

2019 ARRI

EXECUTIVE SUMMARY

Independent Office
of Evaluation



Investing in rural people

2019 ARRI

ANNUAL REPORT ON RESULTS
AND IMPACT OF IFAD OPERATIONS

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Independent Office
of Evaluation

 **IFAD**
Investing in rural people



Viet Nam

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

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

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Executive summary

Introduction

1. This is the seventeenth edition of the Annual Report on Results and Impact of IFAD Operations (ARRI), the flagship report of the Independent Office of Evaluation of IFAD (IOE). The objectives of the ARRI are to:
(i) present a synthesis of the performance of IFAD-supported operations based on a common evaluation methodology; and
(ii) highlight systemic and cross-cutting issues, lessons and challenges to enhance the development effectiveness of IFAD-funded operations. The 2019 ARRI also includes a learning theme chapter focused on the relevance of IFAD project interventions.
2. **Context.** The context of the 2019 ARRI was the close of IFAD's Tenth Replenishment (IFAD10; 2016-2018), which was also the first replenishment period for IFAD's Strategic Framework 2016-2025. The Strategic Framework seeks to address the ambitious commitments to the 2030 Agenda for

Sustainable Development and targets for the Sustainable Development Goals (SDGs). It envisions IFAD fulfilling its mandate of reducing rural poverty by working in a way that is “bigger, better and smarter”. Therefore, the 2019 ARRI examines the initial results from IFAD10. In order to compare results with the previous Strategic Framework and replenishment periods, a special chapter presents a high-level analysis and discussion of recurring issues in the IFAD10 period.

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

4. **Methodology.** The 2019 ARRI synthesizes findings from evaluations completed in 2018 (annex 4 of the main report) and analyses ratings from project evaluations and country strategy and programme evaluations (CSPEs). It follows a mixed-methods approach based on qualitative and quantitative analyses, and the triangulation of different data sources. Performance by evaluation criteria is presented as percentages of projects rated moderately satisfactory or better according to three-year moving periods. This highlights long-term trends and minimize short-term fluctuations. More details are included in annex 5 of the main report.
5. Since 2005, IFAD has used a six-point ratings scale¹ to assess performance on each evaluation criterion and report on operational performance in ARRI analyses. Ratings from 2002 onwards are recorded in an independent evaluation database, which is publicly available.²
6. The performance of projects is assessed and rated across ten evaluation criteria: rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment (GEWE), innovation, scaling up, environment and natural resources management (ENRM), and adaptation to climate change. In addition to two composite criteria – project performance (an average of relevance, effectiveness, efficiency and sustainability) and overall project achievement (an assessment of all ten criteria) – each project is evaluated on how IFAD and the government perform as partners.
7. The CSPEs assess and rate: (i) overall project portfolio achievement (based on the ten criteria); (ii) the performance of partners in managing the programme; (iii) non-lending activities; and (iv) country strategy and programme performance (relevance and effectiveness). The ARRI focuses on the latter two points and presents ratings by the year in which the CSPE was conducted.
8. This ARRI presents ratings for 50 CSPEs by the year conducted, which ranges from 2006 to 2018. This year's ARRI includes five new CSPEs carried out in Angola, Burkina Faso, Kenya, Sri Lanka and Tunisia.
9. Project evaluation ratings are presented by year of completion in two data series:
 - all evaluation data – presents 3,807 project ratings from 344 evaluations of projects completed from 2002 to 2017;
 - project completion report validation / project performance evaluation (PCR/V/PPE) data – includes 2,634 ratings from 228 PCRVs, PPEs and impact evaluations (IEs) of projects completed from 2007 to 2017.

¹ Projects rated moderately satisfactory or better are in the "satisfactory" zone (4-6), while projects rated moderately unsatisfactory or worse are in the "unsatisfactory" zone (1-3).

