Document: EC 2013/77/W.P.7
Agenda: 8
Date: 30 May 2013
Distribution: Public
Original: English

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Enabling poor rural people
to overcome poverty

Joint Evaluation of the Agriculture and Rural Development Policies and Operations in Africa of the African Development Bank and IFAD: Follow up study on the implementation of evaluation recommendations

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Evaluation Committee — Seventy-seventh Session
Rome, 26-27 June 2013

For: **Review**

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Abbreviations and acronyms

AfDB	African Development Bank
ARD	agriculture and rural development
CAADP	Comprehensive Africa Agriculture Development Programme
CODE	Committee on Operations and Development Effectiveness (AfDB)
COSOP	country strategic opportunities programme
CPM	country programme manager
CSP	country strategy paper
DAC/OECD	Development Assistance Committee/Organisation for Economic Co-operation and Development
IOE	Independent Office of Evaluation of IFAD
KPI	key performance indicator
OPEV	Operations Evaluation Department (AfDB)
OSAN	Agriculture and Agro-Industries Department (AfDB)
PRISMA	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions
RMC	Regional Member Country (AfDB)
TM	task manager
WCA	West and Central Africa Division

Executive summary

1. The Joint Africa Evaluation was a unique undertaking both in terms of its wide scope, complex methodology and approach, and in the sense that it was a truly shared endeavour by two very different institutions. To ensure that this unique evaluation yields maximum learning and accountability, a review has been undertaken to examine implementation of the commitments made in the Joint Management Response, reflect on any emerging strategic issues and offer recommendations to further enhance the impact of the evaluation. Lastly, in the spirit of evaluation and building on the quality standards for development evaluation of the Development Assistance Committee of the Organisation of Economic Co-operation and Development (DAC/OECD), the review looks at the Joint Management Response as an accountability mechanism.

2. The review takes as a point of departure the commitments presented in the Joint Management Response. Short-term output targets were set for 2010 for the partnership dimension, which were to be updated annually. However, a systematic review of these targets was never institutionalized, although annual consultations took place and there was a general agreement to intensify efforts to deepen the partnership between the two institutions. The main short-term targets have not been fully achieved: some progress has been made in cofinancing and joint supervision of projects, while very little has been achieved in terms of conducting joint analytical work. From the perspective of short-term outputs, the picture is thus somewhat disappointing. However, some important achievements have been made, and the lessons learned in the process need to be recognized as they are essential for revitalizing the partnership.

3. Turning to the main areas of the action plan – policy gap, effectiveness and partnership – the review finds that achievements were mixed in all three:

   (i) In terms of addressing the policy gap, the African Development Bank (AfDB) has achieved the strongest results. IFAD was somewhat constrained by its operating model, which has in the past emphasized the operational level more than the policy level.

   (ii) Both institutions have achieved good results in improving performance by developing simpler and more sharply focused projects and by strengthening country presence. Results were mixed with respect to strengthening interventions in fragile states, building capacity for policy and analytical work, and enhancing knowledge management and gender mainstreaming.

   (iii) Results in terms of the partnership dimension are the most uneven, bringing to the fore questions about the perceived value added of the partnership, the commitment of Management and the Board, and incentives to staff to support and deepen the partnership.

4. Most – but not all – of the commitments made in the narrative are translated into specific action or targets and included in the action plan or the output matrix.

5. First, in relation to stronger private-sector engagement, both institutions show commitment and can demonstrate some results. Second, with regard to policy-based lending, the AfDB can show examples of budget support in the agriculture sector in Rwanda and Morocco. For IFAD, the most frequently used aid modality is the project and is likely to remain so in the future, given the decision of the Executive Board that IFAD cannot provide budget support but can participate in sector-wide approaches. Third, IFAD made a specific commitment with respect to the volume of resources devoted to Africa and data show that IFAD's commitment to Africa was substantially higher in 2010 than in 2009, although a slight drop was registered in the proportion of funds committed in 2011. A fourth issue relates to gender. While the action plan makes a passing reference to gender equality, the narrative contains a specific and well-articulated commitment from the AfDB. The

forthcoming evaluation of gender equality results is expected to address the performance on these issues. IFAD's commitment was to conduct an evaluation and subsequently develop a policy. The IFAD Policy on Gender Equality and Women's Empowerment was approved by the Executive Board in April 2012 (and published in September 2012), and IFAD has also strengthened its institutional structure, including through recruitment of a regional gender coordinator based in Dakar. The last issue – which would have merited mention in the action plan but was not included – relates to harmonization and division of labour. A commitment was made to work through donor agriculture working groups where these exist and to raise the issue of division of labour in country dialogue missions. With the increasing field presence of both institutions, more significant progress is likely to be made if incentives are in place for field staff to address this issue.

6. Overall, the evaluation has had a significant impact in several key areas, and merits acknowledgement for having generated knowledge and lessons of strategic and operational value. This review seeks to further these achievements and draw attention to some areas where efforts are still needed to ensure that commitments are fully realized.

7. This review poses four key questions at the strategic level. All relate to the partnership dimension, which is the area where progress has lagged most:

   (i) Is partnership a priority for the two institutions?

   (ii) Do the operating models of each institution support the IFAD/AfDB partnership?

   (iii) What is the value added of the IFAD/AfDB partnership?

   (iv) Do institutional and business processes and resources support the partnership?

   The responses to these questions are not simple and deserve thorough discussion at Management and Board level. Recommendations are made to address the key areas needing attention and to stimulate further discussion.

8. The Joint Management Response should be recognized for its three-tier structure, composed of a narrative, a clear action plan, and an output matrix. However, some actions could have been described more explicitly and numerical targets more clearly defined. Accountability would have been strengthened by the inclusion of an accountability matrix designating clearly who would be primarily responsible for implementing the action plan and delivering the outputs. This would have made tracking commitments easier and enhanced accountability and ownership of recommendations on the part of the institutions. In the absence of such a matrix, this review not only measures progress on commitments but also captures some of the changes and impact resulting from the evaluation, which would not have come to light by simply tracking implementation of an action plan or a narrow set of outputs. A review of this nature thus has the potential to extend the "shelf-life" of the evaluation by attracting renewed attention and focusing on the longer-term results.

I. Background

1. Over the past 30 years, the African Development Bank (AfDB) and the International Fund for Agricultural Development (IFAD) have each played a major role in agriculture and rural development (ARD) in Africa, and jointly made a substantial contribution to development on the continent. The loans and grants they have provided to the agriculture and rural development sector amount to a combined total of more than US$10 billion, or to US$17 billion when cofinancing and borrower contributions are included.[1] Given the scale of this investment, and in view of disappointing results, a major evaluation was undertaken between 2007 and 2009 to review the experience of the two institutions. It carefully assessed their relevance to Africa's needs in the area of agriculture and rural development, and reviewed their performance, including the performance of their partnership in the sector. However, the overriding aim throughout was to draw useful lessons and develop sound recommendations to assist the two institutions to move forward and, in particular, consider how they might work more closely together to greater effect.

2. The report of the IFAD-AfDB Joint Evaluation on agriculture and rural development in Africa, finalized in 2009, highlights the importance of African leadership in developing clear sector policies and strong institutions. It concludes that AfDB and IFAD have distinct but complementary roles and are, individually and together, highly relevant to Africa's current and future needs in the field of ARD. Their contribution could be further strengthened through focused efforts to address the sector policy gap, improve the performance of both lenders and governments, and strengthen the partnership between AfDB and IFAD – and between these institutions and other sector players. The report presents specific recommendations regarding each of these topics.

3. To ensure maximum learning and accountability from this important evaluation and full implementation of the commitments made in the Joint Management Response, the Independent Office of Evaluation of IFAD (IOE) and the Operations Evaluation Department (OPEV) of AfDB commissioned[2] the current review. The review focuses on progress with respect to the recommendations agreed by Management of the two organizations. These recommendations were captured in the comprehensive Joint Management Response, which included a medium-term action plan and specific short-term targets for 2010 presented in an output matrix (as contained in appendix II of the main evaluation report) and reproduced in appendix III of this document.[3] Strategic issues revealed by the review are also considered, and recommendations provided on how to enhance impact. Lastly, the review examines the Joint Management Response as an accountability mechanism.

II. Assessment framework

4. The purpose of the review is to identify the main achievements of the implementation of the evaluation's recommendations, as contained in the Joint Management Response. Areas where progress has been relatively less satisfactory are also assessed, in particular in terms of purposeful partnerships between AfDB and IFAD.

5. The review poses three groups of assessment questions:

   A. **Follow-up to the Joint Management Response.** To what extent has the action plan, which was developed as part of the Joint Management Response, been implemented? What have been the results? What are the key factors influencing implementation performance? Are there any key issues from the Joint Management Response that have not been covered by the action plan? If

[1] http://www.ifad.org/evaluation/jointevaluation/docs/africa/africa.pdf
[2] The review was conducted by Ms Dorte Kabell, IOE consultant.
[3] http://www.ifad.org/evaluation/jointevaluation/docs/africa/africa.pdf

so, how have these been addressed? These questions constitute the core of the assessment.

B. **Purposeful partnership.** Is there a shared understanding of what a purposeful partnership entails? To what extent is the current partnership satisfactory in this respect? What are the areas for possible improvement? This area will provide the context of the core assessment question.

C. **Joint Management Response.** Its clarity and responsiveness to all issues raised will be assessed as background to qualify and explain findings under the core assessment question.

6. Focus of the review. Question A constitutes the core of the assessment, while questions B and C are raised to provide context and possible explanatory factors for findings under core question A.

7. Scope of the review. The review takes as the main background document the Joint Management Response and assesses specifically the implementation of the action plan, which was developed as part of the Management Response. The scope of the review is therefore to examine the results emerging from the implementation of the action plan; it does not assess the recommendations of the evaluation as such.

