

EXECUTIVE SUMMARY

The fourth Annual Report on Results and Impact of IFAD Operations (ARRI) synthesizes the findings of 16 project, country programme, corporate-level and thematic evaluations conducted by the Office of Evaluation (OE) in 2005. For comparative statistical purposes, 21 projects rated in the three country programme evaluations are combined with the 11 projects individually evaluated to provide a sample of 32 projects rated against OE's evaluation criteria. The composite ratings are compared with ratings for the 29 projects evaluated in 2002-2004, to show how project performance in 2005 compares with previous years.

This year's ARRI report introduces a benchmark to illustrate how target rates can be used as an instrument for managing for results. This experiment aims to demonstrate the usefulness of such a system rather than suggest a specific target score. A target score that has been set is intended to prove realistic yet challenging for overall performance against each of OE's evaluation criteria. These evaluation criteria lay out a set of conditions which, if satisfied, imply that a successful overall impact has been achieved. Assigning a target rating to each criterion provides a set of benchmarks that enables assessment of IFAD's overall performance, facilitates comparisons of IFAD's performance from year to year and provides more compelling quantitative evidence of how well or how poorly IFAD is performing against each of OE's evaluation criteria. It also supports the IFAD Action Plan for Improving its Development Effectiveness, which has set medium-term targets for relevance, effectiveness and efficiency in IFAD rural poverty programmes.

A target score of 4.2 is proposed for all criteria other than relevance. This score corresponds to 50 per cent of projects being successful and 5 per cent, highly successful. Given the difficult and innovative nature of IFAD's work, it is reasonable to expect some projects to fall short of complete success. This explains why the target rating has been set at 4.2; a rating of 5 would be equivalent to all projects being successful. The target score for relevance has been set at 5, which is lower than the Action Plan's target.

Compared with a figure of 59 per cent for 2002-2004, 78 per cent of projects in 2005 were rated moderately successful or better. Figure 1 summarizes the mean overall performance of projects evaluated in 2005, and compares them with performance ratings in 2002-2004, applying the target score introduced in this ARRI report. It shows that:

- Ratings improved against all performance criteria, except efficiency, which remained the same;
- Ratings for three performance criteria exceeded the target score, namely relevance, impact on physical and financial assets, and impact on human assets;
- Ratings for a further three performance criteria met the target score of 4.2; these were: effectiveness, gender and innovation;
- Sustainability was the worst performing criterion and will require considerable attention if the Action Plan's target is to be reached;

KEY FINDINGS

IFAD's performance has improved markedly with 58 per cent of projects rated moderately successful or better compared with 39 per cent for the previous period. This figure improved further when IFAD directly supervised projects, producing shorter time overruns and advancing IFAD's broader objectives. One way in which IFAD could immediately enhance performance is by identifying and addressing emerging problems in projects as they become apparent rather than waiting several years for a mid-term review to address all the issues of concern.

Mean overall performance



Notes:

A = Relevance; B = Effectiveness; C = Efficiency; D = Physical and Financial Assets; E = Human Assets; F = Social Capital & Empowerment; G = Food Security; H = Environment; I = Institutions & Policy; J = Gender; K = Sustainability; L = Innovation & Replication.

UNDERLYING REASONS

According to the ARRI report, IFAD's business model needs to address a number of important weaknesses that contribute to the less satisfactory performance of some projects. The most significant of these is that key success factors are not identified. Key success factors indicate what is critical for project effectiveness and sustainability, so that project management knows what factors to manage most carefully. Key success factors enable IFAD to monitor progress more efficiently as it can concentrate on the achievement of these factors with the confidence that a project will be successful if they are implemented effectively, and also to deal with important problems more expeditiously when they occur. At present, monitoring systems do not produce the quality of information required for effective management action.

The ARRI report recommends that IFAD adopt a number of measures to address its weaknesses. The identification of key success factors and risks is probably the most important management tool for subsequent monitoring of design and implementation effectiveness. Building on the risk assessments to be included in country strategy and project design documents (following the adoption of the new guidelines for these documents at the Executive Board meeting in September 2006), IFAD should develop a risk management system to ensure that necessary risk assessments are carried out competently and that risks are managed.

RECOMMENDATIONS

The key success factors identified should be essential to achieving rural poverty reduction impact and sustainability. If a key success factor fails to reach intermediate targets or if reports identify problems in project implementation, time-bound action plans should be developed to address the problems, and progress formally tracked. This should be part of a programme review process aimed at addressing emerging problems on an annual basis rather than waiting for a mid-term review.