



**Document of the
International Fund for Agricultural Development
Independent Office of Evaluation**

Corporate-level Evaluation on Efficiency

Inception Report

August 2011

Corporate-level Evaluation on Efficiency Inception Report

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Corporate-level Evaluation on Efficiency

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PART ONE: CONTEXT AND CONCEPTUAL FRAMEWORK

I. Introduction

1. The purpose of this Corporate Level Evaluation (CLE) is to assess the efficiency of IFAD, review past efforts to improve it, and provide recommendations on actions that should be taken to enhance efficiency on a sustainable basis.
2. The efficiency of IFAD can be looked at from two distinct perspectives: first, how IFAD conducts its business in delivering on its mandate i.e., its own institutional efficiency; and second, how efficiently are the resources provided by donors used in IFAD-supported development interventions i.e. its program efficiency. IFAD member states as well as Management recognize the overarching importance of addressing the issue of efficiency for maximizing the development impact of the IFAD and for retaining donor support for its mandate and mission. Reflecting these concerns, in approving the 2011 evaluation work programme, the Executive Board requested that the IFAD's Independent Office of Evaluation (IOE) conduct a CLE on efficiency in 2011-2012. This evaluation is in response to that request, and is aimed at not only understanding better the nature of the issue and the experience with earlier initiatives to increase efficiency, but also identifying appropriate measures for improving future performance. The evaluation is also expected to provide a basis for strengthening accountabilities for performance within IFAD. As IFAD's efficiency depends critically on related government processes in the recipient countries, this evaluation also proposes to examine carefully this aspect to provide more robust recommendations for the IFAD management.
3. The CLE poses numerous methodological and data challenges necessitating an intensive front-end effort to scope out and design the evaluation. This Inception Report builds on an Approach paper which has been discussed by IFAD management and by the Evaluation Committee in its Sixty-sixth session in March, 2011. It draws on an extensive bibliography¹ (Annex 1), and also builds on a number of discussions in Rome in the course of Inception week and a subsequent visit (Annex 2).
4. The report is divided into three parts:
 - After the introductory section, Part one presents the conceptual framework for evaluating IFAD efficiency and the background for the proposed Evaluation, including the related experience of comparable organizations. It concludes with some thoughts on the focus and balance of this evaluation.
 - Part two discusses the objectives of the evaluation, introduces the key evaluation questions and describes the overall approach, broken down across different elements and underlying factors

¹ With very few exceptions, all IFAD documents can be accessed at www.ifad.org.

defined in the conceptual framework. The evaluation framework and specific questions are included in Annexes 4 and 5.

- Part three presents the methodology and the two-phase process to be followed.

II. Conceptual Framework

5. Consistent with the definition used by the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD/DAC), this evaluation defines efficiency as ‘*a measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results*’. There is broad-ranging agreement on this definition, which brings into play both costs and benefits. This definition has also been adopted by IOE in its evaluation manual,² and is also used across the multilateral development banks in their evaluations.

6. Efficiency as used in this evaluation is embedded in the results chain and predicated on the effective contribution of the delivered outputs to the achievement of short- to medium-term outcomes and long-term impact, which imply the relevance and sustainability of the outcomes. A robust results chain is the objective of results-based planning.

7. Results-based planning starting from the results end (and not from the activity end) can ensure that an efficiently delivered output combination is a sound prerequisite for achieving desired outcomes. The assumptions and risk assessments that link outputs with desired outcomes should be as explicit as possible, exposing them to full scrutiny and debate. They need to be monitored and adjusted as necessary if the underlying assumptions change. The results chain also needs to be supported by appropriate management systems and related incentives. This evaluation will assess IFAD’s strategies and work programs against the above criteria for results-based planning.

8. A review of achieved impact will generally not form part of this efficiency evaluation as we generally assume alignment of outcome with impact. Moving along the results chain beyond outcomes to impact enlarges substantially the affected social/beneficiary group, and lengthens the time horizon for the impact to materialize. This also undercuts the usefulness of impact measurement as a real-time instrument for managerial accountability. Nevertheless, there is a real risk that efforts aimed at increasing “output/outcome efficiency” may lead to reduced impact. The challenge for the evaluation will be to be mindful of such “trade-offs” and ensure that the focus on the output/outcome efficiency does not go counter to the imperatives of maximizing impact. In addition, the CLE will specifically address the potential impact through the replication and scaling-up of pioneering operations (designed and implemented by IFAD) by partners.

9. Accordingly, the evaluation proposes to:

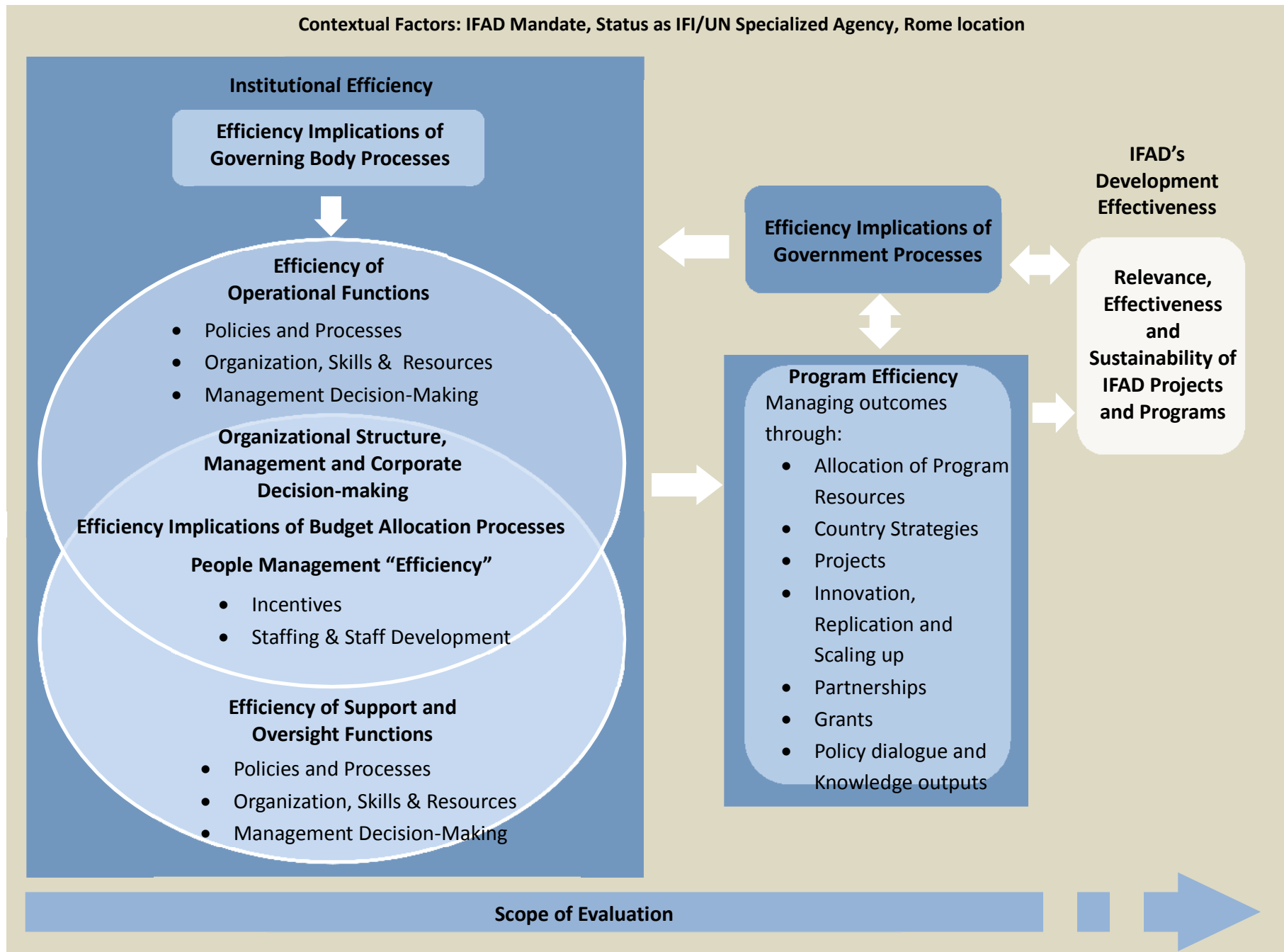
- Pay special attention to the robustness of the envisaged results chains between outputs/outcomes and impacts as well as the plausibility of the underlying assumptions and risk assessments critical to the achievement of the expected outcomes (effectiveness), including their sustainability and relevance;

² The IOE evaluation manual may be seen at: www.ifad.org/evaluation/process_methodology/doc/manual.pdf.

- Use guiding strategies (e.g., IFAD Strategic Framework for 2011-15 and COSOPs) as proxies for measurable program or project outcomes, where outcomes are already identified in the strategies or cannot be directly identified or measured; and
- Evaluate the corporate decision-making processes, allocation of resources, and the monitoring mechanisms/incentives at the operational and institutional/strategic levels with respect to whether and how they promote efficiency in the implementation of the strategies and the achievement of outcomes.

10. Against this broader background, Figure 1 presents schematically the relationships between the various dimensions and elements of efficiency as delineated for the purpose of this evaluation. These are elaborated further in the following section.

Figure 1: Conceptual Framework for Evaluation



III. Elements of Efficiency

11. For clarity and to structure this evaluation, the CLE will distinguish between (i) institutional efficiency and (ii) program efficiency. It will also address the impact of beneficiary Governments' processes on IFAD efficiency.

A. Institutional Efficiency

12. Institutional efficiency concerns the efficiency with which IFAD conducts its business in delivering on its mandate. The concept of institutional efficiency first received specific and explicit attention in IFAD in the ratio formulated by the Board in 2005 – IFAD's administrative budget as a percentage of its programme of work of loans and grants. There is broad agreement in the development community that a low ratio of administrative costs relative to the volume and quality of services delivered is a sign of institutional efficiency.

13. In this evaluation, the concept of institutional efficiency will distinguish between two dimensions: **Efficiency of Operational Functions** and **Efficiency of Support and Oversight functions**. It will also address three cross-cutting themes (see further below):

(i) Institutional efficiency as it relates to the organization of operations and operational policies and processes is referred to hereafter as "**efficiency of operational functions**"; it is driven by the operating model by which IFAD delivers on its core mandate. Essentially, this is equivalent to the efficiency of the Programme Management Department (PMD), its divisions, and country offices, and some closely related functions, such as those concerned with resource mobilization and partnerships and knowledge management.

(ii) Institutional efficiency as it relates to all other corporate business functions, including organization, policies and processes, is referred to hereafter as "**efficiency of support and oversight functions**"; it relates to the cost of each corporate business function as a proportion of the total administrative costs and of resources transferred to beneficiaries. It includes corporate business functions such as, legal, corporate services, and finance.

14. In addition, the evaluation of institutional efficiency will separately address three cross-cutting themes:

(i) **Organizational structure, Management and corporate decision-making**, including the roles and responsibilities of different organizational units, committees and other corporate decision-making processes.

(ii) **Budget allocation processes** including the processes for formulation of IFAD's Strategic Framework and aligning budget allocations with strategy.

(iii) **People Management efficiency**, which in addition to the central elements of staffing (through staff and consultants), efficiency of skills deployment and staff development, includes the critical element of incentives.

15. An important element that affects IFAD's institutional efficiency and is included herein is the overall architecture and functioning of the Fund's **Governing Bodies (GBs)**, including the Governing Council, the Replenishment Process, the Executive Board and its sub-committees and working groups, as well as the periodic interactions with the List Convenors and Friends. The evaluation will assess the functioning of the GBs and make suggestions for introducing, as needed, any changes that may contribute to improving IFAD's overall institutional efficiency.

B. Program Efficiency

16. IFAD's program efficiency covers the efficiency of IFAD's resource allocation (including through PBAS) and development interventions globally, regionally and at country level—**country strategies, projects, innovation, scaling-up through partnerships, grants, policy dialogue, and knowledge outputs**. The most important of these have been IFAD-funded projects, augmented in recent years by a complementary suite of grants, knowledge products policy dialogue and scaling-up efforts. The efficiency of programs can be defined as *getting the most out of the program resources*. Together with relevance and effectiveness, it constitutes one of the three core dimensions of program outcomes.

17. Operationalizing the concept of program efficiency requires posing two key questions: did the benefits (achieved or expected to be achieved) exceed the costs, and were the benefits achieved at least cost? For programs with quantifiable benefits, program efficiency is usually stated in terms of economic rates of return (ERR) which must exceed the opportunity cost of capital for the program to be suitable for IFAD support. If estimation of ERR is not feasible, program efficiency considerations require comparing the costs of different options to assure that the selected option is the least cost and/or the unit costs per input and/or output are reasonable in comparison to other similar projects and programs.

C. Implication of Government Processes

18. One further issue that has an important bearing on IFAD's institutional and program efficiency and deserves due attention is the element of recipient **country governments' own capacities, systems and processes** related to development planning, resource allocation, project implementation, monitoring and evaluation.

IV. Background

19. In light of concerns about efficiency, the Board decided in December 2009 that the 2010 Annual Report on Results and Impact of IFAD Operations (ARRI) should focus on efficiency as the only learning theme in the context of the 2010 ARRI. Accordingly, IOE prepared an Issues Paper³, which served as the main background document for an in-house learning workshop on efficiency, organized last year with

³ The Issues Paper may be seen at: www.ifad.org/evaluation/arri/issues/2010/efficiency.pdf.

IFAD Management and staff. The main elements in the Issues Paper and the outcome of the learning workshop were used in preparing a chapter dedicated to efficiency in the 2010 ARRI.⁴

20. Workshop participants overwhelmingly underlined the importance for IFAD to study institutional efficiency issues in more detail. In particular, they noted the need for gaining a thorough understanding of the opportunities and challenges related to corporate business processes that affect institutional efficiency as well as program efficiency.

21. **Institutional efficiency.** IFAD has made efforts since the mid-1990s that were aimed specifically at improving institutional efficiency. In particular, based on the recommendation of the Executive Board, at its session in 2000, the Governing Council adopted the Process Re-engineering Programme, which subsequently evolved into the Strategic Change Programme⁵. The aim of the Programme was to “help develop operational structures in IFAD that reflect major efficiency gains in its work processes”. The Process Re-engineering Programme was to be implemented between 2000 and 2005. The Board allocated \$26 million through the capital budget⁶ for the Programme’s implementation. In addition, approximately 64 person-years of IFAD staff time and 88 person-years of consultant time were budgeted for the purpose. The areas of intervention identified for the Programme were: financial resources management, human resources management, knowledge management, information technology management, institutional governance, external relationship management, institutional services management, and programme development management.

22. Following the independent external evaluation (IEE 2005), IFAD’s Action Plan for Improving its Development Effectiveness (approved by the Board in December 2005) focused mostly on improving effectiveness, but did include some provisions for improving institutional efficiency, especially by promoting human resources reform. A total of US\$9.5 million, taken from the savings of the original budget allocation towards the Process Re-engineering Programme, was allocated towards its implementation in 2006-2007.

23. This evaluation will assess the extent of the implementation of the IEE 2005 recommendations and the experience with the implementation, and use the results of the derived action program as a baseline. Institutional efficiency was explicitly reflected in the Board’s decision in 2005 to introduce an institutional efficiency ratio -- the percentage of IFAD’s annual administrative budget in relation to its programme of work of loans and grants. It was decided that the percentage should not exceed 17.1 per cent, and IFAD was required to work towards reducing the ratio over time with a target of reaching 13.5 per cent by 2012.

24. Institutional efficiency has commanded more attention at IFAD in recent years:

⁴ The 2010 ARRI may be seen at: <http://www.ifad.org/evaluation/arri/2010/arri.pdf>.

⁵ The Process Re-engineering Programme was renamed as the Strategic Change Programme in September 2001, but retained broadly the same objective even though with a greater emphasis on linking the renewal of processes with the then Strategic Framework. The aim of the Strategic Change Programme was to achieve changes in the organization that would allow IFAD to become more efficient and effective in delivering its vision.

⁶ See document EB 99/68/R.8. It may be downloaded at <http://www.ifad.org/gbdocs/eb/68/e/EB-99-68-R-8.pdf>.

- The Strategic Framework 2007-2010 focused specifically on “raising efficiency”. It aimed at: “maximizing the proportion of total administrative expenditures dedicated to development operations”; seeking cost savings by benchmarking process costs with comparable organizations; exploring opportunities for outsourcing and sharing services with other Rome-based organizations; and freeing up resources by closing non-performing loans and grants.
- IFAD’s first Medium-Term Plan 2010-2012⁷ proposed the use of zero-based budgeting to identify economies of scale, efficiencies and savings. It emphasized the importance of the Strategic Workforce Plan toward “improving IFAD’s efficiency and value for money”.
- The Strategic Framework 2011-2015 amplifies this focus by stressing the importance of “devoting an increasing share of its resources to programs and projects and improving the efficiency of its business processes”. It added the element of “better use of IT in operations and in internal business processes” as a means to this end.
- The Managing for Development Results Framework also emphasized “maximizing the share of budgetary resources dedicated to operational activities” by ensuring that IFAD’s human and financial resources are used in the most efficient way possible to achieve its mandate.

25. In light of the recent global economic and financial crisis, IFAD member states and Management are increasingly interested in ensuring that the Fund understands better and improves its overall institutional efficiency. In fact, some Board members have recently questioned whether the indicator adopted in 2005 is appropriate, and have called for a wider reflection on alternative indicators and approaches that can provide a more accurate appreciation of IFAD’s institutional efficiency. Among other reasons, this is because the aforementioned institutional efficiency ratio only provides an account of planned administrative budgets in relation to the planned programme of work of loans and grants.

26. Alternative indicators may be more illustrative of the Fund’s institutional efficiency. And this evaluation will elaborate on them and provide suggestions.

27. In sum, it is widely recognized by both IFAD member states and the Management that despite efforts over the past decade, institutional efficiency remains one of the most critical issues the Fund has to address.

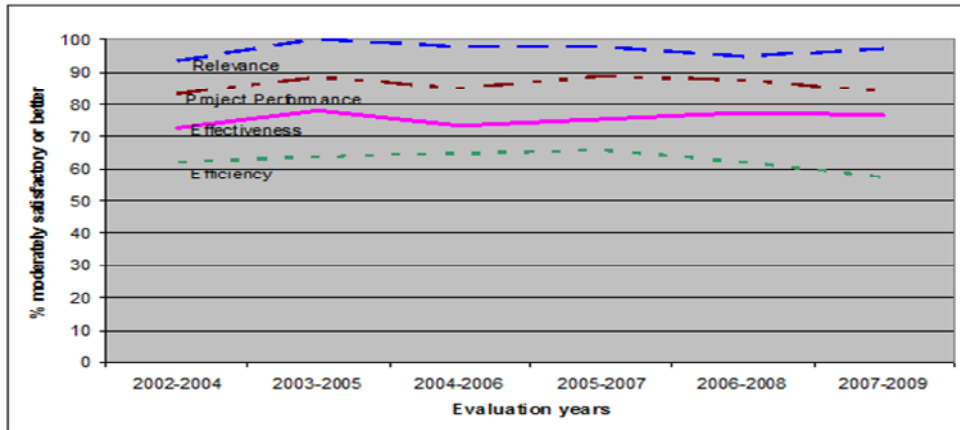
28. **Program efficiency.** Within the areas covered under program efficiency, the performance of IFAD-funded projects in terms of efficiency has been assessed for quite some time, and reported in evaluation reports prepared since 2002⁸, including the ARRI. Efficiency has generally received the lowest

⁷ The Medium-Term Plan, in turn, sets out a rolling three-year corporate work plan and describes how IFAD generates outcomes to accomplish its strategic objectives of rural poverty reduction and food security.

⁸ This is the year in which IOE introduced a systematic methodology based on internationally recognized evaluation criteria (including efficiency), applied in all evaluations done by the Division.

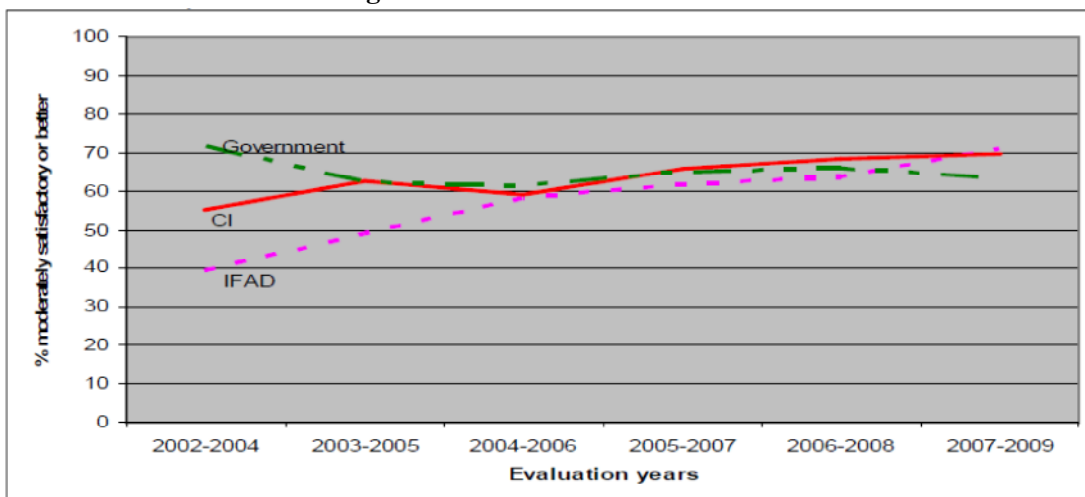
ratings in evaluations by IOE. In fact, the 2010 ARRI reveals that around 42 per cent of IFAD-funded projects were moderately satisfactory in terms of efficiency, 15 per cent satisfactory and none highly satisfactory in the period 2007-2009. Figure 3 shows the three-year moving averages of project performance in terms of efficiency since 2002.