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

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

Portfolio performance

11. **Between 2007 and 2017, most ratings were positive, but recent trends in IFAD's project portfolio performance indicate flat or declining performance.** These trends are observed both in Management's project completion report (PCR) self-assessment ratings and in IOE's independently rated evaluations. In terms of total IOE ratings, 75 per cent are moderately satisfactory or better. Executive summary chart 1 presents the trends in the main project criteria, which fall into two groups in terms of moderately satisfactory or better ratings: better performance (over 70 per cent) and weaker performance (under 70 per cent). The two better-performing criteria are: (i) IFAD's performance as a partner; and (ii) rural

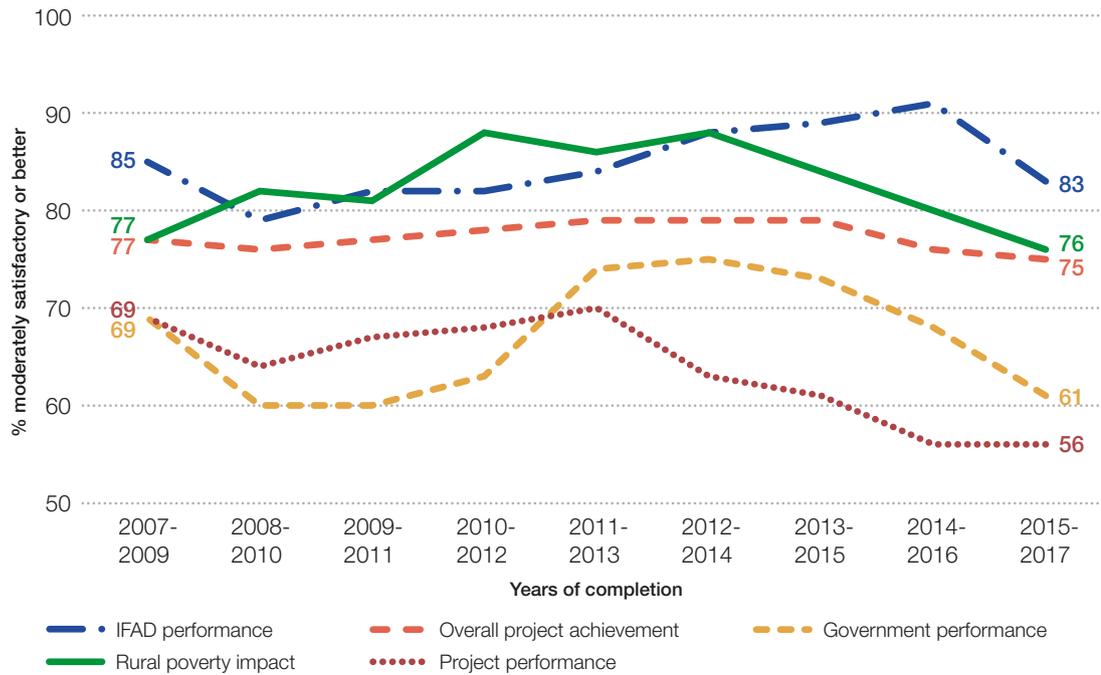
poverty impact. Both improved from 2008 to 2010 and then declined; rural poverty impact declined from 2012 to 2014, and IFAD's performance as a partner declined from 2014 to 2016. The initial period of improvement coincided with IFAD's move to direct supervision and implementation of its targeting policy.

12. **Ratings of project performance and of government performance as a partner were lower, with moderately satisfactory ratings often below 70 per cent.** Initially, these improved between 2008 and 2013, with government performance as a partner reaching 75 per cent positive ratings in 2012-2014. However, they have both declined more recently. The decline in project performance partly reflects the inclusion of sustainability of benefits from 2016 in evaluations of projects completed from 2013 onwards. These declines are also reflected in Management's PCR ratings from 2011, as shown in electronic appendix 6 (Analysis of disconnect between PCR and IOE ratings).

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

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

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



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

to climate change). Chapter 2 discusses possible factors contributing to this decline across the main criteria.

14. **Examining the performance of individual evaluation criteria between different periods indicates specific areas of improvement, stagnation and decline.**

Executive summary table 1 ranks the criteria by the percentage of positive ratings in

2015-2017, and then compares them to 2007-2009, 2011-2013 and 2014-2016. In 2015-2017, IFAD's performance as a partner, relevance, ENRM and innovation had the largest share of satisfactory ratings, with more than 80 per cent of projects rated moderately satisfactory or better. Rural poverty impact, effectiveness, adaptation to climate change and GEWE had 70 per cent or more positive ratings. Scaling up,

government performance as a partner, sustainability and efficiency showed the lowest share of positive ratings for projects completed between 2015 and 2017.