8. The methodological approach is designed to address both learning and accountability, and the review is results- rather than compliance-oriented as the aim is to understand the reasons behind particular implementation performance strengths or weaknesses.

9. The assessment tools applied are mainly interviews and review of documents provided by each organization. Interviewees represent a broad spectrum from both organizations, covering operational staff and also staff at management level. The lists of interviewees and the documents consulted are attached in appendices I and II respectively.

10. Review process. Often the process is as important as the final report in an evaluation or a review; when questions are asked and evidence has to be produced on various performance parameters, this gives rise to self-reflection in any organization. This review is no exception and the review process has been designed to maximize the opportunities for organizational learning. The joint nature of this exercise is both its strength and its challenge and it is hoped that IFAD and AfDB will continue the joint approach when considering the findings of the review and reflect both individually and jointly on the process and the findings.

11. The review was conducted in three phases: (i) a desk review; (ii) missions to each of the two institutions' headquarters; and (iii) a drafting and vetting phase during which the draft report was shared with the institutions to ensure accuracy of data, and allow for preliminary discussion and feedback on the key findings.

III. The IFAD-AfDB Joint Africa Evaluation

12. The idea of a joint evaluation of ARD policies and operations in Africa originated with the Presidents of IFAD and AfDB and was partly sparked by evidence of declining investment in the sector globally. The rationale of the evaluation was rooted in the realization by the two Presidents that a new operational approach to ARD was needed to achieve better results and that, for both institutions, useful lessons could be drawn from a joint review. The Directors of Evaluation at the two institutions thus decided to ensure that the evaluation was a truly joint venture. The evaluation was then conducted at the request of the Executive Boards of the two institutions.

13. The evaluation started in earnest in 2007 and it was agreed that four working papers would provide its main building blocks: (i) a contextual overview of agriculture and rural development in Africa; (ii) a meta-analysis of independent

evaluations; (iii) a special study of partnerships; and (iv) an assessment of business reform processes. In addition, a comprehensive desk review of documents and systematic interviews with staff were carried out in both institutions. Subsequently, based on an interim report, consultations were held with the Management, staff and governing bodies of both organizations. These interactions led to the commissioning of a quality-at-entry assessment, eight country studies and a perception survey in six countries – a considerable body of information.

14. The evaluation faced considerable methodological challenges, particularly in view of a scarcity of rigorous, reliable and comparable performance data about ARD in the two agencies. The report states, inter alia: "Faced with a pervasive absence of base line data and a paucity of verifiable performance indicators at all levels (project, country and corporate) the evaluators had to "make do" by resorting to desk reviews, syntheses of reports, special studies, country visits, extensive face-to-face interviews and consultations with a broad range of stakeholders. Communication problems, skills gaps and deficiencies in relevant information made it necessary to recast and beef up the consultancy teams at mid-course."[4] Both the approach and the process thus proved a challenge. The use of three senior independent advisors[5] to act as peer reviewers of the evaluation report was one of the measures taken to ensure the relevance and quality of the final product.

15. The evaluation set out to achieve four objectives: (i) determine the relevance of agriculture and rural development policies and operations in the light of current and emerging issues; (ii) assess their performance and impact; (iii) evaluate the strategic partnership between IFAD and AfDB and their partnerships with other sector stakeholders; and (iv) develop recommendations to enhance the development effectiveness of the two institutions.

16. The evaluation includes findings, conclusions and recommendations that are common to the two institutions, and some that are organization-specific. This is consistent with the Joint Management Response, included in the evaluation report, which contains both joint commitments and specific commitments on the part of IFAD and AfDB respectively. It contains a narrative, an action plan and output matrix targets to be achieved by 2010. The performance and progress on this is reviewed in section VI, with specific focus on the action plan, as per the review's terms of reference.

17. First, however, it is useful to examine how the two institutions follow up and ensure implementation of evaluation recommendations in general.

IV. Evaluation follow-up

18. A key source for standards and good practice in evaluation follow-up is the Framework for Professional Peer Reviews developed by the Joint Task Force on Professional Peer Reviews of Evaluation Functions in Multilateral Organizations of the DAC/OECD/United Nations Evaluation Group (UNEG), which builds to a large extent on United Nations Norms and Standards for Evaluation. The framework has been refined and updated over time and applied to a number of peer reviews, including the review undertaken of IOE in 2009/2010.

19. The United Nations Norms and Standards for Evaluation Follow up are consistent with the DAC Quality Standards for Development Evaluation to which the United Nations specialized agencies, programmes and funds adhere. The pertinent norms and standards are presented in box 1.

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4 Towards purposeful partnerships in African agriculture, appendix I, page 86.
5 Per Pinstrup-Andersen, Seydou Traoré and Robert Picciotto.

Box 1
United Nations Norms and Standards for Evaluation follow-up

Norm 12: Follow-up to Evaluation There should be a systematic follow-up on the implementation of the evaluation recommendations that have been accepted by management and/or the Governing Bodies. There should be a periodic report on the status of the implementation of the evaluation recommendations. This report should be presented to the Governing Bodies and/or the Head of the organization. *Standard 1.4: United Nations organizations should ensure appropriate evaluation follow-up mechanisms and have an explicit disclosure policy* Appropriate evaluation follow-up mechanisms should exist within the organization, ensuring that evaluation recommendations are properly utilized and implemented in a timely fashion and that evaluation findings are linked to future activities.

20. While it is not the aim of this report to assess the two institutions' compliance with these norms and standards, institutional systems for tracking and monitoring evaluation recommendations provide important context for understanding the core question, and the norms and standards in turn provide a recognized mode of measurement for such systems. The following paragraphs look specifically at how Management Responses are followed up in the two organizations.

Evaluation follow-up in IFAD

21. IFAD has a comprehensive system in place to monitor action taken on evaluation recommendations, in compliance with the United Nations Norms and Standards. The President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) is presented annually to the Evaluation Committee, and to the Executive Board together with IOE comments thereon, and then published, thus ensuring full accountability externally and internally.

22. This system was assessed in the 2010 Peer Review of IFAD's Office of Evaluation and Evaluation Function. The peer review concluded, inter alia, that: "IFAD has a sound system in place to develop a Management Response and to follow up on every evaluation recommendation agreed […]. The PRISMA provides information to help the Evaluation Committee and the Executive Board hold Management accountable for the achievement of development results. The quality of the PRISMAs improved between 2005 and 2009 and the greater depth of coverage in 2009 enhanced the institutional learning potential of the PRISMA."[6]

23. PRISMA thus is the key institutional mechanism for tracking commitments made in Management Responses, and the Management Response to the Joint Evaluation is included in the 2011 PRISMA, which concluded, inter alia: "that IFAD has deepened its partnership with the African Development Bank through a country-led approach, aligning strategies and business plans with national sector policies and strategies. [….] While a few corporate recommendations have yet to be fully implemented, including the appointment of a full-time partnership coordinator at the operational level, the institutions are already in the process of aligning their strategies and priorities."

24. The document continues with a review of each of the commitments and provides examples of activities undertaken. However, the PRISMA assessment of 2011 was undertaken fairly soon after the evaluation and some actions need a longer time to

[6] Peer Review of IFAD's Office of Evaluation and Evaluation Function, April 2010.

mature. Furthermore the PRISMA is not designed to be a very rigorous or in-depth review of quality or impact of actions, but rather as a "light" compliance exercise.

25. For example, the 2011 PRISMA states that: "The evaluation recommended that IFAD manage and extend the current bilateral partnership between the two institutions – based on the memorandum of understanding of 2008 – to set a limited number of precise, strategic regional priorities. In response, the current bilateral partnership is being reviewed annually: a meeting was held in November 2010, and another in May 2011 with all the three regional divisions. The meetings covered thematic issues of common interest and the sharing of the respective pipelines for cofinancing." However, while it is true that meetings have been held, the review has revealed that the quality of these meetings has gradually declined, that no pipelines have been exchanged, and that the meetings leave much to be desired in terms of jointly assessing commitments and results. This is further documented in section VI.

26. Annex 1 of the PRISMA contains IOE's comments, which highlights the need for greater attention in some areas "more attention is needed to ensure that all agreed recommendations from the joint evaluation are implemented in a timely manner. The full implementation of these recommendations is expected to contribute to strengthening partnership between IFAD and AfDB, as well as more broadly serving to enhance the performance of IFAD operations, especially in sub-Saharan Africa. For example, inter alia, it would be useful to move forward on implementation of the recommendations related to the staff exchange programme between IFAD and AfDB (see paragraph 75 [of 2011 PRISMA report]), undertake analysis as a basis for [country strategic opportunities programme] COSOP and project design (see paragraph 23 [of PRISMA 2011 report]) and designate an IFAD coordinator for the partnership with the Bank (see paragraph 23 [of PRISMA 2011 report])." Progress on these issues is reviewed in section VI.

Evaluation follow-up in AfDB

27. The 2007 evaluation policy for the Operations Evaluation Department (OPEV) of AfDB was recently reviewed, and a new policy and strategy were approved by the Board in November 2012.[7] The new policy recognizes the importance of follow-up and introduces plans to strengthen this including through the establishment of a Management Action Reporting Mechanism "to ensure clarity over which recommendations Management accepts, how it intends to respond to them, by when, and, crucially, whether it does so in practice." This is likely to strengthen systematic tracking and monitoring of Management Responses, something which has been lacking in AfDB in the past.