Figure 3: The Performance of IFAD-financed Operations: three-year moving averages



29. The performance of IFAD-funded projects in terms of efficiency has followed a downward trajectory in recent years and is also well below the 2012 target approved by the Board in September 2009—that 75 per cent of the projects would be moderately satisfactory or better for efficiency. The 2010 Report on IFAD’s Development Effectiveness (RIDE) produced by the Fund’s Management reveals a broadly similar picture about the efficiency of IFAD-funded operations. The poor performance vis-à-vis project efficiency appears to be heavily influenced by factors such as delays in project implementation and/or high costs of project management. Accordingly, the reported project efficiency may be more related to IFAD and/or government performance (which has also been on a downward trajectory in recent years as shown in Figure 4) than to the intrinsic efficiency of the underlying project design.

Figure 4: Performance of Partners



CI: Cooperating Institutions

30. The Independent External Evaluation (IEE, 2005) found that only 45 per cent of the projects evaluated were moderately satisfactory or better in terms of efficiency. The IEE also called attention to a number of key IFAD corporate business processes,⁹ such as loan administration, project life cycle management, human resources management, and knowledge management all of which impinge on the efficiency of IFAD-funded projects.

V. What Do We Know From Other Organizations?

31. The evaluation will draw lessons from other comparable development organizations. The 2010 ARRI Issues Paper also aimed to capture key experiences and concerns of other development organizations with regard to both institutional and program efficiency.

32. IFAD's efficiency needs to be assessed, to the extent possible, against the backdrop of how other comparable development organizations fare on efficiency grounds. However, benchmarking IFAD against other international financial institutions or development agencies on efficiency is fraught with difficulties. Most efforts that present comparative data on performance across development organizations (e.g., the 2010 Multilateral Organization Performance Assessment Network, which for the first time included IFAD,¹⁰ the Quality of Official Development Assistance (QuODA) recently completed by the Centre for Global Development/Brookings,¹¹ the DFID Multilateral Aid Review, the paper on "Where does the money go?"¹² and a recent paper on Aid Quality and Donor Rankings¹³) focus primarily on aid effectiveness or aid "quality" measures, with relatively limited attention to institutional efficiency. As the data from these reviews presented in Annex 3 shows, the ranking/score of IFAD is high on a number of dimensions (e.g., MOPAN, World Bank and selected criteria on other assessments).

33. Some of these assessments do include measures that address the matter of institutional efficiency more directly. IFAD's comparative performance against these measures is highlighted in Table 1. IFAD emerges as relatively inefficient compared with the MDBs and, on selected measures, with the Global Fund. The problem with this and other external benchmarking is the difficulty of comparing like with like. Agencies account for administrative costs in different ways, and these are also affected by contextual factors, such as IFAD's diseconomies of scale, costs imposed by its particular mandate, its status as a specialized agency of the United Nations, and its location in Rome. The evaluation will attempt to quantify the cost implications of these factors where feasible.

⁹ A 'corporate business process' is a collection of related, structured activities or tasks that produce a specific service or product for a particular customer. It can also be considered a series of logically related activities or tasks performed to produce a defined set of results.

¹⁰ See 2010 MOPAN report at <http://www.mopanonline.org>.

¹¹ By Nancy Birdsall and Homi Kharas, October 2010.

¹² Brookings, Easterly and Pfitze.

¹³ World Bank Policy Research Working Paper, 2010.

Table 1: Efficiency-related Assessment of Comparable Organizations

	IFAD	AsDB/F	AfDB/F	World Bank/IDA	Global Fund
QuODA: Low Administrative Unit Costs (Rank of 1-30)	28	12	22	19	10
DFID: Cost and value consciousness (Score: 1= unsatisfactory, 4 = strong)	2.0	3.0	3.0	3.0	3.0
Where does the money go?					
Overhead (Rank of 1-35)	27	17	18	9	N/A
Administrative Budget/Financing	22%	8%	12%	7%	N/A

34. OECD/DAC Peer Reviews highlight the measures taken by bilateral agencies in recent years to improve institutional efficiency. A common approach is to reduce administrative costs; implement a smaller number of larger projects; shift to programme and budget support; concentrate on a smaller number of countries; and relocate all or part of headquarters staff to a cheaper location. While not focusing on efficiency directly, the net effect of these changes - together with the increased focus on development results and the Paris/Accra agendas - would be to improve the institutional efficiency of the agencies concerned.

35. Also, it should be recalled that the Fund was established primarily as an institution to provide financing for projects designed by other institutions. It was not permitted originally by the Agreement Establishing IFAD to undertake direct supervision, nor was it expected to have country presence or get involved in policy dialogue. However, in recent years, there has been a radical shift in its operating model, which has increasingly established IFAD as a full-fledged development agency that finances investment projects and programmes, conducts its own supervision, is involved in policy processes, and has country presence in a number of member states. The recent changes imply a steep learning curve for the institution and resultant one-time 'entry costs'. These and other factors need to be considered in evaluating IFAD's efficiency when it is benchmarked with other multilateral or bilateral aid agencies.

36. Within the broader concept of program efficiency as defined in this CLE, most agencies focus primarily on project efficiency. A number of reports from other agencies have identified weaknesses in the way project efficiency is assessed. An Inter-American Development Bank review of country strategies found that the absence of a clear definition of the concept of efficiency made its usage 'uninformative'. A review of 25 United Nations Development Programme evaluations found that in 40 per cent there was no efficiency assessment, and in a further 40 per cent the assessment was rated as poor or very poor. A review of 34 Swedish International Development Cooperation Agency evaluations concluded that only 21 per cent considered efficiency sufficiently. It commented as follows: "...very few provided a systematic assessment of the value of the benefits (outputs, outcomes, impacts) of the evaluated intervention in relation to the costs of producing them." The fact that questions about efficiency are technically demanding is probably one of the main reasons for the lack of competent efficiency assessments in the sample reports.

37. There has been a more general decline in the use of cost-benefit analysis (CBA) –which has been the dominant method of evaluating efficiency – in both project appraisals and evaluation. A recent (2010) World Bank study¹⁴ has found that the percentage of investment operations that contain an estimate of the economic return has declined from nearly 70 per cent in the 1970s to approximately 30 per cent in the early 2000s. The World Bank Annual Review of Development Effectiveness (2009) commented that economic CBA had become a ‘dormant subject’. An Inter-American Development Bank review found that only 8 per cent of projects with CBA achieved a high score for the quality of the economic analysis. While part of this decline in the priority attached to CBA may be traced to changes in the type of aid, this only explains part of the decline.

38. Unsurprisingly, this weak focus on efficiency is reflected in the very limited treatment of the subject in the evaluation literature. While all international financial institutions use efficiency as one of the main OECD/DAC evaluation criteria, there is very little published data on project efficiency. Data has only been found for the Asian Development Bank (59 per cent efficient or highly efficient) and the African Development Bank (50 per cent moderately efficient or better).

39. As in the case of IFAD, efficiency data on non-project interventions by other MDBs is even more sparse. However, by now most of the MDBs do report on the effectiveness of their country assistance programs with country level results typically substantially lower than the project level results suggesting that the “whole may be less than the sum of the parts”.

40. Finally, it is worth noting that the evaluation division of the German Federal Ministry for Economic Cooperation and Development has recently completed a study on tools and methods for evaluating the efficiency of development interventions.¹⁵ It includes a catalogue of 17 methods that can be used for assessing aid efficiency including econometric methods, cost benefit analysis, expert judgment, benchmarking of unit costs, and others.

VI. Conclusion

41. The discussion above shows that IFAD has been increasing its attention to assessing and understanding institutional efficiency. Project efficiency has been evaluated for a much longer time. IFAD GBs and Management have recently been focused primarily on institutional efficiency. It is proposed that a major proportion of the effort of this CLE be devoted to evaluating IFAD’s institutional efficiency.

42. Of the different sub-elements of program efficiency, IFAD has been addressing “project efficiency” in its independent and self-evaluation reports and in the ARRI for quite some time. While there is a reasonable understanding of IFAD’s performance in this area as well as the many factors that contribute

¹⁴ This report may be seen at www.worldbank.org/oed.

¹⁵ See report by Markus Palenberg (December 2010). The methods are classified by “level of analysis” into three categories: describing and providing an opinion on some efficiency-related aspects of a development intervention (or Level 0); identifying efficiency improvement potential within an intervention (Level 1); and assessing the efficiency of an intervention in a way to allow comparison with alternatives or benchmarks (Level 2). CBA is an example of Level 2 analysis.

positively or negatively to project efficiency, a deeper analysis would be beneficial. The efficiency of the sub-elements of policy dialogue, grants and knowledge outputs has not yet been satisfactorily addressed; however, the 2010 ARRI did for the first time include a discussion dedicated to non-lending activities. There is also some lack of clarity around the concept and its application, and there appears to have been little focus on whether and how efficiency is addressed by IFAD staff in the design of projects and their implementation. Accordingly, it is proposed that the evaluation addresses three aspects: (i) review the questions and approaches for evaluating project efficiency in IFAD, learning also from comparable organizations and recent thinking; (ii) assess the understanding by staff of factors impacting upon project efficiency and their attention to those factors, including a look at how staff are taking into consideration IOE recommendations for improving efficiency; and (iii) analyze the implications of recipient government's institutions and processes for both, the efficiency of IFAD-financed projects and IFAD's institutional efficiency.

43. Finally, it is important to underline that in addition to being demanding and complex, this evaluation presents considerable methodological challenges. This is exacerbated by the fact that it is difficult to find a similar previous evaluation carried out by another development organization that could be used as a benchmark. In addition, the complexities related to the collection of data and information – especially regarding budget use and transactions costs, particularly in borrowing countries – cannot be underestimated. The inception phase has focused on developing the methodology, process and instruments for data collection to enable the evaluators to fulfill the evaluation objectives in a satisfactory and timely manner, despite these complexities.

PART TWO: OBJECTIVES, KEY QUESTIONS AND APPROACH

I. Objectives and Overall Approach

44. The purpose of this corporate level evaluation (CLE) is to evaluate the efficiency of IFAD, review past efforts to improve it, and provide recommendations on actions that should be taken to enhance efficiency on a sustainable basis.

45. The evaluation's main objectives will be to evaluate/assess:

- (i) Efficiency of IFAD programmes, with particular attention to scaled up impact;
- (ii) Institutional efficiency of key functions and processes that support the delivery of programmes;
- (iii) Government processes in the agriculture and rural sectors that affect efficiency of IFAD-supported programmes;
- (iv) Architecture and functioning of IFAD governing bodies and relationship to the Fund's overall institutional efficiency;
- (v) Efficiency indicators and suitable approaches for better assessing project and programme level and institutional efficiency

46. Based on the above, the evaluation will make recommendations to enhance both project and institutional efficiency at IFAD.

47. The challenge of this CLE is to identify the barriers and potential for IFAD to increase its efficiency while maintaining (or even enhancing) its effectiveness, taking into account policy and other constraints, both internal and external including those posed by its UN affiliation¹⁶, and learning from its own experience and the practices of other IFIs.

48. In recent years IFAD has taken a number of actions to increase its institutional efficiency. The CLE will assess the success of these measures and their sustainability over the longer term, and judge whether they constitute a tangible set of planned steps that were properly coordinated across the institution.

49. Efficiency would, inter-alia, be assessed through IFAD's cost structure and the US\$ cost of each function as a proportion of total administrative costs and US\$ transferred to beneficiaries, in comparison with benchmarks or standard metrics. In Phase I, this disaggregation of costs and high-level benchmarking with other IFIs will be the first step to understand cost trends and ratios over the last 5-10 years. The evaluation would review related corporate policies and business processes. With respect to business processes, the evaluation will pay specific attention to the cost drivers (such as activity volumes and staffing levels) and obstacles to enhancing efficiency. The evaluation will also examine opportunities for outsourcing, off-shoring and service-sharing as a means of increasing efficiency. Some policies and processes are IFAD-specific (i.e., can be changed by the Board and Management, subject to conditions), while others are UN-determined. It may be difficult to identify separately the impact of these two factors on inputs, but the evaluation will make an effort to do so. In Phase II, further analysis of cost drivers and impact will be performed, where considered necessary, with respect to IFAD cost ratios that are identified as outliers, in order to develop recommendations for specific actions to improve efficiency.

50. To perform the above benchmarking, data available from the IFI benchmarking website will be used (e.g., the recent survey of Key Performance Indicators for Non-Operations Functions) and, in addition, information will be obtained through focus groups of IFAD staff and visits to some other IFIs. Other evaluation steps to be taken for all major business processes in operations and support functions include analysis of the extent of delegation of authority, cycle times and service standards, benchmarked (where possible) with other IFIs. As IFAD does not have a time-recording system, consideration will be given to the practicability of using the technique of 'Activity Value Analysis' to identify non-value adding

¹⁶ Beside external constraints as those posed by IFAD's UN affiliation, there is the possibility of internally imposed policy and procedural constraints in an over-determined control system, which could be Board- or self-imposed and thus might be susceptible to change.

activities that might be considered for scaling back or elimination.¹⁷

51. On a separate track, this CLE will shed light on the actual incentive structure and possible impediments for efficiency improvements, as perceived by IFAD managers, professionals and support staff, in the context of IFAD's accountability and performance framework: IFAD's staff attitude surveys seem to indicate comparatively "weak" incentives or the absence of incentives for successful implementation of efficiency improvements at all levels, from corporate all the way down to the grassroots level. The CLE will have to develop a robust assessment of the effective delegation of authority, of perceived managerial and staff incentives, and of the performance management practices underpinning and substantiating those perceptions.

52. The evaluation will focus particularly on the activities of IFAD since around 2005 following the Independent External Evaluation of IFAD; in selected areas and to better understand the results of related past initiatives, it will extend back to 2000, the year in which the Governing Council approved the Process Reengineering Programme.

53. The Evaluation will build and draw heavily upon self-evaluations and related studies carried out by IFAD and IOE. These include the strategies related to knowledge and innovation, recent assessments of IFAD's financial services and treasury operations, the external assessment of human resource management, the recent ICT assessment, the study on scaling up, the annual portfolio review self-assessments, as well as the CLEs on direct supervision, field presence and regional strategies etc.

54. As noted above, a key step in this CLE will be the benchmarking of IFAD's efficiency indicators and metrics with other IFIs or parts of IFIs, such as the regional units or networks for the agriculture sector. A major challenge in external benchmarking is to ensure the comparability of data from other institutions. Two steps will be needed for this purpose:

- Ensuring that the questions addressed to other IFIs are sufficiently specific, so that differences with policies and practices between IFAD and other organizations are clearly brought out.
- Adjusting data reported by other IFIs for above differences to achieve reasonable comparability with IFAD metrics.

55. It should be noted that the objective of benchmarking is not necessarily to find ways for IFAD to adopt the same KPIs and achieve the same performance metrics as IFIs that may be perceived to be more efficient, but rather, the benchmarking is intended to provide an important opportunity for IFAD to learn about other IFIs' practices and to assess whether aspects of some of those practices would improve its

¹⁷ Activity value analysis is a method of classifying activities according to their value-added for clients and the organization itself. The value-added is then compared with activity costs, so that decisions may be taken on redeployment of resources used for activities that add relatively less or no value. To illustrate, activities that have the potential to increase the effectiveness of the business or represent an investment in growth may be regarded as adding greater value than activities that are performed solely to enable the business to operate at its current performance level.

own efficiency. Benchmarking within IFAD, that is, comparing unit costs for the delivery of services across operational units (after taking account of the differential unit costs for travel to borrowing countries) and longitudinal benchmarking (i.e. over time) will complement the gains of external benchmarking and may even prove to be more concrete. The important advantages of internal benchmarking are that the metrics are easier to access and to compare. Managers are therefore more likely to understand and adjust for differences among business units than among different organizations involved in an external benchmarking exercise.

56. Data challenges extend also within IFAD. In the absence of time recording and any form of internal “transfer pricing”, the lack of cost data within IFAD impedes an accurate identification of costs across units, activities and services/ products. This limitation will be addressed through focus groups or surveys of staff to determine how they allocate time across different activities.

57. The sections that follow present the key questions to be addressed by the evaluation divided across different elements and underlying factors defined in the conceptual framework:

- Institutional Efficiency, beginning with the implications of GB processes, and followed by:
 - Organizational structure, Management and Corporate decision-making
 - Budget allocation processes
 - Operational functions
 - Support and Oversight functions (including ICT)
 - People management efficiency
- Program efficiency
- Implications of Government processes

58. Annex 4 presents the evaluation framework for all elements. Annex 5 elaborates on the questions that will form the basis for the surveys, interviews and the other evaluation instruments to be used.

II. Institutional Efficiency

A. Governing Bodies

Overview

59. The evaluation will assess the implications of IFAD GBs (the Governing Council, the Replenishment Consultations, Executive Board and its standing sub-committees and working groups, as well as the List Convenors and Friends mechanisms) for IFAD’s efficiency.

60. The most successful institutions are the ones that are able to adapt with agility to an evolving environment and changing circumstances. This applies to IFAD more than many other IFIs, given its mandated focus on the rather narrow market segment of the rural poor. This leads to two questions: first, from a broad perspective, the question is about the implications of the GBs on IFAD’s flexibility and agility; and second, from a more narrow perspective, whether the GBs’ accountability is discharged in an efficient way.

61. In particular, it will entail reviewing the GB architecture, their terms of references, agenda and rules of procedures. Moreover, a particular focus will be on reviewing the organization and structure, management, and processes and systems within the Secretary's Office, as the main IFAD organizational unit responsible for servicing the GBs, all with a view to answering the questions above: how efficiently are these processes conducted, and are they furthering the adaptive agility of IFAD?

Key Evaluation Questions

62. The review of the GBs' role in discharging its accountability in the results environment, in which IFAD operates, will answer the key questions listed below:

- How well are the control systems and reporting arrangements (scope and frequency) used by the GBs aligned with IFAD's overall results orientation?
- How has the GBs' role changed with the adoption of IFAD's results framework?
- Are the GBs executing their oversight and control functions in an efficient and effective way?

63. This review of the GB efficiency will seek to answer the key questions listed below:

- How has the GB architecture evolved over time?
- Is the division of labor between the GB and its subcommittees efficient? Do the subcommittees cover all relevant areas and contribute to GB efficiency?
- Are there opportunities for further delegation from the GBs to the President and senior management?
- In which areas are the GBs adding most value? Adding least value?
- Are there opportunities for significantly improving the efficiency of the IFAD Executive Board, for example through the following measures:
 - Establishment of a disciplined system of constituencies that ensures adequate representation of the views of all members?
 - Definition of Terms of Reference for Board members? and
 - Establishment of a code of conduct for Board members?
- What are the principal drivers of IFAD's governance costs, and what are the opportunities for reducing these costs?
- Do new technologies¹⁸ and approval or control procedures present opportunities for improving the efficiency of the GBs?
- Does the Secretary's Office have an adequate organization and management structure, systems, processes and resources to service the GBs and IFAD management efficiently?

Evaluation Approach

64. The Evaluation will cover:

¹⁸ For example, the Dutch House of Representatives has recently introduced paperless document distribution to its members through iPads, shortening the cycle time, and reducing costs.

- Review of the organization and structure of the various GBs, including their terms of reference, rules of procedure, schedule of meetings, agenda, minutes, etc.
- Review of the real and virtual “mirroring” structures on the IFAD management side, set up temporarily or permanently, in response to GB demands, including of the process used to prepare for meetings of the Board
- Interviews of IFAD Management and staff as well as representatives of member states
- Interviews of List Convenors and Co-Convenors
- Review of other similar evaluations of governance in other multilateral organizations
- Review of the governance structure and costs in comparator organizations
- Review of the organization and functioning of the Secretary’s Office

B. Organizational Structure, Management and Corporate Decision-Making

Overview

65. Organizational structure and corporate decision-making have a major impact on an organization’s institutional efficiency. This evaluation will review the evolution of IFAD’s organizational structure, the delegation of authority, accountability, and decision-making processes in relationship to IFAD’s focus on knowledge management / knowledge sharing¹⁹, and its adoption of a results-based operating model.

