POSITIVE TRENDS

Percentage of projects rated moderately satisfactory or better, by year of project completion

- **IFAD performance as a partner**: 82% (2009-2011), 88% (2013-2015)
- **IFAD's overall achievement**: 77% (2009-2011), 81% (2013-2015)
- **Innovation and scaling up**: 73% (2009-2011), 91% (2013-2015)

AREAS FOR IMPROVEMENT

- **SUSTAINABILITY OF BENEFITS**: Main recurrent issues: limited beneficiary ownership and the absence of clear project exit strategies
- **EFFICIENCY**: Main inhibiting factors: high project management costs, high staff turnover and implementation delays
- **ENVIRONMENT AND NATURAL RESOURCES**: Greater attention is needed for environmental assessment, monitoring process and data collection
- **POLICY ENGAGEMENT, PARTNERSHIP-BUILDING AND KNOWLEDGE MANAGEMENT**: These non-lending activities should be mutually reinforcing in complementing and leveraging the impact of IFAD-financed operations on the ground

RAISING PERFORMANCE BY BUILDING ON STRENGTHS

- **TARGETING STRATEGIES**: Good operational performance is linked to well-defined targeting strategies
- **GENDER TRANSFORMATIVE PRACTICES**: Adopt gender transformative practices that result in changes in laws, policies, behaviours and government capacities
- **COLLECT DISAGGREGATED DATA**: Raising project-level M&E performance requires collecting disaggregated data on climate change and food security

PROJECT SAMPLE OF THE 2017 ARRI

- Project evaluations conducted by JOE since 2002: 295
- Ratings from project evaluations: 1953
- 2016 project evaluations feeding into the ARRI: 35

The ARRI is a synthesis report of IFAD’s performance and highlights issues, lessons and challenges that IFAD must address to enhance operational effectiveness.
2017 ARRI LEARNING THEME: FINANCIAL MANAGEMENT AND FIDUCIARY RESPONSIBILITIES IN IFAD-FUNDED OPERATIONS

"Financial management" refers to the organization, budgeting, accounting, internal control, funds flow, financial reporting and internal and auditing arrangements by which borrowers/recipients receive funds, spend them and record their use.

"Fiduciary responsibility" is the key principle of IFAD’s financial management, whereby “the proceeds of any financing are (to be) used only for the purposes for which the financing was provided, with due attention to considerations of economy, efficiency and social equity”.

IFAD-financed projects are nationally managed, using national public financial management systems.

IFAD requires assurance from borrowers/recipients that they meet IFAD fiduciary standards.

5 LESSONS emerge on the drivers and impediments to successful management of fiduciary responsibilities:

- Introducing measures that address weaknesses in institutional and project management capacity, ahead of implementation, reduces unnecessary exposure to financial risk.
- Managing fiduciary responsibilities through national systems and regulations may entail a trade-off between short-term risks and longer-term sustainability.
- Project supervision contributes to fiduciary compliance when it is backed by credible enforcement and matched by effective implementation support.
- Implementation support diminishes fiduciary control risks.
- Effective fiduciary monitoring enhances financial management controls and fiduciary compliance, but does not eliminate risks.

2017 ARRI - RECOMMENDATIONS

Raise performance to fully satisfactory

Build on strengths and address performance bottlenecks such as efficiency to develop a new modus operandi, particularly for project design, to raise performance to satisfactory or better.

Transformative gender approaches

Pursue gender-transformative approaches that address the root causes of gender inequality in order to substantially contribute to the Sustainable Development Goals.

Disaggregated evidence

Improve data granularity for climate change and food security to better monitor performance and improve approaches to these strategic areas of importance.

Integrated non-lending activities

Systematize knowledge management, partnership-building and policy engagement to unlock their potential to scale up country programme results.

Rigorous, not rigid fiduciary compliance

Extend country differentiation of fiduciary requirements to procurement, while supporting long-term national capacity-building.

Targeting strategies

Adopt “targeting strategies” to reach the rural poor as the learning theme for the 2018 ARRI.

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October 2017