28. The 2007 policy states that "For major evaluation reports, Management provides written responses and ensures that major evaluation recommendations, [Committee on Operations and Development Effectiveness] CODE-approved recommendations and management follow-up actions are adopted at the operational, strategic and policy levels and that their implementation are adequately and periodically tracked. Management provides also the Board with reports on the status of adoption and implementation of major evaluation recommendations while OPEV provides comments on the extent to which evaluation recommendations were implemented." Furthermore: "OPEV prepares an annual report on evaluation findings addressed to the Board, management, and staff." However, the AfDB website contains a link to the 2005 annual report only.

29. Evaluation-related key performance indicators (KPIs) are used at AfDB. The 2011-2013 workplan and budget for OPEV introduced a KPI related to Management Responses, namely "all specific evaluation recommendations accepted by Management" for which the 2011 achievement rate was 80 per cent.[8] However, in

[7] Not yet publicly available.
[8] OPEV three-year rolling workplan and proposed budget for 2011-2012.

the 2012-2014 budget, this KPI has been replaced by a new indicator related to knowledge management: "All evaluation reports are posted on the Bank's website within three months of presentation to the Committee on Operations and Development Effectiveness (CODE)".

30. Therefore, albeit belatedly, the AfDB is now focusing on evaluation follow-up and accountability. Given the that AfDB's sister institutions have different systems in place and that this has been an issue in all the peer reviews of its evaluation function, the AfDB may wish to draw on the extensive experience available to develop a state-of-the-art system.

V. Key commitments

31. The report of the joint evaluation includes the response of the Management of each institution as an appendix and – in the spirit of the evaluation – it is a joint response. It is well structured with a narrative, action plan and output matrix with specific targets and indicators for 2010. The narrative presents a detailed joint response to the findings and recommendations and also individual responses where recommendations are directed at a specific institution.

32. The tiered structure of the Joint Management Response enhances its results focus, as it departs at a broad level and then hones in on concrete outputs. The narrative contains a large number of commitments, some general, some more specific and measurable, which are tracked in volume II of PRISMA 2011. Most – but not all – of the commitments are included in the action plan; these are reviewed in section VII.

33. The action plan includes key recommendations drawn from the narrative and a commitment is made to a specific action to address each of these recommendations. In all, ten joint recommendations and three institution-specific recommendations are addressed. The action plan is structured in close alignment with the evaluation report around the three areas of recommendation:

(i) FILLING the sector policy gap (three proposed actions);

(ii) Improving performance – for both lenders and borrowers (five proposed actions); and

(iii) Building purposeful partnerships (two proposed actions).

34. The three specific recommendations for each of the institutions are reviewed in the following section. Some of these actions can easily be validated or measured, some less so.

35. The output matrix contains specific measureable targets for 2010, all relating to the area of partnership.

36. The output targets fall under four headings:

(i) Cofinancing

- Joint project identification, design and approval in five countries.
- Each institution to increase the amount cofinanced by a minimum of 15 per cent above baseline.

(ii) Supervision

- Jointly supervise all cofinanced operations starting in 2010 (there are six such operations currently).

(iii) Enhanced and shared analytical work

- IFAD/AfDB to collaborate in carrying out three economic sector work activities using IFAD grant resources.

- IFAD and AfDB working group to jointly identify issues for further analyses, when needed, and share outputs on regular basis.

(iv) Corporate Knowledge Sharing and Innovation

- A coordinator to be appointed in 2010 to manage the partnership.
- Both institutions to appoint focal points to regularly exchange information on project and country strategy pipelines and share results for ongoing and completed portfolios.
- Undertake a staff exchange programme starting in 2010 for one-to-two-year deployment periods.

37. Progress in implementing the commitments and delivering outputs and actions is reviewed in section VI. The review looks first at the output level, focusing on the action plan, as this is strategically more important and a better indication of the actual or emerging impact of the evaluation. While outputs can serve as indicators of the extent to which recommendations have been fulfilled, they provide a very narrow view. It would be a mistake to judge the evaluation on this basis for two reasons: (i) the Management Response includes outputs only in the partnership dimension, while the evaluation's recommendations are much broader and wide-ranging; and (ii) outputs are the lowest level in a results chain, and key results of a higher order can be fully achieved even when the output included in the matrix has not been reached.

38. In the following sections, the review will assess first the lowest level of results – the outputs – and then move up the results chain to examine implementation of the action plan, which it considers the core focus. Lastly, key commitments from the narrative, not covered by the action plan, are reviewed.

VI. What was achieved?

39. This section reviews first the joint results and then the specific results for each organization. The review follows the results chain logic implicit in the Joint Management Response, i.e. moving from evidence-based output as a result of action plan implementation to higher-order results grounded in the narrative of the Joint Management Response. At the output level, there are only jointly achieved results with no specific targets for either institution, whereas the action plan includes both joint and individual actions and commitments.

A. Jointly achieved results

40. This section begins with a review of the output level and then moves to the implementation of the action plan.

B. The output matrix

41. The output matrix addressed only the partnership dimension and not the other dimensions covered by the Joint Management Response – policy and performance. A baseline was established and targets set for 2010, which were to be updated annually. However, this update did not take place and new targets were not agreed. The data sources for the baseline were in some cases unclear. Records from the annual meetings show that some discussions are held on the four areas covered in the output matrix; however they do not reveal a systematic review of achievement of the planned output, but rather contain general statements on the need to intensify efforts to deepen the partnership.

Cofinancing

42. In terms of achieving the 2010 targets for cofinancing, two targets were set: one relating to numbers of countries where joint project identification, design and

approval would take place;[9] and one committing to increasing the amount cofinanced by a minimum of 15 per cent above the baseline.

43. The pertinence of the first target was questioned during the first joint meeting in 2010. Joint identification, design and approval are seen as tasks better dealt with at country level, although this may be complicated by the different degrees of decentralization and delegated authority. There are some infrequent examples of this type of joint activity. One such case is in Liberia where cooperation has been close in terms of both joint diagnostic work and dialogue and subsequent project preparation. Commitment to sharing pipelines of projects has been repeatedly expressed at annual meetings,[10] yet there is no evidence of clear efforts to establish a systematic process that would facilitate this. IFAD systematically shares COSOPs with the Food and Agriculture Organization of the United Nations (FAO) and the World Bank for peer review – which in turn creates an opportunity for identifying potential for cooperation; however no such systematic sharing with AfDB exists. Equally, the AfDB does not systematically share its country strategy papers (CSPs) with IFAD, except on an ad hoc basis. It seems therefore that a commitment to joint identification cannot be "pushed from the top" but has to be encouraged by empowering and encouraging IFAD country programme managers (CPMs) and AfDB task managers (TMs) and resident mission staff of both institutions to work more closely together in areas of mutual interest. The AfDB delegation of authority matrix should support such sharing and cooperation.

44. In terms of the specific cofinancing target, it has proved difficult to find unequivocal data. It is not clear from the evaluation report what the baseline data represent or from which sources or data systems they are drawn. Moreover, the output matrix seems to refer to joint financing only and thus may underestimate total volume as there are projects where IFAD and AfDB work in parallel towards the same objectives, but with two different financing packages, i.e. parallel financing. In fact this is often the favoured mode of financing for CPMs as it has lower transaction costs than joint financing.

45. Interviews in IFAD made it apparent that AfDB is seen as IFAD's "most important cofinancier", a fact that is confirmed by IFAD's portfolio performance report from July 2011-June 2012 for West and Central Africa Division (WCA): "[the m]ain donor partners in WCA are the AfDB and the World Bank both in terms of numbers of projects and amounts cofinanced." However, the cofinancing has been concentrated on only eight projects in four countries[11] over a 10-year period (2002-2011). IFAD's records show only one cofinanced project for 2011[12] with an AfDB share of US$70 million and an IFAD share of US$31.5 million; one project in the United Republic of Tanzania in 2010[13] with an AfDB contribution of US$62.9 million and an IFAD contribution of US$90.2 million (equivalent to 59.4 million special drawing rights); and two projects[14] in 2009 with a total cofinancing of US$13 million from IFAD and US$23.32 million from AfDB. For the East and Southern Africa region, current cofinancing with the AfDB stands at US$142 million, or 19 per cent of total current cofinancing, surpassed only by the World Bank.

46. AfDB is thus an important cofinancier in terms of the large number of ongoing cofinanced projects; however in terms of new initiatives, the trend so far is muted with only a few new projects every year. However, several opportunities for cofinancing exist and if the limitations identified in this review are addressed, the trend is likely to improve. This issue should be at the centre of the next joint meeting of the two institutions, with priority accorded to countries where the

[9] Four countries: Benin, Ghana, Liberia and The Gambia.
[10] "Past excuses of not being able to synchronize design and supervision missions should not continue to block the way to a renewed commitment to working together." (IFAD BTOR – 20 June 2012).
[11] Burkina Faso, Ghana, Liberia and The Gambia.
[12] Rural Enterprise Project (Ghana).
[13] Marketing Infrastructure, Value Addition and Rural Finance Support Programme.
[14] Livestock and Horticulture Development Project (The Gambia) and Agriculture Sector Rehabilitation Project (Liberia).

Government is engaging in the Comprehensive Africa Agriculture Development Programme (CAADP) and where one or both of the institutions have a field office. Also, countries that are already recognized as being problematic for cofinancing could be identified to further strengthen the pipeline.

47. Data provided from the AfDB are also somewhat difficult to reconcile and interpret due to fluctuations in the amounts. A significant dip in project approvals from the AfDB in 2010 makes the upward trend unclear: AfDB records show that total cofinancing from AfDB for projects cofinanced with IFAD was US$72 million in 2009, US$18.75 million in 2010 and US$120 million in 2011.

48. Given this anomaly, it is suggested that at the next joint meeting the lists of ongoing and new projects cofinanced be compared and reconciled so that the scope of current collaboration and the plans for the coming years are absolutely clear to both institutions.