66. The first cross-cutting theme embedded in any organizational structure is the question of how widely authority is delegated. A results-oriented organization requires a wider delegation of authority compared to one with a primary focus on inputs, activities and outputs, which can more easily be controlled centrally. Delegation of authority²⁰ will be further explored in the context of organizational structure and corporate decision-making by giving special attention to three sub-themes:

- Delegation of authority requires corporate decision-making to determine sufficiently specified strategic and operational guidance enabling unit managers and CPMs to operate within the corporate parameters (as opposed to micro-managing them). To determine what balance IFAD has achieved in this respect, various strategy documents and operational procedures will be examined to assess whether IFAD’s organizational efficiency could benefit from a wider delegation of authority.
- Delegation of authority requires efficient²¹ swift, consistent and well-communicated corporate decision-making to ensure that the organizational units collaborate smoothly, and can conceive efficiently of agile, adaptive operating strategies and use emerging unforeseen opportunities in reaction to changes in their environment (e.g. on adjusting their assumptions and managing the

¹⁹ See in particular IFAD’s Strategy for Knowledge Management, September 2007.

²⁰ Delegation of authority will be reviewed for review, clearance and approval of both non-financial and financial transactions.

²¹ To determine the efficiency of corporate decision-making, the work will include a review of the amount of written documentation that surrounds decision-making processes, and the cycle time of decision-making, i.e., the elapsed time from the time an event occurs or is anticipated that requires a decision to the time that the decision is made and communicated.

evolving risks) - all within the boundaries of the strategic and operational parameters provided by senior management. This also requires clarity about the respective accountabilities that anchor the delegation of authority.

- A wider delegation of authority is crucially dependent on the timely availability of the information, required for decision-making: are IFAD's systems and reporting procedures prepared to accommodate such a situation? Are the data sufficiently analyzed and unambiguously presented to provide managers with the information needed for their decision-making? Is the results / outcome reporting sufficiently robust and timely and does it feed into managers' decision-making?

67. The second cross-cutting theme that the evaluation will focus on is incentives, the behavioral corollary of the delegation of authority. With wider delegation of authority the all-important incentive issues come to the fore. Recent research²² and literature on the functioning of non-profit organizations consistently point out that the huge importance of incentives (explicit or implicit, formal or informal) for the actual performance of an organization is widely underestimated. Work in this area will focus on the incentive structures, as they are shaped by IFAD's organizational structure and corporate decision-making.

68. Work in this section will review the incentives embedded in IFAD's institutional structure and processes for: furthering IFAD's flexibility to adjust with agility to changes in its environment, fostering IFAD's appetite for innovation (with accompanying risks); and stimulating IFAD's appetite for learning, benchmarking and adoption of best practice -- essential dimensions for a "knowledge organization".

Key Evaluation Questions

- Are elements of IFAD's corporate structure (VP, OPV and 4 departments) as it has evolved since 2005 creating any inefficiency in delivering on its strategy? Are there opportunities to address overlaps and fragmentation of organizational units at IFAD that could enable managers to become more efficient and effective?
- Have the requirements for the choice of appropriate planning assumptions and adequate risk management in IFAD's RBM approach been translated into corresponding delegation in decision-making processes?
- Are decisions at IFAD delegated upwards in the hierarchy, more than functionally required? To what extent are managerial decisions reviewed at higher levels?
- Are there areas, including management committees (e.g., EMC and OMC), where duplication/overlap of the decision-making can be observed?
- Are corporate decisions made quickly and communicated clearly? How is this affected by the number of signatures required on a selection of significant documents?
- Does the organizational structure provide sufficient flexibility for efficient problem-solving in a results-focused environment?

²² See for example the mushrooming of the more recent economic literature in the field of contract theory, including the extensive research revolving around the principal agent paradigm.

- Which factors in IFAD’s organization structure and decision-making processes are perceived as barriers for the effective adoption of innovation, scaling-up opportunities, learning, and benchmarking?
- Can IFAD make better use of synergies from the in-house accommodation of independent units like UGM and ILC?

Evaluation Approach

69. The analysis for this work area will be performed through: desk review of IFAD’s relevant strategy papers, results model and operational guidance; manager, CPM and staff survey and interviews; review of various documents such as available meeting minutes and decision notes, review of the evolution of IFAD’s organizational structure over time and corresponding managerial reach. This work will be compared with information from similarly situated IFIs to identify the relative strengths and weaknesses for learning purposes.

70. This work in this area will benefit from and be linked to the assessment undertaken in the area “Efficiency of Budget Allocation Processes” and from the complementary work on incentives in the area on “People Management Efficiency”.

C. Efficiency Implications of Budget Allocation Processes

Overview

71. The processes by which IFAD determines, allocates and manages its overall administrative budget will be addressed in this part of the CLE. The administrative budget and surrounding processes constitute a critical management tool for managing the efficiency of financing the implementation of IFAD’s strategic framework, i.e., executing IFAD’s work programs with the most economical use of funds. To accomplish this objective, appropriate incentives and signals must be built into the budget allocation processes, so that decisions on the use of budgets taken by managers at all levels are congruent with the priorities and goals of the institution.

72. The processes by which IFAD has developed its current strategic framework will be evaluated in this CLE under Organizational structure and Corporate Decision-Making. And the processes by which IFAD determines its work programs in line with its strategic framework will be evaluated under program efficiency. IFAD has used results-based budgeting (RBB) for some years and also introduced zero-based budgeting (ZBB) in constructing its 2011 budget under the Medium-Term Plan for 2010-2012. Therefore, the focus of our evaluation of budget allocation processes will be on the impact of RBB and ZBB on the efficiency of use of budgeted resources. The evaluation will therefore address whether RBB and ZBB are being applied to achieve the most economical execution possible of IFAD’s work programs.

Key Evaluation Questions

1. Do IFAD’s work programs include ‘results’ defined in a manner that they can be (and are being) linked to budget allocations?

2. Does IFAD have effective processes for monitoring of results achieved and feedback into resource planning and allocation?
3. What is the extent to which the budget allocation in 2011 was determined on the basis of units' planned work programs, outputs and activities?
4. To what extent does the managers' ability to plan the use of resources for one year at a time create uncertainty and pressure to spend money on lower-priority activities? Does the carryover facility help to partially mitigate the uncertainty and pressure? Would managers' ability to plan – and the overall efficiency of budget allocation processes – be increased if IFAD were to move to a 2-year or 3-year budget cycle?
5. Does IFAD's use of headcount control provide managers enough flexibility and incentives to promote efficient use of resources?
6. To what extent does IFAD use top-down setting of broad budget parameters that provide the framework for bottom-up budget planning?
7. Do IFAD's budget processes provide sufficient management accountability for increasing efficiency in all parts of the institution?
8. What is the extent to which IFAD's budget processes are effective in constraining real increases in budgets (e.g., through program reduction and elimination, reprioritization, reallocation of base budgets)?
9. What is the overall cost of IFAD's budget processes, and how does it compare with external benchmarks?
10. What are the perceived barriers to improving the efficiency of budget allocation processes? And what are the lessons from past efforts to increase efficiency?

Evaluation Approach

73. Our analysis will be performed through: staff survey and interviews; review of various budget-related documents such as IFAD's 2010 and 2011 Budget and Budget Preview papers, 2011 budget formulation and review guidelines, and quarterly, midyear and retrospective work program and budget reviews for 2010 and 2011; and available meeting minutes and decision notes on 2011 budget allocations. The new Financial Sustainability Framework will be reviewed to assess the degree to which IFAD is moving in the direction of medium-term financial planning, including setting budget parameters and envelopes.

74. Jointly with the work under the Organizational Structure and Program Efficiency parts of this CLE, the evaluation of Budget Allocation Processes will assess the extent to which units' proposed work programs and outputs were reviewed to ensure their strategic relevance and alignment with priorities; this joint work will include the methods by which annual budget allocations are linked to 3-year COSOPs and replenishment periods.

75. The evaluation will also examine the basis and methodology used to develop the 2010-2012 Medium-Term Plan and its use for planning and deciding on 2012 work programs and resource allocations. To assess the flexibility of resource usage, data on reallocation of budgets during budget construction and during a fiscal year will be reviewed.

76. Jointly with the work on Operations Efficiency, documents on PMD's efforts to ensure efficient use of additional budget allocations will be reviewed. And for support functions, the evaluation will examine data on changes in work programs, sourcing decisions, delivery methods, process simplification and automation, and trade-offs, made to fit their work programs within flat budgets. As IFAD does not use time recording, the evaluation will assess the extent to which IFAD managers plan the use of resources taking into consideration the staff inputs required for work program execution, and the extent to which managers are able (or unable) to assess costs incurred against outputs.

D. Efficiency of Operational Functions

Overview

77. IFAD has made a number of changes in the way it carries out its operations over the past few years. These changes have resulted in IFAD and especially PMD taking on new responsibilities, requiring additional financial resources and additional staff with new skills.

78. IFAD was originally founded to provide funding to programs designed and supervised by others. The change to allow IFAD to work with its development partners to design the projects that it would finance, has required IFAD to adjust the skills mix of staff involved in project design and to introduce mechanisms to ensure quality. The new systems of quality enhancement (QE) and quality assurance (QA) were established with this purpose.

79. In 1997 the IFAD Governing Council adopted a resolution allowing IFAD to directly supervise 15 projects on a pilot basis. Following an evaluation by IOE in 2005, the success of this pilot scheme has led to the adoption of direct supervision and provision of implementation support to all IFAD projects. Similarly, establishing country field presence through local offices in client countries was approved on a pilot basis by the Board in 2003. Following the evaluation of the field presence pilot programme by IOE in 2007, the Board agreed that IFAD to establish country presence in 40 countries by end 2012.

80. IFAD has also made very significant changes in its operating model. The New Operating Model (NOM) was introduced as part of the Action Plan to improve IFAD's Development Effectiveness, and has evolved into the IFAD business model (presented in the context of the Ninth Replenishment). It involves a number of new approaches to operations including: a results-based COSOP, a design process that focuses on implementation, a new internal review process, a new approach to project implementation, a stronger role for partnerships at the country, regional, and global level, improved knowledge management and feedback of IFAD knowledge into countries, strategies and operations, experiments with innovation and scaling-up, greater country presence, and better measuring and reporting on results. Further key adjustments have been proposed to the operating model, which IFAD will implement in the ninth replenishment period, such as devoting more attention to policy dialogue and scaling up.

81. The evaluation will review the status of implementation of key elements of the model as a factor in improved operational efficiency through its impact on the performance of the Programme Management Department, and also its effect on costs. Similarly the mechanisms for delivery of key outputs (Country Program Manager (CPM) model, staffing of operational work—core and contingent staff, generalist vs. specialized staff, approval culture) will be reviewed for possible efficiency gains.

82. IFAD's primary operational outputs — loans and grants — have remained relatively stable (until plans for a significant increase in 2011) in number terms while volumes have increased. The trend in operations under implementation is similar. Staff and the percentage of IFAD budget allocated to PMD have increased steadily over the same period.

Key Evaluation Questions

83. The evaluation of operations efficiency will seek to answer the key questions listed below:

Measuring IFAD operations efficiency (PMD efficiency)

1. How is PMD utilizing the additional funds allocated to it in recent years across the Regional divisions and other units and to what extent are trends of higher budget expenditure within PMD being matched by corresponding gains in the ratings of effectiveness, sustainability, and relevance for PMD's key outputs?
2. How does the cost to deliver key products compare with benchmarks? How do measures of quality of outputs compare with benchmarks?
3. What are the main drivers of and obstacles to enhancing PMD efficiency?
4. What incentives can be put in place to enhance efficiency without affecting quality?
5. What are the key measures/indicators of the efficiency of PMD operations and how is PMD doing in these measures? How do the different divisions compare on these measures?

Assessing whether changes to operational policies or processes would improve operational efficiency

New Operational Model:

1. How has the model— including direct supervision and implementation support, country presence, scaling up, co-financing, partnerships, QE and knowledge management -- affected PMD efficiency, and what further gains can be made?
2. Are there opportunities to improve IFAD's partnership for improved outcomes?
3. What can be done to enhance partnership and, in particular, scaling-up?
4. Can the efficiency of country presence be enhanced?
5. Do IFAD's budgeting processes give sufficient weight to the time and cost of engaging partners in scaling up and co-financing opportunities?
6. Would shifting QE to an on-demand basis free up resources to be used more efficiently at the project design phase, without affecting overall quality?

Delivery Mechanisms:

1. How does the CPM "model"—role, empowerment, backstopping in the form of an Associate CPM, support from other functions, empowerment—impact on efficiency? How is country presence affecting division of responsibility between Rome and country offices and overall efficiency?

2. How does the staffing of operational work—core and contingent staff, generalist vs. specialized staff etc.--impact efficiency?
3. How efficient is IFAD with respect to cross-regional knowledge sharing?
4. Is IFAD's efficiency affected by an "approval culture" which reduces innovation and undermines partnership?
5. What measures could be taken to improve the efficiency of PMD's delivery mechanisms?

Evaluation Approach

84. The evaluation of IFAD operations efficiency will focus on: a) the project cycle including quality assurance, and loan administration, b) the structure of the Program Management Department and country programme management architecture and c) portfolio management.

1. The **project cycle**, including quality enhancement and assurance. Data to be considered include project preparation times and costs correlated, if possible, with ratings of satisfactory and unsatisfactory performance and with efficiency ratings. It will also look at other IFAD products (grants, strategies) to consider average cost, time and output. Also elapsed time between the following project cycle stages: a) inception to approval; b) approval to effectiveness; c) time overrun from original closing date; d) costs related to non-performing loans. (Where possible, these will be organized by country, region, and corporate level) and e) internal benchmarking within PMD as well as comparisons with other comparable organizations, on key performance indicators. As needed, this work will be carried out jointly with the work under Budget Allocation Processes.

Under the model, the Technical review of projects should involve non-IFAD and IFAD reviewers, and be based on key project success factors. Arms-length project quality assurance should occur before negotiation. Annual Reports on Results and Impact of IFAD Operations (ARRIs), Annual Reports on Portfolio Performance, Action Plan for Improving Development Effectiveness, 2005 and the annual Reports on IFAD's Development Effectiveness (RIDE) will all be studied. Interview questions will cover key stages of the technical review process.

Loan administration procedures and systems would also be assessed in conjunction with the work on efficiency of support functions. The processing time for withdrawals and delays in loan payment will be evaluated. Questions for interviews will cover IFAD's expertise, procedures and systems for loan administration to ensure efficiency and timeliness in processing of withdrawal applications.

2. The **structure of the Program Management Department and country programme management**. The broad structure of PMD including the organization and management of its regional divisions, PTA and front office will be assessed for its impact on efficiency. This will be supported by a review of reports on the functions and terms of reference of PMD and each organizational unit within PMD, as well as information on a) staff numbers and skills breakdown for each Division including staff in the countries and b) seniority of staff in each

Division. Interviews and focus group discussions with PMD managers and staff that will cover organizational differences across regional divisions.

The country programme management architecture (e.g., allocation of portfolios to country programme managers and programme assistants, country presence arrangements, supervision approaches, etc.). Budgets by categories for each division and country unit as well as outputs of each unit: Number and size of projects approved, country strategies, evaluations, etc. will be used for the evaluation. Interview questions for PMD managers and staff will cover budget formulation responsibilities, and the decision-making process for work allocation and staffing for projects. In-country staff will also be interviewed regarding the above-mentioned topics, as well as specific constraints that they are facing and suggestions that they have on what changes in program management procedures can lead to improved operational efficiency. As needed, this work will be carried out jointly with the work under Budget Allocation Processes.

3. **Portfolio management** (e.g., portfolio review process, management of projects at risk, etc.); According to the New Operations Model, supervision should be designed to solve project problems; Joint supervision with co-financiers and government oversight agencies are standard; CPM to organize supervision; IFAD portfolio to be reviewed by management and Executive Board once a year; Learning from supervision built into design of new projects; Innovations identified and scaled up. Interview questions will cover how the new approach to supervision led to improved efficiency in IFAD operations and what further changes to supervision and portfolio management are needed to improve operational efficiency.

85. In addition to Government processes (discussed later), other elements to be taken into account in the evaluation include:

- i. **Scaling-up processes;** IFAD's role is to innovate and, through experience, promote up-scaling by governments and donors. The evaluation needs to review the results of scaling-up, including data on value of projects taken up by others based on models developed by IFAD. Data to be considered includes the value and number of projects implemented by others that are based on IFAD developed models by region. Interview questions will cover the successes and failures of various scaling-up efforts and how they can be improved.
- ii. **Mobilization and management of co-financing:** Data to be taken account of include the amount of co-financing each year and as a percentage of loan approvals by PMD Region; staff time and costs and elapsed time and cost for projects with and without co-financing; and effectiveness scores for projects with and without co-financing. Interview questions will cover the processes for mobilizing and managing co-financing.
- iii. **Partnerships** at country, region and global level; Strong country ownership: Local partnerships sought with farmers' organizations, women's groups, indigenous peoples' groups, civil society organizations, donors and international organizations. Improve fit within government programs. Interview questions will cover the most effective mechanisms to improve the operational effectiveness in developing partnerships at the country, regional and global level.

- iv. Knowledge management.** The New Operating Model specifies that innovation, learning and knowledge management should be built in. Tracking variables are intended to be taken from M&E systems, and are to include measurements of number of beneficiaries, impact on poverty reduction, target groups (women, indigenous people, lowest income groups), nutrition impact; Results, and knowledge are to be shared with partners: Knowledge sharing should be established with government and lessons should feed into IFAD country strategies and project development. Interview questions will cover the effectiveness of knowledge management systems.

E. Efficiency of Support and Oversight Functions

Overview

86. The evaluation of support and oversight functions will be guided by the following concepts and principles:

- Optimal use of resources is achieved when an organization focuses its resources primarily on its core business and maximizes use of lower-cost external sources of services for non-core functions, subject to safeguards (e.g., confidentiality).
- In a relatively small organization such as IFAD, support functions performed in-house are impacted by diseconomies of scale.
- Efficiency of in-house support functions requires that their mandate and scope of work are limited to activities where they add the greatest value to the institution.
- Business processes that are unduly labor-intensive in relation to risks and value-added are an important contributor to organizational inefficiency.

87. The evaluation of the efficiency of support and oversight functions will cover all corporate business processes other than operations, with a particular focus on functions that account for a significant proportion of administrative costs or have a significant bearing on the Fund's institutional efficiency.

Key Evaluation Questions

88. This review of the efficiency of support functions will seek to answer the key questions listed below:

1. What are the factors underlying and determining the trends in efficiency of support functions over the last 5 years?
2. What are the sustainability and impact of recent efficiency improvement actions on the effectiveness of support functions? Were these actions taken as ad hoc responses to flat budgets or was a deeper cost-benefit analysis done of support activities?
3. What are the factors that constrain IFAD's efforts to further increase its efficiency of support functions?
4. What are the further actions that IFAD could take to improve the efficiency of its support functions, including outsourcing, automation and elimination or scale-back of activities?

5. What is the feasibility of internal pricing or cost allocation to improve managers' awareness of support costs and thereby increase efficiency?
6. How does IFAD compare with other IFIs, regarding the size and costs of support functions, and what lessons from their experience are relevant to IFAD?

Evaluation Approach

89. For each support function, the evaluation will review the measures taken by IFAD to achieve cost-efficiency (note that the 2011 Program & Budget Document and the Strategic Framework for 2011-2015 include discussions of actions taken to achieve increased efficiency and savings) and trade-offs, including the re-assignment of internal staff positions from non-operations to operational departments. In this regard, it will be important to examine if business units took these actions as ad-hoc steps or as part of a clearly articulated, coordinated and longer-term efficiency improvement plan. Planning and coordination of efficiency improvements are important in order to minimize any spill-off adverse effect of actions taken by one business unit on other units and on the effectiveness of the particular function/service or the institution as a whole. To the maximum extent possible, and within the limitations posed by the absence of time-recording, costs will be analyzed from both the functional and process dimensions. It is anticipated that as in other organizations, many major business processes in IFAD straddle functional and unit boundaries, for example, financial controls over transactions.

90. Approach for Organizational Units & Functions. The starting point will be the unit/functional mandate, strategic and work program priorities, business plans, key performance indicators (focusing on efficiency metrics), and linkages to other units (identifying gaps and overlaps). The principal reference document will be the latest *IFAD Medium-Term Plan*, which sets out in considerable detail, for each Division, the following information: operational outputs; measures of success and sources of verification; work program projections for 2010-2012; resource inputs; and risks and assumptions. The evaluation will review each unit's staffing level and mix, outputs, cost trends and actions taken by managers to improve efficiency (including process enhancements and reduction of staff intensity) and operate within flat real budgets.

91. Specific areas to be addressed with respect to the key questions will include:

- i. **Information & Communication Technology.** Taking into account the recently completed external assessment of ICT²³, the areas to be covered will include: convergence between institutional and ICT strategic and work program priorities, in particular the focus on business improvement and greater efficiency; capability of ICT to provide a supportive infrastructure to achieve its KM objectives, as set out in the 2007 KM strategy, in the following areas: a stronger IT platform, better information management, and KM tools for collaboration; plans for integration of systems in light of the findings reported in the 2005 IEE, recent external review of Financial Services and Treasury and the abovementioned ICT external assessment ; priorities of ICT capital expenditure decisions

²³ The CLE will build on the external assessment and will focus on areas not fully addressed in that review.

and efficiency of implementation of capital projects; proportion of overall ICT resources (capital and administrative budgets) spent on maintenance vs. enhancement of systems; impact of ICT expenditures on efficiency enhancements across IFAD; how ICT budgets are linked to the division's work programs; and KPIs used to measure and assess ICT effectiveness and efficiency. (This area is proposed to be explored in Phase I and covered fully in Phase II).

