collaboration with NGOs in the region, especially in South Asia, but also in the Philippines and increasingly in Indonesia. NGOs have played a particularly useful role in social mobilisation, training, rural finance, policy and advocacy, and direct supervision. Various partners in India, especially those in the UN system, expressed concern about IFAD silent position and lack of support towards the Self-employed Women’s Association following the latter’s recent problems with the Government of Gujarat, casting doubts about IFAD’s commitment in supporting its major NGO partner in times of difficulty.

248. **ILC.** The coalition has supported IFAD activities in Bangladesh, Cambodia, India, Indonesia, Nepal and the Philippines. For example, in the Philippines support has been provided for mapping of the ancestral domains of the indigenous peoples in Mindanao and for capacity building of landless farmers and farm-workers. In Indonesia, the ILC has contributed to the formulation of the COSOP. However, overall it is the EVEREST’s assessment that little has been achieved in terms of “placing the issue of redistributive land reform on the policy agendas of national governments”, a priority on the policy agenda of the Regional Strategy.

249. **Partnership with research institutions.** PI has provided grant funding to a number of sub-regional and regional institutions to undertake agriculture research, including Asian Institute of Technology, Centre for International Forestry Research, International Centre for Integrated Mountain Development (Nepal), International Centre for Research in Agroforestry, International Development Research Centre (Canada) and International Rice Research Institute. Other institutions, such as FAO, have also been provided grants for issues broadly related to policy dialogue, and documenting good practices and training project staff in participatory approaches. Seventeen country-level grants were approved, of which nine were attached to PI loan projects. While selected activities have been useful (e.g., gender mainstreaming efforts through UNIFEM or the work of International Rice Research Institute on upland rice and deep water rice), the desk review undertaken supplemented by country

\textsuperscript{151} Reference letter from Embassy of Sweden (Hanoi) to PI dated 12 February 2004 on IFAD-SIDA Co-operation in Vietnam.

\textsuperscript{152} The COSOP (page 12) states: “IFAD is in the process of concluding a Memorandum of Agreement with USAid” and that “The other multilateral institution which IFAD has close contact with is the European Union (EU), particularly in regard to operations in Mindanao”.

\textsuperscript{153} Indonesia CPE Report (July 2004), paragraph 111.
visits to China, India, Pakistan and the Philippines, reveal that the mechanisms and feedback of research results into the COSOP formulation as well as project design and implementation processes are, on the whole, weak.\footnote{This is consistent with the main findings of the OE corporate level evaluation on agricultural research in 2002. See recommendation number 2 (strengthening the contribution of grant-financed research to the IFAD investment programme) and others in the evaluation’s Agreement at Completion Point, report number 1377, dated April 2003.}

250. **Local champions and regional and international mentors.** PI has collaborated with distinguished local champions from various countries, such as China, India, Japan, Nepal, the Philippines, Sri Lanka and Vietnam. Such persons, among other activities, prepared studies on thematic topics included in the Regional Strategy (e.g., land tenure, tribal development and, participatory approaches), made presentations at key events and conferences, and travelled to other countries in the region and to IFAD headquarters to share their experiences. On the other hand, PI has not consolidated its experiences in collaborating with such persons, and in recent years the emphasis on investing in this potentially interesting programme appears to have reduced.

251. **Other issues related to partnerships.** It is noticeable that the Regional Strategy does not name or single out (apart from ADB) any regional or sub-regional organization for partnership. One could have expected that some consideration would have been given to, for example, the ASEAN, ESCAP and SARC. The EVEREST notes that the term partnership has been used for all kinds of short- or long-term relationships, whether or not they are formalised through written agreements. “Partners” include: the sisters in the UN system and the multilateral lending agencies; a co-financier, whether passive or active; a beneficiary of an IFAD grant, e.g., an international research institute or a CSO/NGO; and national public, civil society and private institutions with activities financed by IFAD loans. National government and non-government organizations which support project implementation are sometimes referred to as “IFAD partners”, but often the partnership agreement/relatin is not with IFAD but with the government agency that is responsible for implementing the IFAD-assisted project. The concept does not appear to be used for relationships with individuals or consultancy companies, though mentors and local champions are mentioned as part of the partnership-building strategy.

**Policy Dialogue**

252. Policy Dialogue is one of the five implementation modalities contained in the Regional Strategy. The strategy makes commitments in the following areas of policy dialogue:

- (a) On access to assets: the Fund will advocate placing the issue of redistributive land reform on the policy agendas of national governments;
- (b) On women’s empowerment: the enhancement of women’s representation and decision-making role is a strategy that will be promoted more proactively by IFAD in the future;
- (c) On women’s access to microfinance: The Fund will continue to work with governments and other stakeholders in modifying the policy environment in order to expand outreach to poor women;

\footnote{IFAD’s absence in any capacity is particularly noteworthy from the recent conference Asia 2015: Promoting Growth, Ending Poverty, held in London in March 2006, co-organised by the ADB, the World Bank, and DFID. Other institutions that contributed to the organization included UNDP and UNESCO. The conference provided an opportunity to develop a shared understanding of potential challenges to Asia’s capacity to maintain high rates of growth while continuing to move millions out of extreme poverty. Participants discussed the role of aid, but also how, and under what circumstances, other relationships and partnerships might also be important to address particular challenges. They concluded that aid was still important, but should be based on more mature relationships in future. They also agreed that there was a significant non-aid story: one which involves a range of strategic partnerships to meet emerging global and regional challenges, based on shared responsibility and mutual commitments.}
(d) On common property resources: make the forest dwellers co-owners of the forests and ... reward them for the environmental services they provide; and
(e) On decentralisation: work with governments to institute systems of decentralization of government revenues from local natural resources.

253. The EVEREST found examples of IFAD policy dialogue in areas listed above at the country level. For example, the successful experiences from the Tamil Nadu Women’s Development project followed by the Maharstra Rural Credit Project (both in India), contributed to institutionalising the Self-help Group approach as a key instrument to women’s empowerment and rural poverty alleviation. In Nepal, through the Hills Leasehold Forestry and Forage Development Project, the Fund has managed to promote the concept of leasehold forestry alongside community forestry approaches, which has been accepted as a viable approach by the Government of Nepal. In Vietnam, IFAD has funded projects and programmes with thorough consideration for participation of local communities and district/communal authorities, which the Government has adopted as models for designing and implementing investments in a decentralized context. In China, the preparation of participatory village development plans are increasingly being recognised as essential, which are bring promoted with the support of the State Council Leading Group for Poverty Alleviation. In Bangladesh, during the design and implementation of the Aquaculture Development Project, IFAD has tried to ensure wider access to water bodies, although with limited achievement.\footnote{Bangladesh CPE report.}

254. It should be noted that the above and other successes in policy dialogue were not achieved following the definition of a coherent policy agenda, together with a work plan and the allocation of specific human and financial. They were largely indirect benefits deriving through discussions held during the design and implementation process of the corresponding projects, rather than through dedicated and integrated policy dialogue efforts at the country programme level.

255. Within the framework of some recent loan-funded projects in the last year or just over PI has included a grant element (which is now possible through the country window under the grants policy approved by the Board in December 2003) that also serves to advance IFAD’s policy agenda (e.g., the second phase Ha Giang/Quang Binh project in Vietnam approved in December 2004). This is a good combined use of IFAD’s lending and non-lending instruments for achieving the overall COSOP objectives. Also, for example, in the Rural Micro-Enterprise Promotion Programme in the Philippines, funds have been allocated for contracting a policy advisor in the project’s management unit to facilitate programme-specific policy dialogue.

256. There are few regional and sub-regional grant-funded activities related to policy work broadly in line with the Regional Strategy’s objectives. Five examples are to be noted: (i) A three-year grant was provided to \textit{Reward the Asian Upland Poor for the Environmental Services they Provide}; (ii) in order to increase the contribution to the PRSP process, the Asian Coalition of NGOs has received support to promote NGO/CSO participation in PRSP monitoring in Cambodia and Vietnam with a focus on food security, rural development and participation of the poor, 2003-2004; (iii) related to women’s empowerment, a grant was approved in March 2003 for \textit{Mainstreaming Gender in Poverty Reduction}, a programme to support policy analysis, advocacy and networking to address gender inequalities and the vulnerability of women in Asia; (iv) in December 2005, as discussed, IFAD provided USD 1.5 million to the FAO in support of \textit{Pro-poor Policy Formulation, Dialogue and Implementation at the Country Level}; and (v) grant to Karl Kubel Sriftung for the Promotion of Policy Dialogue on Enabling Tribal and other Ethnic Groups to Manage Their Natural Resources that worked to extensively document and share information and experiences from Bangladesh, Bhutan, Nepal, Sri Lanka and India.

257. As per the current IFAD COSOP guidelines, each document must include a section on policy dialogue. A review of PI COSOPs reveal that often policy objectives are unrealistic and loosely...
articulated without due consideration for the skills and competencies needed, resources and time required, and description of specific activities that will be undertaken to achieve intended objectives. Moreover, various commitments made in the COSOPs on policy issues (e.g., see footnote 103) are not delivered.

258. Though highlighting the PRSPs, the strategy does not give due consideration to IFAD’s role in SWAPs, which are becoming more common in the PI region as well. With regard to PRSPs, the Economics Team of PI has recently prepared country compendia describing national and donor frameworks, which can be useful to CPMs in preparing COSOPs and project design. Moreover, the analysis done on the rural development framework within the PBAS context also provides a useful starting point for identifying policy concerns at the country level.

