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Enabling poor rural people
to overcome poverty

Comments of the Office of Evaluation on the Report on IFAD's Development Effectiveness

Evaluation Committee — Fiftieth Session
Rome, 7 December 2007

For: **Review**

Note to Evaluation Committee members

This document is submitted for review by the Evaluation Committee.

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Abbreviations and acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
MfDR	managing for development results
OE	Office of Evaluation
PPR	Portfolio Performance Report
RIDE	Report on IFAD's Development Effectiveness

Comments of the Office of Evaluation on the Report on IFAD's Development Effectiveness

I. Introduction

1. In line with the decision of the Executive Board,¹ this document presents the comments of the Office of Evaluation (OE) on the first Report on IFAD's Development Effectiveness (RIDE) for consideration by the Evaluation Committee at its fiftieth session in December 2007.
2. The RIDE is a well written and useful report. As it is the first such report produced by IFAD, OE's comments highlight issues that may help sharpen the focus of the document in the future, and thereby enhance its overall utility and quality. OE's comments also aim to highlight those areas that would distinguish the RIDE from the Annual Report on Results and Impact of IFAD Operations (ARRI) and the Portfolio Performance Report (PPR). In addition, OE has some comments on specific points contained in the RIDE.

II. Areas for future consideration

3. Section C, dealing with international policy and partnership initiatives, is particularly interesting because these topics are not widely addressed by the ARRI or PPR reports. There is good coverage of the progress made by IFAD in implementing the Paris Declaration on Aid Effectiveness and, notwithstanding the initial attempt made in appendix VII, it would have been useful for the RIDE to elaborate in a similar way on the specific objectives and the results achieved in each of the three main areas² of IFAD's engagement in international policy dialogue and advocacy outlined in paragraph 55.³
4. The introduction in chapter III of IFAD's system for managing for development results (MfDR) is informative and useful. It is noteworthy that the seven corporate management results moved to either a yellow or a green light in the third quarter of 2007. Also interesting is the shift of resources allocated for administrative purposes towards project and programme implementation activities (paragraph 93).
5. The consistent use of the MfDR system will be important in the coming years, in order to facilitate assessment and tracking of organizational effectiveness and efficiency over a period of time. However, it would also be interesting to reflect right away on how the Fund will assess the effectiveness of the MfDR in due time, as this may prove to be a complex undertaking given past experiences in introducing similar systems, such as the balanced scorecards used by IFAD in the late 1990s and early 2000s.
6. Chapter IV – Conclusions – is coherent and reflects the main issues contained in the analytical part of the document. However, the next RIDE may consider including a section on issues that management considers key for achieving better development effectiveness in the future. This could reflect the main actions that should be taken by Management within specific time frames to strengthen IFAD's development effectiveness and its organizational effectiveness and efficiency.
7. While the themes of chapter I (IFAD's relevance to recent trends in rural poverty and food insecurity and the changing framework of international development assistance) and chapter III (organizational effectiveness and efficiency) are specific

¹ See Report of the Evaluation Committee Chairperson to the December 2006 session of the Executive Board, document EB 2006/89/R.9.

² The three main areas are: (i) participating in, coordinating and, if possible, leading policy discussions; (ii) facilitating participation and advocacy by representatives of the rural poor in international policy discussions; and (iii) supporting knowledge generation and knowledge-sharing on rural poverty and food security.

³ All paragraph numbers refer to document EB 2007/92/R.7.

to the RIDE, chapter II – on development effectiveness – is by and large based on data contained in the ARRI and the PPR reports. As such, it would be useful to reflect on and clarify the value added for the RIDE to continue in the future to cover development effectiveness issues already addressed in the ARRI and PPR. Related to this is the question of the most efficient division of labour among the various IFAD documents that report on performance and development effectiveness, i.e. the PPR, RIDE and the programme of work and budget, in addition to the ARRI report, which provides an independent perspective of annual results and impact.

8. In spite of the aforementioned, it is noteworthy that the RIDE uses the results of the Independent External Evaluation of IFAD as a key baseline for the assessment of IFAD's project performance (see table 1). This is important, as the Evaluation was a critical landmark in the evolution of the Fund as a premier development organization, and the results captured therein can continue to serve as a reference point for comparing the organization's performance in the future.

III. Specific comments

9. **Relevance of IFAD operations.** Paragraph 28 notes the lower performance in terms of relevance reported by the PPR as compared with the ARRI report.⁴ According to OE, the issue is not related to the "application of more rigorous assessment criteria" in the PPR. More specifically, the "disconnect" in assessment between the ARRI (which reports 97.7 per cent projects as being satisfactory) and the PPR is based on the nature of projects assessed respectively by the ARRI and the PPR. That is, the ARRI includes both closed and ongoing projects. In this regard, this year's ARRI concluded that projects that became effective more recently performed better than older-generation projects. The fact that the PPR is entirely based on closed operations – and therefore an older cohort of projects – may explain the less favourable rating for relevance in the PPR.
10. **Consultant management.** Paragraph 101 highlights a range of important initiatives currently being undertaken in the area of human resources management. The corporate management result on improved human resource management recognizes the need for strategic management of consultancies. Consultants are rightly considered an integral part of the Fund's human resource base. However, it would have been interesting for the RIDE to elaborate on what actions Management intends to take to ensure that consultancies are managed strategically and enhance their overall performance in the future, given their central role in promoting development effectiveness at IFAD.
11. **Better implementation support** (paragraphs 90-93). The attention and resources devoted to improving IFAD's capabilities in providing timely and direct implementation support are steps in the right direction. However, the role that IFAD country presence staff can play and the contribution they can make towards furthering implementation support activities on the ground need to be recognized.
12. **Country programme evaluations.** Further to the statement in paragraph 22 that OE evaluations "are based on projects and programmes that were carried out many years ago", it is important to clarify that: (i) often the projects evaluated by OE are not "too old" as frequently they are not completed and continue to incur disbursements at the time of evaluation and thereafter (this is especially the case for interim project evaluations); and (ii) country programme evaluations include an assessment of both closed and ongoing IFAD operations. Therefore, this statement needs to be qualified.

⁴ In the PPR, 88.4 per cent of projects are rated as satisfactory, whereas the ARRI reports 97.7 per cent of projects as satisfactory.

13. **Contribution to agricultural and rural development**

(a) **IFAD's contribution.** Paragraph 5 argues that IFAD is an important contributor to agricultural and rural development. This is correct, especially in the context of continuing low aid flows and limited donor support to this sector. However, it should be borne in mind that the financial contribution of IFAD to the sector may not continue to be so large should there be, as it is hoped, a substantial increase in aid flows to agricultural and rural development. Therefore, irrespective of the volume of IFAD's contribution today or in the future, it is wise for the Fund to continue to strengthen its comparative advantage of promoting innovative solutions to rural poverty reduction that can be replicated and scaled up by others.

(b) **Government investments.** Paragraph 6 notes that many governments are also giving more attention to agricultural development, and that in 2003 African governments pledged to commit 10 per cent of their budgets to agriculture. While this represented a welcome commitment, it must be noted that actual levels of public investment by developing countries in agriculture stand at, approximately, a discouraging 4.2 per cent.⁵

14. **Remittances.** Paragraph 9 underlines the important role of external remittances in rural development. This discussion should be supplemented by highlighting the large volume of internal remittances, as there are also major domestic financial flows from urban to rural areas in many developing countries.

⁵ See *World Development Report 2008: Agriculture for Development*.