- ii. **Financial Operations, Human Resources and Administrative Services.** Areas to be covered will include: processes by which work programs are developed and activities prioritized, taking into account the demand for services; standards for service delivery (including processing times) and extent of compliance with these standards; staff intensity of processes and controls relative to their value-added; identification of further opportunities for outsourcing to lower-cost suppliers; extent to which controls are calibrated to potential risks; opportunities for further efficiency gains through automation (e.g., workflow), exception-based reviews by central staff, and devolution of selected approval authority to business units; and KPIs used to measure and monitor effectiveness and efficiency. The recent external review of Financial Services will be used as one of the background documents, and work performed in that review will not be duplicated in this CLE.
- iii. **Internal Audit & Investigation.** Areas to be covered will include: scope of work on performance and efficiency and resulting recommendations; risk assessment and resulting prioritization of IFAD activities in audit coverage; how the budgets of IA and Investigation are linked to their work programs; and KPIs used to measure and assess effectiveness and efficiency of IA and Investigation.²⁴
- iv. **Legal Department.** Areas to be covered will include: processes by which work programs are developed and activities prioritized, taking into account the demand for services; standards for service delivery (including processing times) and extent of compliance with these standards; staff intensity of processes and controls relative to their value-added; extent to which controls are calibrated to potential risks; opportunities for further efficiency gains through automation (e.g., workflow), exception-based reviews by central staff, and devolution of selected responsibilities authority to business units subject to central guidance and oversight; and KPIs used to measure and monitor effectiveness and efficiency.

92. **Key Performance Indicators** In most IFIs, the development of KPIs is generally focused more on operations and less advanced for non-operations. The recently completed survey (through the IFI budget benchmarking website) of KPIs used by IFIs for non-operations functions will be used in this CLE for the following purposes:

- To evaluate how IFAD's practice compares with those of other IFIs;
- To determine if IFAD could benefit from adopting some of other IFIs' practices; and

²⁴ Sources of information for this work will include IFAD Annual Reports on Investigative & Anticorruption Activities and the standards disseminated by the Institute of Internal Auditing.

- To use the information as input for discussion with other IFIs to be visited as part of this CLE.

F. People Management Efficiency

Overview

93. IFAD is a knowledge organization and so it is unsurprising that staff (and consultant) costs constitute a high and rising proportion of total costs. The evaluation of how IFAD builds, organizes and utilizes its people, straddles the efficiency of operational and support functions. Accordingly, it will be evaluated in terms of its cross-cutting impact. The evaluation of the efficiency of the HR function is also included here.

94. Human resource management, broadly defined, has been subject to repeated scrutiny for at least a decade. A Review Committee for Modernizing Human Resource Policies and Procedures was convened in October 2001 and charged with reviewing four HR topics: policies & procedures; recruitment; career development, and; performance evaluation & appeals mechanisms. The Committee found substantial need for change in all of the areas and drew up a change action plan which placed special emphasis on: repositioning the function within the context of IFAD's Strategic Framework; strengthening the ability of managers to discharge their HR responsibilities; augmenting recruitment processes, the career development framework and the performance management system.

95. Progress on these and related HR dimensions appears to have been slow. The 2005 Human Resource Management Report of the Independent External Evaluation of IFAD (IEE) reported many of the same problems and shortcomings and described an internal organizational culture in which risk aversion and managerial remoteness from staff reigned unchecked. The report also highlighted the pervasiveness in the employment of consultants and the unsystematic way in which contingent talent was sourced, vetted and deployed.

96. Fast-forwarding to the present, there has recently been a surge in activities relating to the Human Resources function. The framework of a Strategic Workforce Plan (SWP) has been assembled and work is underway to flesh out its substance: the staff rules have been revised and rewritten; a major external review of the compensation structure has been conducted; and ongoing work is underway to overhaul the performance management system.

97. This evaluation will not replicate these studies and work already completed although attention will be paid to the pace of modernization of the HR function and, as with the IEE Report, to the organizational impediments to change, including those on the "soft" side of the ledger. Taken as a whole, the areas which have been the focus of attention constitute the HR enabling environment for the institution's management of its people and talent. The focus here will be on the efficiency of this latter activity. The evaluation will concentrate on the twin prongs of the overall CLE: Efficiency of Operational functions and of Support functions. On the operational front, the focus will be on how skills and expertise are deployed in pursuit of strong project outcomes (and other operational deliverables such as grant allocations and knowledge management). Crucially it will explore whether people capacity is sufficient and appropriate (in terms of mix of core & contingent staff) and how available skills and expertise are

matched with operational output needs. The people aspect on the support front would concentrate on how IFAD recruits, develops and utilizes its overall workforce complement.

98. The evaluation will also include an assessment of IFAD's evolving organizational structure. It will include dimensions such as span of managerial control and management oversight more generally. In addition to the appropriateness of the mix of core and contingent staff, the ratios of professional to general service staff and the pace of progress in shifting human resources to the front line will be scrutinized. Performance management and accompanying staff incentives to pursue efficiency cross-functionally will also be addressed.

99. The international nature of the organization and its Rome location impact staff costs as, undoubtedly will the recent compensation overhaul once implemented. For the purposes of this exercise these factors are assumed as given.

Key Evaluation Questions

100. **On the support/HR front**, the evaluation will seek to answer the key questions listed below:
- Does the workforce composition align with evolving institutional mission & programs?
 - Are overall staff costs appropriate to workforce size and composition (subject to the constraints of a high cost institutional location and the imperative of hiring internationally)?
 - How is efficiency (and effectiveness) impacted by the:
 - Balance between operational and non-operational staff?
 - Balance between P & GS staff?
 - Geographical dispersion of operational staff?
 - Blend of core staff to consultants?
 - Is there unexploited potential for outsourcing or shared services (to control for IFAD's small scale but administratively full service provider status)?
101. Other topics that would be covered include:
- Staff recruitment, training & development
 - Performance Appraisal and management
 - Career management
 - Promotion, Rotation and dismissal policies
102. On the **operational front**, the key evaluation questions in this area are:
- How efficiently and effectively does IFAD bring operational skills and expertise to bear where they are most needed and/or have maximum leverage?
 - How flexible and agile are the mechanisms for deploying operational talent?
 - How is efficiency impacted by: the distribution and skills of staff; selection of project teams; and roles and assigned responsibilities?
 - How well does the incentive and reward system serve to align skills and experience with optimal need?

- How does the incentive and reward system encourage team work and serve to build-up of cross-regional experience and knowledge sharing?
- Other than overall caps on staff complement, how are trade-offs between core staff and consultants managed? How well is the mix aligned with the SWP?
- How optimal is the operational talent mix, at either the regional and project-specific levels?
- Can IFAD bring operational skills and expertise to bear where they are most needed and/or have maximum leverage? Evaluation questions include:
 - What is the basis for determining regional complements?
 - How are project teams assembled? How are team leaders chosen?
 - Is there an internal labor market or clearing house for skills (formal or informal)?

Evaluation Approach

103. The scope of the evaluation of People Efficiency will cover can take a number of forms, chief among which would probably be:

- Analysis of the talent pool, in terms of size, composition and depth of requisite expertise. This would be achieved through a blend of quantitative assessment (financial data being central) and qualitative judgment. The strategic workforce plan would anchor this analysis: are goals being met and, if not, what accounts for any significant variances?
- An assessment of People Management using a suite of agreed upon standards and metrics, in comparison with external benchmarks and across IFAD units, where appropriate:
 - **Workforce Demographics:** a) What is the existing composition of the IFAD workforce in terms of age, service, level, functional specificity, employment status? b) How do the above demographic align or depart from the formal strategic workforce plan? How significant are any variances? c) What is the embedded workforce flexibility, e.g., in core-contingent workforce terms?
 - **Management of Staffing Flows:** a) Effectiveness of the recruitment function; b) Level and nature of turnover and underlying reasons ; c) Efficiency of the internal labor market in meeting strategic workforce objectives and balancing changing institutional priorities with individual staff-inspired career interests; and d) Time in assignment and cross-regional experience.
 - **Adjustments to the Skills/Expertise Base:** Deliberateness in taking advance of voluntary turnover and natural attrition to alter the skills mix or augment available expertise.
 - **Building Staff Capacity:** Efficiency of policies related to a) Performance Management; b) Training & Development; c) Management & Leadership; d) Sabbaticals and extended development opportunities; and e) Injecting short-run external talent into the mix.
 - **Engagement:** a) Employee engagement as measured by the biannual staff survey; b) Staff loyalty; and c) Team effectiveness assessments (where appropriate).
 - **Working Environment:** a) Employee relations; b) Absence/Attendance patterns; c) Health and Safety; and d) Mission travel policies and practices.

- **HR Service Delivery:** a) Capacity to deliver analytical support to top management; b) Extent to which HR services benchmark against best practice; and c) Per capita HR costs against best practice.
- **Organization Effectiveness:** a) A critical examination of IFAD's organizational structure set against mission and strategic goals; b) Staff productivity and commitment; c) Quality of management; and d) Clarity and concreteness of strategic workforce plan.

104. Beyond desk reviews and related workforce analytics, the evaluation of People Efficiency will rely on stakeholder interviews, staff focus groups, benchmark visits, and a customized internal client survey on HR effectiveness would be considered.

105. The average unit cost of a high level staff year is largely driven by salary, benefits and travel policies along with demographic factors. Addressing the detailed cost dimensions of these structural policies and their implications for attracting and retaining high quality staff lies beyond the scope of this evaluation as it would require a very complex benchmarking exercise. This said, broad brush comparisons of unit costs with similarly situated institutions will be attempted and use will be made of IFAD-wide staff surveys (2006, 2008 and 2010) that point to weaknesses related to human resources policies and practices that may have an adverse impact on institutional efficiency. The CLE will also consider the series of human resources changes to strengthen capacity, work environment and performance management together with measures to seek other institutional efficiencies in operations and support functions outlined in the Update on Change and Reform Implementation as well as the Progress Report on Human Resources Reform.

III. Program Efficiency

Overview

106. For the purposes of this evaluation, IFAD's program efficiency is intended to address the twin issues of whether the IFAD is doing the right things and whether it is doing them right. Drawing upon its mandate and business model, IFAD's program efficiency encompasses:

- The appropriateness of the strategic choices IFAD makes in allocating the development resources entrusted to it among different beneficiaries (e.g., at global, regional and country levels as well as among countries), instruments (projects, grants, innovation, partnerships, scaling-up and knowledge products), and approaches (e.g., high-risk, innovative projects to incubate novel ideas or replicate well-established technologies and approaches, direct country presence);
- The efficiency of the projects and programs supported by IFAD to operationalize its chosen strategies i.e., whether the benefits (achieved or expected to be achieved) exceed the costs and whether the chosen designs are the least-cost solutions; and
- The leveraging achieved by IFAD by catalyzing the actions of other partners in support of its mandate and objectives.

107. Given its centrality to the IFAD's mandate and development agenda, implicitly or explicitly, over the years, IFAD's program efficiency and more broadly its development effectiveness has been the subject of numerous in-house and external evaluations and reviews. Especially noteworthy in this respect are:

- The 2005 IEE;
- The ARRIs produced by IOE;
- The Annual Reports on Portfolio Performance;
- The RIDEs; and
- Evaluations on country presence, direct supervision, gender, private sector, innovation and scaling up, and others.

108. With its historical focus on investment projects as its main outputs, much of the past reporting by IFAD vis-à-vis its program efficiency has been limited to project efficiency. As discussed earlier, efficiency is reportedly the lowest rated dimension of project performance for the IFAD-funded projects. Given the methodological concerns related to the estimation of project efficiency, assessing the robustness of the reported results as well as the scope for substantive improvements will be a key objective under this component of the evaluation.

109. More recently, as part of its country level programming and evaluations, trade-offs between different instruments (e.g., between projects and grants) as well as the potential for scaling up through partnerships are also beginning to get some attention. Nevertheless, the overall picture as to the program efficiency of the IFAD programs (especially for knowledge products and grants) as well as the scope for improvements to IFAD's developmental impact (through improved allocative efficiency, e.g., through greater country selectivity) remains unclear. Assessing the adequacy of the IFAD's current processes and mechanisms to address these gaps will be the other key objective for this evaluation. Also important in this respect will be to understand better the determinants of good or poor efficiency to underpin recommendations for appropriate remedial measures to be taken by IFAD management.

Key Evaluation Questions

110. This review of program efficiency will seek to answer the following key questions. In addressing these questions, we will assess the potential risks – in terms of development outcomes – of possible measures to improve project efficiency.

1. What are the overall trends and patterns in efficiency of IFAD-supported projects? How do the project efficiency ratings relate to the ratings for other dimensions of quality--are there any trade-offs and complementarities? Are there any significant differences related to parameters such as country groupings (CPIA, per capita GDP, fragility status), sub-sectoral/thematic focus, and IFAD's organizational groupings? What are the main determinants of high and low efficiency?
2. Are IFAD's current policies and guidelines for analyzing project efficiency consistent with the current state of the art? What, if anything, can be done to improve them further?
3. What are the current practices in IFAD to assessing project efficiency during project preparation/appraisal and at completion? How significant a role does project efficiency

- analysis play in project selection/design decisions? To what extent are they consistent with good practices and/or formal policies and guidelines taking into account the specifics of the IFAD's mandate and focus? How robust are the reported findings at completion?
4. What are the main contributory factors leading to deficiencies in project efficiency analysis focusing in particular on staff skills, incentives, and budgets? What should IFAD do differently in future?
 5. How frequently have IFAD projects led to significant innovations and how often those innovations have been picked up by others for scaling up thus leading to higher efficiency?
 6. What is the experience of other partners in scaling up the IFAD-piloted innovations? What should IFAD do differently to promote scaling up and how should IFAD performance in this respect be tracked?
 7. How successful are COSOPs in ensuring that IFAD's country level programs are efficient in that they: (a) are consistent with IFAD's strategic framework, its comparative advantage in the country, and lessons of experience? (b) are aligned with the country's poverty reduction strategy and owned by the key stakeholders? (c) reflect appropriate balance between projects, grants and knowledge products; d) reflect appropriate balance between innovation, scaling up and leveraging of assistance from other partners; and (e) take into consideration the use of alternative delivery mechanisms?
 8. How successful are IFAD's corporate strategies in ensuring: (a) appropriate balance between global, regional and country level initiatives? (b) appropriate allocation among different countries taking into account their needs and performance? and (c) appropriate balance among different thematic areas recognizing the evolving global context (e.g., climate change)?
 9. How should IFAD reallocate its resources among different operational programs to increase its overall development impact? What, if anything, should IFAD do differently to increase the allocative efficiency of its operational programs and how should IFAD track its performance in this respect in the future?

Evaluation Approach

111. To help address the above questions the evaluation will use a mix of approaches drawing, to the maximum extent possible, upon the existing self-evaluation and independent evaluation material available in IFAD. In light of the close relationship between the two areas, the evaluation of Program Efficiency will be addressed in close conjunction with the work on Operational functions.

112. Analysis of the project level efficiency will start with a comparative review IFAD policies and guidelines vis-à-vis those of the other IFIs/bilateral donors. This will include discussions with key resource persons in IFAD and other development organizations. The evaluation will draw upon the recent work by the Evaluation Cooperation Group (ECG) on good practice guidelines as well as the German Ministry of Economic Cooperation and Development study on the cost/benefit methodology, with the aim of identifying techniques and approaches that may be pertinent in the IFAD context.

113. The evaluation will then review the portfolio-level IFAD data concerning project efficiency as well as actual/anticipated scaling-up as reported during the different stages of the project cycle (QE/QA/PCR stages by PMD and at completion by IOE) to examine overall trends and patterns in the project efficiency and scaling-up prospects focusing in particular on differences related to county characteristics, thematic groupings and regional grouping.

114. Also of interest will be the relationship between project efficiency and the other dimensions of project quality (e.g., relevance and effectiveness). Findings will be compared with those for other IFIs/donors, where feasible.

115. To address the questions related to IFAD's allocative efficiency, the evaluation will examine critically the main trends and patterns in the composition of the IFAD's programs since the 2005 IEE review, relating them to the directions set out in IFAD's strategic documents and plans for the this period. The evaluation will then attempt to establish the extent to which the IFAD trends and patterns parallel those in the rural programs of the other MDBs (particularly, WB, AfDB and the ADB). Interviews with key operational managers in IFAD will be used to understand the reasons for any major divergences and the extent to which those were related to IFAD's specialized mandate and/or adaptations to the unforeseen exogenous developments. The process reviews under the governance/institutional efficiency components of this evaluation will in parallel help establish the scope for systemic improvements for the future in this respect.

116. Analysis of the intra-country allocations will primarily draw upon the COSOPs completed so far. However considering that the COSOP guidelines have undergone significant revisions in the recent past, the data from IOE evaluation will be supplemented by desk reviews on the design of 2-3 COSOPs prepared over the past year following issuance of the new guidelines. The evaluation will critically review and distill the findings concerning balance between themes and instruments as well as the focus on partnerships and scaling-up. Another area of focus will be the possible synergies between the IFAD funded projects and the country level grants. Also highlighted will be any early indications of the emerging changes following the new COSOP guidelines. The documentary review will be supplemented by semi-structured focus group meetings with CPMs, IOE evaluators and key counterparts in the client countries.

IV. Efficiency Implications of Government Processes

Overview

117. Government actions are a factor in explaining the efficiency of IFAD-supported projects. As noted earlier, government performance, which can affect IFAD efficiency, is less than satisfactory in about a third of all the IFAD projects and has not shown any discernible improvement over the past decade. According to the latest ARRI, it was satisfactory in 59% of the projects evaluated that year. A preliminary analysis indicates that ratings of Government performance in PCRs are correlated with ratings of project

efficiency²⁵. Shortfalls in Government performance will likely contribute to lower operational efficiency for IFAD.

118. Low ratings on Government performance could indirectly be related to inadequate institutional analysis by IFAD during the project design and implementation phases. In principle, institutional analysis might suggest adjustments to project design to account for poor government capacity. Poor government performance could reflect in particular, project designs that are overly complex in relation to the Government capacity, inadequate attention by IFAD to strengthening Government capacity in a sustainable manner, and an inadequate understanding of the intra-governmental relationships between sectoral and core ministries and between provincial and federal governments.

Key Evaluation Questions

119. This review of the efficiency of Government processes will seek to answer four key questions:

1. What are the overall trends and patterns in Government performance of IFAD-supported projects? How do the Government performance ratings relate to the ratings for other dimensions of quality? Are there any significant differences related to parameters such as country groupings (CPIA, per capita GDP, fragility status), sub-sectoral/thematic focus, and IFAD's organizational groupings?
2. What are the direct manifestations of low government performance in selected dimensions related to both, institutional and program efficiency(e.g., delays in project preparation/approval/ effectiveness, delays in project implementation and in addressing implementation problems, inadequate provision of counterpart funds, non-compliance with agreed loan covenants and conditions, inadequate attention to safeguard issues, delays in managing project-related procurement, inadequate M&E, delays in hiring/excessive turnover of key project staff, cost overruns, high administrative costs)?
3. What are the main underlying causes of any shortfalls in this area (e.g., inadequate ownership of the project concept and design, inappropriate policy environment bearing on the project implementation, excessive project complexity and expectations in relation to client capacity and skill levels, unclear implementation procedures and responsibilities, inadequate incentives)?
4. What should IFAD do differently in its operational work to address this problem for the future? How should it measure its progress in future in this regard?

Evaluation Approach

120. The analysis of overall trends will primarily comprise disaggregation of IOE's project level data. The small size of the data set may constrain generation of robust results at disaggregated levels. Findings are to be compared with those for other IFIs/donors, where feasible.

²⁵ Centennial Group calculation based on IFAD PCR data from 120 projects from 2006 to 2010.

121. The assessment of how performance in this area affects efficiency and the underlying causes will be based on analysis of IOE's project level data as well as data from project supervision reports. This will be completed and supplemented by discussions with focus groups of relevant staff and managers as well as semi-structured field interviews with selected client staff from core ministries, implementing units and other stakeholders.

122. The findings of the above analysis and discussions with concerned CPMs, evaluators and government staff/stakeholders in client countries will form the basis for formulating recommendations as the possible changes that could be made in IFAD's operational work to address any identified issues and lead to improvement in efficiency.

