
IFAD12 Impact Assessment Report

Comments by the Independent Office of Evaluation of IFAD

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Action: The Evaluation Committee is invited to review comments by the Independent Office of Evaluation of IFAD on the IFAD12 Impact Assessment Report.

Technical questions:

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IFAD12 Impact Assessment Report

Comments by the Independent Office of Evaluation of IFAD

A. Background

1. The IFAD12 Impact Assessment Report attempts to provide an overview of IFAD's corporate-level impact and progress against key institutional targets for the Twelfth Replenishment of IFAD's Resources (IFAD12). The impact assessment (IA) exercise reflects IFAD's ambitious goal of reporting on corporate-level impacts. To achieve this objective, the report presents a meta-analysis of IFAD12 IAs, and projects the impact to IFAD's full portfolio, based on a sample of 16 projects. The report relies on three key processes to ensure the validity of its estimates: (i) selection of projects for IA; (ii) estimation of impacts within each IA; and (iii) projection from sample- to portfolio-level impacts. Comments by the Independent Office of Evaluation of IFAD (IOE) provide a brief assessment of how well these processes have been conducted from a methodological perspective. In doing so, it provides a brief assessment of: (i) improvements relative to the IFAD11 IA; (ii) challenges; and (iii) opportunities for IFAD13.

B. Improvements

2. The IFAD12 IA Report evidences a number of improvements relative to the IFAD11 IA Report around the sampling, estimation and projection of impacts to the corporate level. The most important improvement between the IFAD11 and IFAD12 IA Reports is the introduction of stratified random sampling based on IFAD's five geographic regions to decide whether or not a project undergoes impact assessment. This practice enhances the representativeness of the sample, thereby improving projection from the sample to the IFAD corporate level. In IFAD12, the organization implemented push-button replication, ensuring that the results presented within the report are readily reproducible. The addition of this extra quality control and transparency process should reduce errors and improve the quality of IAs. A third crucial improvement to the IFAD12 IA Report relative to IFAD11 is greater clarity in the presentation of the report's methodology.

C. Challenges

3. Although the IFAD12 IA Report contains several key improvements relative to that of IFAD11, issues remain with regard to the quality of aggregation and projection of IAs to corporate-level impact reporting. Specifically, the meta-analytic process of aggregation and projection is undermined by two less than optimal methodological decisions: (i) the reporting of increases in agricultural income as increases in income more broadly; and (ii) a mismatch between the number of beneficiaries used to estimate impact and the types of programming for which IAs estimate impact. These are discussed below.
4. **Selecting sectoral rather than gross/net income reporting.** In many cases, the report uses changes in sector-specific income rather than gross and/or net income to determine changes in income. The report notes that, "IFAD delivered transformational impacts – defined as income gains above 50 per cent – in 7 of the 16 projects assessed, far exceeding the average impact of 34 per cent." Footnote 2 explains that the type of income considered varied for each project depending on its focus – for example, in the case of a livestock-related project, the IFAD12 IA Report looked at livestock income. In cases where a project was not focused on a specific value chain, gross income was used in its place.
5. The key issue with this approach is that past IFAD projects have changed the composition of people's incomes (e.g. increased agricultural income) without increasing gross or net incomes. Clearly, changes in the composition of people's

income can have a positive impact; for example, more diverse income sources may lead to resilience to shocks in other income-generating activities. However, it may also reflect negative changes. For example, if an individual works more hours to make the same amount of income, i.e. they invest more time in agricultural production, the productivity of their labour has effectively declined. In either case, increases in sectoral income frequently do not mean changes to gross or net income, which would clearly and positively impact households.

