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Investing in rural people

## Agreement between IFAD Management and the Independent Office of Evaluation of IFAD on the Harmonization of IFAD's Independent Evaluation and Self-Evaluation Methods and Systems Part I: Evaluation Criteria

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For: Information

# Agreement between IFAD Management and the Independent Office of Evaluation of IFAD on the Harmonization of IFAD's Independent Evaluation and Self-Evaluation Methods and Systems Part I: Evaluation Criteria

## I. Background

1. As required by the IFAD Evaluation Policy (2011)<sup>1</sup> and agreed by the Executive Board in December 2016, the Independent Office of Evaluation of IFAD (IOE) and IFAD Management (represented by the Programme Management Department [PMD] and the Strategy and Knowledge Department [SKD]) prepared a revised agreement to harmonize the Fund's self-evaluation and independent evaluation systems.<sup>2</sup> The revised harmonization agreement is timely, given the publication of the second edition of the IOE Evaluation Manual (2015), the adoption of the IFAD Development Effectiveness Framework (EB 2016/119/R.12) and the issuance by Management of new operational procedures on project logical frameworks, completion reporting and country strategies.
2. To ensure that the two systems are mutually reinforcing, the agreement explicitly builds on the following: the Good Practice Standards of the Evaluation Cooperation Group; internationally agreed principles on managing for development results; the agreed principles of the Harmonization Agreement between IFAD Management and IOE signed in 2011; and the guidance provided by IFAD governing bodies. The experience of other international financial institutions (IFIs) was also reviewed in order to learn from other organizations' past experience and good practices applicable to the IFAD context.
3. The harmonization will take place in two phases. This document covers the first phase, which is about criteria and their definitions in both project- and country-level evaluations; whereas in the second phase the harmonization will cover systems and processes that pertain to both self- and independent evaluations. The list of applicable criteria and their definitions can be found in annexes I and II, respectively.

## II. Objectives

4. The objectives of the agreement are to:
  - (a) Contribute to further strengthening of both the independent and self-evaluation systems, and of their complementarities for greater accountability and learning;
  - (b) Enhance the evaluability of IFAD-financed interventions and the evidence base for forthcoming evaluations;
  - (c) Ensure comparability of the results reported through IFAD's self-evaluations and independent evaluations;
  - (d) Synchronize timely completion of independent and self-evaluations; and
  - (e) Improve clarity among staff and consultants on evaluative criteria and concepts.

<sup>1</sup> See page 17: <https://webapps.ifad.org/members/eb/102/docs/EB-2011-102-R-7-Rev-3.pdf>.

<sup>2</sup> IFAD Management and IOE adopted similar harmonization agreements in 2006 and 2011.

### III. Key agreement points

5. Use of the OECD/DAC glossary of key terms for evaluation, the Evaluation Manual, and IFAD's self-evaluation references. The evaluation criteria of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC) form the basis of the self-evaluation and independent evaluation systems at IFAD. As such, the core evaluation criteria in the second edition of the IFAD Evaluation Manual (2015) and the Operational Procedures on Completion Reporting (2015) build on the OECD/DAC Glossary of Key Terms in Evaluation and Results Based Management (annex I), which are typically adopted by both the self- and independent evaluation functions of other IFIs. The manual also includes other evaluation criteria (e.g. gender equality, innovation and scaling up), which are specific to IFAD's mandate.
6. The additional evaluation criteria derive from the evolution of the evaluation function at IFAD and the increased attention paid by governments to results monitoring, as well as from requests made by the Fund's governing bodies to include additional criteria that better reflect the institutional mandate and priorities. In the future, Management and IOE will explore opportunities for further streamlining the number of evaluation criteria adopted by both the independent and the self-evaluation systems taking into account evolving practices at other international organizations.
7. Evaluation criteria. In order to strengthen consistency between the definitions of the evaluation criteria and underlying evaluation questions used by self- and independent evaluations, the harmonization of the two evaluation systems, at both project and country levels, has been informed by a review of each evaluation criterion.
8. Rating scale. Both the self-evaluations and the independent evaluations will continue to use the same 6-point rating scale. Self- and independent evaluations will no longer provide individual ratings for the four impact subdomains in the priority areas for rural transformation promoted by IFAD, namely: (i) household incomes and assets; (ii) human and social capital, and empowerment; (iii) food security and agricultural productivity; and (iv) institutions and policies. Self- and independent evaluations will continue to rate the overall rural poverty impact to enable comparison and the tracking of trends over time.
9. Harmonization at the project level. Independent project completion report validations (PCRVs), project performance evaluations (PPEs), and both impact evaluations (IEs) and self-evaluation reports at the project level (i.e. project completion reports [PCRs]) will follow the same set of criteria and definitions. Annex II of this agreement presents the operational definitions that have been agreed upon between IOE and Management. At the project level, PCRVs, PPEs and IEs will continue to calculate and show the average difference (or disconnect) between self- and independent evaluation ratings and to assess the quality of PCRs.
10. PCRs, PCRVs, PPEs and IEs will make an ex post assessment of the validity of the assumptions made at the design stage. PCRs, PPEs and IEs will examine the project's theory of change in greater detail, describing both the intended pathways to change and the actual one as demonstrated through the project implementation experience.
11. The independent IEs carried out by IOE and the impact assessments conducted by IFAD Management (SKD) are complementary functions. IEs by IOE are performed only on completed IFAD-financed operations and from an entirely independent perspective. They cover all the evaluation criteria included in the Evaluation Manual, including the rural poverty impact criterion. Impact assessments conducted by IFAD Management focus primarily on the impact criterion and include

