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Action: The Executive Board is invited to review the Response of IFAD Management to the 2022 Annual Report on the Independent Evaluation of IFAD.

I. Introduction

1. Management welcomes the 2022 Annual Report on the Independent Evaluation of IFAD (ARIE). This report reflects an evolution from the Annual Reports on Results and Impact of IFAD Operations (ARRIs) of previous years, building on the fruitful collaboration established between Management and the Independent Office of Evaluation of IFAD (IOE) and the key strategic documents jointly produced. The 2021 Revised IFAD Evaluation Policy emphasizes the effective use of evaluation products and learning from them. Accordingly, the 2022 IFAD Revised Evaluation Manual sets the stage for a holistic view of the evaluation function, where the generation and use of evidence and learning must be a continuous process to ensure IFAD becomes more agile, responsive, innovative and effective in the solutions it brings. In line with these principles, the 2021 IOE Multi-Year Evaluation Strategy establishes a shift in the purpose of the new ARIE, which includes contributing to learning by extracting findings and lessons from evaluations. This is evident in the 2022 edition of the ARIE, which combines the analysis on rating trends with useful knowledge extracted from evaluations that helps inform IFAD project and country strategy design and implementation.

2. Learning is a key priority for Management, as highlighted in the 2021 Development Effectiveness Framework (DEF), which states that IFAD must “ensure that the large volume of data and evidence collected are actively utilized by projects to learn what works, what does not work, and why, and adapt project and country programme approaches along the way.” The 2022 ARIE represents a significant contribution to this effort.

3. Management agrees with the key conclusions presented in the 2022 ARIE. Section II of this document provides complementary information on such conclusions and outlines action undertaken or planned by Management to address the key issues identified. Sections III and IV provide insight for the development of future ARIEs, while section V highlights the importance of ongoing and future collaboration between Management and IOE.

II. Performance of lending and non-lending activities

4. Strong and weak project performance areas identified in the ARIE are consistent with those identified in the Report on IFAD’s Development Effectiveness (RIDE) for 2022. IFAD projects are strong on environment and natural resources management, and climate change adaptation; weaker on sustainability, efficiency and government performance. In recognizing such challenges, Management enacted several initiatives to improve government performance despite it being outside the Fund’s control. Examples include capacity-building through grants and the Operations Academy (OPAC); stricter provisions on project management unit staff performance in IFAD financing agreements; and improved design guidelines for enhanced ownership. Management is also enacting dedicated action plans on sustainability and efficiency.

5. The ARIE offers useful insights on crisis response interventions. As highlighted in the 2022 RIDE, IFAD has demonstrated agility in adapting its programme of loans and grants to respond to crisis, as in the case of tsunami recovery, or the more recent case of the Rural Poor Stimulus Facility and the Joint Programme for the Sahel in Response to the Challenges of COVID-19, Conflict and Climate Change. Lessons from the ARIE will help with future design of similar initiatives and implementation of existing ones. IFAD’s value added in these situations is not on real-time humanitarian emergency responses, but on longer-term engagement and building the resilience of rural poor communities.
6. **Assessment on non-lending activities in the ARIE is also consistent with RIDE findings.** Partnership is a strong performing area now integrated into country strategic opportunities programmes (COSOPs), project guidelines, and regional and global engagement strategies. This is also substantiated by high cofinancing ratios during the Eleventh Replenishment of IFAD’s Resources (IFAD11) period (total: 1:1.95; international 1:0.94; domestic 1:1.01).\(^1\) Country-level policy engagement is weaker (albeit showing an upward trend) and is a focus area of IFAD12, with additional guidance tools under development and new training under OPAC. The 2022 COSOP guidelines also introduce country programme level indicators on measuring policy impact related to IFAD’s strategic objectives, to better document this area with further evidence.

7. **Knowledge management is also a weaker area,** as identified in the President’s Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) for both 2021 and 2022. Furthermore, as indicated in the 2022 RIDE, COSOP completion reviews carried out during IFAD11 rate knowledge management as moderately satisfactory only 72 per cent of the time. However, in 2019, 2020 and 2021, stakeholder feedback surveys consistently rated knowledge management satisfactory at 93 per cent.\(^2\) Survey respondents belong to national and public sector institutions, donor partner organizations, the private sector and civil society. They indicated that IFAD’s knowledge products were relevant to their work, timely and provided up-to-date information when needed, as well as useful insights to inform policy or programme decisions. Results from the survey indicate a more positive perception of IFAD’s performance on knowledge management from clients and partners.

8. **Management fully agrees on knowledge management drivers identified in the ARIE: monitoring and evaluation (M&E) quality, integration into country strategies, budget and ownership.** As part of the midterm review of the Knowledge Management Strategy, Management observed that IFAD’s 2019-2021 knowledge management action plan was overambitious and not supported by dedicated resources and staff time. IFAD also implemented the action plan in the context of a concurrent organizational transformation with several waves of staff reassignments and decentralization, which further limited results. The new knowledge management action plan 2022-2025, scheduled for submission to the Executive Board at its September 2022 session, addresses related challenges such as decentralization, resource constraints and reassignment while shifting the focus to ensuring the utility and uptake of knowledge.

9. ARIE findings on knowledge management are also useful in light of the monitoring, evaluation, adaptation and learning (MEAL) action plan expected for the end of 2022. The MEAL action plan will build on the 2021 DEF, acknowledging the key link between high-quality M&E systems and knowledge use. In addition, during the remainder of 2022 and throughout 2023, Management looks forward to continue collaborating with IOE on the upcoming corporate-level evaluation on knowledge management.