15. **Only ENRM, innovation, and adaptation to climate change showed increases in positive ratings compared to previous periods.** GEWE, government performance as a partner and efficiency all showed

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

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

Source: IOE evaluation database, April 2019.

consistent declines. All other criteria showed either no change or a lower percentage of positive ratings. A comparison of the ten years between 2007-2009 and 2015-2017 indicates that the decline in project performance can be largely attributed to trends in relevance (from 92 per cent to 83 per cent) and efficiency (from 62 per cent to 51 per cent).

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

Internal and external benchmarking

17. **A peer-to-peer comparison of IOE and PCR ratings shows no change in the disconnect and aligned trends.**
The 2007-2017 overall average disconnect between IOE and the Programme Management Department's (PMD) PCR ratings is still -0.30. This difference between the mean ratings of IOE and PMD is statistically significant for all criteria. When looking at individual criteria, the highest disconnect is for relevance (-0.56), and the lowest is for rural poverty impact (-0.17).
18. **As the 2019 ARRI was produced at the close of IFAD10 and start of IFAD11, IOE ratings were compared with targets for both replenishment periods.** Findings are presented below, and achievements against the IFAD10 Results Measurement Framework (RMF) are discussed in the special chapter on replenishment analysis (chapter 4) and summarized in paragraph 27 of this executive summary. As IFAD11 began in 2019, this benchmarking exercise presents a baseline for monitoring future progress against IOE ratings and draws attention to issues that require special attention. For IFAD11, IOE ratings of overall project achievement will be used to verify the target for ratings of 4 and above (moderately satisfactory or better). The achievement of targets for all other criteria

will be based on Management's PCR ratings, which are presented below.

19. **Internal benchmarking analysis indicates that only adaptation to climate change achieved its IFAD10 target, and efficiency and sustainability will require special attention in IFAD11.** Executive summary table 2 benchmarks selected outcome indicators by their percentage of positive

IOE and PCR ratings as compared to their respective RMF targets. Strictly speaking, only adaptation to climate change met its IFAD10 RMF targets based on both IOE and PCR ratings. Regarding IFAD11 targets, based on IOE ratings, only ENRM is within ten percentage points, while adaptation to climate change, overall project achievement, effectiveness and GEWE are 10-20 percentage points below the expected

Table 2 **Internal benchmarking**

Percentage of projects rated moderately satisfactory or better against RMF targets

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

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

Table 3 **External benchmarking – project performance**

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

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

^a Data refer to 2002-2015.

^b Data refer to 2002-2016.

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

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

target. According to Management's PCR ratings, the target for adaptation to climate change has already been met, with GEWE, ENRM, scaling up, effectiveness and overall achievement all within ten percentage points. Sustainability of benefits and efficiency are substantially below their respective targets based on both IOE and PCR ratings, and will therefore require special attention during IFAD11.

20. **Overall, IFAD project performance is mixed compared to that of other international financial institutions.**

Based on the external benchmarking analysis presented in executive summary table 3, the World Bank's agricultural portfolio shows a higher percentage of positive ratings than IFAD's at the global level. While World Bank project performance remained at 74 per cent compared to the previous year, the performance of IFAD-funded projects declined from 71 per cent in the 2018 ARRI to 67 per cent this year. At the regional level, IFAD maintains the highest share of positive ratings for project performance when comparing IFAD-funded projects in Africa and Asia-Pacific with those of the