6. Aside from using sectoral income rather than gross income figures to establish whether household incomes changed, the use of gross income is also suboptimal in some respects. Self-employment via agricultural production requires the purchase of a large set of inputs (e.g. fertilizer, seeds, equipment). In IOE's experience, when a survey of small-scale agricultural producers asks for information on gross income, producers often report the sale price of their harvest rather than gross or net income. Hence, even where gross income is used, it is unclear whether it reliably indicates increases in net income. A more accurate approach would use net income consistently across projects, or gross income, where net income is not available. That said, it is also to be acknowledged that collecting or inferring net income can be time-consuming and costly. However, it is important to recognize the shortcomings of using sectoral or gross income as both are magnified when subsequently used for the purpose of aggregating results.
7. **The report overestimates the number of people who experienced positive changes from IFAD's programming.** The report suggests that there were 64.5 million programme participants across the 102 projects. Based on this outreach number, the report provides an estimated number of beneficiaries whose situation improved because of IFAD. For example, the report states that "investments from IFAD and cofinanciers totalling US\$6.8 billion during the IFAD12 cycle led to income increases of at least 10 per cent for approximately 49 million participants." Outreach numbers are insufficiently nuanced to accurately estimate this, because they do not contain information on which components of a project participants took part in.
8. Impact assessments tend to focus on larger value-added activities, meaning that they are not fully representative of the impacts experienced by all the individuals that IFAD reaches and who are recorded in the outreach data. IFAD programming is often multifaceted and holistic, including interventions across an entire value chain and/or multiple types of support for individual farmers. The types of interventions range from half-day training sessions to large-scale infrastructure interventions. Clearly, the scale of impact from these two types of interventions will differ substantially. In this regard, many IAs at IFAD have historically focused on the participants of larger-scale interventions within a project rather than smaller-scale ones.
9. Outreach data are expansive, attempting to capture everyone who benefited from the programming rather than those benefiting from only higher value-added programming specifically. As a result, outreach data include everyone who participated in any component of the project, including individuals who had brief consultations with programme-supported extension services or attended half-day training sessions.
10. Even though only relatively small shares of beneficiaries receive intensive benefits, as counted in IAs, the projection within the report assumes the entire universe of participants benefited from these larger interventions that were impact assessed. This suggests that the estimates presented in the report of the number of people who benefited overestimate corporate-level impact. The extent to which people are benefiting from programming is not determinable without understanding how many participants benefited from the specific activities that were impact assessed relative to the project components that were not.

11. **Impact assessments could be meaningfully flawed.** IOE reviewed four IA reports under IFAD12 and the findings suggest that the calculation of impact by IFAD could be underpinned by a meaningful flaw. The estimation of impact in these selected IA reports uses equations that contain post-treatment variables. The presence of post-treatment variables within the IAs can render the estimates unreliable. Both the direction (some impacts are underestimated, some are overestimated and some are approximately correct) and the scale of the bias are difficult to identify. This issue can affect the overall estimation of corporate-level impacts. It can also affect a substantial share of the specific statistical facts noted as examples of impact within the IFAD12 IA Report. Due to the limited timeframe, IOE could only review four reports, hence an important caveat to note here is that 4 out of 16 IA reports may not be a reliable sample. Still, given that the issue was present in all four assessments it requires attention in future assessments.

D. Opportunities

12. The report notes that future IA efforts will move to a learning-oriented agenda. IOE strongly welcomes this shift from a focus on accountability towards an emphasis on learning. This shift will lead to an opportunity to improve impact assessment quality in IFAD13. For example, by selecting projects based on their content, the organization will be able to plan for impact assessment from project start-up. This would enable IFAD to carry out sufficient baseline data collection, including control and treatment group respondents, based on the likely locations where it will operate. This has not been possible to date, with limited exceptions.
13. Baseline data collection would substantially improve the quality of impact assessment at IFAD. By collecting baseline and endline data, IFAD's IA teams could use more credible impact assessment designs, including, but not limited to, difference-in-differences analysis, difference-in-differences combined with matching, and/or respondent-level baseline data not based on recall into existing matching methods.

E. Conclusions

14. The IFAD 12 IA Report reflects significant progress since IFAD11, but still faces implementation challenges. The IFAD12 IA's implementation of peer review, push-button replication, and the clarity of presentation of the report's methodology deserve recognition as significant progress relative to IFAD11. Stratified random sampling of projects for impact assessment greatly improves the degree of confidence readers can have in the report's projection of results to the full portfolio level.
15. Yet, the report was affected by two important challenges. First, the meta-analysis uses a methodology for selecting outcome variables for estimating corporate-level impacts on income that reflect changes in the composition of incomes rather than actual improvements in incomes for many programmes. Second, the report projects overall impact based on the total outreach, even when the estimated impacts are for a smaller subset of participants, therefore overestimating corporate-level impact.
16. IOE welcomes the shift to a learning-oriented approach to impact assessment at IFAD. Aside from being strategically valuable, the shift towards a learning-oriented strategy in IFAD13 leads to opportunities for improved IA implementation.