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Investing in rural people

Comments of the Independent Office of Evaluation of IFAD on the IFAD10 Impact Assessment Report

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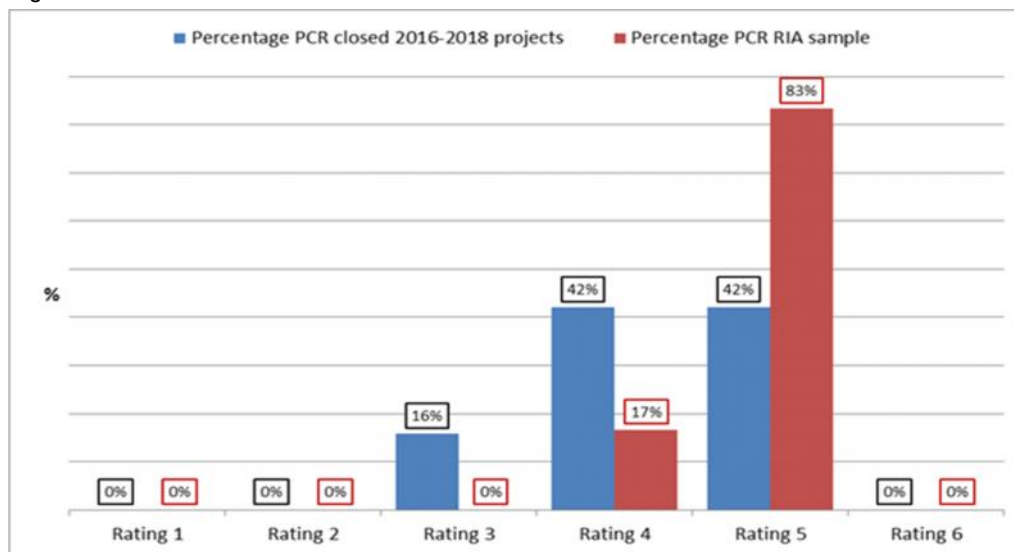
Comments of the Independent Office of Evaluation of IFAD on the IFAD10 Impact Assessment Report

1. Background. The Report of the Consultation on the Tenth Replenishment of IFAD's Resources (IFAD10) (GC38/L.4/Rev.1) stated that during IFAD10, IFAD would implement a multipronged strategy for impact assessment comprising rigorous ex post impact evaluations, randomized controlled trials, systematic reviews and meta-studies. Efforts to assess impact for IFAD10 originated within the development effectiveness framework (DEF), which lays out the guidelines for implementing impact assessments. The DEF required that approximately 15 per cent of projects representative of the IFAD10 portfolio undergo rigorous impact assessment in order to measure and report on the impacts of IFAD's operations.
2. The IFAD10 Impact Assessment Report provides the results of these efforts to assess the impact of IFAD investments for IFAD10 from 2016 to 2018. Having carefully examined this report, the Independent Office of Evaluation of IFAD (IOE) raises the following issues that merit reflection and discussion as IFAD moves forward in consolidating its efforts to conduct rigorous impact assessment.
3. The report provides a notable overview of efforts to measure corporate impact and lessons learned. The report presents results both at the aggregate level (relative to IFAD's three strategic objectives and overarching goal) and the project level. The latter is particularly useful for understanding the results in detail and some of the interventions that underpin these results. Table 3, which summarizes the magnitude of impacts of the evaluated projects, provides an effective means of presenting results by country, project and key indicators.
4. In terms of impacts across IFAD's strategic objectives, results are positive, particularly in the domains of production and market access. Globally, beneficiaries analysed as part of the IFAD10 impact assessments are better off than the comparison group, with the strongest impact found in rural people's benefits from market participation. However, the report would have benefited from additional clarification regarding whether the total number of people reached includes both direct and indirect beneficiaries. Not including indirect beneficiaries indicates that the stated results would have been even greater.
5. The report provides a good account of lessons learned from this exercise. These will be useful as IFAD moves forward in designing and implementing projects beyond IFAD10. The report's assertions that projects with interlinked activities and objectives can generate broader results, and that benefits from market participation require holistic identification of constraints, are fundamental. IOE's experience evaluating IFAD-supported projects has demonstrated similar lessons, as reflected in the recommendations of several evaluations, which state that better-integrated interventions following a holistic approach are critical to projects' success.
6. The sample selected for the IFAD10 impact assessment initiative is not truly representative, containing mainly better-performing projects with a strong possibility of overestimating results. The report outlines the criteria for selecting the 19 projects included in the sample, and mentions that the selection process was consultative – involving all programme management divisions – to demonstrate the non-random nature of selection. This has led to clear selection bias. A careful analysis shows that largely better-performing projects were selected. For instance, 83 per cent of the projects in the sample have a project completion report (PCR) rating of 5 (satisfactory) for overall project achievement (see graph below). This is double the number of satisfactory projects in the PCRs of

all closed projects in the cohort; only 42 per cent of these projects have ratings of 5 for overall achievement.