49. In terms of good evaluation practice, when establishing numerical targets, the type and sources of data must be clearly spelled out, as must the frequency and timing of data collection. If this is not the case, it is impossible subsequently to track and measure performance against targets, which weakens accountability. The evaluation has clearly been unsuccessful in this respect as the baseline is not clear.

50. In terms of output targets, despite the data confusion, it seems clear that cofinancing targets have not been met. Interviews revealed that partner governments are sometimes the constraining factor in efforts to increase cofinancing. Several examples were found where cofinancing had been agreed between the two institutions, but the concerned Government subsequently decided to use AfDB funds for another purpose or asked IFAD to work in another geographical area. Cases illustrating this point can be found in Nigeria, Rwanda, Benin and Gabon. Deciding on division of labour among donors is clearly a government prerogative, and may work counter to AfDB/IFAD wishes in some cases. Engaging more actively in country-level thematic coordination groups would enhance the possibility of sensitizing governments to the advantages of this cooperation. This was one of the commitments in the narrative that was not picked up in the action plan (see section VII).

Joint supervision

51. In terms of supervision, the commitment was to jointly supervise all cofinanced operations starting in 2010. This, however, has proved difficult and much frustration was vented during interviews on both sides. Despite this, joint supervision has been carried out in several cases such as Liberia, Ghana and Mozambique and in IFAD's East and Southern Africa Division work is under way to make joint supervision the norm for all cofinanced projects with the AfDB.

52. It is recognized that joint supervision reduces transaction costs for the Government, increases understanding between the two agencies and enhances both learning and accountability. Therefore, more efforts are needed to address the key difficulties encountered, such as changes in dates of planned missions, lack of encouragement from Government for joint missions and differences in level of authority to take decisions while in the field. However, a good exchange of information and documents is evident in all jointly financed projects, and also in projects that are being implemented in parallel. In a recent job audit exercise, IFAD reviewed the decision authority of CPMs, which may further facilitate such joint initiatives.

53. Therefore, while individual CPM and TMs are willing to undertake joint supervision, planning practices and competing corporate priorities result in tentative and changing dates and the lack of priority given to joint missions jeopardizes actual implementation. Improving planning – for example by facilitating joint planning by the CPM/TMs and giving priority to these missions – may help solve the problem,

but needs to be accompanied by incentives for joint missions. Currently, the AfDB has a KPI on supervision, but no specific rewards or incentives for joint missions.

Enhanced and shared analytical work

54. Enhanced and shared analytical work also proved challenging and the target of collaborating on three economic sector work activities using IFAD grant resources has not been met. Nor has a working group been established to jointly identify issues for further analyses. Interviews revealed an interest – in particular in AfDB – to strengthen this aspect – but the two institutions need to be clear on what each other has to offer and that the type of complementarity or collaboration they are seeking can really add value. A forthcoming evaluation in the AfDB on economic and sector work may shed more light on the partnership angle and potential. Sharing the results of this evaluation in a dedicated seminar with IFAD would be useful in strengthening the partnership.

55. Currently AfDB has six ongoing agriculture sector studies/initiatives, including one on agricultural credit, which provides an opportunity for closer cooperation, given IFAD's significant experience in this area. At the institutional level, AfDB's economic and sector work is guided by the Knowledge Management Strategy 2008-2012 which spells out its vision of becoming the "premier knowledge bank for Africa". Implementation of the strategy is the responsibility of the Office of the Chief Economist.

56. At IFAD for the first time financial resources have been allocated to policy work, which to a large extent is driven by country-level experiences and needs. IFAD is very selective in conducting policy and analytical work and is committed to conducting such work in collaboration with partner institutions. At the institutional level, capacity has been strengthened with the establishment of the Strategy and Knowledge Management Department and a new policy advisory unit in the Policy and Technical Advisory Division, which supports CPMs in policy engagement at country level. Combined with IFAD's strengthened in-country presence, this increase in institutional capacity would allow IFAD to engage more actively and constructively in country-level policy dialogue and agricultural donor groups.

Corporate knowledge sharing and innovation

57. Consistent with commitments in the memorandum of understanding drawn up between AfDB and IFAD in 2008, several meetings have been held between the two institutions, for example in November 2009 in Tunis and May 2011 in Rome. In Tunis, in March 2012, an IFAD delegation participated in the AfDB partnership forum and a side meeting of the two institutions was held to jointly review the status of implementation of the partnership. A key outcome of the meeting was a commitment on both sides to embark on quick wins by identifying four operations of potential collaboration and prepare a corresponding action plan that would constitute the basis for collaboration in 2012. Subsequently, both parties affirmed their continued commitment to the partnership during meetings in Arusha and Rome. It was agreed, however, that a results management framework should be developed to set the basis for measuring performance and impact of the partnership. This had still not been developed at the time of this review.

58. In the memorandum of understanding, a commitment was made to strengthen the institutional aspect of the partnership by appointing a coordinator and focal points, and to undertake a staff exchange programme. Although some efforts have been made, in particular in the early phase of the partnership, none of these commitments have been fully met. Focal points were appointed at one stage, but staff rotation, retirement, changing corporate priorities and assignments have somewhat jeopardized their effectiveness. However, IFAD recently appointed a focal point for AfDB. In terms of staff exchange, interviews showed that there is no existing framework and that this does not seem to be a management priority in

either of the organizations, although some staff indicated a willingness to participate in staff exchange initiatives for short periods.

59. There is widespread conviction as to the value of personal relationships between the staff of the two institutions: the partnership is most fruitful where CPMs, TMs and country-level staff know each other and work together. Therefore it might be useful to explore other avenues for strengthening these personal ties, for example through joint portfolio reviews, learning events and peer reviewing products.

60. In conclusion, when focusing narrowly on results in the output matrix the picture is somewhat disappointing but the achievements that have been made and the lessons that have been learned need to be recognized as they constitute a good foundation for revitalizing the partnership – if the Management of the two institutions are committed to doing so.

C. Implementing the action plan

61. The action plan is built around 16 specific recommendations; 10 that are common or to be jointly implemented and three that are institution-specific. The 10 joint commitments are presented under three headings:

Filling the sector policy gap (three recommendations)

62. Recommendations and proposed actions relate to supporting the CAADP process and engaging in trade issues in different ways. The actions proposed are non-specific and hence difficult to track.

63. Evidence of strong engagement in the CAADP process and adherence to the CAADP framework should be found at the strategy, programme and project level. In terms of strategy, the AfDB 2010-2014 agriculture strategy is clearly aligned to the CAADP, although this is not reflected at the programmatic level: no CSP approved after the evaluation includes a reference to the CAADP, which may be explained by the fact that CSPs cover a range of sectors, with an in-depth focus on national priorities. For IFAD, evidence of support is clearer at the programmatic level where an analysis of IFAD COSOPs approved after the evaluation shows that of the 10 COSOPs in Africa approved by the IFAD Executive Board since 2009, four[15] include statements on alignment with the CAADP, whereas there is no reference to CAADP in the remaining six.[16] The IFAD Strategic Framework 2011-2015 does not make reference to the CAADP. At project level, neither of the two cofinanced projects mentions the CAADP.

64. Nonetheless, staff interviewed in AfDB frequently referred to the CAADP as an important framework for investment decisions, and AfDB is a member of the CAADP platform and has participated in two country-level CAADP processes, in Uganda and in Rwanda. IFAD's engagement in the New Partnership for Africa's Development and the CAADP process, including through participation in partnership meetings, is also recognized by staff, but was less frequently mentioned.

65. Several interviewees questioned the recommendation on engagement in trade issues as they do not see this as a core area of capacity or engagement for the two institutions. This was particularly the case for IFAD as AfDB has been involved through its ESW activities in developing aid-for-trade strategies for its Regional Member Countries (RMCs). AfDB is engaged in two other trade-related initiatives: the Transparency in Trade Initiative and the Africa Trade Fund.

Improving performance – for both lenders and borrowers (five recommendations)

66. There are four recommendations for lender performance (AfDB/IFAD), and one for borrower performance.

[15] Benin, Congo, Liberia and Nigeria.
[16] Côte d'Ivoire, Egypt, Mozambique, Senegal, Sierra Leone and Zambia.

67. On lender performance, the first proposed action relates to strengthening country presence – something both institutions have done, with an emphasis on fragile states.

68. The number of AfDB field offices increased from 25 in 2009 to 31 in 2011 and priority has been given to the establishment of new country offices in fragile states where the increase is from four in 2009 to 11 in 2011. Agriculture staff now number 73 with 23 in field offices, of which four are in fragile states. Of the 40 offices approved in IFAD, 23 have been approved for Africa and IFAD has significantly increased technical and financial resources at country level: 64 per cent of its field-based staff are now located in Africa, 18 professional staff and 20 national staff. Among the criteria for selecting the location of country offices in the IFAD Country Presence Policy and Strategy, adopted in 2011, is "state fragility, representing weak performance in achieving development outcomes."

69. The second commitment relates to developing simpler, more sharply focused projects and programmes within the framework of coordinated sector plans, something both institutions have also done. A change in the type of operation away from complex area development programmes towards value chain development for IFAD, and support to agriculture infrastructure and renewable natural resources for AfDB, account for much of the success in meeting this recommendation. This has also strengthened the rationale for cooperation with IFAD: while AfDB has moved away from direct engagement with farmers and towards infrastructure and upstream policy work, IFAD remains engaged in a complementary manner at farmer level. As a direct consequence of the evaluation, the AfDB also decided to reduce engagement in rural credit and finance, and area in which IFAD has a recognized capacity. There is thus clear scope for complementarity and division of labour in this field, with IFAD operating at decentralized level, and AfDB more at the level of policy and institutions.