259. In terms of inputs, the CPMs carry the major part of the burden for policy analysis and dialogue. Field presence staff may provide support in terms of participating in donor-government policy dialogue meetings and reporting back to the CPM on developments in the dialogue and in the national policy and institutional context. But, the main responsibility rests with the CPMs. In this regard, there are two main concerns the evaluation underlines. Firstly, it is not evident that all PI CPMs have the required skill, competencies and experience in multiple thematic areas for undertaking policy analysis and dialogue with individuals and institutions at the country level, which are normally very well prepared for the purpose. Moreover, little training and on-the-job coaching is provided to upgrade the skills of CPMs. Monitoring of their activities and achievements in policy dialogue are limited. Secondly, even for those CPMs with the required capabilities and skills, the incentives, time and financial resources allocated are too few to make a significant impact on policy matters.

**Donor Co-ordination and Harmonization**

260. There have been some improvements in IFAD’s participation in donor co-ordination efforts in recent times in some countries, especially since the introduction of the FPPP, but also the establishment of proxy field presence arrangements. For example, in Bangladesh and Pakistan, IFAD participates in donor working groups on various topics, such as rural development and agriculture, and water management. In India, in the last one year or so, the field presence official is being invited to attend the UN country team meetings. In Vietnam, IFAD is likely to join other donors in an agriculture SWAP programme. However, the problem with the aforementioned is that IFAD’s participation is largely through the field presence consultants/officials, who do not have delegated authority to take specific positions or decisions on behalf of IFAD. Moreover, given their status and contractual arrangement, they are not considered by many other donors as representing the Fund in all respects.

261. Notwithstanding recent developments, even in some of the above-mentioned countries, IFAD has on the whole been weak in donor co-ordination and in ensuring complementarity with the operations of other key external financiers. The limited co-ordination with the ADB and World Bank has already been discussed in previous sections, and there are many other examples to support the prior affirmedations. For example, in Indonesia, the Board approved in December 2002 the IFAD-funded the East Kalimantan Local Communities Empowerment Programme\(^{157}\). However, the ADB had previously funded a very similar project in the same area since 2000, namely the Community Empowerment for Rural Development Project, which targets the poor and very poor households and aims to develop community-based savings and loan organizations, and capacity building for decentralised development planning within villages and within local and provincial governments. The Indonesia CPE revealed that the Fund made little efforts to find complementarities with the existing ADB operation. In fact, in the section on “The Poverty Eradication Activities of Other Major

\(^{157}\) This programme was cancelled by PI on 31 March 2006.
Donors”, the IFAD President’s Report and Recommendations

262. In Vietnam, as discussed previously, more attention could have been devoted to achieving complementarities with the ADB-funded Central Region Livelihood Improvement Project approved in 2001. The ADB project covers Quang Binh province (in which the Board approved a second phase IFAD-funded project in 2004), including ten upland districts that are amongst the poorest in the country. The scope and focus of the ADB project, inter-alia, aims at enhancing household food security, income generation, and increasing productivity by provision of credit and extension. These objectives are very similar to the core objectives of the IFAD-funded project in Quang Binh. Lastly, several members of the UN system in India conveyed major dissatisfaction with IFAD’s decision in 2005 to finance a stand-alone post-Tsunami intervention in the country, outside the overall donor co-ordination framework for post-Tsunami reconstruction. The above examples illustrate that more efforts need to be made in order to meet the complementarity and other related dimensions of the harmonisation agenda included in the Paris Declaration on Aid Effectiveness of 2005.

263. With regard to alignment and contribution to PRSPs, a scanning of 22 COSOPs showed that only three made reference to the PRSP, namely Kyrgyzstan, Pakistan and Vietnam. However, as compared to Africa, PRSPs are less common in Asia where they started to be used around 2001/02. Therefore, it is relevant to only look at COSOPs prepared since 2001, which are eight. Furthermore, some countries, e.g., India, do not have PRSPs, but consider their five-year plan as serving that purpose. Thus, although the reference made to PRSPs has been limited in the past, the situation is improving. Further improvements are expected as a consequence of PI’s recent preparation of country compendia providing comprehensive country information, including information on the PRSP, CAS, CSP and UNDAF. The three COSOPs that mention the PRSP do so in order to confirm that the policy framework is pro-poor and conducive to IFAD’s support, but there is no mentioning of any specific IFAD contribution to the formulation of the PRSP or to PRSP implementation.

264. In sum, IFAD’s performance during the evaluation period in the areas of partnership, policy dialogue and donor co-ordination and harmonisation in general have been weak (see also section B on IFAD co-financing trends and issues and section C on impact on advocacy, policy and partnership in Chapter IV). This is especially important, taking into account the Fund’s corporate objective of playing a catalytic role in agriculture and rural development. Moreover, the Paris Declaration on Aid Effectiveness, requires that much more effort be invested to improve donor co-ordination. Finally, while there have been some promising steps taken by PI management in the last two years (e.g., enhanced interactions with the ADB, World Bank and Japan, as well as co-operation in the policy arena with FAO), most of these initiatives are still in their infancy, and will need to be assessed at a later stage.

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F. Summary of Key Points on Business Processes

- Following the adoption of the Regional Strategy, no major steps were taken to re-position PI’s organizational structure and human and financial resources for the implementation of the strategy, and there are a number of areas warranting more systematic management (e.g., in filling vacancies announcements, selection of countries for the FPPP, assignments of country programmes to staff, budget allocation and utilisation, etc).

- More recently, some useful activities have been undertaken related to knowledge management, such as the organization of workshops, exchange visits across countries, and the introduction of peer reviews within the division. However, the use of OE evaluation results remained weak, as are the links between grant-funded initiatives and loan investments.

- Limited ownership and responsibility at the country level among key stakeholders, especially for project and programme design, is a cause for concern and an underlying reason for problems associated with sustainability and a constraint for even better project performance. The MTRs have proved to be an effective instrument for improving the implementation of projects but this leads to deferred project effectiveness, as important decisions related to potential project re-design are left until the MTR exercise. The performance of project-level M&E systems has been overall weak during the evaluation period. The divisional annual portfolio review process has been well implemented, and attention to self evaluation processes is encouraging.

- Notwithstanding some recent efforts, limited consideration and resources have been devoted to building strategic partnerships, policy dialogue as well as donor co-ordination and harmonisation. Partnerships and co-ordination with key institutions, such as the ADB and the World Bank, is weak. While there is evidence of successful policy dialogue in some countries, this was an indirect benefit rather than due to proactive efforts or the implementation of a coherent policy agenda by the division. Limitations in staff time and competencies, as well as management guidance have been constraints to achieving higher results in these areas.

Republic of Maldives

Atolls Credit and Development Banking Project

A fisherman from Funadhoo, SH Atoll, in his ‘vanu dhoni’ or fishing boat to which he has added a 4 HP outboard motor after obtaining a loan from the project.

IFAD photo by Horst Wagner
VI. CONCLUSIONS

265. **Overview.** The story line emerging from the evaluation of IFAD’s Regional Strategy for Asia and the Pacific illustrates that portfolio performance in the region has been good, especially as compared to the IFAD-wide ratings reported in the ARRI. But concerns remain about targeting and sustainability, which the evaluation recognises as areas in need of improvement.

266. The EVEREST concludes that portfolio performance and overall results and impact could have been greater if better business processes management had been in place. For example, changes to key aspects in the project and programme cycle management would be beneficial, for instance, by giving more responsibility to the country for project formulation and introducing a thorough annual review of projects/programmes to improve effectiveness, rather than waiting for the MTR exercise. Moreover, a more effective approach to human resources and budget management (e.g., by ensuring that country programmes are allocated according to staff experience, skills and competencies or earmarking sufficient budgets for implementing key aspects of the Regional Strategy, such as policy dialogue and impact assessment) and creating incentives for knowledge management with stronger linkages to and from the field, including a more systematic use of evaluation results, are likely to contribute to enhanced results.

267. Performance and efforts in building strategic partnerships with key institutions, in mobilising co-financing and counterpart funds, the promotion of innovations, policy dialogue, and IFAD’s participation in donor co-ordination and harmonisation has been weak overall. Low achievements in these critical areas reveal the ‘go it alone’ characteristic of IFAD’s operational posture.

268. In sum, results have been good in terms of portfolio performance and impact, which is IFAD’s traditional area of business. But, there is no room for complacency given the size and complexity of rural poverty in the region, which IFAD wants to help reduce.

269. The next sections summarise the conclusions of the EVEREST according to four key areas, namely the Regional Strategy, resource allocation, performance and impact, and business processes.

**The Regional Strategy**

270. The formulation of the Regional Strategy was evolutionary and incremental in that it built upon the strategic directions that were broadly followed by PI since around the 1990s, but the process was neither well-defined nor included the active participation of persons or institutions from all sub-regions in Asia and the Pacific. The 2002 Regional Strategy paper was built on PI’s previous experience in the region, and in fact, the main elements of the strategy had been broadly followed by the division since the mid-1990s. Indeed, elements of the strategy would appear to a varying degree in the write-up on strategy, which used to be included annually until a few years ago in the Fund’s Programme of Work and Budget documents.

