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Investing in rural people

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

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

#### **Note to Evaluation Committee members**

##### Focal points:

##### Technical questions:

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##### Dispatch of documentation:

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Evaluation Committee — 114<sup>th</sup> Session  
Rome, 1 September 2021

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**For: Review**

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## **Report on IFAD's Development Effectiveness Comments by the Independent Office of Evaluation of IFAD**

### **Note to Executive Board representatives**

#### Focal points:

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Executive Board — 133<sup>rd</sup> Session  
Rome, 13-16 September 2021

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**For: Review**

## Report on IFAD's Development Effectiveness

### 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 Report on IFAD's Development Effectiveness (RIDE). The report is the Fund's main corporate document analysing institutional and development effectiveness.
2. Overall, the 2021 RIDE presents a succinct and objective overview of performance during the second 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 a yardstick. The analysis and discussion are reflective of the interplay between achieving development results and institutional advances in IFAD to achieve these results. IOE acknowledges the spirit of collaboration and commitment to address comments raised by IOE on the 2020 RIDE, particularly as concerns improving methodological alignment between the IOE's Annual Report on Results and Impact of IFAD Operations (ARRI) and the RIDE.
3. The comments below aim to further strengthen the role played by the RIDE in reporting the Fund's performance, thus helping guide its strategic and operational direction and resource planning.
4. **Aligning and harmonizing the RIDE and ARRI.** IOE appreciates the ongoing collaboration and discussions aimed at better alignment between the ARRI and RIDE methodologies for assessing operational performance. The fruits of these efforts are reflected in the 2021 RIDE, which has adopted the practice of other international financial institutions and used a three-year moving average to assess performance in a given year, and presented a 10-year trend analysis of IFAD's operations (annex VIII). The three-year moving average makes it possible to smooth over any spurious changes in a given year and thus offers a more realistic estimate of performance. Understanding recent performance requires that it should be set within the longer-term trends observed. All this constitutes a notable improvement in the methodology of the RIDE.
5. Despite these improvements in aligning the RIDE's methodology with the ARRI's, there remains the unresolved issue of using a common set of performance ratings. Use of ratings from independent evaluations would help the RIDE conform to international practices and lend more credibility to its reporting. The differences between the performance ratings of project completion reports and independent evaluations may be smaller than in the past, but they persist. The source of ratings thus remains an important issue. In addition, IOE disagrees with the claim that the RIDE's approach provides more recent data on performance than the ARRI's; this cannot be the case since a three-year moving average of performance is being used. IOE looks forward to continuing discussions to resolve these remaining differences and better align IFAD's reporting with the practices of other international financial institutions.
6. **Institutional readiness to deliver on IFAD11 commitments.** IFAD is going through rapid changes, widening the scope of its work and steeply increasing investments in emerging priorities such as climate response. These changes are also being accompanied by accelerating decentralization under the Decentralization 2.0 process (2021–2023). Decentralization is perhaps a necessary step and offers potential long-term benefits to IFAD operations. However, in the short and intermediate term, it is highly likely to involve risks to the Fund's ability to deliver on

its commitments under IFAD11. The RIDE is best positioned to report on the progress in implementing the related corporate risk management plan to ensure timely delivery of IFAD11 commitments under Decentralization 2.0.

7. In conclusion, IOE recognizes the advances in aligning the methodology of the 2021 RIDE with the ARRI and urges Management to continue working to align IFAD fully with the practices of other international financial institutions, particularly as concerns performance ratings from independent evaluations. The 2022 RIDE should consider reporting on progress in managing the risks to delivering IFAD replenishment commitments while pursuing Decentralization 2.0. 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.