70. A third recommendation is directed towards fragile states. AfDB made a commitment to provide increased support to ARD, and IFAD to enhance effectiveness. A recent independent evaluation of AfDB's assistance to fragile states[17] points to a number of necessary changes to enhance the effectiveness of the Bank's assistance in these difficult environments. AfDB has a dedicated unit responsible for coordinating the Bank's strategy for fragile states and for administering the Fragile States Facility.[18] The Bank clearly recognizes the difficulties of engaging in fragile states and their need for a different operational approach. Currently there are four ARD-related projects under way in fragile states, namely in Chad, Côte d'Ivoire, Democratic Republic of the Congo and Liberia. Interviews, however, revealed that there are particular challenges to working in the ARD sector in fragile states as there is often a weak control over the territory, which raises security issues for project staff and beneficiaries. Mali was cited as a case where a project[19] has successfully managed to overcome these problems.

71. IFAD does not have a specific policy for fragile states: the key guiding documents are the IFAD Framework for Bridging Post-Crisis Recovery and Long-term Development (1998) and the IFAD Policy on Crisis Prevention and Recovery (2006), as well as the Guidelines for Disaster Early Recovery; and it has no dedicated unit. Most fragile states are in the West and Central Africa region and CPMs exchange experience through regional learning events and portfolio reviews. This creates some opportunity for specific knowledge generation on fragile states, but a systematic, corporate level knowledge management effort is absent. A corporate-level evaluation on IFAD's engagement in fragile states is planned for 2014.

[17] An Independent Evaluation of African Development Bank Assistance to Fragile States 1999-2010.
[18] Fragile States Facility
[19] Markala Sugar Project.

72. New projects began in 10 fragile states in 2009, including two new projects in Sudan. In 2010 new projects started up in seven fragile states, and in 2011 in ten countries. The draft portfolio performance report of WCA for July 2011-June 2012 found that: "The quality of project management remains a major challenge in the WCA portfolio. Limitations in project management can be attributed to weak overall results-based on management culture and leadership competencies in many countries in the region. This is particularly the case in post conflict/fragile states where IFAD has resumed cooperation only recently."

73. The recommendation to enhance capacity for policy and analytical work and knowledge management is somewhat general and was not fully embraced in the Management Response and action plan, which states that it would be more appropriate to engage specialized institutions such as the International Food Policy Research Institute (IFPRI) for such activities. A specific commitment is made by AfDB to deepen relationships with leading agencies in natural resource management, such as the International Union for Conservation of Nature (IUCN). Both the AfDB and IFAD cooperate closely with IFPRI, and also with FAO. Both institutions are aware that they need capacity for policy analysis, and that knowledge management is important. As mentioned earlier, IFAD has recently strengthened this through the establishment of a Strategy and Knowledge Management Department.

74. Some good examples of cooperation for knowledge management are visible in the important area of statistics. Here, cooperation between IFAD and AfDB is assessed as good, and part of a larger coordination effort among the directors of statistics departments in key international agencies. The two institutions have also worked together on developing a framework for the reduction of post-harvest losses. And, a strong partnership has been developed between IFAD, AfDB and the World Bank to assess national procurement systems; to date such assessments have been carried out in Burkina Faso, Cape Verde, Chad, Gabon, Guinea, Mauritania and Togo.

75. With regard to natural resource management, IFAD approved a policy on environment and natural resource management in 2012 and recently established a division headed by a director, within the Programme Management Department, to focus on environment and climate change. Natural resource management is a central aspect of AfDB's new long-term strategy, which is built around inclusiveness and green growth. It should also be noted that the AfDB is currently developing a natural resources management operations policy. The policy will guide the work of the Natural Resources and Environment Management Division within the Agriculture and Agro-Industries Department (OSAN).

76. In terms of borrower performance, three elements are stressed in the action plan: (i) increasing support to governments in undertaking capacity needs assessments and building institutions; (ii) supporting the call to re-establish/create technical assistance funds; and (iii) according priority to gender mainstreaming.

77. Capacity-building is often an integral part of individual projects, and assessing existing capacity is a key aspect of the appraisal function. With the exception of assessments of statistical capacity, which AfDB undertakes prior to the preparation of CSPs, neither organization seems to carry out capacity needs assessments outside the project-framework to any significant extent, apart from those carried out for a limited number of RMCs in the forestry subsector jointly undertaken by AfDB and Japan. Both institutions build capacity through participatory learning events, including portfolio reviews for project coordinators and monitoring and evaluation. These events allow exchange of and training in various project management tools. The AfDB also builds considerable capacity through the African Development Institute whose mandate it is to strengthen capacity in the Bank's RMCs, mainly through training. For example, in 2009, the Bank provided training to

788 officials from 22 countries and in the first nine months of 2010, 585 officials from 13 countries received training.

78. Both institutions supported the call to re-establish/create technical assistance funds, which was raised in the recommendations. Discussions are at an early stage in AfDB on the establishment of a technical assistance fund within the framework of the African Agriculture and Agro-Industries Development Initiative (3ADI), which brings together AfDB, FAO, the United Nations Industrial Development Organization (UNIDO) and IFAD. In IFAD, the Board recently approved a Management proposal for reimbursable technical assistance. Furthermore, a proposal for a multi-donor trust fund for project preparation, supervision, and monitoring and evaluation, with a focus on fragile states, is under development.

79. Although gender mainstreaming receives attention in the narrative, it appears as a sub-item in the action plan: substantial support is recommended for capacity-building and institutional development, "including gender mainstreaming". Therefore, it is not presented as a critical issue. Both institutions have dedicated organizational structures, policies, guidelines and tools to address gender issues and mainstream gender in operations. However, a review of gender equality results in the AfDB[20] – soon to be released – shows some disappointing results, indicating a need to "rejuvenate" this issue. This may be addressed through the focus on inclusiveness in the Bank's new long-term strategy.

80. IFAD conducted a corporate-level evaluation on IFAD's performance with regard to gender equality and women's empowerment in 2010. The evaluation found, inter alia, that: "Newer projects more often include gender-specific objectives; provide increased attention to ensuring the collection of gender-disaggregated data; make provisions for increasing women's decision-making; and have better institutional analysis, which allows them to include the capacity-building measures required to ensure that partner organizations can adequately provide support for gender activities."[21]

Building purposeful partnerships

81. The partnership dimension was key to the evaluation and two associated recommendations are highlighted in the action plan. The first relates to further operationalizing the existing memorandum of understanding from 2008 through a limited number of precise, strategic priorities reflecting the comparative advantage of each of the organizations: "it should focus on the respective comparative advantages and specializations, complementarity, and increasing the emphasis on results". This is the core of the partnership, and it has not been articulated clearly enough. Several interviewees questioned the value added of the partnership. Proposals to demonstrate the strengths and potential, for example through a joint film, have regretfully not been implemented. Many operational staff feel that extra efforts are needed to work in partnership, yet the benefits are not always clear and some feel that they could have achieved results also without the partnership.

82. A commitment to review the memorandum of understanding and prepare an addendum was made but has not been followed up. This is imperative if the partnership is to have any significant role in the two institutions in the future.

83. The second recommendation relates to the sector policy gap and the CAADP process, with a commitment to advance the partnership within the framework of the CAADP process. Achievements in this regard (reviewed above) show that the two institutions have worked separately to some extent within the CAADP framework. However, there is no evidence of a joint and coordinated effort to promote a common agenda.

[20] Review of Gender Equality Results in the Public Sector Projects and Programmes 2009-2011 (forthcoming).
[21] Corporate-level evaluation on IFAD's performance with regard to gender equality and women's empowerment, December 2010.

D. AfDB results

84. The action plan includes three commitments for the AfDB: (i) to develop a more selective strategy, closely aligned to the CAADP; (ii) to present this to the Board in 2009 and launch a communication campaign; and (iii) to address RMC resource needs for investment, analytical work and sector studies.

85. A more selective Agriculture Strategy was indeed prepared and approved by the Board in early 2010. It was closely aligned with the CAADP, and was communicated to stakeholders as recommended by the evaluation. Interviews revealed that findings and recommendations from the evaluation, and insights from the evaluation process played a cardinal role in shaping the strategy, which is maybe the evaluation's most important outcome. To what extent the strategy has subsequently met its objectives and has been adequately resourced is a different matter, which will be examined through the ongoing midterm review of the strategy. Early indications are that the subsectors of agro-industry and natural resource management are addressed explicitly in the strategy but that more efforts are needed to reach the targets set, and that a monitoring and evaluation system should be developed for the strategy. At the organizational level, the current skills mix needs to be readjusted in line with the new orientations of the Bank's long-term strategy, and greater effort invested in ensuring learning across divisions and departments.

86. The last recommendation directed specifically at AfDB relates to resource mobilization, broadly calling for the provision of sufficient resources for implementation of the strategy and for the leveraging of further funding, and for "adequate resources" to fund analytical work and sector studies. In the Joint Management Response, AfDB commits to working with other partners to ensure that "financing needs expressed by RMCs for investments, analytical work and sector studies" are addressed. This commitment is very general and thus not measurable. However, interviews revealed that a prioritized work programme developed by OSAN and submitted to the Partnership and Cooperation Unit responsible for fund mobilization has not been fully funded.

E. IFAD results

87. The action plan included three recommendations specifically addressed to IFAD. IFAD made a clear commitment to only one of these, namely to increase workforce mobilization through internal rotation and secondments, something that has been further strengthened through the recently completed job audit and strategic workforce planning.