ex-ante impact assessments using experimental and non-experimental methods. This requires impact assessment methods and processes to be embedded in programme design and for Management to be closely involved in data collection and analysis throughout implementation. PCRs will continue to report on impact for all operations, although there may be differences in the assessment techniques between projects subject to impact assessment and those that are not (see annex I).

12. Harmonization at the country level. Independent evaluations at the country programme level (i.e. country strategy and programme evaluations [CSPEs]) will adhere to the criteria and definitions used in the second edition of the Evaluation Manual. While CSPEs will continue to assess portfolio performance according to project evaluation criteria, they will put special emphasis on the assessment of the relevance and effectiveness of both country strategic opportunities programmes (COSOPs) and non-lending activities.
13. Self-evaluations at the country programme level (i.e. COSOP completion reviews [CCRs]), however, will focus on assessing the relevance and effectiveness of the COSOP (as opposed to project level) and provide a rating for it, following the definitions indicated in annex II. This assessment will summarize key findings on portfolio performance (without a detailed analysis of all the project-level criteria), including non-lending activities.
14. When a CCR is available, the regional division concerned will not be required to prepare a new self-assessment as input for CSPEs.
15. Scope for further methodological harmonization at the country level may exist, and a dialogue on this will be held under part II of this agreement.
16. Adaptive management. Independent evaluations will adopt the project logical framework and the COSOP results framework (objectives, indicators and targets) defined at the approval stage as the benchmark for their assessment. If the frameworks or targets have been modified, independent evaluations will take the latest change as the main reference, provided the changes in logical frameworks and results frameworks are adequately justified and documented in accordance with established relevant procedures. The approach papers and evaluation reports will indicate which project logical frameworks and COSOP results framework will be evaluated.
17. Additional evaluation criteria. In addition to the common key criteria agreed in annex I, self-evaluations at the project and country programme levels may adopt additional criteria, as decided by Management or if requested by IFAD governing bodies.

## IV. Implementation of the agreement

18. The Associate Vice-President, PMD, on behalf of IFAD Management, and the Director, IOE, are the signatories of this Harmonization Agreement and are responsible for its implementation. Management designates the PMD Operational Programming and Effectiveness Unit (OPE) as the institutional entry point for independent evaluation matters and as its primary interlocutor with IOE.
19. On the basis of the above agreement principles, the parties to the Harmonization Agreement will consider the need for possible adjustments, and the timeline thereof, in relevant documents and guidelines for their application, as indicated below:
  - The Operational Procedures on Completion Reporting and the Guidelines for Project Completion Review;
  - The Operational Procedures on Country Strategies;
  - The second edition of the IOE Evaluation Manual, 2015.
20. The parties to the Harmonization Agreement will also assess the possible implications of its signing for the following key institutional reports, and propose amendments if required:
  - Report on IFAD's Development Effectiveness (RIDE);
  - Annual Report on Results and Impact of IFAD Operations (ARRI);
  - President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA).

## V. Final provisions

21. The parties hereto agree to resolve any divergences in the interpretation of the Harmonization Agreement through bilateral negotiations between the signatories and/or their designated collaborators.
22. This Harmonization Agreement enters into force upon signature by the parties, and will remain in effect until the date of a mutual agreement to replace it. The parties hereto may agree upon minor amendments at any time, which must be formalized in writing.

Rome, \_\_\_\_\_

For IFAD Management

For IOE

Associate Vice-President

Director

Programme Management Department

Independent Office of Evaluation of IFAD

## Agreed list of evaluation criteria

		<b>Evaluation criteria at the portfolio-level<sup>3</sup></b>	<b>Project completion report quality ratings</b>	<b>Evaluation criteria at the country level</b>
		<ul style="list-style-type: none"> <li>• Relevance</li> <li>• Effectiveness</li> <li>• Efficiency</li> <li>• Sustainability of benefits</li> <li>• Rural Poverty Impact<sup>4</sup> <ul style="list-style-type: none"> <li>- Household income and assets</li> <li>- Human and social capital</li> <li>- Food security and agricultural productivity</li> <li>- Institutions and policies</li> </ul> </li> <li>• Gender equality and women's empowerment</li> <li>• Innovation</li> <li>• Scaling up</li> <li>• Environment and natural resource management</li> <li>• Adaptation to climate change</li> <li>• Overall project achievements</li> <li>• Partners' performance (IFAD and the Government)</li> </ul>	<ul style="list-style-type: none"> <li>• Scope</li> <li>• Quality</li> <li>• Lessons learned</li> <li>• Candour</li> </ul>	<ul style="list-style-type: none"> <li>• Relevance</li> <li>• Effectiveness</li> <li>• Non-lending activities<sup>5</sup></li> </ul>
<b>Project level</b>	Self-evaluations (PCRs)	Yes	No	
	IOEs independent reports (PCRVs/PPEs/IEs)	Yes	Yes	
<b>Country level</b>	Self-evaluations (COSOP completion reviews)	No		Yes
	Independent evaluations (CSPEs)	Yes		Yes

<sup>3</sup> Independent evaluations will continue to rate overall project performance by taking an average of the four individual ratings of relevance, effectiveness, efficiency and sustainability of benefits.