PART THREE: METHODOLOGY AND PROCESS

I. Methodology

123. The evaluation will rely on a **mix of methods** and triangulation to draw conclusions from a variety of data sources:

- **Desk review of documents.** IFAD has a wealth of internal documents (Annex 1). These include a large number of regular/annual documents: the Strategic Framework, the rolling 3-year Medium-term Plan, ARRI, RIDEs, Annual Report on Portfolio Performance and Work Programme and Budget documents, and Staff Surveys. It also has been adding databases, such as in the form of a dashboard and RIMS. Further it regularly produces documents related to strategies for selected areas (e.g., innovation and knowledge management) followed by regular progress reports. Past initiatives such as the Process Reengineering Programme in 2000 and the IEE in 2005 together with subsequent action plans and progress reports also provide rich information. The evaluation will take full advantage of these sources, in addition to the review of policies, process documentation, operational, project and evaluation documents. Where appropriate, the review and analysis would rely on a structured instrument, as proposed for the review of the use of efficiency analysis.
- **Interviews.** The desk reviews will be supplemented by interviews—structured, where appropriate-- with multiple stakeholders. These include staff (and consultants) and managers across IFAD, members of the Board and the Evaluation Committee, staff of governments and other partners, and staff of project management units. Video- or audio-conferences will substitute for face-to-face interviews where appropriate.
- **Focus group discussions.** Discussions with groups of managers and staff including in-country staff will take the form of focus groups with a structured agenda. This would include focus groups of: Managers (separated by Operations and other functions), CPMs, Operational staff and consultants, and in-country staff.
- **Surveys.** Electronic surveys may be used to collect a variety of perspectives and information from different stake-holders, staff and managers of IFAD, partners in development member states, and selected multilateral development organizations.
- **Visits.** Visits to selected multilateral development organizations will supplement other work. Selected number of country visits will also be undertaken.

124. The evaluation framework in Annex 4 outlines the evaluation by the proposed components and maps these with the key questions that the evaluation will address, as well as the activities that will be undertaken for collecting data and information to answer these questions. Annex 5 provides more detailed questions.

II. Process

125. The proposed evaluation is complex and highly demanding, given that a similar evaluation has not been done in other multilateral or bilateral development organizations. Further to a discussion with the Senior Independent Advisor and IOE, it was agreed that the CLE would be carried out in two phases.

126. Phase I will be based primarily on a desk review of IFAD and other documents and information gathering from IFAD staff and managers and Governing Body members through interviews, focus groups and, possibly surveys. It would build on recently completed self-evaluations and other related studies. The deliverables from Phase I will include Working Papers on the different elements of the Evaluation to be covered in that Phase:

- Efficiency Implications of the Governing Bodies;
- Efficiency Implications of Organizational structure, Management and Corporate Decision-Making;
- Efficiency Implications of Budget Allocation Processes;
- Efficiency of Operational Functions;
- Efficiency of Support and Oversight Functions;
- People Management Efficiency; and
- Program Efficiency.

127. The Working Papers will also be summarized in an Interim Report. The outline of the Working Papers is shown in Annex 6. The papers and report will summarize the findings of Phase I, present preliminary benchmarking results, and articulate clear hypotheses and potential recommendations. Where appropriate, the papers will identify meaningful indicators to measure and monitor efficiency. The interim report will also identify the areas that require more in-depth analysis, define the specific objectives and modalities (including possible country visits) of seeking the perspectives of client Governments and partners, as well as the scope of further benchmarking with comparators.

128. The second phase, to be further defined based on a discussion of Phase I findings, would add a perspective from client countries and more in-depth benchmarking through visits to comparator organizations. In Phase II, country case study reports will be produced for each country covered. Within the Support and Oversight functions, the area of Information and Communication Technology and legal processes would be addressed in greater depth in Phase II and corresponding working papers produced accordingly.

129. The final Evaluation Report, to be prepared at the end of Phase II, would lay out definitive findings and recommendations for improving the efficiency of IFAD.

130. Within Phase I, the evaluation will comprise the following (largely) sequential steps:

- **Inception.** Under this phase, the aim has been, among other tasks, to develop further the overall evaluation approach and methodology, fine-tune the evaluation framework as required, develop the plan for interviews and focus group discussions, develop survey instruments and questionnaires, outline further the objectives and plans for visits to selected developing partner countries and comparator organizations, prepare the proposed outline of key evaluation deliverables, and contract the evaluation team. This draft inception report has been finalised following an in-house discussions with representatives of IFAD management and staff, including a discussion of the Core Learning Partnership (see further below).
- **Desk review phase.** This phase would cover the first part of the analysis under all components of the evaluation. It **will** mainly entail a review of key documents as well as any related self-assessments by the IFAD management and staff. The desk review will result in the production of a working paper on each of the areas to be covered in the CLE, which will include the emerging hypotheses and areas that require validation and further investigation in the subsequent phases of the evaluation.
- **Interviews and focus groups.** The analysis begun on a desk basis would be supplemented by discussions – bi-lateral interviews and focus group discussions - at IFAD headquarters in Rome. In selected instances, IFAD in-country staff will also be interviewed by electronic means. Interviews will be conducted with all Evaluation Committee and selected Board members. An electronic survey may also be implemented as a way to collect the perspectives and comments of multiple partners.
- **Preparation of Working Papers and Interim Report.** The draft interim report would be shared only with the Management for their comments, which will be considered in the preparation of the final report.

131. Phase II will cover two additional steps:

- **Interviews with Partners and country visits.** Findings of Phase I would be deepened through discussions with representatives of recipient country governments, project agencies and donor-partners. Targeted phone interviews may be supplemented by visits to a limited number of countries, selected in consultation with the Programme Management Department. The country visits will serve to study the **efficiency** of government’s implementing institutions and processes and their implications on IFAD-supported project efficiency as well as discussions with donor-partners. Donor-partner perceptions would also be solicited, including on the issue of scaling up. Project visits and discussions with project staff will be included as appropriate. Brief reports will be prepared on the findings of each country visit.
- **Visits to comparator organizations.** The comparator organizations will include the African Development Bank, European Bank for Reconstruction and Development, Food and Agriculture Organization, Inter-American Development Bank, the World Bank and the Global Fund for AIDS, TB and Malaria.²⁶ As mentioned earlier, the aim of visiting comparable organizations is to learn from their approaches and experiences to promoting institutional efficiency, and to identify good practices that may be pertinent to IFAD.

²⁶ This list is tentative and would be finalized after completion of Phase I. In order to rationalize costs, the Asian Development Bank based in Manila will be excluded, even though the evaluators will study pertinent documents available through their website.

- **Phase II will culminate in the preparation** of the draft final report, building on the different components of the evaluation. The full draft report will be shared with IFAD Management for comments. IOE will prepare an ‘audit trail’, which will clearly illustrate how Management’s comments have been addressed in the final report. Comments will be addressed in line with the provisions contained in the IFAD Evaluation Policy.²⁷ IOE will be responsible for the overall evaluation process, for the contents of the final report, and for all other deliverables produced during the evaluation, as per the Evaluation Policy.

A. Core Learning Partnership

132. The role of the core learning partnership (CLP) is to provide guidance to the evaluation process and review key evaluation deliverables. In particular, at the start of the evaluation, CLP members reviewed the draft approach paper and Inception report and helped to flag issues and information sources for the evaluation. The CLP will review and discuss the draft final report and provide their comments and inputs to be considered in the preparation of the final independent evaluation report. The CLP will share all information and documentation from the evaluation with colleagues in their respective divisions and departments.

133. In light of the evaluation’s objectives, the CLP will include the following members:

Core Learning Partnership

- Associate Vice President, Programmes
- Chief Development Strategist
- Chief Financial Officer
- Head, Corporate Services Department
- Director, Independent Office of Evaluation
- Secretary of IFAD
- Director, Office of the President and Vice President
- General Counsel
- Director, Human Resources Division
- Director, Audit and Oversight
- All Regional Division Directors, PMD
- Director Policy and Technical Advisory Division, PMD
- Deputy Director, Independent Office of Evaluation
- Senior Portfolio Manager, PMD
- High level experts on selected topics

²⁷ “IOE will decide which comments should be incorporated in the revised (final) report. As a general rule: (i) the draft report will be revised to incorporate comments that correct factual errors or inaccuracies; (ii) it may also incorporate, by means of a note in the report, judgments that differ from those of the evaluation team; and (iii) comments not incorporated in the final evaluation report can be provided separately and included as an appendix to the report”.

B. Evaluation Team

134. Under the overall guidance of the Director, IOE, the designated lead evaluator for the efficiency evaluation will be Ashwani Muthoo, Deputy Director, IOE. He will be supported by Oanh Nguyen (Evaluation Research Analyst), Liesbeth Kellens (Associate Evaluation Officer) and Kendra White (Assistant to the Deputy Director) from IOE. Other senior evaluation officers and evaluation officers will contribute to the evaluation by being part of an internal peer review team within IOE, which has provided feedback on the approach paper and Inception Report, and will be responsible for commenting on the draft interim and final evaluation reports. IOE will be supported by two Senior Independent Advisers (SIAs), to be contracted on a retainer basis to review the methodology and provide inputs at key stages. They will prepare a joint final SIAs' report (3-5 pages) on the quality of the evaluation process, its overall contents and recommendations, which will be shared with the Evaluation Committee and Executive Board, at the same time when they are invited to discuss the final efficiency evaluation report.

135. The evaluation team includes expertise in development policy/strategy, including that related to agriculture and rural development; operations, operational policies and processes; human resources management; organization and management; governance; and budget and financial matters. In addition, as and when needed, IOE will mobilize one or two high level advisers for a limited duration to provide inputs on critical issues at any point during the evaluation process.

136. The evaluation team will comprise Achim von Heynitz, Anthony Pellegrini, Barun Chatterjee, John Lavelle, Prem Garg, Pieter Stek and Anil Sood (team leader). Additional expertise will be mobilized as necessary in specialized areas such as Legal processes, and ICTs. National consultants will be hired for any field work that may be undertaken. .

- **Prem Garg and Anthony Pellegrini** will work together to focus on program and operations efficiency. They will review selected IFAD policies and guidelines as well as key country strategy and project documents. Messrs. Garg and Pellegrini will also review reports of and hold discussion with other organizations on efficiency issues. They will provide an assessment of government's institutions, processes and systems in recipient partner countries that affect the efficiency of IFAD-supported operations. Mr. Garg's specific responsibilities will include a focus on IFAD's approach to fostering and evaluating high program efficiency. Mr. Pellegrini will focus on operational policies and processes and their impact on efficiency. They will be responsible for the two country visits under the guidance of the team leader.
- **Achim von Heynitz and Barun Chatterjee** will work together to cover the aspects of organizational structure, corporate decision-making, resource allocation processes and the efficiency of support functions. Mr. von Heynitz' specific responsibilities will include an evaluation of the strategy and results frameworks. Mr. Chatterjee will focus on the areas of resource allocation and the budgeting process and how they affect IFAD's overall institutional efficiency as well as the efficiency of different support functions. Together, they will provide a comparison of IFAD's ratio of total operations to total administrative costs and other indicators of efficiency with benchmarks, and provide an examination of opportunities for outsourcing and service-sharing as a means of increasing efficiency.
- **John Lavelle** will cover people management and human resources policies and practices. He will work together with other team members to provide an analysis of how IFAD builds,

organizes and utilizes its human resources across all functions. John will work with the team leader to also review IFAD's Strategic Workforce Plan, and Human Resources Change Agenda and plans for the future—together with their implications for efficiency and the accountability/incentives of staff to pursue efficiency across all functions of IFAD. He will review selected human resources and staffing policies and practices including employment policies and categories, recruitment/separation processes; internal labor market systems; performance management, career management processes, training and development, and management selection and development, and managerial talent identification.

- **Pieter Stek** will be responsible for assessing the efficiency of IFAD Governing Bodies. He will be supported as needed by Mr. von Heynitz and the team leader.
- **Anil Sood** will serve as the team leader and will provide overall coordination for the study. In this role, he will ensure that the team works together to provide a coherent and consistent evaluation across all its components, together with recommendations for improvement in all of the above-mentioned dimensions of efficiency. Mr. Sood, supported by the team, will be responsible for the final Evaluation report, subsequent dialogue and dissemination.

C. Communication and Dissemination

137. The final report will be distributed in electronic manner to members of the IFAD Management, staff and Executive Board members. The main report will be around 50 pages long, and hard copies will only be made available upon request. The main report will be accompanied by an overview report of around 20 pages, which will contain the salient messages from the evaluation. All outputs will also be made available to the public at large through the evaluation section of the IFAD web site.

Bibliography

List of IFAD Documents:

- (2002) CLE Innovation
- (2003-10) Annual Reports on Results and Impact of IFAD Operations (ARRIs) since 2003
- (2004) CLE Supervision Modalities
- (2005) CLE Direct Supervision Pilot Programme
- (2005) Independent External Evaluation of IFAD
- (2005) Action Plan for Improving Development Effectiveness
- (2006) CLE Regional Strategy APR
- (2006) Policy on Supervision and Implementation Support
- (2006) Progress Report Action Plan
- (2006-2010) Annual Review of Portfolio Performance
- (2007) CLE Field Presence
- (2007) CLE Rural Finance
- (2007) Final Progress Report on Action Plan
- (2007) Innovation Strategy
- (2007) Knowledge Management Strategy
- (2007) Progress Report Action Plan Introductory Statement
- (2007) Strategic Framework 2007-2010
- (2007-2010) Report on IFAD's Development Effectiveness (RIDE)
- (2007-2009) Staff Surveys 2006 and 2008
- (2007) IFAD Strategic Framework 2007-2010
- (2007-2009) Progress Reports on the Action Plan
- (2007) Innovation Strategy

- (2007) Knowledge Management Strategy
- (2008) CLE Regional Strategies
- (2010) IFAD Strategic Framework 2011-2015
- (2010) IFAD Medium-Term Plan 2010-2012
- (2010) Assessment of IFAD's Financial Services and Treasury Operations
- (2010) CLE Gender
- (2010) IFADs Work Programme and Budget for 2011
- (2010) President's Bulletin on the Reconfiguration of Senior Management
- (2010) IFAD Report on Scaling Up
- (2010) Paper on Country Presence
- (2010) Annual Report on Quality Assurance
- (2010) Overview of Managing for Development Results
- (2010) Update on Change and Reform Implementation
- (2010) 2011 Results-based Programme of Work and Budget
- (2010) Scaling Up the Fight against Rural Poverty
- (2010) Update on Reform

Other Documents:

- (2006) Are Aid Agencies Improving? Easterly
- (2008) Where Does the Money Go? Easterly and Pfutze
- (2009) ADB Development Effectiveness Review
- (2009) OECD Managing Aid Practices of DAC Members
- (2010) WB Cost-Benefit Analysis
- (2010) WB Aid Quality and Donor Ranking
- (2010) QuODA, Quality of Official Development Assistance Assessment, Brookings Center for Global Development

- (2010) Tools and Methods for Evaluating the Efficiency of Development Interventions, Institute for Development Strategy for BMZ (German Federal Ministry for Economic Cooperation and Development - (Draft Version)
- (2010) Multilateral Development Bank Practices in Public Sector Evaluations—for the ECG Working Group (Draft Version)
- (2010) MOPAN Common Approach, IFAD 2010
- (2010) COMPAS, Multilateral Development Banks' Common Performance Assessment System, 2008 Report
- (2011) DFID Multilateral Aid Review
- (2011) ECG MDB Practices in Public Sector Evaluations

List of persons met (in alphabetical order)
Inception Week: IFAD, Rome, 16-20 May 2011

IFAD bilateral meetings:

1. Mr Brian Baldwin, Senior Operations Management Adviser, PMD
2. Mr Mohamed Beavogui, Director, Western & Central Africa Division
3. Mr Nigel Brett, Country Programme Manager, Asia & the Pacific Division
4. Mr Paolo Ciocca, Secretary of IFAD
5. Mr Charalambos Constantinides, Director, Office of Audit and Oversight
6. Mr Ides de Willebois, Director, Eastern & Southern Africa Division
7. Mr Edward Gallagher, Budget Officer, Budget Unit
8. Mr Michael Goon, Acting Head of Corporate Services Dept.
9. Mr Kristofer Hamel, Programme Officer, Office of the President and the Vice-President
10. Mr Gary Howe, Head of the Replenishment Secretariat
11. Ms Sirpa Jarvenpaa, Director, Office of the President & Vice President
12. Mr Shyam Khadka, Senior Portfolio Manager, Programme Management Department
13. Mr Justin Kouka, Acting Director, Human Resources Division
14. Mr Luciano Lavizzari, Director, Independent Office of Evaluation
15. Mr Conrad Lesa, Manager, Accounting & Financial Reporting, Controller's and Financial Services Division
16. Mr Rutsel Martha, General Counsel
17. Mr Shantanu Mathur, Head, Management Support Unit, Operation Policy and Technical Advisory Division
18. Mr Iain McFarlane Kellet, Chief Finance Officer and Head, Financial Operations Department
19. Mr Matthias Meyerhans, Director, Administrative Services Division
20. Mr Ashwani Muthoo, Deputy Director, Independent Office of Evaluation
21. Mr Kanayo Nwanze, President
22. Mr José Stigliano, Director, IT Services Division

23. Ms Josephina Stubbs, Director, Latin America & Caribbean Division
24. Mr Ganesh Thapa, Regional Economist, Asia and the Pacific Division
25. Ms Cassandra Waldon, Director, Communications Division

Evaluation Committee

26. Mr S.K. Pattanayak, Minister (Agriculture), Embassy of India, and Chairman of the Evaluation Committee

Focus group discussion with the Independent Office of Evaluation

27. Ms Katrin Aidnell, Associate Evaluation Officer
28. Mr Andrew Brubaker, Evaluation Officer
29. Mr Fabrizio Felloni, Senior Evaluation Officer
30. Ms Liesbeth Kellens, Associate Evaluation Officer
31. Ms Anne-Marie Lambert, Senior Evaluation Officer
32. Ms Oanh Nguyen, Evaluation Research Analyst
33. Ms Catrina Perch, Evaluation Officer
34. Mr Miguel Torralba, Evaluation Officer
35. Mr Jicheng Zhang, Evaluation Research Analyst

Focus group discussion with Country Programme Managers

36. Mr Abdoul Barry, Country Programme Manager, Western and Central Africa Division
37. Ms Helen Gillman, Knowledge Management Officer, Eastern and Southern Africa Division
38. Mr Hamed Haidara, Country Programme Manager, Eastern and Southern Africa Division
39. Mr Sana Jatta, Country Programme Manager, Asia and the Pacific Division
40. Ms Ester Kasalu-Coffin, Country Programme Manager, Eastern and Southern Africa Division
41. Ms Annabelle Lhommeau, Country Programme Manager, Western and Central Africa Division
42. Ms Sylvie Marzin, Country Programme Manager, Western and Central Africa Division
43. Ms Louise McDonald, Country Programme Manager, Eastern and Southern Africa Division

Senior Evaluation Advisor

44. Mr Robert Picciotto, Senior Independent Advisor

Subsequent visit: IFAD, Rome, 13-15 July 2011

IFAD bilateral meetings:

1. Mr Brian Baldwin, Senior Operations Management Adviser, Programme Management Department
2. Mr Paolo Ciocca, Secretary of IFAD
3. Mr Kevin Cleaver, Associate Vice-President, Programmes
4. Mr Bambis Constantinides, Director, Audit and Oversight
5. Mr Rodney Cooke, Director, Policy and Technical Advisory Division
6. Ms Ruth Farrant, Director and Controller, Financial Services Division
7. Mr Michael Gehringer, new Director, Human Resources Department
8. Mr Michael Goon, Head of Corporate Services Department
9. Mr Gary Howe, Head of the Replenishment Secretariat
10. Ms Sirpa Jarvenpaa, Director, Office of the President & Vice President
11. Mr Shyam Khadka, Senior Portfolio Manager, Programme Management Department
12. Mr Nadim Khouri, Director, Near East and North Africa Division
13. Mr Henock Kifle, Chief Development Strategist, Office of the Strategy and Knowledge Management
14. Mr Luciano Lavizzari, Director, Independent Office of Evaluation
15. Mr Sarath Mananwatte, IOE consultant
16. Mr Shantanu Mathur, Head of Management Support Unit, Policy and Technical Advisory Division
17. Ashwani Muthoo, Deputy Director, Independent Office of Evaluation
18. Mr Kanayo Nwanze, President
19. Ms Katharina Strauss, IFAD Internship Programme (consultant)

Core Learning Partnership

20. Mr Mohamed Béavogui, Director, WCA
21. Mr Paolo Ciocca, Secretary of IFAD, SEC
22. Mr Kevin Cleaver, Associate Vice President Programmes, PMD

23. Mr Charalambos Constantinides, Director, AUO
24. Mr Rodney Cooke, Director, PTA
25. Ms Ruth Farrant, Director and Controller, CFS
26. Mr Fabrizio Felloni, Senior Evaluation Officer, IOE
27. Ms Liesbeth Kellens, Associate Evaluation Officer, IOE
28. Mr Shyam Khadka, Senior Portfolio Manager, PMD
29. Mr Nadim Khouri, Director, NEN
30. Mr Andreina Mauro, Manager Conference Service
31. Mr Ashwani Muthoo, Deputy Director, IOE
32. Mr Luciano Lavizzari, Director, IOE
33. Mr Geoffrey Livingston, Regional Economist, ESA
34. Ms Oanh Nguyen, Evaluation Research Analyst, IOE