88. The recommendation to engage more strategically in analytical work and allocate additional resources both in financial terms and in staff capacity-building is translated into a fairly weak commitment that IFAD "could undertake policy and analytical work on a very selective basis". Yet, IFAD has in the past recognized the need for stronger engagement in policy work and for better knowledge management. Various initiatives were undertaken in pursuit of this, including the development of a Strategy for Knowledge Management (2007) and a Partnership Strategy (2012), and the recent creation of the Office of the Chief Development Strategist. This issue was also raised in the Management Response to the Peer Review of IFAD's Evaluation Function: "A major challenge for Management is to turn IFAD into a learning organization in which genuine value is placed on sharing of lessons, information and experience to identify what can be done differently or better in the future."[22]

89. The recommendation on more joint learning and staff exchange was received positively and commitment made to increase mobility of staff, including through

[22] Peer Review of IFAD's Office of Evaluation and Evaluation Function.

staff exchange. Performance on this issue was disappointing in terms of staff exchanges (as reviewed above).

90. A recommendation to introduce differentiated allocation levels of administrative resources for fragile states and low-income countries is considered already fulfilled within the current system, according to the Management Response Action Plan.

VII. Key issues not addressed in the action plan

91. The narrative part of the Joint Management Response contains first an introductory section on the background to the evaluation, and confirms Management endorsement of the recommendations and commitment to address the issues raised. It also contains a commitment to develop an action plan for joint activities to be prepared for 2011 and monitored and updated annually thereafter. The fact that this did not materialize is clear from the preceding sections.

92. While most of the issues raised in the narrative are translated into specific actions or targets in the action plan or the output matrix, a few commitments have not been included. These are detailed below.

93. One key issue is the commitment to stronger private-sector engagement. AfDB confirms that private-sector development is an institution-wide priority, with shared responsibility across all Bank complexes. Yet, interviews in AfDB indicated that the tendency to work in silos might jeopardize achieving significant results in this area, although there were good examples of successful projects such as the AfDB project in Ethiopia and Uganda. With regard to IFAD, a commitment was made under the Eighth Replenishment to explore the need for an additional facility to promote private-sector investment and, following a corporate-level evaluation, a new strategy was developed, which the Board approved in 2011. The strategy calls for IFAD to be more systematic and proactive in engaging with the private sector and specifies how IFAD intends to deepen its engagement in this regard.

94. Another key recommendation not reflected in the action plan relates to policy-based lending. The AfDB commits to establishing partnerships with others to support policy-based lending operations in the ARD sector in countries where the fiduciary environment is conducive. Examples include budget support operations in the agriculture sector in Rwanda and Morocco, which are ongoing (the first disbursement in Morocco was made in 2012). For IFAD, the most frequently used aid modality is the project, as the Board has decided not to allow budget support. However, participation in sector-wide approaches (SWAPs) is allowed and IFAD has a specific policy on SWAPs and currently three projects are ongoing in Africa.[23]

95. A specific and important commitment is made by IFAD to "at least maintaining the share of total resources devoted to Africa, which in the context of substantially increased resources available to IFAD, will imply a larger absolute volume of resources made available for Africa." Available data show that IFAD's commitment to Africa increased substantially in 2010 compared to 2009, but a subsequent slight drop was registered in the proportion of funds committed in 2011. Total funding to Africa in 2009 was 49 per cent, in 2010 it increased to 57 per cent, in 2011 it fell to 52 per cent, and in 2012 it decreased to 43 per cent. Therefore the proportion of resources allocated to Africa averaged 50 per cent over the four-year period, thereby meeting the commitment of maintaining the share and actually increasing it by 1 per cent.

96. While the action plan made only passing reference to gender equality, the narrative contains a specific and well-articulated commitment by AfDB to support the following: (i) investment activities that promote women's economic empowerment in the Bank's key strategic priority areas; (ii) institutional capacity-building and knowledge building both at the Bank and for RMCs; and (iii) RMC governance and

[23] Mozambique, Uganda and United Republic of Tanzania.

policy reform to improve gender mainstreaming in the national development process. The Bank will also intensify progress on monitoring through the development and use of gender statistics in ARD. The forthcoming evaluation of gender equality is expected to address performance on these issues. IFAD made a commitment to conduct an evaluation (which was completed in 2010) and subsequently develop a policy. The policy was approved by the Board and published in September 2012. It provides IFAD with strategic guidance on systematizing, intensifying and scaling up its efforts in this area. IFAD has also strengthened its institutional structure, including through recruitment of a regional gender coordinator based in Dakar.

97. The last issue that would have warranted mention but was not included in the action plan relates to harmonization and division of labour. A commitment is made to work through donor agriculture working groups where these exist and to raise the issue of division of labour in country dialogue missions. With the increasing field presence of both institutions, this issue is likely to move ahead in a more significant way if incentives are in place for field staff to work in this direction.

98. Specific issues in the narrative directed at the AfDB and not included in the action plan include a reference to "tilting the design" of projects towards the "Four Is": improving the investment climate, closing the infrastructure gap, promoting innovation and building institutional capacity. It is expected that these issues will be covered by the midterm strategy review.

99. For IFAD, there is a specific commitment to provide additional funding for policy and analytical work. It is not possible to verify this through IFAD's budget process, but much has been done to enhance knowledge management, including the creation of a new office to strengthen strategy and knowledge management, which reflects a clear commitment to address this issue.

VIII. Strategic issues and recommendations

Are partnerships a priority for the two institutions?

100. Both institutions state at the corporate level that partnerships are essential for achieving their mission and are an increasingly important aspect of ensuring sustainable results in their interventions and investments. This is reflected in IFAD's partnership strategy, approved by the Board in 2012, and in the very participative process of developing AfDB's new long-term strategy.

101. While the potential of this partnership model is recognized, there is also an awareness that a partnership is not an end in itself; it has to support the strategic objectives of the organization and deliver clear value added. Interviews revealed that for many operational staff the transaction costs were perceived as high and benefits not clear. Similarly, partner governments appeared not always to see the value added and hence did not support and encourage closer cooperation at country level.

102. **Recommendation.** If a partnership is to be truly appreciated and extended, it is necessary to define and demonstrate the value added of that partnership and show clear results – both to the staff of the organizations and to the partner governments. Only if the advantages to be gained from cofinancing and partnership are clear will governments take the lead in ensuring that cofinancing opportunities are fully explored and exploited, and the comparative advantages inherent in the partnership fully developed. Communicating the success stories to governments is therefore critical.

Do the operating models of each institution support the IFAD/AfDB partnership?

103. Questions were raised on the extent to which the two institutions were really geared to working in partnership with each other. It was recognized by all

interviewees that IFAD and AfDB are very different types of organizations. IFAD is a global, sector-focused and project-based agency with considerable responsibility delegated to CPMs. AfDB on the other hand is a multi-sector, programme- and policy-based institution with a geographical focus, which despite recent changes is still perceived to retain much of the decision making power at headquarters. Many interviewees at AfDB felt that TMs have less authority to make decisions than IFAD's CPMs. These differences create both opportunities and challenges, and call for greater transparency and dialogue.

104. **Recommendation.** The two institutions need to invest more in clearly identifying and discussing each other's institutional strengths and weaknesses, and how they best work together; this includes reviewing the decision-making authority of CPMs and TMs. A recently completed job audit in IFAD may help in this regard, as will the appointment of an AfDB focal point in IFAD. The commitment to have focal points whose job is to gain in-depth knowledge of each other's organization is important, and these staff should jointly develop a programme to identify all possibilities for joint work and useful exchanges.

What is the value added of the IFAD/AfDB partnership?

105. A partnership has to support the strategic objectives of the organization and deliver clear value added; it is not clear that the partnership between the AfDB and IFAD passes this test. The potential of the partnership is recognized at the strategic and corporate levels, and some professionals who have engaged actively with their colleagues in the partner institution see its value. However, there is also a widespread perception on both sides, especially at the level of operational staff, that it is not worth the effort.

106. The lack of solid institutional focal points in the two institutions may have jeopardized knowledge generation and sharing on the value the partnership. Partnership results and opportunities have not been well identified and communicated, although several interviewees identified examples of projects where cooperation had resulted in wider and deeper impact than would have been achieved by working in isolation. Some clear areas where value added could be generated include:

(i) Peer review of knowledge products to benefit from complementary skills/capacity.

(ii) Opportunities for vertical scaling up – expanding from operational projects into policy and institution-building.

(iii) Opportunities for replicating projects – from pilot initiatives to larger-scale projects.

(iv) Complementarity in terms of providing soft/hard components, or upstream/downstream components of joint projects.

107. **Recommendation.** Examples of successful collaboration need wider dissemination. This can be done in many different ways, including through the proposed film, which was agreed but never implemented. Conducting short workshops based on good examples of value chain projects that show how and where cooperation adds most value is also a possibility to be explored. Given that IFAD has developed a methodology for assessing the value of each of its partnerships, this could be used for a joint self-assessment led by focal points in each institution. Such an initiative would be a good starting point from which to rejuvenate the partnership on a sound and informed basis.

Do institutional processes and resources support the partnership?

108. Both institutions have generally improved their effectiveness, partly through their revamped operating models, partly through various corporate reforms. However, clear incentives for partnering are lacking and there are actual disincentives in

terms of added transaction costs and complexity of operations, which may slow down implementation. Furthermore, there is no strong accountability for ensuring results from partnerships or monitoring commitments, which also acts as a disincentive for prioritizing the partnership in workplans. IFAD is, however, setting increasingly higher targets for mobilizing cofinancing resources and has identified scaling up as "mission critical". This aspect needs to be significantly strengthened and a results-oriented partnership would provide an incentive at the corporate level, which it will be important to translate into incentives at staff level. As for the AfDB, the Bank's partnership portfolio has considerably increased in diversity and complexity in recent years, demonstrating a corporate-level commitment to partnership. However, many operational staff do not see this commitment reflected in incentives at staff level, an issue that should be addressed as the AfDB develops a clear partnership strategy.

109. **Recommendation.** Working in partnerships means more work and more risk, and rewards are not always clear to individual staff. Therefore, examining existing disincentives and thinking about ways to reward staff who do make the extra effort will be indispensable to making significant progress.