271. The Regional Strategy paper was aimed mainly at an internal audience. But, even in an internal sense, the Regional Strategy does not fully meet the requirements of a management tool. For example, it did not consider implications for resource allocation, it did not provide specific guidance to the division’s staff to facilitate its operationalization, nor did it come with a results framework that could have been monitored and evaluated, nor was any consideration given to the need for a comprehensive review of the strategy at an appropriate time during its implementation. Moreover, a full costing of the strategy, including human resources and their organization, was left out entirely.

272. Additionally, the strategy was not developed as a platform for co-operation with the concerned countries, nor did it articulate a partnership strategy for strengthening relations with major regional players engaged in agriculture and rural development in the region, including the ADB, World Bank and the UN system. As a result, the initiative to deal with issues such as the development of a partnership with the ADB seems to have been left largely to individual staff, and difficulties
encountered by them in this regard were not systematically brought up to the PI or IFAD management. In sum, the fact that the strategy did not consider the partnership dimension strategically is a serious shortcoming, as effective partnerships is now widely recognized by IFAD and the international development community as one of the fundamental ingredients of development effectiveness.

273. Having said the aforementioned, IFAD staff and consultants found the Regional Strategy paper a useful reference point, setting out the broad parameters to guide the preparation of country strategies and projects/programmes. Various IFAD Executive Directors also considered the document useful, providing them an overview of IFAD’s strategic thrusts and priorities in the PI region. Lastly, the document was felt to be useful for a general overview of PI’s priorities for reference by senior government officials, donors (UN/IFIs/Bi-laterals), NGOs, and various other national/sub-regional/regional institutions.

274. The Regional Strategy failed to recognize and assess the need for retrofitting, that is, bringing ongoing country strategies and operations in line with the Regional Strategy. For example, the Regional Strategy did not assess the extent to which the PI portfolio of loan-funded and grant projects was focusing on the niche, target groups and strategic directions identified in the Regional Strategy paper, and it failed to recognize that only miniscule resources had been allocated, for instance, for advocacy and policy dialogue.

275. The Regional Strategy paper as well as the analysis leading to it, that is, the Assessment of Rural Poverty Asia and the Pacific, useful as they were, did neither develop nor evaluate alternative strategic options in the course of arriving at conclusions. For example, the geographical niche adopted by the Regional Strategy was identified without consideration of possible alternatives (such as another niche, or not having a geographical niche at all). Having said that, most of the strategic directions in the Regional Strategy were in line with the IFAD strategy framework and comparative advantage of IFAD. The conclusions on this account are provided in the following paragraphs.

276. As mentioned, PI adopted a geographical niche (namely, development of less favoured areas) as one of the five strategic directions in the Regional Strategy, which according to the EVEREST, may not always be the most appropriate in pursuit of IFAD’s core objective of playing a catalytic role. In this regard, the issue is not whether IFAD operations should be concentrated in less favoured or high potential areas. Rather, the Fund should focus on those places where there is a serious opportunity to work with institutions with a track record of being innovative and a conducive operating environment (in terms of governance and policy framework), of priority to the government and donors alike to promote innovative approaches, which have potential to be replicated and up-scaled by others.

277. The decision to target indigenous peoples was well articulated. The EVEREST concludes that this focus must be retained in the future as well, particularly given that IFAD has achieved good results on the ground, built a comparative advantage in supporting such disadvantaged communities, and is widely looked at by the international community to be one of the leading actors in this field.

278. The strategic directions related to promoting the role of women and building coalitions of the poor are and remain relevant as well. Good results have been achieved in women’s empowerment, but much more remains to be accomplished, as rural women in Asia and the Pacific continue to face serious hardship. Further consideration in the future would, however, be warranted to analyzing gender roles and relations, especially in a context where the role and status of rural women is constantly evolving. With regard to building coalitions of the poor, the Fund has generally been successful in social mobilization and contributed to building grassroots institutions throughout the region. However, the EVEREST believes that IFAD has devoted disproportionate emphasis on social capital formation and promoting empowerment as compared to income generation (through on- and off-farm activities) in the region. Good results have been achieved in using microfinance as an instrument for rural poverty reduction, even though there is scope for improved targeting of the rural poor and ensuring sustainability of grassroots-based microfinance institutions such as self-help
groups. On another issue, while recognizing the importance of enhancing peace for poverty reduction, this is not an area in which IFAD currently has a particular comparative advantage.

279. The Regional Strategy did not address the issue of corruption, neither at the time of its preparation nor during implementation following the adoption by the Executive Board of IFAD’s Anti-Corruption Policy. This is serious, as corruption is recognized widely as one of the root causes for the under-development of many countries, including in the Asia and Pacific region. Recent evaluations in the region have emphasized this as an area that needs to be dealt with on a priority basis.

280. Likewise, even though positive experiences have been achieved by PI in a number of countries, the Regional Strategy did not explicitly pay attention to decentralization processes, which are central to current efforts of several countries aimed at achieving improved development results. Another area not treated comprehensively were the ways and means the Fund would promote innovations, and the related partnerships and efforts it would deploy for their replication and up-scaling.

281. Inadequate attention was also devoted to the role of the private sector, rural infrastructure and livestock, the way in which IFAD could contribute to the fight against HIV/AIDS, the issue of migration out of rural areas and the impact of remittances on rural economies, and though a matter that also concerns IFAD’s senior management, the strategy was silent on how to deal with the Pacific Islands, which is one of the main reasons cited by the Australian government for their withdrawal as an IFAD member state.

282. Moreover, as mentioned above, while the Regional Strategy was committed to building partnerships and policy dialogue, actual efforts and results in these areas have been weak, for example, the partnership with the ADB and the World Bank: one indicator is that no new IFAD-funded projects have been co-financed with either of these institutions since 2002. However, the EVEREST does acknowledge the existence of some recent promising initiatives in this field. While there are examples of successful policy dialogue in some countries such as India and Vietnam, this was not achieved through a concerted and adequately resourced policy dialogue programme but largely through discussions held during project design and implementation follow-up processes. Lastly, although some useful and promising activities have been undertaken (e.g., regional level workshops and exchange country visits), additional time, more resources and incentives are required for staff to get more broadly involved in knowledge management activities.

**Resource Allocation**

283. There is broad consistency between resource allocation and the five main strategic directions in the Regional Strategy, even though resources have been spread thinly across geographic areas within many countries in the region. However, PI’s grant portfolio amounts to only 1.5% of its lending programme, rather than the 10% (including the more or less 2.5% for the PDFF) stipulated for IFAD as a whole by the Fund’s grants policy. This low allocation seriously limits PI’s ability to promote innovation, undertake policy dialogue, knowledge management and a range of other strategic non-project activities through grant-funded initiatives.

284. Prior to the introduction of the PBAS, IFAD’s lending in the region was driven by legacy rather than strategy, except that the addition of new borrowers diluted the share of old ones. Although the Regional Strategy did not commit PI to financial targets or trends, the broad pattern is one of consistency between resource allocation and the five main thrusts of the stated strategy. There were, however, serious inadequacies in relation to some of the important areas that are highlighted in the Regional Strategy, such as policy dialogue, partnership building, gender mainstreaming, knowledge management, advocacy and impact assessment, for which PI has allocated insufficient resources over the evaluation period.
285. Inexplicably, PI stopped operations in the PICs during the evaluation period (the last loan was approved in 1993), which is one reason for Australia’s notice to withdraw from IFAD. This is despite the fact that PI’s own lending scenario for 1999-2003 (drafted in 1998) envisaged that 3.1% of its lending would be directed toward the Pacific Islands.

286. The introduction of the PBAS is: (a) increasing the number of loan projects that need to be processed; (b) more likely to safeguard the interests of the smallest states; and (c) shifting country allocations back in favour of South Asia. Plus, the PBAS does not allow PI the flexibility it had to economize on administrative and PDFF resources by increasing the average size of loans.

287. Co-financing declined over the evaluation period. Compared with the years 1996-2001, international organizations contributed only 2% of the project cost in 2002-2005, down 17%. New co-financing with the ADB and the World Bank has been nil since 2002. There have been fewer success stories than problems in coordination and partnerships with other development agencies, for example, with the ADB in Indonesia and DFID in India. Moreover, during 1996-2003 the division did not actively and systematically pursue co-financing partnerships, although its lending scenario for 1999-2003 recognized that six out of the envisaged 46 projects would need to be co-financed by IFIs in order to “save on supervision costs.”

288. There are a number of reasons for declining co-financing, including the increasing use by donors of alternative instruments for the delivery of aid (such as SWAPs and budget support) and the lack of incentives for IFAD CPMs to mobilise co-financing. The declining co-financing trends, which have yet to be matched by a simultaneous increase in IFAD’s participation in SWAPs or the mobilisation of co-financing through alternative sources, such as from the private sector. Since 2004, however, PI has deployed a number of initiatives aimed at reshaping the partnership with the ADB, World Bank and Japan that may result in more co-financing with these organizations in the future.

Performance and Impact

289. Available ratings of PI project performance (expressed in terms of relevance, effectiveness and efficiency) and rural poverty impact show in general consistently better results than the IFAD-wide ratings for the same criteria. Part of the difference in impact may be explained by the fact that 34% of the sample in the ARRI160 (against 0% for the EVEREST) comes from middle-income countries, where the ARRI surprisingly disclosed poor overall impact. Finally, the operating environment and project implementation in the region are also better than average, which together contribute to enhanced results and impact. In fact, the outcomes of World Bank-funded projects in Asia and the Pacific are also better than in other regions.

