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Investing in rural people

## **Report on IFAD's Development Effectiveness 2020**

### **Comments by the Independent Office of Evaluation of IFAD**

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**For: Review**

# Report on IFAD's Development Effectiveness 2020

## Comments by the Independent Office of Evaluation of IFAD

1. In line with the Terms of Reference and Rules of Procedure of the Evaluation Committee and the decision taken by the Executive Board at its December 2006 session, this document contains the comments of the Independent Office of Evaluation of IFAD (IOE) on the 2020 Report on IFAD's Development Effectiveness (RIDE). The RIDE is the Fund's main corporate document reporting on institutional and development effectiveness.
2. Overall, the 2020 RIDE is well written and presents a succinct overview of performance during the first year of the Eleventh Replenishment of IFAD's Resources (IFAD11). This year's report provides coverage of progress on the IFAD11 commitments, using indicators in the Results Management Framework as the yardstick. The analysis and discussion provide a balance between development and institutional aspects. The comments below relate to strengthening the role played by RIDE in reporting the Fund's performance, so as to guide its strategic and operational direction and resource planning.
3. **Complementary roles and focus of the Annual Report on Results and Impact of IFAD Operations (ARRI) and RIDE.** The recent independent peer review of the evaluation function and ongoing discussions point to the need to clarify the roles of RIDE and ARRI and to strengthen the synergies and alignment between them. RIDE and ARRI play complementary and vital roles in providing the governing bodies and stakeholders with an annual assessment of IFAD's performance. IFAD would greatly benefit from a concerted effort to clarify the respective roles of these two results-reporting instruments, strengthen synergies between them, and harmonize the methods and approaches used.
4. The first step in this process would be to clarify their distinct roles and focus. At the Asian Development Bank (ADB), the Independent Evaluation Department prepares the Annual Evaluation Review (similar to the ARRI), while Management prepares the Development Effectiveness Review (similar to the RIDE) and the Annual Portfolio Performance Report (for the ongoing portfolio of projects). These reports share the common goals of learning, and accountability to ADB shareholders and other stakeholders.<sup>1</sup>
5. Table 1 summarizes the results-reporting practice at IFAD. RIDE presents a comprehensive review of the progress on replenishment commitments, expressed through the three tiers of the IFAD11 Results Management Framework (RMF). On the other hand, ARRI presents an independent assessment of the performance of IFAD operations and a synthesis of evaluation findings on selected themes.<sup>2</sup>
6. **Promoting synergies between RIDE and ARRI.** The 2020 RIDE and ARRI provide valuable examples of collaboratively strengthening and validating the evidence base used. The findings of IFAD's quality assurance at entry (annex IV of the 2020 RIDE), related to recurring issues in design of operations, were validated by the analysis of the 2020 ARRI. Furthermore, this RIDE cites the 2020 ARRI in support of some of its findings, such as underperforming trends in sustainability, efficiency and government performance, and the need to strengthen policy engagement. These examples also illustrate how such collaboration could be systematized and strengthened – for example, early exchange of preliminary

<sup>1</sup> The Development Effectiveness Review provides an overview summarizing the unique focus, purpose, and value addition of each report.

<sup>2</sup> In the RMF for IFAD11, ARRI can be linked to about one quarter of the performance indicators (19 of the 72 indicators that RIDE covers in the tier II and tier III results).

findings and priority areas for validating evidence would facilitate mutual strengthening of the evidence base.

Table 1  
**Complementary roles of RIDE and ARRI**

	<i>Focus</i>	<i>Purpose and value addition</i>
Report on IFAD's Development Effectiveness (RIDE)	<p>RIDE is Management's report on IFAD's annual performance vis-à-vis its replenishment commitments, using indicators in the associated RMF as the yardstick.</p> <p>To this end, it reports annually on: (i) development impact, outcomes and outputs achieved by IFAD; (ii) the performance of IFAD operations; and (iii) organizational readiness to achieve its priorities. It also identifies areas of performance that need strengthening.</p> <p>RIDE draws its data and evidence from self-evaluations, monitored data and surveys.</p>	RIDE provides the Executive Board and Management with annual information and analysis to help guide IFAD's strategic and operational direction and resource planning.
Annual Report on Results and Impact (ARRI)	<p>This is an independent evaluation of the performance of IFAD operations, produced by IOE. It consolidates IOE evaluation findings to report on the development performance of IFAD operations; analyses the evaluations to distil lessons a specific theme, so as to improve project design and implementation.</p> <p>ARRI provides an analysis of the trends in operational performance, drawing on the past 10 years of evaluations. In addition, it presents recent operational performance drawing from recent evaluations (project level, corporate, country-level, thematic evaluations and evaluation syntheses).</p> <p>ARRI does not focus on overall organizational processes and performance in achieving the Fund's priorities.</p>	ARRI is a reporting requirement of the Executive Board. It provides an independent assessment of the performance of IFAD operations and an analysis of factors influencing this performance. It also extracts lessons along selected themes. The aim is to strengthen project design and implementation and thereby, improve IFAD's development effectiveness.