IX. Reflections on the Management Response

110. Three issues emerged after reflecting on the importance of the Management Response as an accountability mechanism and on the present exercise:

How best to ensure the quality of a Management Response?

111. The Management Response of the Joint Evaluation deserves recognition for its three tier-structure of a narrative, clear action plan and output matrix. This allowed for the presentation of a range of recommendations, which were then prioritized and operationalized through the action plan, and accompanied by a set of indicators to monitor the most important recommendation, i.e. the partnership dimension. However, some actions could have been defined more clearly and the output matrix was very board, covering key elements in each of the three dimensions of the action plan, i.e. policy, performance and partnership. It is important when establishing numerical targets that the data and data sources, including the baseline, are absolutely clear. Lastly, to strengthen accountability it would have been useful if the Management Response had included a clear accountability matrix identifying who would be primarily responsible for implementing the action plan and delivering the outputs.

How best to track commitments?

112. An accountability matrix facilitates the tracking of commitments and allows for periodic reporting – a central element of the United Nations Norm 12 – Follow-up to Evaluation. Institutionally, the matrix can be positioned in several appropriate places within an organization. The present review made it possible to capture some of the changes that have occurred as a result of the evaluation, information that would not have emerged by simply tracking implementation of an action plan or a narrow set of outputs. Such a review thus has the potential to extend the "shelf-life" of an evaluation by attracting renewed attention and focusing on the results.

How to ensure ownership and longevity of Management commitments?

113. For evaluation follow-up and Management Responses to move beyond merely reporting to becoming an integral part of the managing-for-results process, ownership of the commitments made and being tracked must be clear. This means that recommendations should be: (i) shaped and expressed in a way that is responsive to agreed findings; (ii) clear to those responsible for implementing them; and (iii) disseminated widely and tracked in a way that involves those responsible for implementing recommendations.

Persons met

AfDB	
Abubakar Abdoullahi	Officer on Special Duties CHRM
Aly Abou-Sabaa	Chairman CCCC, OSVP
Tarek Ahmed	Principal Irrigation Engineer, OSAN
Abdirahman Beileh	Acting Director, OSAN
Guy-Blaise Nkamleu	Evaluation Officer, OPEV
Paxina Chileshe	Natural Resources Management Specialist, OSAN
Moussa Kader Comoe	Cooperation Officer, ORRU
David Flament	OIC, ORRU
Veronica Giardina	Principal Cooperation Officer, ORRU
Ken Johm	Manager, OSAN.4
Steve Kayizzi-Mugerwa	Director, EDRE
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André Komenan	ORQR
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Rakesh Nangia	Director OPEV
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Joint AfDB and IFAD Management response

Appendix 2

Background and introduction

The Managements of the African Development Bank (AfDB) and the International Fund for Agricultural Development (IFAD) (hereafter referred to as Management) welcome this report on the joint evaluation of agriculture and rural development (ARD) policies and operations implemented in Africa. The evaluation sets out to achieve four objectives: (i) determine the relevance of these policies and operations in the light of current and emerging issues; (ii) assess their performance and impact; (iii) evaluate the strategic partnership between IFAD and AfDB and partnerships with other sector stakeholders; and (iv) develop recommendations to enhance the development effectiveness of the two institutions.

The evaluation was conducted at the request of the executive boards of AfDB and IFAD and was undertaken jointly by the independent evaluation offices of the two institutions. The final report builds on the main analysis and key points contained in the interim report, the country synthesis report including the perception survey, and the quality-at-entry review. The interim report itself was informed by four working papers on: (i) the contextual issues for agriculture and rural development in Africa; (ii) a meta-evaluation of previous operations funded by the two institutions in Africa; (iii) a review of partnerships between AfDB and IFAD, but also with other major players; and (iv) an analysis of selected business processes and their impact on results.

Management wishes to commend AfDB's Operations Evaluation Department and IFAD's Office of Evaluation for undertaking the evaluation jointly and in a collegial manner, and for sharing with the Managements of the two institutions information about the progress made and the findings emerging from the evaluation. The evaluation is relevant in the context of a rapidly changing environment both on the African continent and globally.

Management takes note of the report's highlights, which not only confirm that AfDB and IFAD are important actors in ARD, but also identify them as trusted and respected partners in most countries of the region. It should be noted that until recently, the two institutions contributed about 50 per cent of the total multilateral official development assistance to the sector in Africa. Both are, therefore, well placed to work with regional development organizations and national governments to address the policy, investment and capacity gaps that currently exist. This is a position that should be exploited in promoting the sector.

This Management response highlights the main conclusions and recommendations of the joint evaluation, and presents Management's comments on these findings and an action plan for the way forward. In doing so, it calls attention both to ongoing efforts and to those planned for the future.

Overall, Management endorses, to a very large extent, the conclusions and recommendations contained in the evaluation report, while realizing that the recommendations made are generic in nature and may not apply to specific countries or contexts. Where management believes that not all relevant factors have been fully analyzed or statements lack appropriate nuancing, these have been identified. Management also states its commitment to taking the necessary action to address the issues identified and the recommendations it has endorsed. To this end, the following annexes are included:

(a) The list of recommendations made and the proposed Management actions; and

(b) Key outputs, indicators and targets for 2010 for assessing partnership performance.

In addition, in the partnership meeting held on 20 November 2009 in Tunis, Tunisia, it was agreed that progress made with respect to the proposed Management actions and the outputs for 2010 and take follow-up action accordingly.[50] Furthermore, an action plan for joint activities will be prepared for 2011 and

50/ The partnership meeting was attended by AfDB and IFAD Mangement and respective evaluation offices. The AfDB delegation was headed by President Donald Kabureka and the IFAD delegation was headed by Mr Kevin Cleaver, Assistant President, Programme Management Department.

annually thereafter and will be regularly monitored and followed up. It was also agreed at the partnership meeting that focal points would be appointed for various activities in both institutions to strengthen coordination at the operating level and facilitate all collaborative efforts.

This response is divided into three main parts consistent with the structure of the recommendations. The first part (following section) presents the joint response from the management of the two institutions relating to those areas that are common to both and covers policies and institutions, lender performance, borrower performance and building partnerships. The response provided in this part is jointly endorsed by the Management of both institutions. The second part (Response of the Bank Management) presents the response made separately by the Bank and the final third part (Response of IFAD Management) the separate response of the Fund.

Joint response of the Managements of the Bank and the Fund

Context, policies and institutions

Management agrees with the conclusion of the joint evaluation that the pessimism that has characterized previous assessments of Africa's ARD prospects is no longer justified and Africa is now a continent on the move. Despite the adverse impact of the global economic crisis and the burdensome agricultural trade practices applied by member countries of the Organisation for Economic Co-operation and Development, the medium and long-term prospects for the sector look good.

The evaluation concludes that agriculture and rural development will remain core elements in most African economies, and that both institutions should continue to engage in the sector but with a clear selective focus aligned with their comparative and strategic goals. It notes that the Bank has already identified priorities for its future focusing on irrigation and water management, rural infrastructure and the reduction of post-harvest losses. Management endorses this conclusion.

Regarding fragile states, the Bank will continue to provide increased support to ARD while paying specific attention to the choice and sequencing of aid modalities, as outlined in its Strategy for Enhanced Engagement in Fragile States, which is built around three main pillars: (i) supplementary financing to support governance and capacity-building, and the rehabilitation and construction of basic infrastructure; (ii) arrears clearance; and (iii) targeted support for capacity-building and knowledge management.

IFAD's operations in fragile states are guided by its Policy on Crisis Prevention and Recovery, under which it is committed to taking a proactive approach aimed at removing the deep-rooted causes of crisis. This policy is complemented by IFAD's commitment during the Eighth Replenishment period (2010-2012) to improving its development effectiveness in fragile states by also adopting a flexible approach to its programme and project design, with a strong focus on building the capacity of community and government institutions. IFAD uses its projects also as platforms for testing and learning about appropriate policies and sector strategies, and shares the relevant knowledge with member governments so that they can scale it up for use in formulating national policies and sector strategies.

Management agrees with the evaluation finding that improving policies and strengthening local capacities for planning and implementation requires strong country ownership and political will. Both institutions are signatory to the Paris Declaration on Aid Effectiveness that was reaffirmed and reinforced under the Accra Agenda for Action. Accordingly, Management upholds the principle that regional member countries (RMCs) should exercise leadership over their development policies and plans and commit to making available resources to support such efforts.

Management affirms its support for the Comprehensive Africa Agriculture Development Programme (CAADP), its four policy pillars and the promotion of country-led CAADP processes; it will continue working in partnership with CAADP and aligning the policies of both institutions, wherever possible, with national priorities and strategies. Management is of the view that CAADP, given its current institutional structure, can certainly play an effective role in the area of policy dialogue and advocacy. It is important, however, to ensure that in doing so CAADP is not overstretched by fully engaging in programme and project development at the country level, beyond the preparation of the compacts.[51] Management is also of the opinion that achieving the targets set under the Maputo Declaration is critical to bringing about improvements in the agricultural and rural sector.

The evaluation finds that in many countries more can be achieved in terms of private-sector engagement.

51/ CAADP compacts are high-level agreements among governments, regional representatives and development partners intended to focus the implementation of CAADP within a given country (or region if it is a regional compact). Compacts detail the programmes and projects addressing national priorities to which the various partners can commit resources.

In particular, governments have a major role to play in establishing an enabling environment. As encapsulated in the Bank's 2007 strategy update for its private-sector operations, the vision for private-sector development is founded on a conceptual framework for development impact that links entrepreneurship, investment and economic growth with the Bank's ultimate goal of poverty alleviation. Embraced as a key driver of growth, private-sector development is, therefore, an institution-wide priority that is deeply embedded in the evolution of the Bank's core investment operations, with shared responsibility across all Bank complexes.