290. Project objectives are considered highly or substantially relevant in 100% of the rated projects. Effectiveness in achieving project objectives is exceptionally high in the rated projects. According to the EVEREST, this is influenced by the operating environment, better project implementation as well as three other factors, namely, improvements due to good MTRs performed well and timely, extensions in the project closing date and continuation of projects into the second phase.

291. The rating for targeting is much lower than the high and substantial impacts on physical, financial and human assets. The extent of impact on gender equality and mainstreaming, however, bears testimony to efforts made by PI for several years. The EVEREST rating for impact on the environment and the communal resource base is less than half as good as the one in the ARRI; few

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160 This report, produced annually by OE is discussed with the IFAD management and the Executive Board. It provides an overview of the results and impact of IFAD operations based on independent evaluations, highlights cross-cutting learning elements and makes recommendations of a systemic nature that can contribute to enhancing the performance and impact of IFAD activities.
projects make environment a priority. The sustainability of institutions and impact is also a cause for concern, given, the low level of priority it is receiving.

292. Only a limited number of examples were found of innovative approaches being adopted and upscaled by partners other than the original ones (typically, IFAD and the government). And most of IFAD’s project partners—even governments keen and willing to innovate—are, at best, implementers and not innovators. True innovators, in particular institutions operating mainly at the grassroots level, have not been IFAD’s priority partners, although it is acknowledged that PI has engaged with various formal research organizations (e.g., ICRAF) in the region.

293. IFAD has had some success in policy dialogue. The observed successes are largely achieved by addressing policy issues in connection with project design and implementation processes, rather than the result of integrated policy dialogue efforts at the country programme level. The issue of weak partnerships has been discussed in the previous section. Donor co-ordination and harmonisation is another area where IFAD’s performance has been poor.

Business Processes

294. Organization, resources and capacity of PI. The organization, resources and capacity of PI have evolved not in relation to a Regional Strategy but in response to corporate decisions, cost pressures and a change of leadership in PI. Leadership, as is often the case, creates its own dynamic, and it is clear that PI is currently a division on the move. At the same time, PI has not yet addressed some key issues related to human and financial resources management, which the EVEREST considers a constraining factor to even better project performance in the future.

295. PI’s headquarters-based Economics, Results and Country Programme teams that focus on cross-cutting issues have the potential to add value to the divisional and individual country programmes. But the introduction of these teams has been accompanied by loss of balance in other areas: a number of staff positions have gone vacant for too long, relatively inexperienced (though motivated) staff have been assigned large and complex country programmes, there are no women staff on regular professional positions, and few professional staff are from the region’s borrowing member countries. Chronic issues for PI include the lack of systematic rotation of country assignments among CPMs (which inhibits professional growth and cross-fertilization of experiences), limited training opportunities in core thematic and operational areas (which is an issue for senior management as it concerns sub-standard allocation of resources for training IFAD-wide), and a number of weaknesses in consultant management such as the absence of transparent search mechanisms, repeated use of the same limited set of consultants and lack of a systematic appraisal of consultants at the end of their tasks, which is an issue for PI as much as it is for other regional operations divisions.

296. Field presence staff—a visible and sizeable IFAD asset in the region—have not been empowered sufficiently to enable them to contribute in a broader sense to enhancing the effectiveness of IFAD country programmes. For example, they have been largely left out of the loop in terms of communication and learning. And, there is continuing failure to decentralize decision-making from headquarters that are required in support of the Board-mandated FPPP. Field presence could play a wider role in assisting IFAD-funded projects and achieving country programme objectives, but this is conditional to their broader integration within the respective PI country programme teams.

297. Supervision and implementation support also requires attention. As for most other regional divisions, quality assurance throughout the supervision and implementation support process is inadequate. Moreover, UNOPS has been appointed as the co-operating institution in more than 80% of PI’s ongoing project portfolio, which may have some advantages, but also exposes the organization to enhanced risks that can materialise by relying mainly on one service provider.

298. Since 2002, together PI’s administrative budget and PDFF has increased at an average annual rate of 11% in nominal terms (around 7-8% in real terms). This does not include supplementary funds.
and the small amount of TAGs the division mobilized for workshops, studies and so on. This increase appears justified, as except for 2003, the percentage increase in the number of loans approved since 2002 has been greater than the increase in the administrative budget and PDFF. In addition to the aforementioned, the regional operations divisions in general have been asked to undertake even more tasks in the past few years. However, rather inexplicably, PI has consistently failed to utilize fully its PDFF allocation.

299. Laudably, specific budget allocations were made in 2005 for knowledge management and partnership strengthening, which, in the past were embedded within other budget categories and thus not easy to quantify. In some other areas, such as strategy and policy development and implementation follow-up, increases can be noted over time, though the largest increases in these categories are observed in 2005. The limited budgetary allocation to non-lending activities during the evaluation period as a whole is considered a contributing factor to poor results, especially in policy dialogue and partnership building.

300. Knowledge management and learning. Much of PI's focus through ENRAP has been on the promotion of information and communication technologies, rather than on learning content related to rural poverty reduction. The division has not made proactive efforts to learn from the experiences of other IFAD divisions (e.g., through the experiences of FIDAMERICA) and the utilization of OE evaluation results (especially findings of a critical nature) need improvement. Though limited in number, some grant-funded activities have helped identify innovations, but linkages to PI's investment programmes are limited. PI knowledge management efforts have not been systematic, and few resources and time have been allocated to the task. Moreover, in particular, staff do not have adequate incentives to engage in knowledge sharing activities, and knowledge flows between the country level and headquarters are poor, partly due to weak M&E systems in the projects and the lack of a permanent presence in the field. In sum, more focused knowledge management would have allowed the division to learn from its own experiences and those of others, especially in areas requiring more urgent attention (such as improving environmental and natural resources management).

301. Programme and project cycle management. The MTR, peer review of COSOPs and the recently-introduced divisional portfolio review are the strong elements of PI's portfolio management. The portfolio review, in particular, is a rich source of information and diligently follows PMD guidelines, including the need to be self-critical. The use of evaluation findings, however, is weak in the portfolio review process. The rural development sector framework analysis conducted for the PBAS and the recently-completed country compendia describing national and donor frameworks are useful contributions to programme development.

302. As in other regional divisions, project cycle management is characterized by a series of compartmentalized processes between which ownership changes and the players are left with inadequate understanding, responsibility and accountability. CPMs are held accountable for meeting country allocation targets, which “obliges” IFAD to control the project design process, which undermines country ownership. The formulation mission is too short for proper situation and institutional analysis and stakeholder consultation, while conflict of interest is evident insofar as the appraisal team often include members who were part of the formulation mission. These are all contributing factors to the low project ratings for sustainability and inhibit better project performance and results.

303. Lack of time, procedures and resources inhibits thorough institutional and management analysis of implementers at the outset, necessitating problem solving throughout the project cycle as deficiencies are found in mutual understanding, M&E systems, poverty and target group orientation, resources and arrangements for sustainability, and compliance with audit requirements.

304. As in the IEE of IFAD, the EVEREST found that MTRs enhance project effectiveness after projects have experienced problems for several years since start-up. The MTR enhances effectiveness
because, inexplicably, it is about the only opportunity for change during project implementation: there is no system of comprehensive annual reviews leading to the kind of course corrections that would improve project effectiveness significantly.

305. The project-level M&E system has been driven to high levels of complexity by the complexity of multi-sectoral projects. Impact assessment is very weak and the system is seldom used for providing feedback.

306. **Partnerships, policy dialogue and donor co-ordination.** Although efforts have been made to strengthen relations and dialogue with key government institutions, PI has not diversified adequately the range of institutions engaged in rural poverty reduction with which it works at the country level. Co-operation with NGOs has been good, especially in South Asia and in some other countries of the region, although government-NGO relationships are sometimes testy. Limited attention was devoted to building partnership with donor countries in the region, as well as with the ADB and the World Bank. Cooperation with the UN and bilateral aid agencies has been missed or did not follow a systematic approach. There is also no attention paid to partnerships and cooperation with private sector entities (other than the target groups). The EVEREST also notes the need to develop a clearer understanding of underlying dimensions of partnerships. Having said the above, the evaluation team notes that PI is currently investing time in improving relations, both with the IFIs and bi-laterals aid agencies.

307. The EVEREST found evidence of successful policy dialogue in some countries, including China, India, Nepal and Vietnam. However, overall, such achievements were not due to a coherent policy agenda and corresponding efforts pursued by PI. In the last couple of years, however, a more systematic approach to integrating policy objectives in loan-funded operations is taking place, and grants are also increasingly used for that purpose. Finally, on donor coordination and harmonization, the EVEREST found some improvements due to the FPPP, but largely there is room for much improvement in ensuring better co-ordination, synergy and harmonization of operations in line with the Paris Declaration on Aid Effectiveness.

**VII. RECOMMENDATIONS**

308. There is a clear need for IFAD to develop a new Regional Strategy for Asia and the Pacific for a specific period, which would guide the formulation of country strategies and overall operations in the region. The Regional Strategy would both serve as a platform for co-operation and partnership between IFAD and the countries of the region as well as an accountability framework for IFAD and PI.