7. The fact that better-performing projects are included in the sample is further demonstrated in tables 1 and 2 of the annex. IOE's analysis shows that there are differences between the average ratings of the projects in the sample and the average ratings provided by PCRs and IOE project completion report validations (PCRVs)/project performance evaluations (PPEs) for all criteria. There is also pronounced selection bias in the criteria of rural poverty impact, effectiveness and sustainability. Furthermore, these differences are statistically significant (p value < 0.10) for almost all criteria, signifying that the differences between the ratings are not by chance. Clearly, this has led to an overestimation of the impact of IFAD-supported projects in IFAD10.

Figure 1



RIA: Research and Impact Assessment Division
 Source: IOE analysis based on PCR ratings.

8. Contrary to the stated methodology in the report, only 10 per cent of the projects in the sample were completed in the IFAD10 period. The sampling strategy underpinning the selection of projects included 15 per cent of the projects completed in the IFAD10 period. This was considered an appropriate, representative sample size for the project portfolio. However, the actual sample size is only 10 per cent and not 15 per cent. This is because 8 out of the 19 projects in the sample were not completed in IFAD10, but in IFAD8 (one), IFAD9 (four) and IFAD11 (three). Although the report cautions (in a footnote) that "the universe of 107 projects includes eight projects that have completion dates that belong to either IFAD9 or IFAD11", it does not mention that these eight projects are part of the sample. Further, the footnote does not explain the implications of including projects completed in other IFAD replenishment periods in the sample.
9. While learning should be a priority, striking a balance between learning and accountability by introducing an element of randomness into the selection of projects for impact assessments is equally pertinent. IOE concurs that it is fundamental to maximize learning opportunities from impact assessment in order to allow lessons to inform project design and implementation. At the same time, IOE underscores the importance of ensuring a proper balance between promoting accountability and learning when selecting projects for impact assessments. Measuring and reporting on results (the accountability dimension of evaluation) is not only a prerequisite for generating learning, but also enhances the Fund's credibility as an organization with a clear focus on transparently measuring and reporting on results.

10. Learning areas could coincide with project types or intervention domains. Given that the impacts of IFAD's work are assessed for various replenishment periods, learning could be positioned around the multidimensionality of IFAD's focus on agriculture and rural development by linking impacts to the Fund's investments. This requires an understanding of: what IFAD invests in (thematic areas); how it invests (intervention type); in whom and where it invests (intervention levels); and the impacts of these investments. The thematic paper presented by the Strategy and Knowledge Department entitled A New Categorization Framework for IFAD-supported Project Interventions could be used to identify and select projects based on these categories. Identifying and informing the pathway from budget allocation to impact within the intervention domains categorized in that paper would enhance learning.
11. The report would have benefited from a section on the challenges and limitations of the exercise. The report explains the methodology used in estimating impacts and projecting them from the sample to the entire portfolio. However, there is no narrative on the challenges faced in the process. Further, the limitations of the methodology and the data are not outlined. An explanation of these is fundamental for understanding the scope of the activities carried out and because results can never be fully representative of the entire portfolio.
12. Conclusions. The results of the impact assessments of IFAD10 projects demonstrate positive results, with the organization exceeding targets related to its strategic objectives and overall goal. However, IOE's analysis shows that the non-random design of the sample cannot be considered representative of the entire IFAD10 portfolio. There is a clear selection bias towards including impact assessments of better-performing projects, which weakens the credibility of the results. In addition, although the stated sample size was 15 per cent of all projects completed in IFAD10, only 10 per cent were actually completed in that period, raising doubts about the true representativeness of the sample.
13. While IOE appreciates the learning focus of the endeavour and the challenges associated with randomly selecting projects in order to aggregate impact assessments at the corporate level, the strong likelihood of biased results can affect the organization's credibility. IOE proposes that in future impact assessments, some element of randomness be introduced to control for selection bias by divisions. This will go a long way towards establishing credibility of the results derived from impact assessments at the corporate level.

