

Document: EC 2012/74/W.P.4/Add.1
Agenda: 5
Date: 19 November 2012
Distribution: Public
Original: English

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Enabling poor rural people
to overcome poverty

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

Note to Evaluation Committee members

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Evaluation Committee — Seventy-fourth Session
Rome, 21-22 November 2012

For: Review

Document: EB 2012/107/R.8/Add.1
Agenda: 6
Date: _____
Distribution: Public
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Note to Executive Board representatives

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Executive Board — 107th Session
Rome, 12-13 December 2012

For: Review

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

1. **Background.** In line with the Terms of Reference and Rules of Procedure of the Evaluation Committee and decision taken by the Executive Board at its December 2006 session, this document contains the comments of the Independent Office of Evaluation (IOE) of IFAD on the 2012 Report on IFAD's Development Effectiveness (RIDE). As per past practice, these comments will be considered by the Evaluation Committee in November 2012 and thereafter by the Executive Board in December 2012.
2. At the outset, IOE would like to commend Management for producing this very useful and important report, which provides Management's perspectives on the organization's overall performance. The RIDE preparation process is strengthened by the fact that IOE is given the opportunity to review and share its comments on the document, which enhances the credibility and transparency of IFAD's overall self-evaluation system.
3. **Previous IOE comments.** The RIDE has been produced annually since 2007. As a starting point in preparing its comments on the 2012 edition, IOE reviewed the comments it prepared on previous versions of the document. This review revealed that some of the main comments made by IOE over the years have not yet been fully addressed in the RIDE. The most salient ones are:
 - The RIDE reports on project performance using the six-point rating scale adopted by IFAD,¹ against the targets of the Results Measurement Framework (RMF) agreed with the Board. In particular, the RIDE considers projects as being satisfactory if they are rated "moderately satisfactory or better". IOE agrees with this practice, as the RMF targets were to be assessed against the previously mentioned metrics. However, IOE recommends that RIDE further disaggregate the results reported in the document, starting from 2013, into the categories of "moderately satisfactory", "satisfactory" and "highly satisfactory". This is important, among other reasons, to gain a better understanding of the proportion of projects that are considered satisfactory or better, as these are the projects that other partners (e.g. governments, the private sector, other multilateral agencies, etc.) are likely to scale up. Moreover, such a disaggregation would enable IFAD and its governing bodies to devote special attention to moderately satisfactory projects, to prevent them from falling into the unsatisfactory zone.
 - **Benchmarking performance.** IOE recommends that the RIDE include an analysis of performance across different geographic regions, as well as using different parameters such as project type or year of approval. This would allow Management to identify regions or thematic areas that need more attention and resources in the future.
 - **Performance of non-lending activities,** namely knowledge management, partnership-building and policy dialogue at the country level. These activities are of growing importance in IFAD-supported country programmes, as they are critical for meeting the organization's rural poverty reduction goals. The RIDE includes a comprehensive section on policy dialogue at the global/regional level and partnerships in the broader sense. However, IOE suggests that, in the future, the RIDE should also

¹ In the six point rating scale, a project is considered in the satisfactory zone if it scores 4 (moderately satisfactory), 5 (satisfactory) or 6 (highly satisfactory). A score of 1 (highly unsatisfactory), 2 (unsatisfactory) or 3 (moderately unsatisfactory) means that the project is performing unsatisfactorily.

provide an account of the achievements and challenges of non-lending activities at the country level (see paragraph 9 below).

