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Investing in rural people

Comments of the Independent Office of Evaluation of IFAD on the results-based country strategic opportunities programme for the Republic of Ecuador

Note to Executive Board representatives

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For: Review

Comments of the Independent Office of Evaluation of IFAD on the results-based country strategic opportunities programme for the Republic of Ecuador

General comments

1. The Independent Office of Evaluation of IFAD (IOE) welcomes the new results-based country strategic opportunities programme (RB-COSOP) for Ecuador, which is a well prepared country strategy. The COSOP has been developed by IFAD and the Government of Ecuador drawing on the findings and recommendations of the country programme evaluation (CPE) conducted in 2014, including the agreement at completion point (ACP) signed in March 2014.
2. The COSOP is a concise and clear document, based on a consultative and participatory process (see appendix I). The informative background section describes the recent profound changes in the country, and takes into consideration lessons learned in the course of past cooperation between IFAD and the Government. IOE agrees that the institutional environment in Ecuador has improved in the last ten years and is now more conducive to IFAD investments.
3. IOE supports the broad strategic directions contained in the Ecuador RB-COSOP, which correspond in part to the six recommendations of the 2014 CPE. The specific comments outlined in the second part of this note refer to the COSOP strategic objectives. These comments identify aspects of the recommendations included in the ACP (and CPE) that have not yet been fully taken into account in the new COSOP.
4. Appendix V of the COSOP reproduces the ACP. This is to be commended as it contributes to transparency. However, it would be worthwhile in this and future COSOPs to include a table indicating how the COSOP addressed the ACP recommendations, or the rationale for not considering some recommendation(s) agreed by the Government of Ecuador and IFAD. This table could complement the compliance note, which deals with comments from the COSOP's reviewers.

Specific comments

5. **Framing the first strategic objective in terms of IFAD's target group.** The first of the two COSOP strategic objectives is to "improve access to assets and resources to support diversification of the Ecuadorian rural economy". This objective does not make reference to the need to support the creation of an enabling environment for the rural poor and, as currently framed, could be compatible with a strategy that does not in fact promote opportunities for rural poor families in line with IFAD's mandate.
6. **Strengthening the institutional anchoring of the country programme.** The first recommendation of the ACP indicated that IFAD should ensure more stable and sound institutional positioning for both negotiating and implementing the programme – which is contingent upon coordination with and participation by multiple government agencies in Ecuador. The COSOP rightly proposes expanding IFAD's relationships and coordinating efforts with ministries and government agencies. However, the CPE also recommended involving these entities in programme supervision, a further consideration that needs to be taken into account in the future.
7. **Strengthening non-lending activities.** The third ACP recommendation indicated that the new COSOP should devote more emphasis to non-lending activities (knowledge management, policy dialogue and partnership-building), as these activities have taken on a predominant role since Ecuador transitioned from being classified as a low-income country in 2000 to an upper-middle-income country at present. Although the proposed COSOP mentions policy dialogue and knowledge

management at various points, the results framework does not include indicators to track performance in these areas, nor are the resources required to achieve the related objectives specified.

8. **Select flexible lending instruments in support of programmes rather than projects.** The fourth recommendation indicated that IFAD needs to support new country priorities set forth in the *Buen Vivir* National Plan with more flexible instruments that can achieve longer-term results than traditional ones. Despite the importance given in the CPE to this recommendation, the new COSOP makes no reference to it.
9. **Strengthen the monitoring and evaluation (M&E) system.** The lack of an M&E system in the programme was an area that the CPE found needed improvement. The fifth ACP recommendation is that the Government should, with IFAD support: (i) strengthen the M&E system, including impact assessment; and (ii) ensure that it is aligned with national M&E mechanisms at the National Planning and Development Secretariat (SENPLADES) and local governments. It indicated that M&E for grants should also be strengthened in order to internalize lessons learned, improve visibility and ensure that an effective contribution is being made to the programme. Rather than indicating how the M&E system will be strengthened, paragraph 39 of the COSOP includes a general statement on M&E arrangements, and no reference is made to SENPLADES and local government M&E systems. Paragraph 39 includes in its title only "monitoring", leaving aside "evaluation", as does paragraph 45, titled "monitoring systems".
10. **Costing the COSOP.** No estimate for COSOP management costs has been presented in the document. For example, estimating programme management costs (e.g. operating costs for the country office, supervision missions and periodic support missions, administrative resources for implementing non-lending activities, salaries of staff at headquarters and imputed cost of support from the regional office) would help to more accurately determine resource needs to ensure the achievement of the main COSOP objectives.
11. **The role of regional grants.** The COSOP does not discuss grant activities. This is critical as grants play a crucial role (together with loans) in ensuring an integrated country programme. At the same time, there are ongoing regional grants in the Latin American and the Caribbean Division of IFAD with activities that could contribute to enhancing IFAD's support to Ecuador. The COSOP could map such activities to build more coherence and synergies between investment projects and other activities financed through regional grants.

Final remarks

12. With the above qualifications, IOE wishes to reiterate its overall appreciation for the document and for the efforts made to follow up on the 2014 CPE recommendations and ACP. Furthermore, the information included in key file 2, a comprehensive analysis of strengths, weaknesses, opportunities and threats (SWOT) of different organizations, will be very useful for IFAD's future work in Ecuador.