IFAD

Investing in rural people

Response of IFAD Management to the Annual Report on Results and Impact of IFAD Operations evaluated in 2015

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For: Review

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A.   Introduction

1.   IFAD Management welcomes the Independent Office of Evaluation of IFAD's (IOE) Annual Report on Results and Impact of IFAD Operations (ARRI) evaluated in 2015 and congratulates IOE for the progress made over the years on the overall readability of the report.

2.   Management thanks IOE for the timely integration of early Management comments in the final version of the 2016 ARRI and welcomes the opportunity to respond to the recommendations and suggestions received.

3.   Management acknowledges the importance of the ARRI as an effective independent reporting tool contributing to promoting IFAD's accountability. As expressed in previous years, Management believes that through more targeted communications, the ARRI has the potential to provide insights to IFAD country teams and in-country counterparts, thus contributing to enhancing operational learning.

4.   In this respect, Management further encourages a shift to greatly enhancing ARRI's potential as a learning tool – in addition to accountability – by identifying and analysing successful practices across regional portfolios and recommending scaling up where appropriate.

B.   Performance trends

5.   Management is pleased to note that the 2016 ARRI analysis confirms the positive trend in project performance observed in recent years and that its findings are aligned with the 2016 Report on IFAD's Development Effectiveness (RIDE).

6.   Overall, the 2016 ARRI shows that projects have performed well in IFAD9, with 80 per cent of the projects completed in 2012-2014 rated moderately satisfactory or better for most evaluation criteria. Management acknowledges the improvement over time with regard to rural poverty reduction: about 92.3 per cent of the projects were rated moderately satisfactory or better with regard to rural poverty impact, as opposed to 87 per cent in 2011-2013 and 80 per cent in 2007-2009. This good performance reflects significant improvements in most of the impact domains, with the highest impact achieved on household income and assets, and on human and social capital and empowerment.

7.   Part of this overall good trend in project performance can be attributed to the improving performance of both IFAD and governments as partners. The ARRI shows that IFAD's performance is moderately satisfactory or better in 87 per cent of projects completed in 2012-2014, while government performance is moderately satisfactory or better in 82.2 per cent of the cases. Management will continue to pursue the actions initiated to further strengthen governments' capacities as partners, such as: expediting project staff selection, streamlining results measurement tools to enhance results management and reporting, and training in project and financial management.

8.   Notwithstanding the overall positive picture depicted by the ARRI, Management notes the areas of attention identified in the report: targeting of the poorest of the poor, mainstreaming of nutrition-sensitive agriculture, and monitoring of non-lending activities. Management also notes that some challenges are persistently affecting the overall effectiveness of IFAD's operations and thus require more concerted responses: operational efficiency, environment and natural resource management, and sustainability of benefits.

9. Management wishes to note that substantive efforts are already underway to address the identified challenges. The 2016 ARRI's recommendations and findings will be internalized as appropriate to make such efforts more effective. At the same time, in-house reflection will take place to identify more tailored solutions to old and new challenges, with the ultimate goal of achieving even higher performance.

C. Methodology and process

10. Aggregating findings. The ARRI uses two data series to analyse project performance and related trends: (i) all evaluation data; and (ii) project completion report validations (PCRVs), project performance assessments (PPAs) and impact evaluation data only. Both data series aggregate ratings from very different types of IOE project evaluations, which are not easily comparable, thus making the aggregation of data methodologically less than robust. In the spirit of improving the accuracy of the ARRI and follow-up on its findings, Management invites IOE to:

    (i)   Reconsider the value added of the "all evaluation data" series as a source of actionable recommendations. This data series includes ratings from many types of IOE project evaluations since 2002, i.e. PCRVs, PPAs, impact evaluations, completion evaluations, interim evaluations, project evaluations within country programme evaluations (CPEs) and ex post evaluations. Though these are all project evaluations, they differ greatly in terms of the methodologies and processes followed, resources invested and depth of findings. Thus the ratings they include are not equally robust and do not easily lend themselves to aggregation.

    (ii) Disentangle the PCRV, PPA and impact evaluation data in future ARRIs, explaining how each supports the report's conclusions. This would be more in harmony with the 2016 RIDE, which uses a homogeneous dataset based on project completion report ratings for corporate reporting on project performance.