Source: Prepared by IOE.

7. **Aligning and harmonizing RIDE and ARRI.** Given the overlaps and complementarity between the two reports, it is important that IFAD ensures that the approaches, methods and rating methodologies used are consistent and are in line with the practices of other international financial institutions (IFIs). A review of the 2020 RIDE shows that some alignment already exists:
  - Both reports analyse performance ratings using total project population.<sup>3</sup>
  - Although different approaches are used to identify the portfolio of projects for performance analysis and reporting – the year of completion for ARRI and year of project closure for RIDE – the IOE analysis shows that the project portfolio coverage of these reports is similar. In particular, data available to IOE indicates that all projects included in the 2020 ARRI and RIDE were completed by 2018 or before.
8. **Two key exceptions remain.** The first is the choice of ratings: RIDE uses project completion report ratings, while ARRI uses ratings from independent evaluations (project performance evaluation, interim evaluation, project completion report validation or country strategy and programme evaluation); these two sets of ratings differ. For example, the 2020 RIDE (para. 10) finds that 84 per cent of IFAD operations are rated as moderately satisfactory or better in terms of their effectiveness (against the target of 90 per cent), while the 2020 ARRI (executive summary, chart A) shows this at 72 per cent. The second exception is that ARRI analyses a longer timespan (covering the previous 10 years) using three-year moving averages. RIDE considers a three-year period, using annual data (not

<sup>3</sup> The 2020 RIDE states that the ARRI analysis involves partial project sampling. This is not the case: the ARRI provides full coverage.

moving averages). These trends differ. For example, consider the trends in the share of projects achieving moderately satisfactory or better ratings for effectiveness. Table 1 of RIDE shows an upward trend over the past three years – rising from 80 to 91 per cent.<sup>4</sup> On the other hand, chart 5 of ARRI, presenting the trend in effectiveness between 2007 and 2018, shows a nearly flat trend since 2013, with the current performance slightly decreasing from a plateau of 75 to 72 per cent.

9. IOE and Management need to discuss options to resolve these differences, and any other harmonization or alignment issues. In other IFIs, such as ADB and the World Bank, Management reports on the performance of operations using the ratings provided by the independent evaluation function.
10. **Need for analysis of long-term trends in performance.** The 2020 RIDE provides useful information on current performance. To strengthen the report's contribution, Management may wish to consider expanding the scope of its trend analysis. As pointed out earlier, RIDE compares the ratings across the previous three years. However, significant changes take place over a longer period. Moreover, understanding current performance requires situating it within the longer-term trends observed. A long-term trend analysis is common practice in the annual results reports produced by the management of other IFIs, such as ADB (Development Effectiveness Review) and the World Bank.
11. **Institutional readiness to deliver on IFAD11 commitments.** IFAD is facing rapid changes, with the expansion of the scope of work and steeply increasing investments in emerging priorities. In particular, the pipeline for the supplementary environment and climate portfolio is anticipated to grow more than tenfold from 2019 to 2021. Such steep increases require ensuring that adequate human resources are in place with the necessary skills and know-how, and that internal structures are ready to accommodate such expanded delivery in a particular thematic area. Forecasting such needs may be beyond the scope of RIDE. However, managing the risks associated with expanded delivery, and the organization's readiness to undertake such expansion are within its ambit. It would be helpful for RIDE to present the measures taken to ensure timely, high-quality delivery of the rapidly expanding climate-finance-supported operations, in a similar fashion to how it presents IFAD's response to the COVID-19 pandemic.
12. **Value for money.** This RIDE introduced a value-for-money scorecard that contains useful insights (annex III). It would help to have clarification of the logic and evidence base used to arrive at the scorecard values. Going forward, presenting and providing the rationale for the threshold values for the success indicators would also be helpful.
13. Finally, in the case of indicator 2.3.14, the baseline data (1.75 million) is larger than the target (1.5 million).
14. In conclusion, the complementary roles and focus of RIDE and ARRI need to be highlighted in future ARRI and RIDE reports, following the consolidated practices used in other IFIs. Management and IOE should work towards strengthening existing synergies in the areas of overlap. It would be a good first step to take stock of what worked in 2020, such as early engagement to identify areas of overlap, sharing sources of evidence and accounts of how approaches and thinking evolved. Through discussions, these steps can be systematized and institutionalized, while exploring options to deepen synergies. By taking advantage of the ongoing revisions to the evaluation policy and the stocktaking of self-evaluation and independent evaluation products, IOE and Management could work towards harmonizing key differences in the two reports to ensure consistency in

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<sup>4</sup> RIDE does not use a moving average to show the trend; a moving average is used only to calculate the 2019 performance.

findings. This includes methods (selecting the portfolio and consistent use of moving averages), sources of performance ratings and period covered by trend analysis, in line with the practices of other IFIs. IOE thanks Management for this opportunity to contribute to this change process by commenting on the results reported in the RIDE and looks forward to productive collaboration.