Comparison of ratings of sample projects with ratings from PCRs and PCRVs/PPEs of all projects (in IFAD10)

Table 1

Comparison of average PCR ratings of the sample (19 projects) used in the IFAD10 Impact Assessment Report (IFAD10 IA) and all closed projects in IFAD10 (2016-2018) (97 projects)¹

	Average PCR ratings (IFAD10 IA sample)	Average PCR ratings (closed IFAD10 projects 2016-2018)	Difference of average PCR ratings (IFAD10 IA sample vs closed IFAD10 projects 2016-2018)	p-value t-test of average PCR ratings (IFAD10 IA sample vs closed IFAD10 projects 2016-2018)	Median PCR ratings (IFAD10 IA sample)	Median PCR ratings (closed IFAD10 projects 2016-2018)	Projects in IFAD 10 IA sample with PCR rating greater than the median of closed IFAD10 projects 2016-2018
Relevance	5.2	4.8	0.4	0.03	5	5	25%
Effectiveness	4.8	4.2	0.6	0	5	4	83%
Efficiency	4.4	3.9	0.5	0.04	4.5	4	50%
Sustainability	4.5	3.9	0.6	0	4.5	4	50%
Project performance	4.8	4.2	0.5	0	4.8	4.3	92%
Rural poverty impact	4.8	4.2	0.6	0	5	4	82%
Innovation	4.8	4.4	0.3	0.04	5	5	0%
Scaling up	4.9	4.5	0.4	0.05	5	5	17%
Gender equality and women's empowerment	4.7	4.4	0.3	0.29	5	5	8%
Environment and natural resources management	4.7	4.2	0.5	0.03	5	4	58%
Adaptation to climate change	4.7	4	0.6	0.03	5	4	56%
IFAD performance	4.8	4.4	0.4	0.01	5	5	0%
Government performance	4.8	4.2	0.5	0	5	4	75%
Overall project achievement	4.8	4.3	0.6	0	5	4	83%

Source: IOE calculations using data from PCRs.

¹ Given that ratings were not validated for all completed projects in the cohort, IOE used ratings of closed projects (2016–2018).

Table 2

Comparison of IOE's PCR/PPE average ratings of the sample (19 projects) used in the IFAD10 IA and all closed projects in IFAD10 (2016–2018) (58 projects)

<i>Criteria</i>	<i>Average PCR/PPE ratings (IFAD10 IA sample)</i>	<i>Average PCR/PPE ratings (closed IFAD10 projects 2016-2018)</i>	<i>Difference of average PCR/PPE ratings (IFAD10 IA sample vs closed IFAD10 projects 2016-2018)</i>	<i>p-value t-test of average PCR/PPE ratings (IFAD10 IA sample vs closed IFAD10 projects 2016-2018)</i>	<i>Median PCR/PPE ratings (IFAD10 IA sample)</i>	<i>Median PCR/PPE ratings (closed IFAD10 projects 2016-2018)</i>	<i>Projects in IFAD10 IA sample with PCR/PPE rating greater than the median ratings of closed IFAD10 projects 2016-2018</i>
Relevance	4.4	4.1	0.3	0.22	4	4	43%
Effectiveness	4.4	4	0.4	0.09	4	4	43%
Efficiency	3.9	3.7	0.2	0.49	4	4	14%
Sustainability	4	3.7	0.3	0.45	4	4	29%
Project performance	4.2	3.9	0.3	0.04	4.3	4	57%
Rural poverty impact	4.7	4	0.7	0.01	5	4	71%
Innovation	4.9	4.3	0.6	0.07	5	4	71%
Scaling up	4.4	4	0.4	0.1	4	4	43%
Gender equality and women's empowerment	4.9	4.1	0.8	0.02	5	4	71%
Environment and natural resources management	4.4	4.1	0.3	0.19	4	4	43%
Adaptation to climate change	4.6	3.9	0.6	0.02	5	4	57%
IFAD performance	4.6	4.1	0.5	0.07	5	4	57%
Government performance	4.6	3.9	0.7	0.01	5	4	57%
Overall project achievement	4.6	4	0.6	0.03	5	4	57%

Source: IOE calculations using data from PCRVs/PPEs.