

## profile

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### 2015 ARRI

#### ANNUAL REPORT ON RESULTS AND IMPACT OF IFAD OPERATIONS EVALUATED IN 2014

The 2015 Annual Report on Results and Impact of IFAD Operations (ARRI) shows that, overall, IFAD operations are satisfactory and making good contribution to sustainable and inclusive rural transformation. Projects and programmes had positive results in reducing rural poverty and improving the living conditions of rural poor people, in particular in terms of increased income and assets, better human and social capital and empowerment, and gender equality and women's empowerment.

Nevertheless, there are areas that can be further improved, such as sustainability of benefits and operational efficiency. In particular, there is need to consolidate ongoing activities (such as IFAD's decentralization and monitoring and evaluation) to further improve project performance from moderately satisfactory to satisfactory or better. The 2015 ARRI contains a number of innovative features, including a more thorough statistical analysis of ratings. This year's learning theme, as decided by the IFAD Executive Board, focuses on the sustainability of benefits of IFAD-funded operations.

#### Main findings

This year's ARRI shows positive results for IFAD's overall project achievement, with 80 per cent of the projects rated as moderately satisfactory or better in 2011-2013. IFAD operations are having a good impact on rural poverty, in particular in improving the household income and assets of poor rural people, both criteria being assessed as moderately satisfactory or better in 87 per cent of projects closed in 2011-2013. Over 85 per cent of projects were rated as moderately satisfactory or better in building **human and social capital and empowerment and gender**, which taken together are the cornerstones of IFAD's development approach.

Similar to last year's ARRI, **IFAD's performance as a partner** is very good, with 82 per cent of the projects rated moderately satisfactory or better. Key factors driving this good performance include direct supervision and implementation support, and the fact that the Fund has continued its decentralization efforts and experimented with alternative models for IFAD country offices.

#### Issues raised by the 2014 evaluations

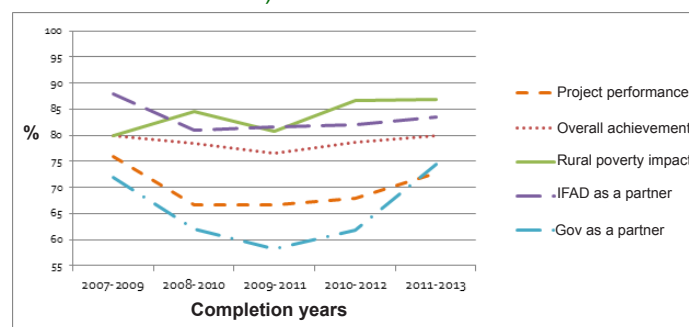
The average rating for **operational efficiency** is less than moderately satisfactory, with several constraining factors,

such as implementation period overruns and high project management costs.

The **sustainability of benefits** of IFAD-supported projects is another area where performance is weak, with only 62 per cent of projects rated moderately satisfactory or better (see box on sustainability of benefits).

#### Combined overview of the main evaluation criteria

Percentage of projects rated moderately satisfactory or better (Project completion report validation/project performance assessment data series)



#### What is the ARRI?

The ARRI is the flagship report of the Independent Office of Evaluation of IFAD (IOE), which has been published every year since 2003. It provides an independent analysis of the performance of IFAD operations and identifies issues that need to be addressed to further strengthen results on the ground for better development effectiveness. IFAD is one of the very few development organizations that produces an annual report like the ARRI, reflecting its commitment to promoting transparency, accountability and learning for better institutional and operational performance.

#### How was this year's ARRI conducted?

The 2015 ARRI draws on a robust sample of ratings from 241 project evaluations that IOE has conducted since 2002 based on a common evaluation methodology. The total lending volume of the evaluated project sample is of US\$4 billion, which represents 25 per cent of the funds IFAD has lent for projects and programmes since 1978.