4. In light of the aforementioned, it is recommended that each RIDE document include a box at the outset referring to the main IOE comments on the previous edition and describing how they have been addressed. This would promote the Fund's "learning accountability" for greater development effectiveness, and allow the Committee and Board to better fulfil their oversight role.
5. **Methodological issue.** In paragraph 27, it is stated that 84 out of 259 projects do not report their outputs directly to IFAD, and that their outputs have been estimated using extrapolation. There are two concerns in this regard: (i) IOE questions why these 84 projects have not reported their outputs, which is a standard requirement for all IFAD-financed operations. This would appear to further reinforce the evaluation finding that project-level M&E systems are not working adequately in a large number of operations; and (ii) though extrapolation is an established mathematical technique, its suitability may be questionable as a means of inferring the outputs of the type of operations funded by IFAD, which are affected by many variables and implemented in highly diverse country contexts.
6. **Outcome and emerging impact.** Paragraphs 31 to 36 report performance against key criteria (efficiency, sustainability, impact, etc.) in the RMF. The figures cited are based on IFAD's self-evaluation data, and are more positive than the figures reported in the 2012 ARRI. The latter reveals that while some 2012 RMF targets will be met (e.g. relevance, gender, innovation), this may not be the case for others (e.g. effectiveness, efficiency and sustainability).
7. **Quality at entry of investment projects.** Table 6 reveals that the achievements across most indicators for quality at entry have been met or surpassed. This is noteworthy. However, a more nuanced interpretation reveals that average rating for quality at entry of investment projects in 2011 was 4.4, little above the moderately satisfactory level (see Annual Report on Quality Assurance presented to the Board in December 2011). Therefore, there is room for further improvement in project designs, which often are complex – especially in relation to country capacity.
8. **Cofinancing.** Tables 2 and 3 show that domestic contributions have risen quite significantly, which is a laudable achievement. However, evaluations have revealed that some middle-income country contributions are lower than cofinancing provided by low-income countries. The same table underlines that international cofinancing has grown at a more modest rate. This could be partly explained by evaluation findings that partnership with multilateral development banks is quite variable at the country level.
9. **Policy dialogue.** The RIDE notes that IFAD's engagement in policy dialogue for smallholder development has expanded at the national and international levels (see paragraph 178). Based on evaluation evidence, IOE agrees that IFAD's performance in international and regional policy dialogue is generally satisfactory; however, policy dialogue at the country level is episodic. Several reasons for the latter are noted in the 2012 ARRI. The planned corporate-level evaluation on policy dialogue in 2013 will allow for collective reflection on how IFAD can position itself better to improve its participation in policy dialogue at the country level.
10. **Country strategic opportunities programmes (COSOPs) and country programme evaluations (CPEs).** Paragraph 39 highlights that a total of 17 COSOPs were finalized in the Eighth Replenishment of IFAD's Resources (IFAD8) period. Several were preceded by a CPE by IOE (e.g. India, Mozambique, Nigeria and Viet Nam). In this regard, to improve further the evaluation learning and feedback loop within the institution, it is recommended that, henceforth, the

relevant CPE be considered, when available, by the entire Executive Board before the latter discusses a new COSOP.

11. With regard to the introduction of results-based COSOPs at the end of 2006, it is recalled that Management committed to rigorous COSOP management, including the undertaking of COSOP annual reviews, a midterm review (MTR) and a COSOP completion review (CCR). Recent CPEs indicate that MTRs are often undertaken late in the COSOP cycle and that CCRs have not yet been introduced, in spite of the fact that some results-based COSOPs are about to be revised. IOE encourages Management to introduce CCRs as soon as possible, which is good practice in other multilateral development banks, to enable IOE to plan strategically for conducting the validation of CCRs. These validations will serve to further expand the data base available and enhance the reliability of the ARRI, as has been the experience with the validation of project completion reports (PCRVs) introduced by IOE in recent years.
12. **Report structure.** The 2012 edition of the RIDE is the last under the IFAD8 period (2010–2012). It integrates the annual reports on the implementation of the gender policy and quality assurance as annexes, which is a positive step towards streamlining reporting on different topics to the Board. However, this edition is considerably longer (48 pages of main text) than the first RIDE of 24 pages produced in 2007. In particular, section V – laying the foundations for expanded impact – could have been more concise.