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## **IFAD Management Response to the Evaluation Synthesis Report on Government Performance in IFAD-supported Operations**

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**For: Review**

## IFAD Management Response to the Evaluation Synthesis Report on Government Performance in IFAD-supported Operations

1. Management welcomes the evaluation synthesis report (ESR) prepared by the Independent Office of Evaluation of IFAD (IOE) on government performance in IFAD-supported operations. Based on data from independent evaluations and self-evaluation products, as well as information collected from focus group discussions and e-survey, the report provides a comprehensive review of the main drivers of government performance in IFAD-supported projects and programmes from 2010 to 2020 (covering the replenishment cycles from IFAD8 to IFAD11).
2. **Approach:** Management highly welcomes the approach adopted by this ESR, which is clearly geared towards enhancing learning opportunities for IFAD. It offers very useful findings and does not provide recommendations. As reflected in previous exchanges with IOE, Management believes that, following the principle of value-for-money, as indicated in the Revised IFAD Evaluation Policy (2021), ESRs should continue to focus primarily on promoting institutional learning. This approach is also consistent with the practices of other IFIs. Management appreciates the constructive interaction with IOE during the preparation of this synthesis report.
3. **Scope:** Management acknowledges the robust statistical scope of the ESR, which covers 421 evaluations, including 57 country strategy and programme evaluations and 364 project-level evaluations, as well as 15 additional country case studies. At the same time, given that ESR preparation is based on past evaluations, some of the dimensions which were not assessed by these evaluations are not captured in the synthesis report (e.g. correlation between government performance and communication efficiency between IFAD and governments on corporate procedures and guidelines).
4. Management fully agrees with the conclusion that government remains the key player in IFAD's development effectiveness. As reflected in past RIDE and ARRI reports,<sup>1</sup> as well as corporate and regional portfolio stocktakes, government performance is not only one of the key factors but also one of the weakest elements affecting the efficiency and overall performance of IFAD-funded operations. Evidence from the 2021 stocktaking exercises also highlighted that government changes, staff capacity and turnover rates are major constraints on government performance. Government ownership and competitive selection of project management unit (PMU) personnel can help mitigate such constraints.
5. Government performance is correlated to project effectiveness and overall project achievement and thus has direct and decisive influence on the results and impact of IFAD-financed operations. Management notes that lower project efficiency due to limited government capacity in project preparation and implementation has indeed increased the level of efforts required from the workload on IFAD during the project cycle. As a consequence, this has increased IFAD's administrative costs and lowered its institutional efficiency.
6. As recognized by the ESR, despite government performance being assessed as a stand-alone criterion by both self- and independent evaluations, it does affect many dimensions of project performance throughout the project cycle. Management intends to build on the useful findings and lessons identified in this ESR to further enhance the effect of ongoing and planned initiatives to improve government performance. In this regard, Management would like to present the following feedback:

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<sup>1</sup> Report on IFAD's Development Effectiveness and Annual Report on Results and Impact of IFAD Operations.

- i. **Ownership and in-country capacity.** It should be noted that IFAD has little room to negotiate or act on some of the issues identified, which may result in low government performance in some countries. These issues include the choice of the lead implementing agency, institutional arrangements between implementing partners, the availability of counterpart funding, leadership capacities and retaining well-performing staff in the PMUs. Management has prioritized several grant-funded initiatives and instruments to improve institutional weakness. Examples include: the Program in Rural Monitoring and Evaluation (PRiME), Driving Delivery of Results in the Agriculture Sector (DELIVER), the Advancing Knowledge for Agricultural Impact (AVANTI), Achieving Project Excellence in Financial Management (APEX) and Results-based Management for Rural Transformation (RESOLVE). With focus on capacity-building, these initiatives provide support and training on results deliver, monitoring and evaluation, financial management and other topics critical to project staff in recipient/borrower countries. However, as the regular grant envelope has been significantly cut in IFAD12, it will be harder to fund such initiatives and it has been noted that the governments are increasingly not willing to borrow for such activities.

Moreover, through the Project pre-Financing Facility (PFF) and the Technical Assistance for Project Start-up Facility (TAPS) – the two complementary instrument designed to improve the readiness of government counterparts and facilitate faster project start-up – Management is working to address capacity challenges and enhance ownership and delivery capacity at country and project levels.

- ii. **Country presence and capacities of decentralized staff.** Working in remote areas while delivering results has been recognized as one of IFAD's key comparative advantages. The ESR confirms that programmes working in decentralized contexts can be effective if they have adequate capacity, resources and support at local level. Management is pleased to note the finding that IFAD's in-country presence is especially relevant in fragile situations and is a strong driver of performance. Management also agrees with the finding that posting a country director in the capital is not sufficient in countries where local capacities are weak, and especially in remote and hard-to-reach locations. Management has taken action to reinforce IFAD's increased country presence with a number of additional measures, including:
- (i) Strengthening the capacities of decentralized IFAD staff through dedicated training provided under IFAD's upskilling programme, including the Operations Academy. Specifically, training include mandatory courses (e.g. project procurement certification course) for all country directors so that they are eligible to receive the relevant delegation of authority.
  - (ii) Considering the workforce available to IFAD and the demand for technical expertise in decentralized contexts, Management is planning to relocate decentralized technical staff in the regional offices (rather than spread them over hubs). Although they may not be physically close to each remote project site, IFAD country teams would be better equipped to provide faster and better tailored technical support to policy engagement and advisory activities.
- iii. **Areas for IFAD to improve.** Management takes note of the factors from IFAD's side that impair government performance. They include: the complexity of project design, insufficient consideration of government capacities and disbursement caps, among others. While recognizing the need for strong government participation in, and ownership of, project design, Management is already updating corporate operational guidelines to provide

relevant indications for project delivery teams. In particular, the project design guidelines which are being updated in 2022, will provide guidance on reducing design complexity after a careful analysis of institutional capacity and other factors.

Management looks forward to continue working with both IOE and government counterparts, based on the findings and lessons identified in this ESR. Management stands ready to further improve existing tools and explore new approaches to support government performance in IFAD-financed operations.