309. The EVEREST makes five key recommendations listed below and described in the following sections (each recommendation has been cross-referenced to corresponding sections in the conclusions):

- Development of a new Regional Strategy
- Strengthen strategic partnerships and policy dialogue
- Enhance ownership, accountability and learning through programme cycle management
- Improve impact through better targeting and sustainability
- Organizational considerations to achieve the objectives of the Regional Strategy

**A. Development of a New Regional Strategy**

310. To enhance its effectiveness, the strategy should be developed in close consultation with the countries of the region, and become a platform for development co-operation and partnership between IFAD and these countries. It should also be used as the basis for defining partnerships with major institutions and development agencies that are active in agriculture and rural development in the
region. The Fund would benefit more broadly if the strategy were developed taking into consideration the concerns of the variety of countries in the region, that is, both its borrowing and non-borrowing member states; the latter being an important part of the overall enabling environment. Some borrowing countries in the region (e.g., China and India) are particularly interested in having access to IFAD’s accumulated knowledge and experiences on rural poverty reduction, in addition to the financial investments of the Fund. Therefore, the Regional Strategy should also highlight how IFAD will respond to the needs of such countries.

311. The strategy must become a true tool for PI and the IFAD management. As such, it must come with a systematic results and accountability framework (including performance indicators and milestones) to facilitate its monitoring, evaluation, review and, if required, adjustment during implementation. In addition, a full costing exercise, as well as a thorough analysis up front of the resource levels required to meet the objectives should be a precondition. In order to gain from the views and knowledge of others, it would be advantageous for PI to constitute a panel of peer external reviewers during the strategy formulation process. Last but not least, the strategy should indicate how it would retrofit the ongoing country strategies and operations to ensure that IFAD resources are used most effectively and in compliance with the new Regional Strategy.

312. The directions in the new strategy should be determined following robust analysis of rural poverty and key sub-sectors in the region. An analysis of emerging opportunities and threats as well as IFAD weak and strong points, including a detailed study of the role and focus of other major players in agriculture and rural development, should lead to the development and assessment of alternative strategic options before the most promising directions are finally selected – a process that was squarely missing in the development of the 2002 Regional Strategy. This would also ensure due complementarity and coherence of IFAD’s activities in the region.

313. Rather than determining ex-ante whether to limit its operations in less favoured or high potential areas, it is recommended that IFAD work in geographic areas where there is a serious opportunity to promote innovations that have the potential of being replicated and up scaled by other partners, in particular by both the government and donors. This requires, inter-alia, a comprehensive institutional analysis upfront to ensure that IFAD is able to identify partners who are committed to similar objectives and have the ability to replicate and up-scale innovations. Moreover, what is of paramount importance is for the Fund to build on its experience, comparative advantage and reputation (e.g., tribal development in India or decentralised and bottom-up development in Vietnam), as well as focus on supporting those most in need, who are being largely bypassed by the development efforts of others. Another crucial consideration is to assess thoroughly the overall governance framework and policy environment of the geographic area within a country where IFAD plans to allocate its resources.

314. In addition, to the extent possible and especially in large countries, it is advisable to geographically concentrate IFAD’s assistance, rather than spreading thinly IFAD resources across different parts of the country. This would allow IFAD to develop deeper knowledge and specialization on selected issues and areas, as well as promote greater sustainability.

315. Continued emphasis on promoting people’s participation, building of grassroots institutions and coalitions of the rural poor should be maintained. These aspects are at the core of IFAD’s approaches to rural poverty reduction and are important ingredients for ensuring sustainability. In this regard, there is need to ensure a better balance between empowerment and social capital formation on one hand and income-generating opportunities (both from farm and off-farm sources) on the other. Related to the latter, there is a need to devote further attention to enhancing the productivity and profitability of small farmers.

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161 It would be worthwhile to include a representative from another IFAD regional operations division on the peer review panel.
316. Women’s development is considered important in achieving deeper impact on rural poverty in the region and should be considered as a priority issue in the process leading up to the selection of future strategic directions. In this regard, greater attention is required to promote better gender equity and address evolving gender relations as a result of women’s advancement.

317. Moreover, given the sizeable involvement of IFAD in the sector, the positive results achieved on the ground, its thorough understanding of issues affecting their development, and the continued widespread poverty amongst such communities, IFAD should maintain a very special focus on indigenous and tribal people in Asia and the Pacific. However, the EVEREST underscores that, while focusing on such communities, a broader inclusive approach to targeting is necessary to ensure that other rural poor living in the same project area play a constructive role in the development operation under consideration.

318. Corruption needs to be tackled explicitly as an overarching theme, at the project level but also at the policy level in close co-operation with other international development organizations and in consultation with governments, within the broad framework of IFAD’s Anti-Corruption Policy.

319. Likewise, attention to addressing the HIV/AIDS issues would seem a must for IFAD in a region where the number of people affected is large and increasing. However, in this regard, it is to be recognized that there are other development organizations at the forefront of addressing HIV/AIDS issues. Hence, IFAD’s contribution should naturally be complementary to the work of others, and in particular, the Fund should only operate in those areas where a gap might exist.

320. Building on its experiences (such as in Vietnam), decentralization needs support which IFAD can provide, as this would bring development planning and resource allocation closer to the rural poor. In this regard, decentralization should not be considered an aim in itself for IFAD, but serve as an instrument to enhance the effectiveness of rural poverty reduction programmes. Among other issues, in its future efforts to promote decentralization, IFAD should ensure that local elected officials and bodies are duly considered, given their central role in development matters at the local level.

321. Greater attention than in the past needs to be devoted to the environment and natural resources management where performance is weak, as well as to proactively engage the private sector in IFAD operations, which also emerged as a key recommendation from the recent Bangladesh CPE and on which an IFAD policy has been recently adopted by the Board. Finally, the livestock and rural infrastructure sub-sectors deserve more attention, given that they constitute important components of IFAD operations and were not adequately included in the 2002 strategy.

322. The following four recommendations are also considered as integral to the new PI Regional Strategy.

B. Strengthen Strategic Partnerships and Policy Dialogue

323. Given IFAD’s operating model and overall structure, strategic partnerships take an enhanced importance in advancing the Fund’s mandate and overall objectives. Therefore, the need to identify appropriate partners who share similar objectives and have the necessary capabilities and complementarity, at the country level and beyond, is of significant importance where additional attention needs to be devoted in the next Regional Strategy.

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162 In the framework of the Paris Declaration on Aid Effectiveness, IFAD is also committed “to taking concrete and effective actions to address...critical areas such as HIV/AIDS ...[and] corruption” – see paragraph 4 of the declaration.
324. Strategic partnerships will allow PI to further the Fund’s catalytic role more effectively. In this regard, and in particular building on recent initiatives implemented by the division, a strategic compact with the ADB and the World Bank would appear to have potential, given their increasing attention and investments to the agriculture and rural development sectors. The evaluation recommends that both PI and IFAD senior management be closely involved in the development, implementation and review of such a strategic compact. The need for a much stronger partnership with these institutions is overdue, and has been brought up by and is consistent with the recommendations of other OE evaluations in the PI region undertaken in the past. The partnerships would, among other issues, pay attention to co-operation in the areas of policy dialogue and the replication and upscaling of successful innovations promoted by IFAD. Enhanced co-operation and harmonization with the other two Rome-based UN agencies (especially with the FAO, as per the Agreement Establishing the Fund) and selected bi-lateral aid agencies should also be considered, for example, in terms of project design and knowledge sharing. Closer partnership with such institutions would also open opportunities for co-financing, which has shrunk to very low levels in the past few years.

325. Further efforts need to be invested toward better engagement in various donor co-ordination and harmonization initiatives, in line with the March 2005 Paris Declaration on Aid Effectiveness of which IFAD is a signatory. The FPPP can play a contributing role in meeting this objective (e.g., in enhancing IFAD’s participation in country level donor working groups), provided a deeper devolution of authority is granted to field presence staff to operate with a broader mandate in support of IFAD’s overall country programme objectives.

326. Enhanced partnership with governments in the region is crucial as well. Not only are governments ultimately responsible for the loans provided by IFAD, they can play a crucial role in replicating and up-scaling successful innovations promoted within the framework of IFAD-financed operations. Greater country ownership in project design and implementation would also lead to better effectiveness and sustainability, and for this, IFAD must ensure that its country strategies and operations are firmly anchored in key national strategies and plans for rural poverty reduction. It is, however, important that IFAD work toward engaging a broader range of government institutions, in order to benefit from the variety of technical expertise, skills and experiences available at the country level. Further efforts need to be invested in increasing government counterpart funding in IFAD operations, as this would be one way of generating added ownership and responsibility.

327. Private sector engagement needs to be improved in IFAD operations. This is particularly important in areas related to microfinance (such as by establishing linkages with commercial banks), processing and marketing of farm and non-farm produce, but also in the supply of technical assistance to project implementing agencies (for instance, in setting up and training project staff in monitoring and evaluation systems, in provision of extension advice or undertaking project supervision and implementation support).

328. Strengthened partnership in also needed with civil society and the NGO community, be it for advocacy on policy issues, social mobilization or capacity-building purposes. However, evaluation experience in various countries has repeatedly highlighted the need to clarify right from the outset the objectives, roles and responsibilities in order to ensure smooth relations with other project partners.

