Comments of the Independent Office of Evaluation of IFAD on the Country Strategic Opportunities Programme for the United Mexican States

Note to Executive Board representatives

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For: Review
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I. General comments

1. In 2019, the Independent Office of Evaluation of IFAD (IOE) completed a country strategy and programme evaluation (CSPE) in Mexico, covering the period 2007-2018. The CSPE provided recommendations for the new country strategic opportunities programme (COSOP). In accordance with established practice, the agreement at completion point for the CSPE, signed in December 2019, is attached as an appendix to the new COSOP for the period 2020-2025.

2. **Key findings and recommendations from the CSPE.** The CSPE found that the programme in Mexico had supported poor communities and groups who had not been reached by other rural development and poverty reduction programmes. In addition, the programme had showed that engaging in productive activities can be compatible with improving natural resource management.

3. However, the loan portfolio performance and results were constrained by: (i) weaknesses in the project design; (ii) implementation delays due to changes in rural development strategies and policies, with insufficient adjustments to project design and implementation to respond to such changes; and (iii) a lack of effective approaches to financial services and market access for primary producers and their organizations.

4. Moreover, the absence of IFAD representation in Mexico with decision-making authority limited opportunities for dialogue with the Government and for interaction with international organizations.

5. The CSPE made the following recommendations:
   (i) adjust geographical and agro-ecological targeting in the country through more accurate poverty mapping;
   (ii) improve the technical quality of design, particularly in relation to: (a) training and technical guidance for primary producers and their organizations; (b) financing for rural microenterprises; and (c) access to markets and linkages to value chains;
   (iii) improve monitoring and capitalization of lessons learned;
   (iv) better integrate loan and grant activities;
   (v) strengthen IFAD’s capacity to support the programme and interact with key partners in Mexico; and
   (vi) encourage a more proactive role on the part of Mexican public agencies in assessing project design quality and making adequate budget allocations for project implementation.

6. IOE commends the preparation of the agreement at completion point. It shows strong ownership by the Government and IFAD in following up on recommendations and presents a convincing outline of the way forward.

7. This new COSOP for Mexico integrates the lessons learned from implementation of the previous country programme and aligns IFAD-Mexico collaboration with national policies and the IFAD Strategic Framework 2016-2025. The COSOP acknowledges that IFAD’s financial resources in Mexico represent a small portion of public spending and comply with the rule of non-additionality, whereby all projects are funded from the government budget. For this reason, IFAD’s work needs to be
of very high quality and serve specific needs that cannot be met by existing
government programmes or other donor-funded initiatives.

8. The new COSOP defines, more clearly than the previous ones: (i) geographic
priorities, based on the poverty characteristics of the population; and (ii) the
categories used for socio-economic targeting (e.g. rural indigenous peoples,
women, youth and populations of Afro-Mexican descent).

II. Specific comments

9. The three strategic objectives (SOs) of the COSOP\(^1\) are relevant to rural poverty
reduction in Mexico.

10. Malnutrition (referred to in the first objective) is a persistent problem in
marginalized rural areas. Projects that successfully support diversification of
income sources, such as the IFAD-funded Community-based Forestry Development
Project in the Southern States (Campeche, Chiapas and Oaxaca), can also
contribute to improvements in diet quality, as shown in the CSPE.

11. The second objective of strengthening the impact of the Government’s priority
programmes may seem ambitious, given the limited size of IFAD’s resources. The
COSOP appropriately underscores the importance of scaling up successful
experiences from the IFAD portfolio. This will require regular consultation with the
implementing agencies.

12. The third objective refers to climate change adaptation. In the past, several
projects promoted activities – such as reforestation and sustainable water
management – that were consistent with climate change adaptation. However,
these activities did not follow a specific framework or plan. Having a specific
strategic objective on climate change may help bring more coherence in these
initiatives.

13. Section D of the report (paragraphs 39 and 40) presents several scenarios for
IFAD’s interventions in Mexico. This is a reasonable course of action, given that the
Government still needs to formulate a more detailed request for project financing.
Although the scenarios are different, they all envisage linkages with national
programmes. They share common traits such as financial and economic inclusion,
market access, natural resource management and resilience to climate change,
which are relevant to the COSOP objectives.

14. Paragraph 41 refers to the envisaged support to private sector investments. This is
an entirely new area of intervention. It is clear that IFAD will need to build
relationships with partners that have experience with private sector support
approaches in Mexico.

15. The COSOP (paragraph 23) mentions the importance of the Rural Productive
Inclusion Project (PROINPRO) in supporting the integration of social protection
programmes with inclusiveness in economic production. The CSPE made a
distinction between this project’s contribution to poverty dialogue (significant) and
its performance in terms of disbursement of funds and delivery of services (rated
as weak). Overall, merging social protection and economic inclusion is an appealing
concept in Mexico. However, the appropriate instruments and approaches to put
the concept into action are still to be established. Two major challenges for
PROINPRO were: (i) the absence of a specific project management unit; and (ii) its
reliance on other public programmes over whose resources it had no control. These
institutional issues will need to be addressed before conducting any further work in
this area.

\(^{1}\) SO1: Contribute to improving food and nutrition security; SO2: strengthen the impact and sustainability of the
Government’s priority programmes; and SO3: contribute to strengthening climate change mitigation and adaptation.
16. The COSOP calls for IFAD to support the Mexico country programme through its Panama hub and strengthen its country presence in Mexico (paragraph 57). Given the challenges faced by the Mexico programme and the need to collaborate with multiple national institutions, international financial agencies and civil society organizations, it will be an arduous task to provide support from the Panama hub. In the medium to long term, the option of establishing an IFAD office in Mexico deserves consideration.

III. Final remarks

17. IOE appreciates the efforts made to address the recommendations of the CSPE and remains available for any input, as required.