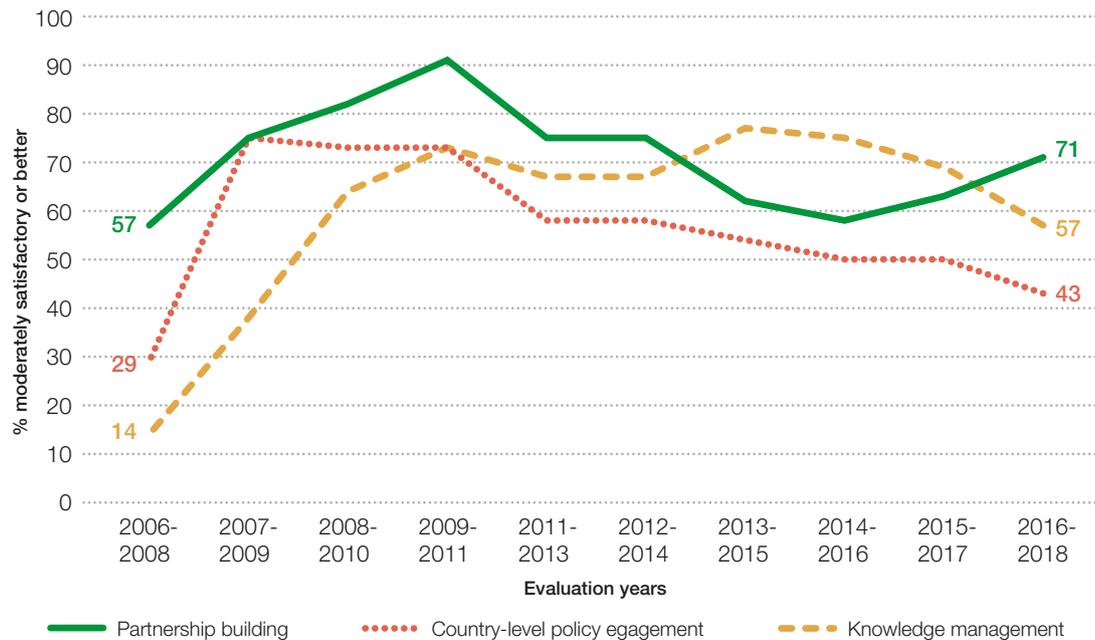
African Development Bank (AfDB) and Asian Development Bank (AsDB). IFAD-funded projects in Latin America and the Caribbean and in the Near East, North Africa and Europe had a lower share of positive ratings than those of the World Bank in the same regions. The fact that the World Bank does not include sustainability of benefits in its composite project performance criterion – unlike AfDB, AsDB and IFAD – partly accounts for its higher performance.

Country programme performance

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

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

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



Source: IOE evaluation database, April 2019.

22. **Overall, the performance of non-lending activities has improved since 2006.**

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

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

24. **After a period of stagnation, partnership-building is currently the strongest performing criterion.**

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

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

IFAD performance by replenishment

26. **IFAD10 served to operationalize IFAD’s new strategic objectives, which were designed to meet the ambitious goals of the 2030 Agenda.** Commencing in 2016, IFAD10 coincided with both the launch of the SDGs and IFAD’s new Strategic Framework 2016-2025. IFAD’s Strategic Framework set out to make the Fund “bigger, better and smarter”. IFAD would become “bigger” by mobilizing substantially more funds and other resources for investment in rural areas. It would become “better” by strengthening the quality of its country programmes through innovation, knowledge sharing, quality-at-entry, implementation support, partnerships and policy engagement. Finally, IFAD would become “smarter” by delivering development results in a cost-effective manner that responds to countries’ evolving needs.
27. **Data on the performance of projects completed during IFAD10 indicates the challenges IFAD faces in achieving this vision for a “bigger, better and smarter” organization. While IFAD’s project investments remained sizeable and were “smarter” in terms of reducing costs, they have yet to prove higher in terms of quality.** IFAD experienced impressive growth in IFAD8, which it maintained into IFAD10. Although the programme of loans and grants

(PoLG) grew steadily, the total administrative budget allocation³ for country programme management, design, and supervision and implementation support (SIS) appear to have declined in IFAD10 to a point where the ratio of administrative budget allocation to PoLG was below that of IFAD7. In a context of a zero-growth budget, IFAD appears to have managed its higher PoLG by designing fewer but larger projects. The ratio of all SIS missions to projects also decreased between 2012 and 2018. In addition, from IFAD7, the timeliness of projects improved, with reduced disbursement lags and fewer project extensions.