329. Finally, it is imperative that policy dialogue be approached in a more systematic manner, anchored in IFAD’s operational experiences from the field. Policy dialogue objectives need to be set in a realistic manner, and specific human and financial resources allocated for the purpose. IFAD policy dialogue efforts should also be undertaken in partnership with similar initiatives by other partners, including international organizations. A clear policy dialogue agenda should be articulated, with indicators that will allow the monitoring of implementation progress and evaluate the corresponding achievements. The role and responsibility of IFAD field presence staff in advancing IFAD’s policy dialogue objectives must be clarified, and policy dialogue should be included as a criterion for the annual performance assessment of PI’s professional staff.
C. Enhance Ownership, Accountability and Learning through Programme Cycle Management

330. IFAD should identify appropriate partners through institutional assessments as early as possible in the project design process. The selected implementation partner must designate the project director and a core team to work on the project design process on a full-time basis. Project formulation should be the responsibility mainly of the selected implementing partner, whereas IFAD should continue to be responsible for project appraisal. However, transferring the highly important and time-sensitive formulation process mainly to the implementing partners would leave IFAD facing the risk of not getting projects approved in time. This would be inconsistent with the prevailing situation where staff are rendered accountable for getting loans approved by the Board according to schedule. A fundamental overall picture of the accountability framework in place in the division and IFAD is therefore required.

331. PI should identify appropriate partners through institutional assessments as early as possible in the project design process. The selected implementation partner must designate the project director and a core team to work on the project design process on a full-time basis\textsuperscript{163}. Project formulation should be the responsibility mainly of the selected implementing partner. PI should provide guidance and backstopping, as agreed with the partners, and also provide clear operational policies and toolkits for preparing the formulation report. PI should then undertake a thorough appraisal.

332. Transferring the highly important and time-sensitive formulation process mainly to the implementing partners would leave PI and the CPMs facing the risk of not getting projects approved in time. This would be inconsistent with the prevailing accountability framework. There is, therefore, a major dilemma in that greater ownership, which is considered highly desirable, cannot be attained without a fundamental change in the accountability framework. As a corporate issue, this dilemma needs the consideration of decision-makers at the corporate and governance levels.

333. Regardless of any changes that might be made in the project design process, problems and lessons that emerge during implementation should be addressed on a regular basis and not kept pending until the MTR, which is often a turning point in the development effectiveness of the project. One option for IFAD and its implementing partners would be to conduct joint annual reviews, agree on course corrections, and prepare the annual work plan and budget accordingly. The opportunity to carry out regular course corrections would give a fresh impetus to the M&E system to provide feedback for better managing the projects. Greater attention and resources should be devoted to project level M&E systems not only for this reason but more specifically, for improving impact assessment and reporting, and contributing more broadly to PI’s knowledge management objectives. All these recommendations imply that PI and its partners in the region would need to increase the attention and resources it provides to project implementation support activities.

D. Improve Impact through Better Targeting and Sustainability

334. The EVEREST recommends that PI develop a clear and comprehensive approach that would guide the Division and its partners in: (a) the selection of project areas within a given country; (b) the selection of beneficiary communities within a project area; (c) targeting of individuals within a community; (d) matching the interventions to the targeting approach; and (e) regular monitoring and reporting on targeting issues\textsuperscript{164}.

\textsuperscript{163} This is already the practice in China, while the Government of Pakistan, in consultation with the ADB, is proposing to follow suit. It is also the norm in the private sector to integrate implementers into the planning process from the very beginning so as to build ownership and ensure results. The World Bank is also increasingly doing so in several countries.

\textsuperscript{164} These points and the following discussion on targeting are taken from Appendix D of the report in which relevant PI perspectives are also reviewed.
Issues of sustainability need to be addressed, for which a range of measures should be considered: (i) an exit strategy should be developed in every project at an early stage; (ii) technical standards that are employed in service delivery and infrastructure development should be reviewed, (iii) determine whether the rural poor can operate and sustain project interventions with the financial, social and human capital that is available to them after the project; (iv) in many countries, especially where implementation is through government line departments, it may be important to train technical experts in taking a more realistic, less technically-demanding and more pro-poor approach to sustainability; and (v) a thorough analysis be carried out to determine whether agencies charged with operation and maintenance are capable of carrying out the job, which is more often assumed than analyzed realistically.

E. Organizational Considerations to Achieve the Objectives of the Regional Strategy

Given the multi-sectoral nature of IFAD’s work with a strong focus on country programmes, the continued organization on a geographic basis of the core line functions and staff in the Asia and Pacific division seems appropriate. However, IFAD should explore the possibility of re-organizing its staff into an appropriate number of sub-regional teams. There are several examples of such an approach taken by others, including the ADB and the World Bank for their operations in Asia and the Pacific. Within IFAD, the Latin America and Caribbean Division has recently adopted a sub-regional team organizational set-up and IFAD’s operations in Africa are managed by three regional divisions ¹⁶⁵, focusing on three sub-regions of the continent.

With regard to the FPPP, it is recommended that the role and relationships of field presence staff with the division be further clarified, and communicated accordingly to the main partners at the country level. This includes the countries where IFAD has proxy field presence arrangements. Moreover, as mentioned, a greater delegation of authority to the field presence staff would ensure their better integration in the overall IFAD country team ¹⁶⁶ concept.

As the work of PI’s staff evolves, the need for training and staff development becomes pressing. In light of the limited resources available in the Human Resources Division for decentralized training purposes, the PI training needs should be fully costed and budget allocated for its implementation.

¹⁶⁶ In fact, granting greater “delegation of authority to donors’ field staff” is a key commitment included in the Paris Declaration on Aid Effectiveness.
## Evaluation Framework, Key Questions and Sources of Information

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<tr>
<td>1. <strong>Analysis of PI’s Strategy, its Relevance and Synergies</strong></td>
<td>Is the working hypothesis of the evaluation correct? Has the strategy evolved to meet evolving regional aspirations and circumstances? Has it been flexible enough to meet diverse country needs? Are the key pillars of the Regional Strategy relevant in today’s context to achieve rural poverty alleviation? To what extent does the strategy reflect IFAD’s comparative advantage and core competencies, and is in line with the IFAD strategic framework? What kind of analytic work was undertaken to inform the preparation of the strategy and what was the consultative process for the preparation of the strategy? To what extent is the Regional Strategy complementary to the agriculture/rural development strategies of ADB, World Bank and other major bi-laterals? Are there synergies between the regional strategies and the COSOPs, as well as between the COSOPs and PI operations? What efforts were made and results achieved to ensure that the ongoing COSOPs as well as the ongoing project/programme/grant portfolio (at the time of the introduction of the Regional Strategy) were accordingly adjusted to reflect the key pillars and implementation modalities of the Regional Strategy?</td>
<td>Review of agriculture/rural development strategy documents of other bi- and multi-lateral organizations Assess strategy formulation process and resources used by PI for the purpose Review PRSPs and other relevant strategy documents of national governments</td>
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<td>2. <strong>Resource Allocation Trends</strong></td>
<td>What are the patterns of resource allocation within and across countries, and what do they tell us about PI’s strategic choices during 1996-2005? What were the criteria for resource allocation before the PBAS and how has this changed under the PBAS with what implications? What have been the trends in mobilization of co-financing resources?</td>
<td>IFAD data from PPMS and LGS Comparative data from World Bank and ADB. Comparative data of allocation of counterpart funding within countries.</td>
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<td>3. <strong>Performance of Projects and Programmes</strong></td>
<td>Same questions as in OE’s methodological framework for evaluation, analysed in relation to the Strategic Directions of the Regional Strategy.</td>
<td>Relevant project documents and evaluation reports; relevant national reports; field observations.</td>
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<td><strong>4. Impact on Rural Poverty</strong></td>
<td>• Same questions as in OE’s methodological framework for evaluation, analysed in relation to the Strategic Directions of the Regional Strategy.</td>
<td>• Relevant project documents and evaluation reports; relevant national reports; field observations.</td>
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<td>4.1. Impact on physical and financial assets</td>
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<td><strong>5. Policy and Partnerships</strong></td>
<td>• What policy influence has IFAD had at the local, country or regional levels?</td>
<td>• Relevant project documents and evaluation reports; relevant national reports; field observations.</td>
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<td>5.1. Government and its agencies</td>
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<td><strong>C. EVALUATION OF KEY BUSINESS PROCESSES</strong></td>
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<td><strong>6. PI’s Organizational Structure, Resources and Capacity</strong></td>
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<td>• Review IFAD POWB documents</td>
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<td>6.1. Allocation of the administrative budget and PDFF</td>
<td>• How appropriate is the PI organizational set-up for the effective implementation of the strategy?</td>
<td>• Assess evolution in staff job description</td>
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<td>6.2. Organizational structure of the Division</td>
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<td>• Undertake interviews with PI staff</td>
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<td>6.3. Human resources management</td>
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<td>6.4. Internal monitoring systems</td>
<td>• What resources have been allocated and efforts made to systematically document and share (with whom?) successful innovation development approaches promoted by IFAD?</td>
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<td>6.5. Decision-making processes</td>
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<td>• Review contribution of ENRAP</td>
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<td>• How does the division seek knowledge from external sources, both from other operational divisions and outside IFAD?</td>
<td>• Interview project management staff and others during country visits</td>
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<td>7.2. Knowledge capturing, storage and sharing</td>
<td>• How do staff and consultants have access to information, lessons learned and innovations, and has it influenced project design and COSOPs?</td>
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<td>7.4. Knowledge from outside the Division</td>
<td>• What resources have been allocated and efforts made to systematically document and share (with whom?) successful innovation development approaches promoted by IFAD?</td>
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<tr>
<td>8.1. COSEP and project design processes</td>
<td>• Are M&amp;E indicators well structured, operational, and what is the mechanism for relating back to the implementation of the Regional Strategy?</td>
<td>• Interviews with CPMs and project management at the country level, as well as with government, partners and CI staff</td>
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<td>8.2. Loan negotiation, approval, and effectiveness</td>
<td>• Are the MTR and supervision processes effective in improving project performance?</td>
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<td>8.3. Monitoring and evaluation, and RIMS</td>
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<td>8.4. Mid-term review, supervision, and PCR</td>
<td>• What policies and instruments are in place for promoting transparency and accountability, and combating corruption in IFAD-assisted projects?</td>
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<td>8.5. Programme management and portfolio reviews</td>
<td><strong>8.6. Transparency, accountability and corruption</strong></td>
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<tr>
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<td>• Is programme and project design sufficiently participatory?</td>
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<td><strong>9.1. Advocacy goals and resources</strong></td>
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<td>9.2. Policy dialogue initiatives and resources</td>
<td>• Has PI allocated due resources to advocacy and policy dialogue?</td>
<td></td>
</tr>
<tr>
<td>9.3. Building strategic partnerships to reduce rural poverty</td>
<td>• What regional, national and local level advocacy and policy dialogue has PI taken part in?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• What partnerships have been built and for what purpose at the regional, sub-regional and country levels in implementing the Regional Strategy?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Through which partnerships has IFAD promoted the replication and up-scaling of successful innovations?</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 2