Efficiency-related Assessment of Comparable Organizations

	IFAD	AsDB	AfDB	World Bank	Global Fund
QuODA (Rank of 1-30)					
Fostering Institutions	20	3	4	2	18
Reducing Burden	1	10	12	2	11
Transparency and Learning	23	29	25	5	10
Maximizing Efficiency	4	3	2	9	1
Low administrative unit costs	28	12	22	19	10
MOPAN (IFAD and AsDB: 1-6 scale; AfDB and World Bank: adjusted from 1-5 to 1-6 scale)					
Strategic Management	4.2	4.3	4.0	4.2	N/A
Operational Management	4.0	4.1	4.0	4.4	N/A
Managing human resources	3.6	3.3	3.4	4.0	N/A
Delegating decision-making	3.7	3.9	3.5	4.1	N/A
Relationship Management	3.9	4.1	3.8	4.0	N/A
Knowledge Management	4.2	4.4	4.2	4.5	N/A
DFID (scores 1-4, 1=unsatisfactory, 4=strong)					
Organizational Strengths	2.6	2.8	3.0	2.8	3.0
Cost and value consciousness	2.0	3.0	3.0	3.0	3.0
Likelihood of positive change	2.0	3.0	4.0	3.0	3.0
World Bank (Rank of 1-37)					
Selectivity	7	2	11	1	27
Alignment	5	2	28	7	14
Harmonization	6	14	26	11	22
Specialization	9	1	5	7	16
Overall	7	1	13	2	22
2008 Survey on Monitoring the Paris Declaration					
Strengthen capacity by co-ordinated support	78%	61%	30%	85%	N/A
Use of country public financial management systems	59%	61%	44%	62%	38%
Use of country procurement systems	83%	36%	42%	52%	42%
“Where does the money go?” (Rank of 1-35/%)					
Average	36	4	3	1	N/A
Aid Shares	7	25	2	3	N/A
Transparency	37	1	1	1	N/A
Overhead	27	17	18	9	N/A
Admin Budget / Official Development Financing	22%	8%	12%	7%	N/A

Evaluation Framework

Governing Bodies (GBs)		
Theory	Evidence Required	Instrument/Sources of Data
The nature and scope of Governing Body (GB) oversight and reporting requirements impacts IFAD's institutional efficiency.	<p>Focus and value-added of GB Reports</p> <p>Nature of resulting GB recommendations</p>	<p>Interviews with GB members and IFAD managers</p> <p>Review of complete set of GB reports</p>
GB focus on strategy, policies, monitoring of results and institutional performance would be most consistent with desired results orientation	<p>Focus of GB agenda and discussions</p> <p>GB documents by segregated lines (COSOPs, Projects, Grants, Policy papers, support functions)</p> <p>Proportion of GB time and attention devoted to different aspects</p>	<p>Review of Agenda and minutes of GB meetings</p> <p>Interviews with GB members and IFAD management</p>
The functioning of GB and committees could present opportunities for efficiency gains	<p>Agenda items eligible for lapsed time procedure and related savings in time and effort</p> <p>Cost and perceived value of compliance with current language policy</p> <p>Number of agenda items per GB meeting</p> <p>Proportion of tasks delegated to sub-committees; discussion intensity in GB of delegated items for sub-committee deliberation</p> <p>Proportion of tasks delegated to the President and senior management</p> <p>Share of IFAD's governance function in overall administrative budget</p>	<p>Interviews with GB members on their views with respect to:</p> <ul style="list-style-type: none"> ○ Benefits of shorter reports ○ extension of lapse of time procedures ○ efficiency of higher / lower frequency of GB meetings in a rolling multi-year environment ○ efficiency impact of enhanced division of labor through increased involvement of sub-committees <p>Benchmark, as part of Resource Allocation Efficiency work</p>
Support provided by Secretary General's office and other units (e.g., LEG, IOE) can enhance GB efficiency	<p>Performance with respect to</p> <ul style="list-style-type: none"> ○ Timely distribution of GB documents ○ Length of GB documents ○ Leveraging of technology to support GB 	<p>Benchmark with comparators</p> <p>Interviews with GB representatives</p>

Organizational Structure, Management and Corporate Decision-Making		
Theory	Evidence Required	Instrument/Sources of Data
Organization structure and managerial reach have an impact on efficiency	<p>Change in number of IFAD units compared with evolution of IFAD work program</p> <p>Change in number of managers and span of control</p> <p>Ratio of professional to GS staff</p> <p>Staff dissatisfaction with work due to (too low) level of work assigned to them; no stretch goals</p> <p>Program & project innovations driven by IFAD's grant program</p>	<p>IFAD organigramme today vs. 5/10 years ago,</p> <p>Length / complexity of comparable policy papers today vs. 5/10 years ago,</p> <p>Interviews with managers to establish estimate of their time requirements for meetings vs. how many binding decisions are taken,</p> <p>Meeting minutes,</p> <p>Staff satisfaction surveys</p>
Streamlined corporate decision-making with clear accountability can drive efficiency	<p>Steps & iterative loops of decision-making (EMC, OMC, PMD Department / Division levels, Support & Review groups including Quality enhancement and assurance.)</p> <p>Number of signatures required for specific documents,</p> <p>Time line from process initiation to completion</p>	<p>Process flow charts</p> <p>Benchmark time-lines for segregated business processes,</p> <p>Survey managers & CPMs</p>
Delegation of authority and adequate flexibility enable efficiency in IFAD's RBM model, and stimulate innovation initiatives. Proximity to the client through locating staff in client countries also has a positive impact.	<p>Extent to which strategic specificity (in COSOPs, Grant policy, KM policy et al.) is perceived as providing sufficiently specific strategic selectivity and operational parameters to guide operational decision-making on the basis of delegated authority.</p> <p>Degree of specificity of planning assumptions and risks are during planning phase,</p> <p>How efficiently and at which decision level RBM-related risks are made during implementation phase; overview of who signs off on what?</p>	<p>Interviews with CPMs and Division managers to assess:</p> <ul style="list-style-type: none"> ○ Are corporate decisions sufficiently specific to guide decision-making at their own managerial levels, without the need for another review round at higher managerial levels? ○ How do PBAS allocations impact efficiency of Operations? ○ Is the communication on corporate decisions sufficiently clear to inform staff without further recourse to oral interpretations? ○ Are CPMs and Division directors effectively managing changes in operational assumptions and risks

	<p>Innovation index (a la balanced score-card): which program & project innovations have been adopted at IFAD in the last 5 / 10 years? Which ones of IFAD innovations have been adopted by others?</p> <p>Organizational structure and availability of technical expertise at IFAD:</p> <ul style="list-style-type: none"> ○ Use of cross support available in-house, ○ Share of consultants in PMD budget, ○ Migration statistics of staff for short assignments to other units <p>Delegation to the field enhances efficiency and improves implementation quality, i.e. IFAD effectiveness</p>	<p>effectively at their respective levels?</p> <ul style="list-style-type: none"> ○ How effectively and efficiently do the risk escalation procedures work to resolve an issue? , ○ How many and what proportion of decisions are escalated up, beyond the managerial level at which they could have been functionally decide? ○ How much time (hours & %) in meetings is spent to discuss data availability & accuracy vs. issue resolution and decision-making? ○ Are the incentives for innovation sufficient, or overwritten by more important priorities? Which ones? ○ What share of innovations is driven by IFAD's grant program? ○ Would CPM and Division managers see a need for more efficient provision of in-house cross-support and technical expertise, as an alternative to the use of consultants? ○ Benchmark cross support with comparators ○ Would a higher degree of decentralization make IFAD programs, apart from quality improvements, also more efficient?
<p>Incentives drive efficiency gains</p>	<p>Identify IFAD's prevalent incentives through:</p> <ul style="list-style-type: none"> ○ Review of explicit incentive framework as codified in IFAD's performance management system, (together with People Efficiency work) ○ Review implicit incentives, as determined by GB and corporate decision-making, 	<p>Work of the people efficiency area,</p> <p>Identify failure rate of innovative programs / projects vs. conventional ones as indirect innovation incentive,</p> <p>Analyze which ratio of corporate decisions deal with "conventional" vs. "challenge" issues, where the latter pose underlying inventive challenges</p>
<p>A set of agreed key</p>	<p>Review of IFAD's reporting</p>	<p>Desk review of IFAD's reporting</p>

performance indicators can be used as critical driver for institutional efficiency improvements	<p>arrangements, with a view which of them:</p> <ul style="list-style-type: none"> ○ Are efficient and high value added? ○ Promote IFAD results orientation? ○ Could be discontinued? <p>Review existing CRM and ARRI reporting to identify extent of duplication/redundancy in IFAD's results reporting,</p>	<p>tools (in conjunction with the work on Resource Allocation processes)</p> <ul style="list-style-type: none"> ○ Determine % of reported data points which are results oriented, ○ Determine % of reported data points which are fully SMART compliant, ○ Identify duplicate controls, ○ Identify low value add reporting tools and specify which of those could be discontinued,
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Budget Allocation Processes		
Theory	Evidence Required	Instrument/Sources of Data
Effective use of budgeted resources requires allocation that is aligned with an institution's strategic priorities.	<p>Extent to which IFAD has defined results in its Strategic Framework and 2010-2012 Medium-Term Plan that can be (and are being) translated into work programs.</p> <p>Effectiveness of monitoring of results and feedback into resource planning and allocation.</p>	<p>Staff survey & interviews.</p> <p>IFAD Strategic Framework and 2010-2012 Medium-Term Plan</p> <p>IFAD 2010 and 2011 budget and preview papers.</p> <p>2011 budget formulation and review guidelines.</p> <p>Quarterly, midyear and retrospective work program and budget reviews for 2010 and 2011.</p>
Budgets based on clearly defined work programs and outputs ensure proper accountability for efficient use of resources.	<p>Extent to which units' proposed work programs and outputs were reviewed to ensure their strategic relevance and alignment with priorities.</p> <p>Extent to which budget allocation in 2011 was determined on the basis of units' work programs and outputs.</p>	<p>Staff survey & interviews.</p> <p>IFAD 2010 and 2011 budget and preview papers.</p> <p>2011 budget formulation and review guidelines.</p> <p>Minutes and/or decision notes on 2011 budget allocation.</p>
Medium-term budget frameworks enable more efficient use of resources than annual budgets, particularly in a	Extent to which managers' inability to plan use of resources beyond one fiscal year creates uncertainty and pressure to spend money on lower priority activities.	<p>Staff interviews.</p> <p>Documents on work program planning processes in PMD and support functions.</p>

<p>development institution.</p>	<p>Extent to which IFAD's Strategic Framework and 2010-2012 Medium-Term Plan enable planning of work programs and resource allocations beyond one fiscal year.</p>	<p>Methods by which annual resource allocations are linked to 3-year COSOPs and replenishment periods.</p> <p>Review of new Financial Sustainability Framework</p> <p>Basis and methodology used to develop the 2010-2012 Medium-Term Plan and its intended use for planning and deciding on 2012 work programs and resource allocations.</p>
<p>Headcount-driven budgeting creates inadequate flexibility and incentives for managers to use resources efficiently.</p>	<p>Comparison of trends in headcount over the last 5 years with work programs and outputs.</p> <p>Comparison of changes in grade mix over the last 5 years with work programs and outputs.</p>	<p>Staff interviews.</p> <p>Data on staffing levels and mix and outputs by unit over the last 5 years.</p> <p>Data on reallocation of budgets across divisions and departments within a fiscal year.</p> <p>Data on reallocation of budgets across departments and divisions during budget construction.</p>
<p>Alignment of budgets with institutional and unit priorities is best achieved through a combination of top-down setting of broad budget parameters that provide the framework for bottom-up resource planning.</p>	<p>Units regard top-down budget envelopes as instruction to fit their work programs within those budgets.</p> <p>Extent to which the basis and rationale for setting those envelopes are communicated and understood by units, thus creating transparency of the budget process.</p>	<p>Staff interviews.</p> <p>Documents on department-level review and prioritization of divisional budget request submissions, and how these prioritized submissions influenced the final budget allocations.</p>
<p>In order to contribute to efficiency improvement, budget processes should include management accountability for greater efficiency in all parts of the institution.</p>	<p>Extent to which the current budget processes have increased efficiency in PMD and support units. For example, the additional budgets provided to PMD should have resulted in higher quantity and/or quality of outputs.</p> <p>And support units should be delivering the required volume and quality of services within their zero-growth budgets.</p>	<p>Staff interviews.</p> <p>Data on quantity and quality of PMD and support units' outputs.</p> <p>Documents on PMD's efforts to ensure efficient use of additional budgets.</p> <p>For support units, data on changes in work programs, sourcing decisions, delivery methods, process simplification and automation, and trade-offs, made to fit their work programs within flat</p>

		budgets.
In order to provide adequate information for planning and monitoring resource usage, an institution needs to track the use of staff-time when staff represents its most important resource.	Extent to which IFAD managers plan the use of resources without full knowledge of staff inputs required. Extent to which managers are able (or unable) to assess costs incurred against outputs.	Staff interviews. Information used by units to prepare their budget request submissions. Data on outputs and costs in monitoring reports.

Operational Functions		
Theory	Evidence Required	Instrument/Sources of Data
Maintaining In-house skills for core functions (policy dialogue, COSOP, project design) can lead to greater efficiency in institutional retention of knowledge and best practice.	Cost difference between staff and consultants. Extent to which consultants are hired frequently enough that they are quasi-staff. Extent to which IFAD management explicitly considers the tradeoff between gains in institutional memory that might be achieved by utilization of additional staff and loss in hiring flexibility.	Special survey of CPMs Focus groups of CPMs Interviews with Division Directors and Head of PMD
A measure of institutional efficiency, can lead to an institutional preference for different inputs and different outputs that need to be aligned with the institution's results framework.	Trends in IFAD evaluation ratings of sustainability and relevance correlated with project size. <i>(Note that recent larger projects can only be rated at entry)</i>	Staff survey CPM focus groups Interviews with each Director Data from QE and QA data base for correlations.
Quality built into projects is more efficient than quality added through subsequent reviews	Average QE time input and cost for: PTA staff, regional staff and consultants. Effect of QE on project timetable. Skills and experience of PTA staff relevant to Regional product design. Basis of PTA consultant budget	Surveys of: Managers CPM Staff Budget analysis of QE process
Less experienced staff can best learn to become highly efficient, high achieving	Cost difference between average consultant and an average Associate CPM.	Surveys of: Managers CPM Staff

senior staff by working directly with and observing highly efficient, high-achieving experienced staff	Views of CPMs, Associate CPMs and PMD Division Directors on success of Associate CPM model to date.	Budget analysis of cost of Associate CPM vs. consultant
Close country knowledge and engagement is a key factor in design of country strategies and programs that achieve sustainable results	Cost of CPM decentralization. Cost of support functions in country. Experience with CPMs that are decentralized compared with experience where CPM is in Rome and a country presence office is established.	Surveys of: Managers CPM Staff Budget analysis of cost of decentralized offices with or without CPMs.
High value client-facing staff can use their time more efficiently if they are not also required to handle specialized service functions.	CPM time and cost of procurement and loan withdrawal processing Cost to completely free CPM from procurement and loan processing except for oversight of procurement. Delays caused by lack of standards for IT, travel, consultant processing, etc.	Interviews of: Clients Partners CPMs
Rotation is an efficient mechanism for spreading innovation.	Frequency distribution of numbers of PMD staff in current position by number of years. Frequency distribution of numbers of PMD staff in current Region by number of years. Average number of rotations per year in PMD. Percentage of staff in PMD who have ever changed Divisions. Views of KM managers, PMD Directors, CPMs on benefits of rotation	Surveys of: Managers CPM Staff HR data base on rotation
Excessive forces in approval/commitment reduce innovation and efficiency.	The steps, and time between steps and signatures required for core functions	Surveys of: Managers CPM Staff Existing reports on workflow.
Scaling up and co-financing are important mechanisms	Time spent on co-financing and scaling up.	Interviews and surveys of: Managers

for increasing efficiency	IFAD's cost of co-financed loans vs. cost of comparable loans without co-financing	CPMs, clients, partners
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Support and Oversight Functions		
Theory	Evidence Required	Instrument/Sources of Data
Optimal use of resources is achieved when an organization focuses its resources primarily on its core business and maximizes use of lower-cost external sources of services for non-core functions, subject to safeguards (e.g., confidentiality).	Activities such as routine transaction processing and technical support that are being performed in-house in IFAD.	Staff interviews. Estimation of costs of routine transaction processing and technical support activities being performed in-house. ²⁸
In a relatively small organization, support functions performed in-house are impacted by diseconomies of scale.	Cost of each support function as a % of IFAD's total administrative costs. Fixed-cost element of each support function.	Staff interviews. Comparator survey: Benchmarking of IFAD support functions' costs as % of total administrative costs with other IFIs.
Efficiency of in-house support functions requires that their mandate and scope of work are limited to activities where they add greatest value to the institution.	Extent to which work programs of support functions are aligned with IFAD's strategic framework and exclude (or include) activities of marginal added-value.	Staff interviews. Definition of responsibilities and 2011 work programs of support functions.
Support functions' budgets should be based on a proper analysis of their effectiveness and efficiency and realistic plans for efficiency improvement	Impact of zero-growth real budgets on support functions' effectiveness and efficiency.	Staff interviews. IFAD 2011 budget paper. IFAD 2011 budget formulation process and support units' budget request submissions. Comparison of 2011 and 2010 work programs of support units.
In the absence of a coordinated institutional	Methods used by support units to identify cost-reduction measures.	Staff interviews.

²⁸ (Note: All support functions can be disaggregated into three broad categories of activities, which involve varying degrees of overlap in different organizations: (a) policy formulation, advisory and compliance; (b) client advice and technical support; and (c) transaction processing. The areas offering the greatest opportunities for lower-cost outsourcing are transaction processing and technical support activities that do not require institutional knowledge and experience.)

<p>initiative to improve efficiency, ad-hoc cost-reduction measures undertaken by business units are not sustainable in the medium to longer-term.</p>	<p>Impact of above measures on underlying cost drivers.</p>	<p>Data underlying cost-reduction measures.</p> <p>Nature of cost drivers and managers' ability to change their impact over the medium to longer-term.</p>
<p>Business processes that are unduly labor-intensive in relation to risks and value-added are an important contributor to organizational inefficiency.</p>	<p>Perceived risks which are intended to be mitigated.</p> <p>Controls built into processes vis-à-vis perceived risks.</p> <p>Extent of delegation of authority for review and approvals.</p> <p>Elapsed times for process completion.</p>	<p>Staff interviews.</p> <p>Process analysis—steps, controls and number of managerial clearances and approvals required.</p> <p>Estimation of elapsed times to complete and costs of key business processes.</p>
<p>UN policy and procedural requirements are important determinants of IFAD's cost structure.</p>	<p>Areas of discretion within UN requirements that IFAD Management has not fully explored, and which could result in cost reduction without reducing effectiveness.</p>	<p>Staff interviews.</p> <p>Estimation of costs of compliance with UN requirements.</p> <p>Comparator survey of selected other U N agencies to identify their practice and experience.</p>
<p>Automation of routine support activities, together with process simplification, contributes to efficiency.</p>	<p>Routine support activities that are largely manually carried out.</p> <p>Extent of use of electronic documents and workflow.</p> <p>Use of unit-designed spreadsheets around automated systems.</p>	<p>Staff interviews.</p> <p>Extent of use of electronic documents and workflow in routine transaction processing and approval.</p> <p>Extent of use of electronic documents management system.</p>
<p>Use of internal pricing (chargeback) for support services increases cost awareness among users and thus contributes to increased efficiency.</p>	<p>Trend of increasing demand on support services, e.g., printing, translation, shipments, staff parking.</p> <p>Poor capacity utilization in some areas, such as print shop, which could be better operated on a commercial basis as revenue centers.</p>	<p>Staff interviews.</p> <p>Identification of support services that are potential areas of chargeback.</p>
<p>Combining with other UN agencies to take advantage of volume buying, periodic review of outsourced functions, and competitive bidding of contracts, can</p>	<p>Areas where there is potential for bidding jointly with other UN agencies.</p> <p>Frequency with which contracts with</p>	<p>IFAD procurement policies.</p> <p>Number of outsourced contracts (and expense volume) that are reopened for competitive bidding</p>

improve ensure cost-effectiveness.	vendors are subject to competitive bidding. Frequency with which outsourced functions are subject to review of service quality.	at least once every 5 years. IFAD's practice on review of service quality of outsourced contracts.
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People Management Efficiency		
Theory	Evidence Required	Instrument/Sources of Data
A comprehensive and strategic workforce plan (SWP) is vital to IFAD's people management efficiency. Such a plan must be kept dynamic and up-to-date	Extent to which SWP is owned by line management Evidence that the SWP is being translated into more granular, actionable pieces Extent to which work is in progress on skills identification, training plans etc.	Desk review of SWP follow-up documentation Interviews with managers Interviews with HR Staff Benchmark documentation
Professional staff need to have the space & time to invest in remaining cutting-edge	Extent to which training plans exist Locus of responsibility for training Training budget & approval processes Training days/staff per year	Desk review of training-related documentation. Interviews with managers and staff Interviews with HR
Notwithstanding IFAD's small size, a Career Development (CD) system should be in place to enable staff to obtain cross-regional experience while making long-term employment more attractive	Time-in-assignment Number of assignments per staff (particularly professional staff)	Staff survey data HR Records Interviews with staff and managers
An important mechanism for spreading innovation is rotation.	Frequency distribution of numbers of PMD staff in current position by number of years. Frequency distribution of numbers of PMD staff in current Region by number of years. Average number of	Surveys of: Managers CPMs PMD staff HR data bases on time in assignment, rotation etc.