11. Facilitating uptake. Management notes that the 2016 ARRI draws on an overall sample of 327 project evaluations done by IOE since 2002, of which 40 individual project evaluations were done in 2015. In addition to project evaluations, IOE normally does 1 corporate-level evaluation (CLE), 5-6 CPEs, 2-3 evaluation synthesis reports and 1 impact evaluation per year. Over the years, Management has leveraged the immense value of IFAD's independent evaluation function by adopting far-reaching reforms that IOE has suggested. But increasing evidence – gathered during portfolio reviews and other self-evaluation processes – suggests that internalization of lessons by operational staff is increasingly challenging. Accompanying the evaluation process and responding to its findings requires significant investments by country programme management teams in a context of strained capacity and resources. In fact, as noted in the 2016 President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), a significant number of recommendations are of a recurrent nature, requiring deep structural changes that take time to materialize. Management would thus welcome a pointed conversation with IOE, through the Evaluation Committee, on practical ways to ensure that this important accountability function is reinforced by creating enough space for uptake and learning by operational staff.

D. Recommendations to Management

12. Management welcomes the recommendations of the 2016 ARRI. They complement well the recommendations made by IOE in previous editions. Notwithstanding this, Management would like to highlight that, in most cases, the recommendations do not seem to be fully substantiated by the main analysis, nor do they provide practical steps forward. This is a challenge for uptake and learning by operational staff.

13. Given the numerous statements or sub-actions contained in each recommendation – a concern repeatedly expressed by Management in other evaluations and in last year's ARRI – the recommendations have been disaggregated and a detailed response provided to each sub-action in the table below. As suggested in PRISMA 2016, Management invites IOE to develop a standard format for IOE recommendations, in consultation with Management, to ensure that appropriate and transparent uptake and follow-up can be undertaken.

Targeting

IOE recommendation 1	Management response
Project activities are often not sufficiently refined to meet the needs of all intended beneficiaries, particularly those at risk of being excluded, such as indigenous peoples, pastoralists, landless people and migrants	Management is in agreement with the conclusion that IFAD operations could be more effective in targeting the most vulnerable groups. This observation is timely given the findings of the IFAD9 impact assessment on lifting people out of poverty and the 2030 Agenda for Sustainable Development (Agenda 2030) pledge that "no one will be left behind". Management did, however, find the ARRI's reference to "activities … often not sufficiently refined" rather vague, and the overall recommendation not robustly justified. In fact, the report recognizes that IFAD-supported operations have been successful in empowering poor rural communities and vulnerable groups, somehow contradicting the conclusion underpinning this recommendation.

In addition, the report repeatedly refers to IFAD's goal "to reach the poorest of the poor". According to Reaching the Rural Poor: IFAD Policy on Targeting and the IFAD Strategic Framework 2016-2025, IFAD's main target group is the rural poor. However, Management wishes to clarify that often, depending on the type of project and the country, the poorest are not the main target group. As noted in the policy, in some cases "the poorest may be beyond the reach of the instruments that IFAD has at its disposal and more appropriately targeted for emergency or humanitarian support by other agencies with a comparative advantage in this area".

IFAD has placed priority on addressing the needs and priorities of specific groups among the rural poor through thematic experts working on gender equality and women's empowerment, youth, indigenous peoples and producer organizations. While landless people have increasingly been targeted through support to off-farm activities, migrants have not been typically part of IFAD's target group. Nonetheless, IFAD has pioneered work on the productive use of remittances, and initiatives are ongoing following the recent increase in migration flows. Moreover, the extent to which our operations result in making rural areas a more attractive place to live contributes to reducing the drive to migrate. |
| (a) Project approaches and activities to be adapted to contexts and target groups; (b) increased attention to vulnerable groups | **Agreed**. Management notes IOE's point on the need to carry out poverty analysis at design to guide the formulation of the project targeting strategy. It would like to recall that the policy on targeting requires that, for each development activity IFAD engages in, a diagnostic framework – including a poverty analysis – will be established to guide the design and implementation of the targeting strategy.

Management acknowledges that the majority of designs might not have received the right incentives to carry out detailed poverty analyses to the required standards, often due to lack of dedicated human resources and time. There are, however, interesting initiatives worth noting, such as the funds through the Policy and Technical Advisory Division in support of design, recently used to undertake a pre-design mission study of poverty and rural institutions for a new project in Montenegro.