### III. COVID-19 and the changing global context

10. As highlighted in the RIDE and portfolio stocktake exercises conducted in 2022, COVID-19, liquidity limitations and institutional reforms have affected the performance of IFAD projects, and are likely to show further effects in the coming years. Exogenous shocks coupled with shrinking fiscal space for borrowing countries and limited availability of IFAD grant resources added to the existing constraints, hindering the achievement of selected IFAD11 targets. IFAD remains committed to

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\(^1\) See the 2022 RIDE. EC 2023/118/W.P.4

implementing transformative country programmes under IFAD12, and contributing to the delivery of the 17 Sustainable Development Goals, as the 2030 Agenda deadline approaches.

11. **Within the above context, Management suggests that future ARIE editions take a deeper look at the effects of COVID-19 on lending and non-lending activities.** As stated in the 2022 RIDE, throughout 2022 and beyond IFAD will conduct more in-depth analysis of the impact of COVID-19 on the portfolio, to ascertain possible deviations in ratings caused by remote missions, as well as the effects of COVID-19 on different aspects relevant to project management, such as start-up times and staff turnover. Input from independent evaluation would be beneficial in this process. For example, the 2022 country strategy and programme evaluation (CSPE) for Indonesia makes explicit reference to the effects of COVID-19 on efficiency and government performance. ³ The 2021 CSPE for Uganda also indicates that COVID-19 hindered the growth of benefits and project efficiency. ⁴

12. **Future ARIE editions should also highlight lessons from past evaluations that are relevant to the current global context, in particular the looming food crises and COVID-19,** to inform future design and implementation. To support the Fund’s adaptive approach, IFAD country teams would benefit from any emerging insight or lessons for building resilience in relation to past food or economic crises.

13. **In addition, Management encourages IOE to allow further space for themes and evidence that are relevant to the IFAD12 business model,** as well as the challenges highlighted in the RIDE, PRISMA and portfolio stocktake exercises, including liquidity limitations and institutional reforms. Qualitative analysis undertaken in past ARRIIs provided useful insight to Management and should be kept. On the other hand, syntheses of evaluation reports already presented to the Evaluation Committee and Executive Board could be moved to an appendix.

IV. **Complementing ARIE findings**

14. **Future ARIEs would benefit from integration of the findings stemming from the IFAD11 impact assessment,** which quantifies the results attributable to IFAD projects in terms of the incomes, production, market access, resilience and food security of poor rural people. These areas remain highly relevant for the IFAD12 period. Management will present the main results of the IFAD11 impact assessment to the Evaluation Committee and Executive Board in September 2022 when IOE presents the 2022 ARIE. It is very important that future ARIEs reflect such findings, and that they are used to enrich and complement the analysis carried forward by IOE. Learning from these impact evaluations will be critical to inform IFAD’s future projects.

15. **For future ARIE reports, Management suggests complementing the quantitative trend analysis with the mention of known methodological factors that may affect ratings.** Acknowledging that the 2015 methodological change is mentioned in this year’s ARIE, it would be useful to test connections with trends in specific ratings, especially given the new jointly produced IFAD Evaluation Manual of 2022 and updated criteria. The same applies to timing variables such as approval or completion year. Even if such variables do not fully explain trends, it is useful to present the analysis as a starting point to look for explanatory factors. Leaving the analysis outside the report is a missed opportunity for learning.

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³ EC 2022/117/W.P.3, para. 22.
⁴ EB 2021/132/R.16, appendix I, paras. 114 and 137.
⁵ The 2015 ARRI attributed a dip in trend performance to the fact that some of the evaluated projects completed in 2009–2011 were implemented in countries with fragile situations, and as a reflection of the introduction of IFAD’s first Evaluation Manual in 2008, which was the basis for evaluating projects from 2009 onwards.
V. Looking ahead

16. Management appreciates the constructive tone of the ARIE and IOE’s availability in providing a detailed audit trail on Management comments. Management also values the interactions held with IOE prior to finalization of the document, and IOE’s collaborative approach in sharing the ARIE database and preliminary analysis in advance of official deadlines. Management continues to be committed to collaborating throughout the development phase of future RIDE and ARIE reports.

17. Management is working on an update of the project completion report (PCR) guidelines, which will reflect the methodology and evaluation criteria set forth in the 2022 IFAD Revised Evaluation Manual. To provide better guidance to country teams and ensure alignment, PCR guidelines will include detailed indications on evaluation criteria and score descriptors to orient ratings. Management looks forward to sharing the draft guidelines with IOE for review and inputs, to keep alignment, effectively cascade the key principles outlined in the Evaluation Manual, and further reduce disconnect between self and independent evaluation ratings.

18. **Coordination between Management and IOE on the exchange of data continues to be key for the production of sound and reliable products on both sides.** Management has been sharing primary data, reports and results with IOE when evaluations are conducted in countries, for projects and on thematic areas where Management has conducted impact assessment, data collection and research, and generated evidence from project implementation. IOE has been sharing preliminary evaluation findings for cross-validation and enhanced data accuracy and utilization. Management looks forward to continuing and strengthening the ongoing collaboration in view of the upcoming evaluation products, which will help shape IFAD’s programme in the coming years to advance progress on the 2030 Agenda.