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

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

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

Learning theme on relevance of IFAD project interventions

30. **Most development organizations recognize relevance as the fundamental evaluation criterion.** No project design should move forward unless the project is considered relevant by the donor and country stakeholders. The assessment of relevance includes many critical aspects of project performance, such as government capacity, the quality and appropriateness of project design to the country context, and plans for mitigating risks.
31. **The learning theme on the relevance of IFAD project interventions highlighted five important lessons for consideration during IFAD11.** First, relevance is not a fixed assessment at design, and project interventions may need to be adapted to ensure their continued relevance. Second,

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

32. Addressing two recurrent issues would have a significant positive impact on relevance: a weak understanding of the institutional arrangements underlying a project; and the

Ethiopia

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

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

©IFAD/Petterik Wiggers



ongoing issue of limited implementation capacity in many countries. These persistent issues underscore the importance of IFAD taking a “continued relevance” approach, which entails adaptive design. Such design recognizes that relevance is dynamic and that project interventions need to adapt in order to remain relevant for their entire duration.

Conclusions

33. **While most IOE ratings are positive, recent trends in the performance of IFAD-funded projects show flat or slightly declining performance.** This is highlighted by downward trends in criteria such as IFAD’s performance as a partner, relevance, rural poverty impact and GEWE. Little progress has been made in areas such as efficiency, sustainability of benefits and government performance. These flat and declining trends are also reflected in Management’s PCR ratings for all criteria except GEWE. This – along with the inclusion of sustainability of benefits in IFAD’s composite project performance criterion from 2016 – has contributed to lowering the performance ratings of IFAD-funded projects compared to the World Bank’s agricultural portfolio. However, IFAD project performance is higher than that of the AfDB and AsDB, which share the Fund’s definition of performance.
34. **Improving the quality of a “bigger” ongoing programme of work with fewer resources appears challenging.** IFAD’s Strategic Framework set out to make the Fund “bigger, better and smarter”. However, based on IFAD10 performance, this vision appears ambitious. While IFAD10 project investments remained large and were “smarter” in terms of reducing costs, they did not prove “better” in terms of quality – except in ENRM. While new investments increased, the actual number of approved projects decreased, indicating that country programme managers were designing and supervising fewer but “bigger” projects. IFAD also managed to improve its average project effectiveness lag and reduced the number of extensions in IFAD10. However, the lower total direct administrative budget allocation for country programme management, design and SIS may have contributed to the decline in project quality between IFAD9 and IFAD10, particularly with regard to relevance and IFAD’s performance as a partner.
35. **A shift in the nature of IFAD-funded projects from reaching high numbers of beneficiaries to increasing investments per beneficiary may possibly indicate more value-adding activities.** Most of the projects included in the 2019 sample take value chain or market approaches involving the private sector. This indicates the need for technical expertise to design and support

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

36. **The importance of resources and technical expertise is reiterated in the positive trend in performance on the ENRM criterion.** Performance in ENRM has improved steadily from a low in 2010-2012 and was the only criterion that showed statistically significant improvement between IFAD8 and IFAD10. This improvement in ENRM and adaptation to climate change was supported by the creation of a unique IFAD division dedicated to the environment and climate change (which now also includes gender, youth and nutrition), as well as supplementary funds. During IFAD10, the Fund entered into a decisive transition towards full climate change mainstreaming in its country strategies and project portfolios. However, the positive trend did not continue in 2015-2017 for adaptation to climate change. This was in part due to the lack of specific strategies on climate during project design and implementation, and weak national policies adopted by local governments.
37. **Although still the top-ranking criterion, IFAD's performance as a partner declined in 2015-2017 for the first time since 2008.** Recurring constraints include high staff turnover, weak M&E, inaccurate funding at the design stage and a lack of specialists on supervision missions. Nonetheless, IFAD remains a valued and trusted partner – able to adjust to varying circumstances and show flexibility and willingness to find alternative solutions in changing contexts. IFAD Country Office-based consultations were deemed effective and efficient for problem-solving and providing timely support. However, additional measures are still needed in order to learn from past experience for scaled-up results. Capacity within IFAD Country Offices was not always sufficient to aggregate and share evidence across the entire portfolio. **With limited resources, complex projects, wide geographical distribution of activities and little time to engage in non-lending activities, IFAD Country Offices are often under pressure in supporting IFAD's project portfolio.**
38. **Government performance as a partner is one of the key criteria accounting for the overall performance of IFAD-funded projects.** The principal component analysis conducted this year indicated that positive ratings in overall project achievement are correlated with good performance of government as a partner, effectiveness and