Management is committed to devoting more attention to profiling of potential beneficiaries and tailored project activities for better project targeting strategies, and to close monitoring of these strategies during implementation.

It will also explore the possibility of reviewing the current IFAD Policy on Targeting, as appropriate, to ensure alignment with the Strategic Framework, Agenda 2030 and the Sustainable Development Goals. This would also be an opportunity to develop operational guidelines for targeting in new project designs and a monitoring framework to track institutional targeting performance. |
| (c) Better development of monitoring and evaluation (M&E) systems, including disaggregated indicators | **Agreed**. The ongoing reform of the Results and Impact Management System (RIMS) aims to identify a set of indicators for corporate reporting that are disaggregated or "group-specific". This will allow better tracking of the participation of vulnerable groups such as women, youth and indigenous peoples. This capacity for disaggregation relies, however, on each country's own M&E systems and policies. |

Nutrition

IOE recommendation 2	Management response
(a) All new projects to be nutrition sensitive, when relevant, with explicit nutrition objectives, activities and indicators	**Agreed**. Management agrees with the spirit of the recommendation, and concurs with IOE on the importance of nutrition for rural development. In fact, the ARRI's recommendation echoes a stream of actions already engaged in as part of the Mainstreaming Nutrition-Sensitive Agriculture at IFAD, Action Plan 2016-2018. Management would like to note that a recommendation on the relevance of the existing action plan would have contributed more to the ongoing effort to improve the focus on nutrition. Since 2013, Management has committed itself to making 100 per cent of new country strategic opportunities programmes (COSOPs) and 33 per cent of new projects nutrition sensitive by 2018. The following steps have already been completed to honour this commitment: (i) Action Plan to Mainstream Nutrition-Sensitive Agriculture in IFAD's investment projects; (ii) paragraph on nutrition-sensitive agriculture in the new COSOP annotated outline; and (iii) internal procedures to systematically review new project designs. In 2016 only, of the 23 projects submitted to the operational strategy and policy guidance committee and/or quality enhancement review, about 14 can be considered "nutrition sensitive". Mainstreaming efforts also involve knowledge management (KM), advocacy, capacity-building, partnership-building and M&E. Specific indicators related to the nutrition activities of IFAD operations are being identified within the RIMS reform, in alignment with the Strategic Framework. To conclude, Management wishes to clarify that, given the rigorous IFAD definition of "nutrition sensitivity" (i.e. explicit nutrition objectives, activities and indicators), all projects cannot be nor should be made nutrition sensitive. Making a project more nutrition sensitive should not change its fundamental nature, it rather means applying a nutrition lens to what the project does, with the aim of improving nutrition.
(b) Supervision missions and midterm reviews (MTRs) to look at opportunities to ensure that, when appropriate, projects contribute to improved nutrition	**Disagreed**. Management would like to note that, whenever possible, and if the project is deemed conducive to nutrition sensitivity, a nutrition expert participates in supervision and/or MTR missions to ensure that nutrition aspects are enhanced. This has already happened for projects in Indonesia, Lao People's Democratic Republic, Malawi and Mozambique. However, resources would not be efficiently used if this were to be done systematically, given the number of ongoing projects (over 200) and limited dedicated resources.