	<p>rotations per year in PMD; Percentage of staff in PMD who have ever changed Divisions.</p> <p>Views of KM managers, PMD Directors, CPMs on benefits of rotation</p>	
Striking the right mix between generalist and technical skills impacts organizational efficiency directly.	<p>Extent to which professional staff invest in their on-going development</p> <p>Extent to which tasks are undertaken by either over or under-qualified staff</p> <p>Evidence of skills surpluses or shortages</p>	<p>All available HR data</p> <p>Interviews with managers</p>
Junior staff can best learn to become high-achieving senior staff by working directly with and observing high-achieving senior staff	<p>Cost difference between average consultant and an average Associate CPM.</p> <p>Views of CPMs, Associate CPMs and PMD Division Directors on success of Associate CPM model to date.</p>	<p>Surveys of: Managers CPM Staff</p> <p>Budget analysis of cost of Associate CPM vs. consultant</p>
Use of consultant expertise should be driven by business logic and not arbitrary employment rules	<p>Extent to which clear policies and guidelines regulating consulting hiring and use exist.</p> <p>Consultant conversions as a % of total annual recruitment</p>	<p>Desk review of All pertinent HR data</p> <p>Interviews with HR staff</p> <p>Interviews with sample of managers/project leaders who hire and use consultants, and with sample of active consultants</p> <p>Desk review of consultant budgets (including how they are set)</p>
The performance management process should be: objective; procedurally light; and results orientated	<p>Evidence that a UN system is in place</p> <p>Evidence of how the performance management system is applied in practice</p>	<p>Performance management documentation</p> <p>Interviews with a sample of managers and staff</p>
Professional staff should be provided with an appropriate mix of management direction and latitude to innovate and take	Views and opinions of professional staff	<p>Sample interviews with cross-section of professional staff (including field-based staff)</p> <p>Staff Surveys</p>

appropriate risks		
Staff should be incentivized to strive for excellent project outcomes, achieved through efficient use of resources	Evidence of the reward system in place and of how it works	Desk review of reward and merit award policies and processes Sample interviews with managers and staff
Organizational efficiency depends on having a well-oiled internal talent clearing house for skills & expertise so that project needs are matched with the right expertise	Process/practice for matching expertise with need	Desk review of HR data Interviews with sample of managers and staff
Project teams should be staffed so that they have the right blend of specialized/generalist skills, senior/deep expertise v junior support and so on.	Process for building teams and selecting team leaders	Desk review of HR data and other pertinent operations material Sample interviews of managers and staff

Program Efficiency		
Theory	Evidence Required	Instrument/Sources of Data
Higher efficiency of IFAD-supported projects would mean greater development impact.	Information on policies and guidelines for project efficiency analysis for IFAD as well as comparator organizations (MDBs). Evaluative data on quality and performance of IFAD-supported projects during development and/or at completion for the past five years	Comparative review of IFAD policies and guidelines with those of other donors. Will draw upon the recent work by ECG on good practice guidelines as well as the KfW study on cost/benefit methodology. Discussions with key resource persons in IFAD and other donors. Review of the portfolio level IFAD data concerning project efficiency as reported during QE/QA/PCR stages by PMD and at completion by IOE. Comparative review of efficiency results reported by IFAD with those of the other MDBs. The challenge will be to get disaggregated data from other MDBs so as to allow meaningful comparison with IFAD. Review of efficiency analysis in 8-10 purposively selected (outlier) projects to gain better understanding of the current practices and generate hypothesis on causes and remedies for weaknesses in efficiency analysis.

		<p>Validation of findings with focus groups of CPMs, and evaluators in PMD and IOE.</p> <p>Validation of project level findings with counterparts in client countries where feasible during field visits and or telecoms.</p>
<p>Scaling up through clients and other donors of innovations piloted and incubated under IFAD-supported projects can be a major instrument for increasing overall program efficiency of IFAD.</p>	<p>Historical data on use of and experience with scaling up.</p> <p>Approaches to scaling up in current COSOPs.</p> <p>Experience of other partners in scaling up IFAD-piloted innovations</p>	<p>Review of the portfolio level IFAD data concerning actual/anticipated scaling-up as reported during QE/QA/PCR stages by PMD and at completion by IOE.</p> <p>Review of experience with scaling up in 4-5 outlier projects to gain better understanding of the current practices and generate hypothesis on success factors for and constraints to scaling up.</p> <p>Validation of findings with focus groups of CPMs, and evaluators in PMD and IOE.</p> <p>Validation of findings with knowledgeable individuals during field visits to clients and other donors.</p>
<p>Carefully chosen grants can be important instruments for increasing IFAD's program efficiency in high risk/high reward situations.</p>	<p>Trends and patterns regarding the size, composition and objectives of the grants provided by IFAD</p> <p>Administrative costs and elapsed times associated with the processing and oversight of the Grants program.</p> <p>Performance and impact of the ongoing and completed grants.</p>	<p>Review of portfolio data on ongoing and completed grants.</p> <p>Review of QE/QA data related to newly approved grants.</p> <p>Review of IOE's evaluative findings on grants</p> <p>Validation of the emerging findings and hypothesis with focus group of staff and managers and, where feasible, with clients during the field visits.</p> <p>To the extent feasible, the evaluation will build on the analysis done as preparation for the recently revised policy and guidelines for grants.</p>
<p>IFAD's program efficiency can be improved through better alignment of the</p>	<p>Trends and patterns in the evolution of IFAD programs – country/thematic distribution,</p>	<p>Main instruments to be used will comprise comparative analysis of the portfolio data from IFAD and the other</p>

<p>geographical and thematic composition of its programs with its strategic priorities.</p> <p>At the country level COSOPs can benefit from appropriate balance between projects, grants and knowledge products.</p>	<p>global/regional proportions etc.--over the past five years</p> <p>Trends and patterns in administrative resources spent by IFAD in its policy, planning, strategy formulation, and monitoring work during the past five years</p>	<p>MDBs and surveys and interviews of IFAD staff and managers. (Only publicly available data from other MDBs will be used for comparisons)</p> <p>Analysis of COSOP quality and relevance will primarily draw upon the 17 COSOP evaluations completed by IOE so far. This will be complemented by desk reviews of the 2-3 COSOPs prepared over the past year following issuance of the new guidelines.</p> <p>Semi-structured focus group meetings with CPMs, managers and IOE evaluators.</p>
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Efficiency Implications of Government Processes		
Theory	Evidence Required	Instrument/Sources of Data
<p>Efficiency of recipient government's institutions and processes significantly affects IFAD's institutional and program efficiency</p>	<p>The overall trends and patterns in Government efficiency of IFAD-supported programs.</p> <p>Relationship between the Government performance ratings and the ratings for other dimensions of quality.</p> <p>Any significant differences related to parameters such as country groupings (CPIA, per capita GDP, fragility status), sub-sectoral/thematic focus, and IFAD's organizational groupings.</p> <p>Direct manifestations of low government performance</p> <p>The main underlying causes of the low Government performance</p>	<ul style="list-style-type: none"> • Disaggregation of IOE's project level data. Findings to be compared with those for other MFIs/donors, where feasible • Analysis of IOE's project level data as well as data from project supervision reports. To be supplemented by discussions with focus groups of relevant staff and managers, as well as semi-structured field interviews with selected client staff from core ministries, implementing units and other stakeholders. (Evaluation budget considerations would limit the scope for field work to 2 countries, to be agreed with IFAD management.) • Multi-stakeholder survey by phone to obtain a broader client/stakeholder perspective.

Specific Evaluation Questions

The following matrix lists questions covering the different elements of efficiency and would be covered in surveys and interviews of different sets of respondents.

Survey questionnaires would also provide for blank fields for respondents to be able to provide additional information related to the question.

The questions would be combined into specific interview instruments for each set of respondents.

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
Governing Bodies							
Respond on a 6-point scale from 6 - strongly agree to 1 - strongly disagree:							
IFAD's GB architecture - comprising the Governing Council, Executive Board, and the EB Committees - promotes efficient governance of IFAD	I		x	x	x		
The focus of the GB is aligned with IFAD's emphasis on Results	I		x	x	x		
The reporting requirements emanating from the GB add value that exceeds the cost of meeting the requirements	I		x	x	x		
The governance of the Replenishment process adds a parallel set of reporting requirements	I			x	x		
There are significant opportunities for the Executive Board to "delegate" more to management	I		x	x	x		
There are significant opportunities to make better use the EB committees to make the EB function more efficiently	I			x	x		
There are significant opportunities to make better use of new technologies (e.g. electronic document distribution, video conferencing etc.) to make the EB function more efficiently	I		x	x	x		
Rate the following Reports by their value to the Board in discharging its mandate on a 6-point scale from 6 - "very high value" to 1 - "very low value":	I		x	x	x		
IFAD Strategic Framework							
IFAD Medium-term Plan							
IFAD Work Programme and Budget							
COSOPs							
Project Documents							

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
RIDE							
ARRI							
Audit Reports							
Evaluation Reports							
Etc.							
Multiple Choice							
The agenda of the Executive Board is typically (check one): <input type="checkbox"/> Excessive for the time available <input type="checkbox"/> Just right <input type="checkbox"/> Too light for the time available	I,S		x	x	x		
The time available to the members of the EB to absorb all the papers prepared for each meeting is typically (check one): <input type="checkbox"/> Too limited <input type="checkbox"/> Just right <input type="checkbox"/> More than adequate	I,S		x	x	x		
There are significant opportunities for lowering the cost/improving efficiency in IFAD through (check as many as appropriate): <input type="checkbox"/> Making expanded use of the lapse of time procedure for projects and grants <input type="checkbox"/> Requiring fewer reports <input type="checkbox"/> Requiring shorter reports <input type="checkbox"/> Limiting the number of languages into which reports are translated <input type="checkbox"/> Making use of new technologies	I,S		x	x	x		
Rank the following from 1 to 5 in terms of what proportion of the Board's time/attention that they take up (include ranks in boxes): <input type="checkbox"/> IFAD strategy <input type="checkbox"/> IFAD policies <input type="checkbox"/> Country documents <input type="checkbox"/> Projects and Grants approval <input type="checkbox"/> Portfolio Management	I,S		x	x	x		
Questions for Comparator Survey (on a 6-point scale from 6 - strongly agree to 1 - strongly disagree):							
The division of labor between the GB and its subcommittees could be deepened further to make the GB more efficient	S				x		x
In my organization, the GB is focusing the majority of the time on activities with high value added	S				x		x
In my organization, the GB could exercise better control if it were focused on fewer controls	S				x		x
In my organization, the GB should consider to streamline the	S				x		x

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
languages used in order to achieve efficiency improvements							
Reporting in my organization enables the GB to focus on results, not activities	S				X		X
If reports to the GB and its subcommittees were shorter and more succinct, they would contribute to make GB more efficient	S				X		X
The GB is routinely asking for benchmarking where relevant	S				X		X
There is never enough time to discuss upcoming decisions sufficiently	S				X		X
The introduction of new technologies over the last 10 years has made the GBs more efficient	S				X		X
Organizational structure, Management and Corporate decision-making							
Respond on a 6-point scale from 6 - strongly agree to 1 - strongly disagree:							
There is no duplication of the functions in my division in any other unit in IFAD	I,S	X	X	X			
If PMD had a bigger share of IFAD's budget, IFAD could achieve more and better results	I,S	X	X	X			
Decision-making in IFAD is delegated to the lowest meaningful level....	I,S	X	X	X			
The authority delegated to me is adequate to do my job effectively	I,S	X	X	X			
I have sufficient flexibility to solve my problems	I,S	X	X	X			
I have the required information, when I need to make a decision	I,S	X	X	X			
The same decision is revisited at many successive levels	I,S	X	X	X			
The mandate and decisions of the EMC and OMC are clearly differentiated	I,S	X	X	X			
I get sufficient managerial guidance for the decisions I have to take	I,S	X	X	X			
My work would be easier, if the COSOP and other strategy documents were more selective	I,S	X	X	X	X	X	
IFAD managers could be more efficient if they had a larger control span	I,S	X	X	X	X		
Effective implementation of innovations is high on my list of priorities	I,S	X	X	X		X	
I have sufficient incentives to translate innovations from grants into projects, and from projects in other divisions into my own work	I,S	X	X	X			
My work could be enhanced if the results from IFAD's grant program were shared more comprehensively	I,S	X	X	X			
In my view, IFAD is using the available technical expertise of its staff efficiently	I,S	X	X	X	X		
IFAD would be more effective if it were more decentralized to regional & country offices	I,S	X	X	X	X	X	
Benchmarking is performed routinely in my unit	I,S	X	X	X			

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
Benchmarking provides me with powerful evidence where I can improve my own work,	I,S	x	x	x			
IFAD's reporting is helping me to keep track of the status of my projects,	I,S	x	x	x			
Without the pressure of the year-end deadline, my projects would most likely take longer	I,S	x	x	x	x		
Questions for Comparator Survey (on a 6-point scale from 6 - strongly agree to 1 - strongly disagree):							
Authority in my organization is delegated to the lowest possible functional level	S						x
In my organization, we have sufficient flexibility to solve our problems	S						x
Once managerial decisions have been taken, they are not revisited at the higher levels in the chain of command	S						x
Our strategies are sufficiently selective to effectively guide the prioritization in our work program and budget	S						x
In a highly efficient organization, the managerial span of control would be larger than is the case in our organization	S						x
Our organization would be more efficient and effective if it were more decentralized	S						x
Our organization has too many units to function efficiently	S						x
Innovation in my organization is not constrained by available resources, but by lack of incentives and organizational culture	S						x
As our reporting systems don't match all my needs, I have to maintain my own database to track the progress of my work	S						x
Budget Allocation Processes							
General							
How would the ability to plan the use of budgets beyond one fiscal year help managers to prioritize better how budgets should be spent?	I			X			
How are actual results tracked and assessed against targets? How is this information fed into resource planning?	I	X		X			
To what extent are budgets based on prioritized work programs and activities that are aligned with IFAD's Strategic Framework?	I	X		X			
What was the process followed for setting top-down budget envelopes for 2011?	I			X			
How were divisional budget request submissions used in reaching decisions on 2011 budget allocations to departments? Where divisional budget requests exceeded the top-down envelopes, what process was followed to cut back on the budget requests and remain within the top-down envelopes?	I			X			

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
How will the 2012 budget process be linked to the Medium-Term Plan?	I			X			
How does IFAD control its headcount? What is the process for linking headcount to work programs? What is the impact of headcount control on managers' flexibility to use budgets? How does IFAD manage its mix of professional to GS staff?	I			X			
What efficiency improvement measures have the support units put in place to manage their work programs within zero real growth budgets?	I			X			
What steps has PMD taken to improve its efficiency in recent years?	I			X			
What information is available to managers to plan and monitor the staff costs of outputs?	I			X			
From the standpoint of budget allocation, how does IFAD assess its efficiency of budget use?	I			X			
Respond on a 6-point scale from 6 - strongly agree to 1 - strongly disagree:							
In IFAD work programs are aligned with the Strategic Framework.	S	X	X	X	X		
In IFAD Resources (budget and staff) allocated to departments are matched with the work programs of the departments	S	X	X	X	X		
In IFAD Resources (budget and staff) allocated to divisions are matched with the work program of the divisions	S	X	X	X			
The annual budgeting process in IFAD helps to understand senior management's priorities for budget allocation	S	X	X	X	X		
Efficiency is an important consideration in budget preparation and use of allocated budgets	S	X	X	X			
IFAD has defined clear indicators for measuring, monitoring and managing efficiency of use of budgets	S	X	X	X	X		
Questions for Comparator Survey							
Total cost (in FTEs) to the institution of the budget process – preparation, implementation and reporting.	S						X
Does the institution have a medium-term budget framework?	S						X
Does the institution practice results-based budgeting?	S						X
Does the institution practice zero-based budgeting?	S						X
Does the institution use time recording?	S						X
Does the institution have a cost accounting system for measuring and monitoring the unit costs of its operational outputs?	S						X
What are the incentives for efficiency improvement built into the budget process?	S						X
Operational Functions							
Respond on a 6-point scale from 6 - strongly agree to 1 - strongly disagree:							

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
Consultants engaged on IFAD project design and COSOP missions are engaged so frequently that they are a full substitute for IFAD staff.	I, S		x	x		x	x
IFAD core functions (project design, COSOP preparation, supervision) would benefit from a tradeoff where there was somewhat greater participation by IFAD staff and a corresponding reduction in consultant participation.	I, S	x	x	x		x	x
CPMs should be given a budget for core functions that allows them full flexibility in making a tradeoff between staff and consultants.	I, S		x	x			
An increase in project size generally results in a proportionate increase in impact on the benefits of the project.	I, S		x	x		x	x
Multiple Choice							
If additional country loan funds were available, on balance, IFAD's effectiveness and impact in countries would be raised by (check one): <input type="checkbox"/> Increasing the size of a project <input type="checkbox"/> A sequence of two projects each of half the size in the same country.	I, S		x	x		x	x
The size of a project in countries that I work on is most influenced by (check one): <input type="checkbox"/> The PBAS allocation <input type="checkbox"/> The administrative budget <input type="checkbox"/> Both A and B <input type="checkbox"/> Judgments about project needs	I, S		x	x			
General							
Under the scenario as described above when a Quality Enhancement review (QE) is not requested, the calendar time to process a project would be shortened by how many weeks?	I, S		x	x			
Respond on a 6-point scale from 6 - strongly agree to 1 - strongly disagree:							
I would be in favor of shifting the QE function to an "on-demand" activity rather than a mandated activity. In this scenario, when a QE is not requested, resources that otherwise would be used in QE are shifted to the project design phase.	I, S		x	x			
Under a scenario where QE was "on demand", quality would suffer noticeably.	I, S		x	x			
If resources were shifted to the design phase, I would be more likely to utilize PTA staff rather than consultants.	I, S		x	x			
The experience of utilizing Associate CPMs as a mechanism for training potential CPMs has been positive.	I, S		x	x			

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
The pros and cons are: (Fill in the blanks)							
The experience of having newly hired CPMs take their initial assignment in a small country under the mentoring of an experienced CPM responsible for another country has been positive.	I,S		x	x			
The pros and cons are: (Fill in the blanks)							
All CPMS newly hired from the outside should spend a brief period "shadowing" an experienced CPM before being assigned to the CPM job.	I,S		x	x			
Such a shadowing should last __ months. (Fill in the blank)							
General							
If you are a Rome based CPM: What are the reasons for your remaining in Rome. (List most important reason first)	I,S			x			
Respond on a 6-point scale from 6 - strongly agree to 1 - strongly disagree:							
IFAD's work with clients would benefit if all CPMs for large and medium sized countries were decentralized to the countries.	I,S		x	x		x	x
For smaller countries, it would be better for CPMs, to be based in Rome rather than in regional offices that served clusters of small countries.	I,S		x	x		x	
General							
How much personal time (in days) have you spent in the past six months on procurement issues?	I,S			x			
Has professional procurement support been available to you over the past six months?	I,S			x			
What percentage of the time you spent on procurement issues could have been shifted to a procurement specialist?	I,S			x			
How much personal time (in days) have you spent in the past six months on loan withdrawal/repayment?	I,S			x			
Has professional loan withdrawal/repayment processing support been available to you over the past six months?	I,S			x			
What percentage of the time you spent on loan withdrawal/repayment issues could have been shifted to a procurement specialist?	I,S			x			
My time would be used more efficiently if the following services were improved/made available: (highest priority first)	I,S			x			
Loan disbursements could be raised by							
Respond on a 6-point scale from 6 - strongly agree to 1 - strongly disagree:							
I am satisfied with the service I receive from travel	I,S			x			

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
I am satisfied with the service I receive from consultant processing.	I,S			x			
I am satisfied with the service I receive from IT.	I,S			x			
General							
If a rotation policy were adopted, the average time in one region should be ____ years. (Fill in the blank)	I,S		x	x			
Respond on a 6-point scale from 6 - strongly agree to 1 - strongly disagree:							
I would favor a policy of rotation across Regions for CPMs	I,S		x	x			
I would favor a policy of rotation across Regions for Associate CPMs	I,S		x	x			
I would favor a policy of rotation across Regions for Technical staff	I,S		x	x			
General							
Processing could be made more efficient by: (List suggestions, most important first)	I,S		x	x			
The scheduling of Board dates for project approval currently adds approximately ____ calendar weeks to project processing.							
Respond on a 6-point scale from 6 - strongly agree to 1 - strongly disagree:							
Too many approvals are required for processing operational products	I,S		x	x			
The number of approvals required for processing projects reduces innovation.	I,S		x	x			
There is a culture in PMD of seeking greater efficiency in operations.							
General							
Of the projects that I know reasonably well, approximately ____ percent involve co-financing where other development finance institutions support an IFAD developed project concept.							
Of the projects that I know reasonably well, approximately ____ percent involve projects where IFAD supports a project concept developed by other development finance institutions.							
Respond on a 6-point scale from 6 - strongly agree to 1 - strongly disagree:							
The levels of co-financing and scaling up in IFAD projects are negatively affected by lack of budget to pursue opportunities and develop operational details of scaling up and co-financing.	I,S		x	x			
Support and Oversight Functions							
General							
What are the total costs of each support function in IFAD – as a percentage of its total administrative costs?	I			X			