rural poverty impact. However, government performance still shows shortcomings related to staffing issues, and delays in financial execution and implementation. As indicated in past ARRI and this year's learning theme, building institutional capacity at the national level is critically important for good project design and improved project relevance.

Recommendations

39. The 2030 Agenda has set very ambitious targets for governments to achieve with IFAD's support. Reaching these goals requires commensurate resources and capacities within IFAD and its partner countries. The Executive Board is invited to adopt the recommendations below, which seek to address constraints in capacity and related issues raised in the 2019 ARRI.
40. **Recommendation 1. Dedicate more resources to country programme delivery – specifically, project design, supervision and implementation – to achieve the improved quality needed for a “better” IFAD.** IFAD's aim to become “bigger, better and smarter” appears ambitious based on results thus far. While IFAD has managed to maintain a significantly higher ongoing programme of work since IFAD8, the decline in budgetary resources dedicated specifically to design, supervision and implementation may have affected its quality, with lower ratings across criteria in IFAD10. “Better” results also require high-quality technical expertise to support IFAD country programmes and projects. To improve quality standards, IFAD needs to plan and provide the commensurate resources for country programme management, design and implementation.
41. **Recommendation 2. Design IFAD-funded programmes and projects according to country capacities based on sound institutional analysis to ensure the most appropriate implementation arrangements for country delivery.** For projects to be more relevant, they need to be appropriate to the country context and designed according to country capacities (including public, private and civil society institutions). This knowledge begins with sound institutional analysis during country strategic opportunities programme (COSOP) or project design, the inclusion of capacity-strengthening components, and support to rural institutions within the country.
42. **Recommendation 3. Develop government capacities to design and implement country programmes and projects in collaboration with other partners.** Government performance is critical to achieving development objectives (DOs) and making positive impacts on rural poverty.

In the short term, IFAD needs to provide more intensive implementation support, particularly in areas such as procurement and financial management. In the long term, IFAD can utilize its grant financing to work with other partners on strengthening the capacities of government institutions and project management units. Depending on the country and project, multi-donor project management units may be considered along with the greater involvement of government counterparts in project design and SIS.

43. **Recommendation 4. Determine the need to adjust project designs earlier on in order to ensure their continued relevance to the country context.** Good project design is necessary but not sufficient to achieve DOs. Project design should be viewed as a “living” blueprint that is reviewed and adjusted based on the context during implementation. Active supervision during start-up is needed to determine whether the project design needs to be adjusted even before the mid-term review. IFAD’s new restructuring policy should facilitate project redesign early on where necessary, and should not simply be used to close projects that are challenging but important for achieving IFAD’s mandate.
44. **Recommendation 5. A more comprehensive and integrated system is required to better mitigate risks in IFAD-**

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

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

Abbreviations and acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
CSPE	country strategy and programme evaluation
DO	development objective
ENRM	environment and natural resources management
GEWE	gender equality and women's empowerment
IOE	Independent Office of Evaluation of IFAD
IFAD10	Tenth Replenishment of IFAD's Resources
M&E	monitoring and evaluation
PCR	project completion report
PMD	Programme Management Department (IFAD)
RMF	Results Measurement Framework
SDG	Sustainable Development Goal
SIS	supervision and implementation support

October 2019

Cover photo

Colombia: Indigenous Peoples Assistance

Facility grant

Mercy Vera, the local leader of the Asociación
para el Futuro con Manos de Mujer (ASFUMUJER)

for the community of Cocana, performs a
traditional Pijao agricultural dance, carrying corn

kernels in a clay pot.

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