Partnerships

IOE recommendation 3	Management response
(a) Strong partnerships with Rome-based agencies (RBAs), the private sector and technical ministries at the national level to be clearly articulated in COSOPs and implemented through country programme activities	**Agreed**. Management highly values the importance of strengthening partnerships to enhance the impact of IFAD investments, particularly at the country level. One of the main priorities of the IFAD Partnership Strategy is "better country programmes and projects". Management is increasingly moving towards country programme approaches that create greater synergy between investments and non-lending activities, including partnership-building, to scale up successes for expanded and sustainable impact. While Management acknowledges that country-level partnerships, particularly with the RBAs and the private sector, have often been underreported, measures have been taken to improve this. For instance, the new COSOP guidelines (2015) will allow more systematic sharing and monitoring of partnership-related initiatives at the country level. They include a specific section on partnerships in the COSOP annotated outline, and partnership-building is one of the criteria for assessing COSOP performance at completion. All new COSOPs describe specific efforts to partner with relevant actors to obtain: (i) greater financial leverage through cofinancing at the project level; (ii) support during implementation; and (iii) increased IFAD influence on global and national policy issues.
(b) Performance in partnership-building to be closely monitored and reported in the RIDE	**Disagreed**. All IFAD's COSOPs are required to include a results framework. Following the best international practices, results frameworks primarily track indicators at the outcome level to facilitate results-based management. From this point of view, the creation of effective partnerships is usually an input (occasionally an output) for better outcomes and thus does not require specific indicators to track progress. In accordance with the new COSOP guidelines, COSOP results frameworks will be updated and adjusted at midterm and assessed at completion. These reviews offer an opportunity to reflect on inputs and outputs as part of the overall theory for change towards better country results, and would be a useful opportunity to assess the relevance of partnerships. Once a sufficiently representative number of COSOP completion reviews have been undertaken, IFAD will be in a position to report on the relevance and effectiveness of country strategies, including non-lending activities such as partnerships.

Knowledge management

IOE recommendation 4	Management response
(a) Better alignment of incentive system with KM strategy to provide clarity to staff on their accountability for learning and positive motivation to participate actively in KM efforts	**Agreed**. This is reflected in the new Strategic Framework, which identifies knowledge-building/dissemination/policy engagement as one of the key pillars of IFAD's results delivery. The Strategy and Knowledge Department (SKD) is spearheading work in these areas, leveraging cutting-edge ideas and research findings (including impact assessment) to shape IFAD's policy agenda and operations. A KM action plan is currently being developed, and its implementation will be supported by the IFAD-wide KM coordination group.

While Management acknowledges that there is room for improvement, a number of processes and systems are already in place providing a solid basis for an incentive system that is aligned to the KM strategy. Requirements for KM and learning have been integrated into key business processes, including COSOPs, project designs and performance management (the 2013 IFAD competency framework includes two competencies that specifically include KM and learning).

Staff interviews and surveys have showed a widespread understanding and use of KM approaches and tools across the organization. However, Management acknowledges that further efforts could be made to ensure that staff members better understand their roles and responsibilities with regard to KM. |
| (b) Enhancement of M&E systems and development and measurement of performance indicators for KM | **Agreed**. As part of the IFAD development effectiveness framework currently being developed, Management has initiated a series of actions to improve IFAD's self-evaluation system, which will contribute to addressing this recommendation: (i) upgrading of RIMS; (ii) improving key tools to measure and manage for results, such as logical frameworks with the use of SMARTer indicators and targets, including for KM; (iii) establishing processes to track results in real time through IT systems that allow greater capture and use of knowledge; (iv) strengthening M&E skills in member countries through specific curriculum and certification frameworks; and (v) considering broader impact assessment of IFAD's portfolio of activities to maximize learning.

Moreover, Management is currently working on a specific methodology for monitoring and reporting on KM performance at both field and corporate levels. |
| (c) Enhancement of staff KM skills | **Agreed**. Management is committed to pursuing ongoing efforts to develop staff KM-related skills. The staff competency framework covers knowledge-sharing, learning and information management, on which staff members are evaluated. Training is being offered to help staff build KM skills, including facilitation, analysis and documentation of lessons learned. |
| (d) More investment in documenting the innovative solutions to rural poverty emerging from IFAD operations; process to be more clearly anchored in COSOPs and projects | **Agreed**. Greater attention is being given to KM in COSOPs and projects. The new COSOP guidelines recommend that KM build on M&E and clearly articulate the knowledge required to achieve COSOP objectives.

IFAD is significantly increasing its support to South-South and triangular cooperation, which will include greater attention to documenting and sharing innovative technologies in country programmes. KM staff in IFAD's regional divisions are working to ensure more systematic documentation of lessons. Additionally, IFAD grant funds are being invested in programmes to strengthen capacities and tools to analyse, document, scale up and disseminate innovations and good practice. |

E.   Learning theme

14.   Management is satisfied with the proposed learning theme for the 2017 ARRI: financial management and fiduciary responsibilities. Management appreciates IOE's efforts to provide insights that will contribute to addressing one of the main challenges affecting operational effectiveness and efficiency, and is committed to providing IOE with the support needed.