Evaluation of IFAD’s Regional Strategy in Asia and the Pacific

Corporate-level Evaluation

List of Countries and Projects included in EVEREST

Appendix 2 - Table 1. Coverage of Sub-regions, Countries and Projects - Country-level Detail

<table>
<thead>
<tr>
<th>Sub-region and Country</th>
<th>(A) Included in the CWPs: Yes = 1</th>
<th>No. of Projects</th>
<th>(B) Included in the CCA: Yes = 1</th>
<th>No. of Projects</th>
<th>Outside (A) and (B): Yes = 1</th>
<th>No. of 1996-2005 Projects</th>
<th>Total No. of Projects Approved 1996-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Asia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Kyrgyzstan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>East Asia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 China</td>
<td></td>
<td></td>
<td>1</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Korea, D.P.R.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Mongolia</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>South Asia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Bangladesh</td>
<td></td>
<td></td>
<td>1</td>
<td>5</td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>6 Bhutan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 India</td>
<td></td>
<td></td>
<td>1</td>
<td>6</td>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>8 Nepal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Pakistan</td>
<td></td>
<td></td>
<td>1</td>
<td>3</td>
<td></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>10 Sri Lanka</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>2</td>
<td>9</td>
<td>3</td>
<td>7</td>
<td>1</td>
<td>21</td>
<td>33</td>
</tr>
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<td>Southeast Asia</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>11 Cambodia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Indonesia</td>
<td></td>
<td></td>
<td>1</td>
<td>3</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>13 Laos</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Philippines</td>
<td></td>
<td></td>
<td>1</td>
<td>3</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>15 Vietnam</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>7</td>
<td>1</td>
<td>12</td>
<td>21</td>
</tr>
<tr>
<td>Pacific Islands</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Maldives</td>
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<td></td>
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<tr>
<td>17 Papua New Guinea</td>
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<td>1</td>
<td>0</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4</td>
<td>15</td>
<td>8</td>
<td>15</td>
<td>5</td>
<td>43</td>
<td>68</td>
</tr>
</tbody>
</table>

Note: The three totals—15, 15 and 43—add up to 73, and not 65, because eight pre-1996 projects evaluated by OE since 2000 are also included in EVEREST.
### Appendix 2 - Table 2.A. Projects Included in the Country Working Papers

<table>
<thead>
<tr>
<th>Country</th>
<th>Year of Project Approved</th>
<th>Project Name</th>
<th>Year of IE or CE</th>
<th>Year Project was Profiled in:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>CPE, IEE, CWP/CS, ER Country Note</td>
<td></td>
<td>A TE: 1</td>
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<tr>
<td>2.</td>
<td>1999</td>
<td>The Qingling Mountain Area Poverty Alleviation Project</td>
<td>2002</td>
<td></td>
</tr>
<tr>
<td>4. India</td>
<td>CS: 2004</td>
<td>Orissa Tribal Development Project</td>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>1989</td>
<td>Tamil Nadu Women’s Development Project</td>
<td>2002</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>1999</td>
<td>Jharkhand-Chattisgarh Tribal Development Programme</td>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>2003</td>
<td>Livelihoods Improvement Project in the Himalayas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Pakistan</td>
<td>1995</td>
<td>Northern Areas Development Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>1998</td>
<td>Barani Village Development Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>2003</td>
<td>Community Development Programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>2005</td>
<td>Rural Micro-enterprise Promotion Programme (not signed)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CS = Country Synopsis; ER = External Review of IFAD  
# These three evaluations include project ratings.
### Appendix 2 - Table 2.B. Projects Included in the Cross-Country Analysis

<table>
<thead>
<tr>
<th>Country</th>
<th>Year of Project Approved</th>
<th>Project Name</th>
<th>Year of IE or CE</th>
<th>Year Project was Profiled in:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>1999</td>
<td>+ Smallholder Agric Improvement Project</td>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>2003</td>
<td>+ Microfinance and Technical Support Proj</td>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>1997</td>
<td>+ P4K - Phase III (Income-generating Project for Marginal Farmers and Landless)</td>
<td>2004 2005 2004</td>
<td></td>
</tr>
<tr>
<td>Laos</td>
<td>1997</td>
<td>Northern Sayabouri</td>
<td>2004 #</td>
<td></td>
</tr>
<tr>
<td>Mongolia</td>
<td>1996</td>
<td>Arhangai rural poverty alleviation project</td>
<td>2005 #</td>
<td></td>
</tr>
<tr>
<td>PNG</td>
<td>2002</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>1988</td>
<td>Small Farmers and Landless Credit</td>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td>1996</td>
<td>Quang Binh Ag. Resources Conservation</td>
<td>2004 #</td>
<td></td>
</tr>
</tbody>
</table>

CS = Country Synopsis; ER = External Review of IFAD

# These six evaluations include project ratings.
### Appendix 2 - Table 3. Previously Evaluated Projects on which EVEREST Ratings are Based

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>Agricultural Diversification and Intensification Project</td>
</tr>
<tr>
<td></td>
<td>Third Rural Infrastructure Development Project</td>
</tr>
<tr>
<td></td>
<td>Aquaculture Development Project</td>
</tr>
<tr>
<td></td>
<td>Smallholder Agricultural Improvement Project</td>
</tr>
<tr>
<td>Indonesia</td>
<td>P4K - Phase III (Income-generating Project for Marginal Farmers and Landless)</td>
</tr>
<tr>
<td></td>
<td>PIDRA (Post-crisis Programme for Participatory Integrated Development in Rainfed Areas)</td>
</tr>
<tr>
<td></td>
<td>East Kalimantan local communities empowerment programme</td>
</tr>
<tr>
<td>Laos</td>
<td>Northern Sayabouri rural development project</td>
</tr>
<tr>
<td>Mongolia</td>
<td>Arhangai Rural Poverty Alleviation Project</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Agricultural Resources Conservation and Development Project in Quang Binh Province</td>
</tr>
<tr>
<td></td>
<td>Ha Giang Development Project For Ethnic Minorities</td>
</tr>
<tr>
<td>China</td>
<td>Southwest Anhui Integrated Agricultural Development Project</td>
</tr>
<tr>
<td>India</td>
<td>The North Eastern Region Community Resource Management Project for Upland Areas</td>
</tr>
<tr>
<td></td>
<td>Jharkhand-Chattisgarh Tribal Development Programme</td>
</tr>
</tbody>
</table>
APPENDIX 3

Evaluation of IFAD’s Regional Strategy in Asia and the Pacific

Corporate-level Evaluation

Bibliography

Evaluations by OE

Completion Evaluations

Orissa Tribal Development Project in India, 1999
Tamil Nadu Women's Development in India, 2000
Small Farmers and Landless Credit Project in Sri Lanka, 2000
Smallholder Livestock Development Project in Bangladesh, 2000
Andhra Pradesh Tribal Development Project in India, 2001
Netrakona Integrated Agricultural Production and Water Management Project in Bangladesh, 2003

Interim Evaluations

Bokeo Food Security Project in Laos, 2001
Rural Micro-Enterprise Finance Project in the Philippines, 2003
Hills Leasehold Forestry and Forage Development Poverty Alleviation Project in Nepal, 2003
Agricultural Resources Conservation and Dev. Project in Quang Binh Province in Vietnam, 2004
Ha Giang Development Project for Ethnic Minorities in Vietnam, 2004
Northern Sayabouri Rural Development Project in Laos, 2004
North Eastern Region Community Resource Management Project for Upland Areas in India, 2006
Southwest Anhui Integrated Agricultural Development Project in China, 2006

Country Programme Evaluations

Vietnam, 2001 (Country Programme Review and Evaluation)
Papua New Guinea, 2002
Sri Lanka, 2002
Indonesia, 2004
Bangladesh, 2006

Thematic and Corporate-level Evaluations

Thematic Evaluation: Programme for Electronic Networking for Rural Asia/Pacific (ENRAP) Projects, 2000
Thematic Evaluation: Rural Financial Services in China, 2001
Thematic Evaluation: Promotion of Local Knowledge Systems and Innovations for the Asia and Pacific Region, 2003
Thematic Evaluation: Organic Agriculture and Poverty Reduction in Asia: China and India Focus, 2005