<sup>4</sup> Rural poverty impact will be evaluated through an assessment of the four impact subdomains, and an overall rating will be provided. The impact subdomains will not be rated individually.

<sup>5</sup> Knowledge management, partnership-building, country-level policy engagement and other non-lending activities (NLAs), such as South-South and Triangular Cooperation or reimbursable technical assistance (RTA), are assessed when relevant. In self-evaluation, NLAs will not have a separate rating. Their assessment will feed into the overall assessments and ratings for COSOP relevance and effectiveness.

## Agreed harmonized definitions of evaluation criteria

Evaluation criteria at the project level	Harmonized definitions
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and policies. It also entails an assessment of project design, coherence in achieving its objectives, and relevance of targeting strategies adopted.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
Sustainability of benefits	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life. <sup>6</sup>
Rural poverty impact	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
<ul style="list-style-type: none"> <li>• Household income and assets</li> </ul>	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. <sup>7</sup>
<ul style="list-style-type: none"> <li>• Human and social capital</li> </ul>	An assessment of the changes that have occurred in the empowerment of individuals (particularly among vulnerable groups) and their capacity to organize themselves and act collectively.
<ul style="list-style-type: none"> <li>• Food security and agricultural productivity</li> </ul>	Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition.
<ul style="list-style-type: none"> <li>• Institutions and policies</li> </ul>	Changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods.
Innovation	The extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction.
Scaling up	The extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.
Environment and natural resource management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socioeconomic and cultural purposes, and ecosystems and biodiversity – with the goods and services they provide.
Adaptation to climate change	The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures.

<sup>6</sup> Self- and independent evaluation reports assess the sustainability of net benefits from a technical, financial, institutional, social and environmental perspective.

<sup>7</sup> The analysis will assess, to the extent possible, the trends in equality over time.

Evaluation criteria at the project level	Harmonized definitions
Overall project achievements <sup>8</sup> Partners' performance (IFAD and the Government)	Overarching assessment of the intervention. This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partners expected role and responsibility in the project life cycle.
<b>COSOPs</b>	
• <b>Relevance</b>	Assessment of the alignment and coherence of the: (i) strategic objectives; (ii) geographic priority; (iii) subsector focus; (iv) main partner institutions; (v) targeting approach used, including emphasis on selected social groups; (vi) mix of instruments in the country programme (loans, grants and non-lending activities); and (vii) the provisions for country programme and COSOP management. In the discussion, emphasis will be put on the content of the actual strategy pursued by the country programme, whether clearly outlined in the COSOP or not.
• <b>Effectiveness</b>	The assessment of effectiveness of the country strategy determines the extent to which the overall strategic objectives (as per the COSOP) were achieved and whether other significant – but originally not foreseen – results have been attained at the programme level, and whether a credible logical nexus can be established between the partners' as well as IFAD-supported initiatives (lending, non-lending, programme management) and the observed results. Particular attention will be devoted to the role played by the government and IFAD in managing the overall country programme in the achievement of results.
• <b>Non-lending activities</b>	The evaluation of NLAs will consider to what extent relevant IFAD policies and strategies on grants, country-level policy engagement, partnership-building and knowledge management <sup>9</sup> have been implemented in the concerned country. <sup>10</sup> The assessment could also include other non-lending activities, such as South-South and triangular cooperation or reimbursable technical assistance (RTA) when relevant. Self- and independent evaluations will assess the input, outputs and outcomes of non-lending activities. They will also look at the type and amount of resources (both within and outside of the project portfolio) that have been committed to these areas.

<sup>8</sup> This criterion provides an overarching assessment of the intervention, drawing on the analysis and ratings of rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation, scaling up, as well as environment and natural resources management, and adaptation to climate change.

<sup>9</sup> Country-level policy engagement and partnership-building are defined as follows: (i) the former can be seen as a process in which IFAD collaborates, directly and indirectly, with partner governments and other country-level stakeholders, to influence policy priorities or the design, implementation and assessment of formal policies that shape the opportunities for inclusive and sustainable rural transformation; (ii) partnership-building is an ongoing process of strategically exploring, developing, maintaining and strengthening partnerships (as defined in the IFAD Partnership Strategy), and it involves a wide range of tangible and less tangible activities. The focus of the evaluation should be on the extent to which partnership-building has efficiently and effectively contributed to the achievement of IFAD's goals and objectives. The definition for knowledge management will be provided in part II of the Harmonization Agreement.

<sup>10</sup> The relevant IFAD policies and strategies will be specified in the approach papers and main reports prepared by IOE.