In **natural resource and environmental management**, performance improvements are evident in recent years, with 70 per cent of projects rated as moderately satisfactory or better in 2011-2013. However, only 14 per cent were rated as satisfactory and only 2 per cent as highly satisfactory. Matters requiring attention include the need to (i) undertake more systematic environmental impact assessments and (ii) strengthen partnerships with a broader range of institutions dealing with natural resources and environmental management.

When it comes to **monitoring and evaluation (M&E)**, the evaluations found several constraining factors, including multiplicity of indicators for which data is not easily available, and limited availability of data on key thematic issues such as nutritional impact. In general, the incentive framework for effective and efficient M&E activities needs strengthening and dedicated budgets for M&E activities should be systematically included in project cost tables.

Beyond the project level, the analysis of performance of **non-lending activities (national policy dialogue, partnership-building, and knowledge management)** shows a static trend in recent years. Country programme evaluations found the following main inhibiting factors: setting over-ambitious objectives that are difficult to translate into operational plans; limited resources allocated to non-lending activities; and inadequate M&E.

**Knowledge management** has improved, from 14 per cent of the country programmes evaluated being moderately satisfactory or better in 2006-2008 to 67 per cent in 2012-2014. However, the knowledge acquired during project implementation is often not systematically captured and widely shared. Increasing attention needs to be devoted to knowledge management not only for better performance, but also for realizing IFAD objectives related to scaling up.

Eighty-seven per cent of **country strategic opportunities programmes (COSOPs)** were evaluated as moderately satisfactory or better for relevance, while 74 per cent were rated as moderately satisfactory or better in terms of effectiveness. None of the COSOPs were rated as highly satisfactory, which is partially due to the fact that COSOPs do not include specific indicators, targets and cost estimates for non-lending activities.

In general, all evaluations find scope to further strengthen the synergies between lending and non-lending activities, which are essential for policy and institutional transformation for deeper results in rural poverty reduction.

## 2015 ARRI learning theme:

### Sustainability of benefits of IFAD operations

Four main drivers can contribute to promoting sustainability of benefits: (i) adequate integration of project objectives into national development strategies, i.e. designing project activities with a long-term vision that is in harmony with government development strategies; (ii) investment in communities' human and social capital through inclusive development activities and by promoting participation and empowerment of rural communities; (iii) clear and realistic strategies for gender mainstreaming; and (iv) promotion of community-level ownership and responsibility.

At the same time, the ARRI identified some limiting factors constraining sustainability, such as: (i) weak assessment and management of risks; (ii) absence of a sound financial and economic analysis during project design, appraisal and implementation; (iii) too wide geographic and subsector coverage of operations; (iv) lack of exit strategies; and (v) inadequate support to communities' and households' resilience to external shocks. These led to the recommendations mentioned below.

### New features of the 2015 ARRI

- A more thorough explanation of the dataset used for the analytical underpinning of the document.
- Statistical analysis of available ratings, including measures of dispersion of the ratings (standard deviations and interquartile ranges).
- A summary of recurrent issues raised in previous ARRI's produced during the IFAD9 period.
- A presentation of the results of a "peer-to-peer" comparison of IOE and the Programme Management Department ratings for the same sample of projects completed in 2007-2013
- A dedicated section on the strengths and weaknesses of project completion reports, which are a core product of IFAD's self-evaluation architecture.

## Key recommendations

1. **Sustainability:** Promote better sustainability of benefits, through simpler design that carefully considers the country's policy and institutional context and embed exit strategies early on in the project life cycle.
2. **Monitoring and evaluation:** Ensure that key partners have the required incentives for promoting sound M&E and by allocating specific budgets to M&E activities.
3. **IFAD country strategies:** COSOPs should include specific indicators, targets and cost estimates especially for non-lending activities.
4. **2016 learning theme:** IOE proposes to select knowledge management as the learning theme for the 2016 ARRI, with a particular emphasis on how operations can learn to improve performance.

#### Further information:

The full report, Profile and video are available online at [www.ifad.org/evaluation](http://www.ifad.org/evaluation); E-mail: [evaluation@ifad.org](mailto:evaluation@ifad.org).