Corporate-level Evaluation: IFAD’s Capacity as a Promoter of Replicable Innovation in Co-operation with other Partners, 2002
Corporate-level Evaluation: Supervision Modalities in IFAD Supported Projects, 2004
Corporate-level Evaluation: DSPP, 2005
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Other IFAD evaluations

Independent External Evaluation (IEE) of IFAD, 2005
IEE Country Working Papers on Bangladesh, Laos, Mongolia, Nepal and Pakistan
External Review of the Results and Impact of IFAD Operations, 2002
External Review of the Results and Impact of IFAD Operations, Country Notes on India and Vietnam

ADB

Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy, 1999
Strategic Framework for ADB Assistance to Agriculture and Rural Development, 2000
Moving the Poverty Reduction Agenda Forward in Asia and the Pacific: the Long Term Strategic
Indigenous Peoples Policy, 2003
Gender and Development Policy, 2003
Review of the Asia Development Bank’s Poverty Reduction Strategy, 2004
Poverty Reduction Strategy of the ADB, 2004
Annual Evaluation Review, 2005
Annual Review of Development Results, 2005
Annual Report on Loan and Technical Assistance Portfolio Performance, 2005
Annual Report, 2005

The World Bank

Reaching the Rural Poor in the East Asia and Pacific Region, 2001
India Country Assistance Evaluation, 2002
World Bank Rural Development Strategy: Reaching the Rural Poor, 2003
China Country Assistance Evaluation, 2004
Pakistan Country Assistance Evaluation, 2004
Annual Review of Development Effectiveness, 2004
The World Bank Annual Report, 2005

Food and Agriculture Organization of the United Nations

Towards a Food-Secure Asia & Pacific: Regional Strategy Framework for Asia and the Pacific, 2004
Regional State of Food and Agriculture, 2006
Adjustment and Restructuring in Major Asian Economies and their Implications on Food Security and
Poverty in the Rest of the Region, 2006

United Nations Development Programme

Regional Co-operation Framework (2002-2006) for Asia and the Pacific
Vietnam Country Level Evaluation, 2002
Bangladesh Country Level Evaluation, 2005

DFID

India Country Plan, 2004
Pakistan Country Plan, 2005
DFID 2006 website: http://www.dfid.gov.uk/countries/asia/
Asia 2015: Promoting Growth, Ending Poverty, 2006
Other IFAD documents

IFAD Strategic Framework, 2002-2006
Regional Assessment of Rural Poverty in Asia and the Pacific Rural Poverty Report, 2001
Regional Strategy Paper for Asia and the Pacific, 2002
This note assesses the quality of the EVEREST report and comments on its findings and recommendations. The evaluation is important and timely given the critical need to improve food security in the Asia and Pacific Region under the aegis of the Millennium Development Goals. Out of 815 million undernourished people in the developing world, 552 million live in the region. A soundly based IFAD Regional Strategy is of vital interest to most countries in the region since they are fighting a battle against time in reaching a balance between human numbers and country capacities to meet basic human needs.

Quality of the Evaluation

Both the accountability and learning dimensions of EVEREST are relevant to the design of a new IFAD strategy for the Asia and Pacific Region. Accordingly, OE’s evaluation of the Regional Strategy for Asia and the Pacific was framed not only to assess IFAD’s operational performance but also to identify key lessons of development experience.

EVEREST drew much of its evidence from prior self and independent evaluation products. Inevitably, this imposed constraints on the evaluative process. The involvement of ultimate beneficiaries in monitoring and evaluation is still very limited. Equally, the evaluation had to ‘make do’ with fragmentary real-time information regarding projects under implementation as well as a scarcity of rigorous impact assessments downstream of IFAD interventions.

Nevertheless, the evaluation team managed to gather a mass of relevant evaluative evidence. It benefited from a parallel self-assessment undertaken by the Asia and Pacific Region. The analysis was adequately informed by consultations with operational staff and management as well as country officials, partners and beneficiaries. These interactions were enriched by field visits in four countries (China, India, Pakistan and the Philippines). The overarching recommendations are aligned with the findings and they are properly buttressed by project level and country level evaluative data.

All in all, the final report is well documented and of good quality. It compares favourably with that of similar corporate evaluations produced by the UN and IFIs. Indeed, it breaks new ground by combining an assessment of IFAD’s development record with an extensive review of relevant business processes and practices.

Towards a New Regional Strategy

While IFAD is widely perceived as a project-based institution, the basic unit of account for IFAD operations is the country. At the country level, the capacity and responsiveness of institutions, the policy environment and the need for external assistance are highly diverse. Thus, blueprint

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1 Prof M.S. Swaminathan and Dr Robert Picciotto.
2 Despite dramatic poverty reduction in East Asia, the Region contains 12 countries where over 30 percent of children under five are underweight (Nepal, Afghanistan, Bangladesh, Cambodia, Timor Leste, India, Laos, Myanmar, Pakistan, Vietnam, Philippines and Maldives). This is half of the countries on the list.
3 The incidence of absolute income poverty varies considerably across sub-regions. Eastern Asia (16.6% in 2001); Southern Asia (29.9%); Southeast Asia and Oceania (10.2%).
APPENDIX 4

approaches to strategy based on regional considerations are inappropriate. Nevertheless, regional location matters given the rapid regional integration of neighbouring economies through trade, investment, migration and other exchanges.

It goes without saying that the Regional Strategy should be conceived as a management tool. To this end, it should be “evaluable” and it should be generated through a participatory process involving regional actors. This would make the accountability framework of the Regional Strategy explicit and transparent. The best approach would be to select sharp and generic regional goals focused on accountability for results at Division level. These would be combined with specific country strategies for achieving the goals.

The evaluation proposes a reconfiguration of the IFAD’s country organization aimed at respecting sub-regional differences. This would facilitate interaction with partners. The need for convergence and synergy among bilateral and multilateral donors cannot be over-emphasised. It is only by mobilizing the power of partnership that the rural development challenge can be tackled. This has to be a major focus of the next phase.

Thematic Priorities

The poor are poor because of lack of access to assets like land, livestock, fish pond or technical education. Therefore, asset building is the major challenge in the area of poverty eradication. IFAD has been a pioneer in promoting Self-help groups (SHGs) for undertaking microenterprises. IFAD should keep up its flagship role in this field by helping to convert microfinance into livelihood-finance. This will imply the provision of credit linked to appropriate backward linkages such as technology and forward linkages such as market.

Credit is a key input for helping the poor to undertake income generating activities. IFAD should initiate projects designed to achieve “Financial Inclusion” in distress hotspots in order to ensure that the credit system reaches the “unreached”. The Sustainable Self Help Group Movement coupled with steps for Financial Inclusion would make a substantial and measurable impact on reducing poverty and hunger.

Policy Dialogue and Partnerships

If IFAD’s performance is to be judged by results at country and regional levels, its operations should be designed to promote innovation, enhance societal learning and facilitate up-scaling. In turn this implies that IFAD should design its country programs to improve the policy environment, strengthen institutions and favour mainstreaming of suitably tested development models by governments and other major development assistance agencies. Hence, excellence in conducting policy dialogues and the forging of partnerships is central to IFAD’s development effectiveness.

Close liaison with ADB and the World Bank is critical but it would also be useful to consult with SAARC and ASEAN Secretariats, especially when addressing issues relevant to the delivery of regional public goods. The shift towards a results-based country strategy process proposed in the management Action Plan should go some way towards addressing many of the issues highlighted by EVEREST since the new operating model is intended to strengthen partnerships, revise the COSOP guidelines and upgrade quality at entry and supervision standards.

EVEREST concludes that operational structures and business processes will have to be changed if IFAD is to be turned into a partnership and policy oriented organization. To improve the policy impact, intellectual leadership, knowledge management and field presence will have to be enhanced. To improve outreach and implementation, creative partnerships with the private and voluntary sectors are imperative and these will require appropriate field presence and skills. Finally, to enhance coherence and facilitate up-scaling, strategic compacts with the World Bank and the ADB are
proposed as well as closer partnerships with Rome based UN agencies (especially FAO) and major bilateral donors.

Eventually, joint rural development assistance strategies should be crafted to facilitate implementation of the Paris declaration on aid harmonization, alignment and coordination. Joint strategies embedded in Poverty Reduction Strategy processes would ensure that partnership is defined in terms of shared objectives, distinct accountabilities and reciprocal obligations. They would be supportive of country ownership and aid coordination.

**Program Cycle Management**

The evaluation stresses the critical importance of program cycle management. In this context, it endorses the portfolio review process, COSOP peer reviews and mid-term reviews but notes that the lending pressure associated with country allocation targets leads IFAD to seek control over project generation. The resulting supply driven approach conflicts with the imperative of country ownership and encourages the use of formulaic solutions to complex development problems.

A better approach would be to increase IFAD’s reliance on domestic capacities for project identification and preparation processes generated in the context of the PRSP. In turn, this would require a different kind of field presence and the nurturing of outreach and facilitation skills among IFAD staff. It would also imply an imaginative approach to the use of grants towards the enhancement of project design capacities in borrowing member countries. Equally, evaluation capacity development should receive greater attention under OE leadership since EVEREST finds that the feedback loop connecting the design of new operations with the findings of evaluation is weak.

Rome, July 2006
Evaluation of IFAD’s Regional Strategy for Asia and the Pacific

July 2006