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
What are the functions/services that IFAD has outsourced? What are the costs of these outsourced services as a proportion of the costs of IFAD's support functions and its total administrative costs? What are the opportunities for further outsourcing and shared services?	I			X			
Which of the support functions has been subject to an external or internal review in the last 5 years? What were the recommendations of such reviews relating to efficiency improvement and what actions has Management taken to implement them?	I			X			
What is the process by which the support functions determine their work program priorities and budget requests? What is the impact of zero real growth budgets on their work programs and efficiency? What are the external and internal cost pressures that had to be absorbed in 2011 without a real budget increase?	I			X			
How are the increased level of lending commitments and greater country presence impacting on demand for support services?	S	X	X	X			
What measures have been taken (or planned) to increase efficiency? How were these opportunities identified? Are these measures considered to be sustainable? Are there measures that were considered but not implemented, and for what reasons?	I			X			
What elements of the work program could be curtailed or eliminated without reducing effectiveness?	I	X	X	X			
What are the areas of opportunity for further process simplification and automation?	S	X	X	X			
To what extent has IFAD explored and used such cost-saving measures as joint bidding and shared services with other UN agencies?	I			X			
What are the elements of IFAD's cost structure that are predominantly affected by UN policy and procedural requirements? Has IFAD explored the extent to which its Management has discretion to adapt these requirements to IFAD's needs in a cost-effective manner?	I			X			
Questions for Comparator Survey							
Total cost of each support function (External & Internal Communications; Finance; General Services, incl. Cafeteria, Facilities, Procurement, Security & Travel; HR; Internal Audit; and IT) as percentage of total administrative costs.	S						X
Total cost of each support function per FTE supported.	S						X
List of support functions that are currently outsourced or planned to be outsourced in the near future. If any of these functions are fully or partly off-shored, within the institution, to lower cost locations, please indicate the broad nature of the off-shored activities.	S						X

Interview/Survey Questions	Potential Respondents						
Question with choices, scale, etc.	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
How are the effectiveness and efficiency of the support functions measured and monitored? (Note: This information is already available for IFIs through the IFI Benchmarking Website, and could be extended to include other comparators)	S						X
What measures are taken to ensure that support functions are as efficient as possible?	S						X
What are the areas of support services for which the institution uses (a) internal pricing (e.g., chargeback) or (b) cost allocation to service consumer units?	S						X
Have the budgets of support functions increased in the last 5 years? For each support function, answer Yes/No. Also, indicate 1 for below the average budget increase for all departments, 2 for same as the average, 3 for above the average.	S						X
People Management Efficiency							
General							
How are regional staff complements determined?	I			x			
How well does the incentive and reward system serve to align skills with maximum need?	I			x			
Is there any formal or informal mechanism to facilitate cross-support	I		x	x			
How are consultants identified and selected? Who holds the budget for consultants?	I		x	x			
Other than overall caps on staff complement, how are trade-offs between core staff and consultants managed?	I		x	x			
How optimal is the operational talent mix, at either the regional and project-specific levels? Is there, for example, an appropriate matching of seniority and work challenges? If not, which way is the problem pattern skewed: senior staff consumed with routing chores or junior or inexperienced staff operating beyond their true level of competence	I		x	x			
Does geographical dispersion of operational staff make strategic sense?	I		x	x			
Is the blend of core staff to consultants appropriate?	I		x	x			
Is there unexploited potential for outsourcing or shared services (to control for IFAD's small scale but administratively full service provider status)?	I			x			
What specifically can be done to speed up the exiting of redundant/skills depleted staff, particularly in the support functions?	I			x			
Respond on a 6-point scale from 6 - strongly agree to 1 - strongly disagree:							

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
HR policies encourage the acquisition of multi-regional experience	S	x	x	x			
The incentive and reward system encourage or discourage team work or knowledge sharing	S	x	x	x			
Overall staff costs are appropriate to workforce size and composition	S	x	x	x			
The balance between operational and non-operational staff is appropriate	S	x	x	x			
The blend of core staff to consultants is appropriate	S	x	x	x			
The consultants IFAD uses bring cutting-edge expertise to project and other work	S	x	x	x			
Staff development opportunities exist and are adequate	S	x		x	x		
Career development opportunities are adequate	S	x		x	x		
Staff expertise is well used	S	x		x	x		
Technical excellent is valued in IFAD	S	x		x	x		
Staff opportunities for field assignments are adequate	S	x		x	x		
Taking a field assignment makes career sense	S	x		x	x		
Program Efficiency (including implications of Government Processes)							
General							
IFAD should significantly expand the funding for grants to promote high risk/high reward activities	I	x	x	x	x	x	x
Grants are an underused instrument in IFAD because (check as many as appropriate): <input type="checkbox"/> Lack of good proposals for funding by IFAD <input type="checkbox"/> Grant policies and procedures are too cumbersome and demanding on staff time <input type="checkbox"/> Lack of managerial attention and incentives for staff to work on grants	I,S	x	x	x			
What are the main trends and patterns in the composition (geographical and thematic) of the IFAD's programs over the past five years and proposed for the medium-term in the future?	I			x			
To what extent are the trends and patterns consistent with IFAD's mandate and its strategic priorities? In particular, to what extent they reflect: <ul style="list-style-type: none"> • appropriate balance between global, regional and country level initiatives? • appropriate allocations among different countries consistent with their needs and performance? • appropriate balance among different thematic areas consistent with its mandate and recognizing the evolving global context (e.g., climate change, food and financial crises) ? 	I,S			x	x		

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
To what extent the trends and patterns parallel those in the rural programs of the other MDBs (particularly, WB, AfDB and ADB)?	I			X		X	
In case of significant differences, to what extent are the differences due to different mandates and strategies, and/or deliberate choices by IFAD (e.g., to build partnerships with other donors for a coordinated approach)?	I						
To what extent are COSOPs succeeding in guiding the IFAD's country level assistance to ensure: <ul style="list-style-type: none"> consistency with IFAD's strategic framework, its comparative advantage in the country, and lessons of experience? alignment with the country's poverty reduction strategy, ownership by the key stakeholders, and leveraging of assistance from other partners? appropriate balance between projects, grants and knowledge products? appropriate balance between innovation and scaling up? appropriate recognition of government capacity in program design? 	I,S		X	X	X	X	X
Are there significant differences among different IFAD regions and countries in the quality and relevance of the COSOPs? What can be learnt from the better performing COSOPs?	I		X	X	X		
What should IFAD do differently in the future to increase the allocative efficiency of its operational programs at global/regional and country program levels?	I		X	X	X		
What indicators should IFAD use as proxies to track its performance in this respect in the future?	I		X	X	X		
What are the trends and patterns vis-à-vis scaling up of innovations emerging out of IFAD-supported projects? How frequently have IFAD projects led to significant innovations and how often have those been picked up by others for scaling up?	I		X	X	X	X	X
How well is the issue of scaling up being addressed in COSOPs?	I		X	X	X	X	
What is the experience of the clients/receiving donors in scaling up successfully the IFAD-piloted innovations? What are the lessons for the future? What should IFAD do differently to promote scaling-up and how should IFAD performance in this respect be tracked?	I					X	X
Are IFAD's policies and guidelines consistent with the current state of the art and tailored to IFAD's special mandate and focus? What, if anything, can be done to improve them further?	I			X		X	X
What are the overall trends and patterns in the efficiency of the IFAD-supported projects? Are there any significant differences related to	I		X	X			

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
country parameters (e.g., CPIA, fragility status), thematic focus and regional departments?							
How do the efficiency ratings relate to those for other dimensions of quality?	I	X	X	X			
How do the IFAD's efficiency ratings compared to that for the other MFIs/donors?	I	X	X	X			
What are the current practices in IFAD for assessing project efficiency during project development and at completion? To what extent are they consistent with the stated policies and guidelines? How robust are the reported results?	I	X	X	X			
How significant are the missed opportunities for greater development impact by IFAD through improvements in project efficiency analysis? Where will the improved analysis make the greatest difference?	I	X	X	X	X		X
What are the underlying causes leading to deficiencies in project efficiency analysis? What should IFAD do to address those problems?	I	X	X	X			
How well aligned is the grants program with IFAD's corporate priorities and objectives, in particular the adequacy of its focus on learning and innovation? Has the grants program promoted appropriate risk taking?	I			X	X	X	
Is the balance between global, regional and country-specific grants appropriate?	I			X	X	X	
How relevant and supportive is the grants program to IFAD's current and/or perspective project portfolio?	I		X	X		X	
What is the experience with the implementation of the currently active portfolio of grants? What differentiates well-performing grants from others?	I	X	X	X			
What are the evaluative findings concerning the performance of IFAD's completed grants? What are the main success factors and constraints to good performance?	I	X	X	X			
How appropriate are the operational policies and procedures bearing on the grant program? How do they compare with those of the comparator organizations (World Bank, ADB, Gates Foundation, Rockefeller Foundation...)?	I			X		X	X
What indicators can IFAD use to track the efficiency of the grants portfolio?	I	X	X	X			
Rank in terms of importance the main underlying causes of shortfalls in government performance (e.g., inadequate ownership of the project concept and design, inappropriate policy environment bearing on the project implementation, excessive project complexity and expectations in relation to client capacity and skill levels, unclear implementation procedures and responsibilities, inadequate incentives)?	I	X	X	X		X	X

Interview/Survey Questions	Potential Respondents						
	Interview (I) or Survey (S)	Staff	CPMs	Managers	GB Members	Clients	Partners
Question with choices, scale, etc.							
Respond on a 6-point scale from 6 - strongly agree to 1 - strongly disagree:							
<i>There is a significant scope for increasing IFAD's dev. impact by:</i>							
Shifting resource towards global and regional programs (e.g. funding research on issues specially relevant to the rural poor)	S		x	x	x	x	x
Greater weight in country allocations to country performance (allowing a critical mass of support for better performers)	S		x	x	x	x	x
Greater differentiation of instruments by country type---focusing financial assistance on LDCs while servings MICs or poor performers through knowledge services	S		x	x	x	x	x
Greater focus on innovation by keeping project size small while proactively managing the scaling up through partners (even if it means higher administrative costs)	S		x	x	x	x	x
Low project efficiency is significantly affecting the development impact of IFAD-supported projects	S	x	x	x	x	x	x
There is a significant scope for improving the efficiency analysis of IFAD-supported projects	S	x	x	x			
Better adjusting project design to government capacities than is typically the case.	S	x	x	x			
<i>Low quality of the efficiency analysis reflects:</i>							
Methodological weaknesses, poor guidelines and lack of data availability	S	x	x	x			
Staff skills in the task teams	S	x	x	x			
Inadequate managerial attention and lack of "demand" for good analysis	S	x	x	x			
Other (please specify)							
<i>Inadequate scaling up of innovation generated through IFAD-supported projects reflects:</i>	S	x	x	x		x	x
scarcity of replicable innovation emerging out of IFAD-supported projects	S	x	x	x		x	x
lack of interest among partners to follow-up on someone else's idea (not invented here)	S	x	x	x		x	x
inadequate support from IFAD for promoting and marketing the innovations to partners	S	x	x	x		x	x

Outline of Working Papers

The working papers will present the complete documentation of the objectives, scope, findings, analysis, conclusions and recommendations in each of the areas reviewed. Thus the papers will be designed as fully self-standing documents that will provide comprehensive input for the synthesis in the CLE main report. Given their specific focus on the subject areas, however, the papers will include more detailed documentation than the main report.

Working Paper on Governing Bodies (Pieter Stek)

The paper will seek to address the question of whether IFAD's governing bodies (GBs) are conducting their oversight and controls in efficient and effective ways, as a critically important contributor to make IFAD an ever more successful international organization, able to adapt with agility to a more rapidly changing environment and to consistently improve its performance at all levels. Towards this objective, the contents of the paper will include the findings, conclusions and recommendations on the following:

- Alignment of GB control systems and reporting arrangements with IFAD's overall results orientation
- Implications of IFAD's results orientation on the GBs' terms of reference and approaches to discharge their accountability for oversight and control
- Achieved efficiency of the GBs in the division of labor with various subcommittees
- Efficiency of the working procedures of the GBs, including their terms of reference, code of conduct, and the representation of diverging views through constituencies
- Opportunities to use new technologies to achieve efficiency improvements
- Review of the GB support – inclusive language translations – provided by the Secretary General's office and other GB support functions across IFAD (e.g. Replenishment secretariat et al)

Working Paper on Organizational Structure, Management and Corporate Decision-making (Achim von Heynitz)

The paper will seek to address the question how IFAD's organizational structure and corporate decision-making impact on its overall efficiency. The paper will pay particular attention to the two cross-cutting issues relating to the delegation of authority and incentives. Towards this objective, the contents of the paper will include the findings, conclusions and recommendations on the following questions:

A) Organizational Structure:

- Evolution and impact of IFAD's evolving organizational structure (fragmentation, overlaps if any) on its institutional efficiency,
- Managerial span of control, as a result of the organizational structure,
- Management of interdependencies and cooperative mechanisms across organizational units.

B) Corporate Decision-making:

- Is the practiced delegation of authority fully aligned with the requirements of the adopted results model at IFAD?
- Is the corporate decision-making shaping an environment for swift decision-making at lower levels of the organization?
- Is IFAD's corporate decision-making geared towards efficiency improvements through provision of:
 - Clear communication of the decisions taken
 - Strategic and operational guidance, specific enough to allow line managers to conduct their business without upwards delegation of functional issues which can be decided at their respective levels?
 - Flexibility for line managers for agile adaptation of their work programs in reaction to changes in the external environment reflected in their risk assessments, or changes in the underlying assumptions of their work programs
 - Provision of consistent and corporation-wide vetted information required for delegated decision-making
 - A set of agreed, vetted and SMART KPIs, which serve as managerial tools for performance enhancements throughout the organization
- Review of IFAD's management forums and decision-making processes and their impact on efficiency
- Reporting and selected indicators (e.g., KPIs) With respect to the impact on efficiency

Working Paper on Budget Allocation Processes (Barun Chatterjee)

The paper will seek to address the question of whether and how IFAD's budget allocation processes impact on its institutional efficiency. Towards this objective, the contents of the paper will include the findings, conclusions and recommendations on the following:

- Degree of alignment between IFAD's strategic framework, work programs and budgets
- Roles of results-based budgeting and zero-based budgeting in enabling the above alignment
- Impact of IFAD's annual budgeting process (vs. MTBF) on efficient use of budgets
- Impact of IFAD's practice of headcount control on efficiency
- Bottom-up vs. top-down elements of IFAD's budget process and the impact of this mix on efficiency
- Incentives and accountability for efficient use of budgets
- Key messages from staff survey
- Key findings from benchmarking on practices of comparator organizations and their relevance and adaptability for IFAD
- Indicators to measure and monitor efficiency of budget usage

Working Paper on Efficiency of Operational Functions (Anthony Pellegrini)

The paper on operational functions will provide details of the assessment of PMD's overall efficiency, and consider opportunities to obtain further efficiency gains from the New Operational Model and other delivery mechanisms for operations. The following questions will be addressed.

Overall PMD efficiency

- Utilization of increased budgets that have been allocated to PMD in recent years
- Extent to which trends of higher budget expenditure within PMD are being matched by gains in ratings of effectiveness, sustainability, and relevance. (Ratings at entry may need to be utilized since ratings at completion will not be available.)
- Implications of IFAD's current measure of institutional efficiency on IFADS operational outputs

New Operational Model

- Effect on the efficiency of CPMs if they were resident in country, where they may be more effective, despite higher cost. Implications of current constraints to regional residence
- Extent to which IFAD's budgeting processes give sufficient weight to the time and cost of engaging partners in scaling up and co-financing opportunities
- Extent to which shifting QE to an on-demand basis would allow resources to be used more efficiently at project design, without affecting overall quality
- Extent to which the efficiency of PMD would be improved if specialized staff handled routine processing of procurement and loan withdrawals

Delivery Mechanisms

- Extent to which an adjustment in IFAD's "staff to consultant " ratio would lead to greater efficiency
- Effect of a possible wider adoption of the Associate CPM model on the efficiency by which newly hired staff learns IFAD culture, values and processes
- Effect on the efficiency of PMD if Departments responsible for support functions such as travel, hiring consultants, legal and IT adopted clear service standards
- Extent to which IFAD adoption of a rotation policy would achieve cross-regional knowledge sharing without damaging continuity of country programs
- Extent to which IFAD's efficiency is affected by an "approval culture" which reduces innovation
- Extent to which there is a culture in PMD that promotes efficiency
- Changes in policy or processes that would have the greatest effect on PMD efficiency
- Indicators to measure and monitor efficiency of Operational functions

Working Paper on Support and Oversight Functions (Barun Chatterjee)

The paper will seek to address the question of whether IFAD is making optimal use of its administrative budget resources by focusing these resources primarily on its core business and maximizing the cost-effectiveness of support functions. Towards this objective, the contents of the paper will include the findings, conclusions and recommendations on the following:

- IFAD's sourcing practices (Rome location vs. outsourced/off-shored/shared services) to take advantage of lower-cost sources, subject to institutional safeguards. Key findings from benchmarking on practices of comparator organizations will be reported and their adaptability for IFAD will be assessed
- Impact of zero real growth budgets on the work programs and efficiency of support functions, taking into account the recent trends in demand for support services (including results from staff survey) and exogenous cost pressures. Degree to which support units' work programs are prioritized to add the greatest possible value to IFAD's strategic priorities will be assessed
- Institutional planning and coordination and longer-term sustainability of recent measures taken by support units to improve efficiency. Practices of comparator organizations to ensure the efficiency of support functions will be reported and their adaptability for IFAD will be assessed.
- Unexploited opportunities for process simplification and automation (including results from staff survey)
- Support services that could be considered for internal pricing or cost allocation to improve managers' awareness of support costs and thereby increase efficiency
- Elements of IFAD's cost structure that result primarily from adoption of UN practices and the degree of flexibility of Management to adopt less costly processes
- Cost of each support function (including the fixed cost element) as a percentage of IFAD total administrative costs, along with benchmarks from comparator institutions. An important purpose of this comparison is to identify any issues regarding economies of scale in view of IFAD's relatively small size
- Total cost of each support function per FTE supported, along with benchmarks from comparator institutions
- Indicators used to measure effectiveness and efficiency of support functions, along with benchmarks from comparator institutions.

Working Paper on People Management Efficiency (John Lavelle)

The paper will examine how efficiently IFAD deploys its available resource of people and expertise to deliver its projects and programs and manage its administrative and support functions. Findings and recommendations will focus at minimum on the following:

- Degree of fit between project implementation demands and available expertise
- Organizational adroitness in bringing skills and expertise to bear where they are most needed and in a timely fashion
- Impact of the incentive system in use on human resource deployment (does it encourage or impede the ongoing process of matching needs with available skills)

- The appropriateness of the blend of core, time-bound and contingent staff, including all consultants
- How well critical expertise is husbanded in-house (through staff development & rotational opportunities) or maintained externally through the pool of available consultants
- Lessons from the most recent staff surveys related to staff engagement, etc.
- Comparisons with benchmark organizations, with particular emphasis on staff costs and composition (core/contingent; technical/generalist; senior/junior)
- Balance of supply of administrative and support functions provided in-house versus procured through outsourcing arrangement

Working Paper on Program Efficiency (Prem Garg)

The paper will seek to address the

- Scope for increasing IFAD's program efficiency through improved allocation of IFAD resources between global/regional and country programs, and among different countries
- Scope for increasing program efficiency through improved designs of the country programs focusing in particular on the mix between projects, grants and knowledge products, and between innovation and scaling up
- Quality of the efficiency analysis in IFAD-supported projects and robustness of the reported trends in efficiency
- Appropriateness of the current policies and guidelines for project efficiency analysis and scope for refinement to make them more helpful to staff
- Causes of and proposed remedies for addressing low program efficiency in IFAD
- Proposed indicators and proxies for tracking program efficiency in IFAD

Working Paper on Efficiency Implications of Government Processes (to be completed in Phase II)

This paper will address:

- The nature of the relationship between Government "performance" ratings and the ratings for other dimensions of quality and extent of any significant correlations of government performance with parameters such as country groupings (CPIA, per capita GDP, fragility status), sub-sectoral/thematic focus, and IFAD's organizational groupings.
- The direct manifestations of low government performance (e.g., delays in project preparation/approval/ effectiveness, delays in project implementation and in addressing implementation problems, inadequate provision of counterpart funds, non-compliance with agreed loan covenants and conditions, inadequate attention to safeguard issues, delays in managing project-related procurement, inadequate M&E, delays in hiring/excessive turnover of key project staff, cost overruns, high administrative costs)
- The main underlying causes of the low Government performance (e.g., inadequate ownership of the project concept and design, inappropriate policy environment bearing on the project

implementation, excessive project complexity and expectations in relation to client capacity and skill levels, unclear implementation procedures and responsibilities, inadequate incentives)

- Recommendation for policies and processes in operations work to address this problem for the future.
- Recommendations for measures of progress in the future