IFAD is required by its Private Sector Development and Partnership Strategy to engage in policy dialogue with governments to promote an enabling policy and institutional environment for local private-sector development, support local private-sector development in rural areas through its investment operations, and establish partnerships with the private sector to leverage additional investment and knowledge. These commitments have been reaffirmed for the Eighth Replenishment period and IFAD has pledged to explore the need for an additional facility to promote private-sector investment.

Both institutions have been called upon to engage actively in analytical work. Given its mandate, capability and resource availability, IFAD's involvement in analytical work has been very limited; accordingly, IFAD will require additional resources to undertake such work. The Bank is strengthening its capacity in the area of knowledge management spearheaded by the Chief Economist Complex.

In line with the concept of the division of labour, Management believes that engaging institutions that are better placed in the agriculture policy arena, particularly the International Food Policy Research Institute (IFPRI), would be more appropriate. In fact, IFAD has already embarked on such an approach by providing a large grant to IFPRI. In the area of natural resource management, the Bank will seek to deepen relationships with leading agencies, such as the International Union for Conservation of Nature, the African Wildlife Foundation and the African Ministerial Conference on the Environment, in order to provide invaluable insights into the changing threats faced by our RMCs.

The evaluation findings indicate that, where appropriate, the Bank should make greater use of policy-based lending to influence and support ARD policy priorities. The Bank Management will ensure that in countries where the fiduciary environment is conducive, it will establish partnerships with others to support policy-based lending operations in the ARD sector. The Bank is already working with RMCs to build fiduciary capacity and improve country systems, for instance through institutional support for good governance projects. With regard to general budget support operations, the Agriculture and Agro-Industry Department (OSAN) will work closely with the Governance, Economic and Financial Reforms Department (OSGE) to include agriculture-related dimensions in project design, where and when necessary. Similarly, using its policy framework for sector-wide lending for agriculture, IFAD is fully engaged in sector-wide approaches, learning from the experience gained, and aligning its own systems and procedures, as appropriate.

The evaluation notes that the prevailing international trade regime undercuts agriculture in Africa and recommends that both institutions should, at the level of global policy, develop knowledge and capacity to engage in international advocacy on trade issues affecting African producers and support borrowing countries in strengthening their capacity to negotiate trade issues in international forums. Management welcomes this recommendation. In the spirit of the division of labour, this is an area in which both institutions foresee benefits in working closely with the African Union/CAADP and the regional economic commissions (with the African Union taking the lead role) to adopt common positions when negotiating in international forums. The Bank's New Partnership for Africa's Development (NEPAD) and Regional Integration and Trade Department and IFAD's Policy Division and Programme Management Department will endeavour to provide input in this area. Meanwhile, at the national level both institutions will continue supporting local and regional markets in the national context, and providing rural infrastructure and other support for market development.

The Bank Management assures all stakeholders that the Bank will continue to remain directly engaged in ARD, but will develop a more selective strategy closely linked to the Bank's medium-term priorities and aligned with CAADP.

Similarly, IFAD remains committed to at least maintaining the share of the total resources devoted to Africa, which, in the context of substantially increased resources available to IFAD, will imply a larger absolute volume of resources made available for Africa.

Performance of projects and programmes

Management acknowledges the report's findings, which confirm that "change is underway in the two institutions with several ongoing initiatives aimed at improving performance and development effectiveness.

Design processes are being adjusted in line with new policy directions and business process models. Country strategies are becoming better aligned with country policy priorities and improvements are evident in context analysis, lesson learning from previous experiences, focus on poverty outcomes, emphasis on policy dialogue and management for results". In addition, Management recognizes that "AfDB has improved its poverty focus and strategic selectivity of interventions", while both institutions have introduced new quality assurance and enhancement systems.

Performance of AfDB-supported projects

The meta-evaluation was based on project and programme evaluations carried out by the Bank's Operations Evaluation Department between 2003 and 2007. The operations assessed were designed in the 1990s. The evaluation found about 70 per cent of the Bank-funded projects to be moderately satisfactory or better, in terms of relevance. Comparative figures for other evaluation criteria were as follows: effectiveness, 60 per cent; efficiency, 50 per cent: poverty impact, 55 per cent; and sustainability, 40 per cent. It further reports the Bank's overall project performance at 60 per cent, which is on a par with the World Bank project performance score, also 60 per cent.

As stated above, there have been significant improvements in recent years. An independent review of the quality-at-entry of African Development Fund operations and strategies for the years 2005 and 2008 revealed an increase in the percentage of operations rated moderately satisfactory and above, from 76 per cent in 2005 to 81 per cent in 2008. The percentage of operations rated fully satisfactory and above also rose considerably over the same period, from 38 per cent to 53 per cent. The creation of the Quality Assurance and Results Department, the role of the Operations Committee and the oversight provided by the AfDB Board's Committee on Development Effectiveness have bolstered efforts to improve quality-at-entry. However, performance in terms of cross-cutting dimensions remains weak and targeted measures are being put in place as part of the work to strengthen the Bank's Gender, Climate and Sustainable Development Unit (OSUS).

Performance of IFAD-supported projects

The evaluation assessed about 90 per cent of IFAD-funded projects as moderately satisfactory or better. Comparative figures for other evaluation criteria were as follows: effectiveness, 61 per cent; efficiency, 66 per cent; poverty impact, 54 per cent; and sustainability, 40 per cent. The evaluation also rates IFAD's overall project performance at 72 per cent, compared with the World Bank's 60 per cent. These results need to be interpreted in the light of the following factors:

(a) The average approval date for 28 IFAD projects included in the sample was mid-1994, meaning that they would be designed around 1993. The average completion date of these projects was late 2004. The performance reported is therefore of projects that are of an earlier generation.

(b) IFAD's performance in Africa is lower than that of its overall portfolio of projects and programmes.

(c) IFAD has undertaken wide-ranging internal reforms since these performances were recorded and future performance is likely to be significantly different.

Some improvements in performance are already visible. The 2008 Annual Report on Results and Impact of IFAD Operations (ARRI) report states that in spite of some fluctuations from year to year, "there is a steady upwards trend in results across all but a few evaluation criteria since 2002". While disaggregated trends for Africa are difficult to map out due to the smallness of the sample size of projects evaluated, the evaluations undertaken in 2008 report a 100 per cent moderately satisfactory or better result for relevance and innovations, 91 per cent for rural poverty impact and 73 per cent for sustainability, implying that the performance of IFAD-assisted projects in Africa is also improving. Recent individual evaluations also confirm this trend.

Institutional performance

African Development Bank

Improvements in the Bank's performance can be seen from a sample of the key performance indicators: (i) the project supervision ratio has improved from 1.1 in 2006 to 1.4 in 2008; (ii) the number of problem projects has reduced from 64 in 2006 to 41 in 2008; (iii) the proportion of projects directly managed by field offices currently stands at 9.3 per cent, compared with the 2009 target of 7 per cent; (iv) regarding operations in fragile states, activities under pillar 2 of the Bank's Strategy for Enhanced Engagement in Fragile States – arrears clearance – have already surpassed the target for the year three times over, and activities in support of pillars 1 and 3 – technical assistance and capacity–building – are on track.

Management supports the call to strengthen the institution's country presence and equip its field offices with the necessary resources and delegated authorities. The Bank is working towards this objective. To date, 22 out of the proposed 25 field offices (20 country offices and 5 regional offices) have been opened and are fully operational. The remaining three field offices will be opened by end of the 2009. Seventeen out of the 22 operational field offices have locally recruited agricultural experts. The Bank is in the process of posting international staff to the field, initially to its regional offices.

IFAD

IFAD Management agrees with the evaluation finding that design weaknesses such as inadequate risk analyses exist in past projects, particularly for Africa, where state fragility and weaker institutional capabilities were not sufficiently factored into country strategies and project designs. Management is also in agreement with the evaluation finding that during the reference period of performance assessment, IFAD was at a disadvantage because of its lack of country presence and the outsourcing of project supervision.

In recent years IFAD Management has taken the following steps to improve its own performance and that of the projects and programmes it has supported:

(i) In the last three years the quota of projects under IFAD's direct supervision has increased from less than 5 per cent to over 90 per cent at present. Subsequent to a recent decision of the Executive Board, (ref) all IFAD-funded projects that are not supervised by the cofinanciers and are not at the final years of implementation have been brought under IFAD's direct supervision.

(ii) The number of IFAD country offices has increased from 2 in 2003 to 17 in 2008 and is expected to be about 27 by the end of 2009.

(iii) New project design guidelines were issued in early 2008 that require projects to be more "implementation ready", in other words, simpler and more clearly focused. In recent years there has been a significant rise in the share of value chain-type projects requiring in-depth sector and subsector analyses.

(iv) The quality enhancement system has substantially improved the risk assessment and sustainability of projects and programmes.

In sum, IFAD's operating model has changed markedly in recent years and, to a large extent, these changes address the recommendations made by the evaluation, including those concerning enhanced knowledge management, an area that has benefited significantly from IFAD's direct supervision and country presence. Nonetheless, IFAD Management will further extend the reform process, particularly in terms of human resources management reform, by, inter alia, aligning people with corporate priorities, diversifying the workforce with different and enhanced skills and knowledge as part of its eighth replenishment commitment, in response to the findings of this evaluation.

The Managements of both institutions support the call to strengthen the country presence of the institutions and equip their field offices with the necessary resources and delegated authorities. However, the proposal that AfDB and IFAD should pilot the pooling of resources and sharing of office accommodation may be at variance with the One United Nations agenda pursued by United Nations agencies at the country levels.

The evaluation also identified gender equality as a significant area of weakness in borrower performance. In this regard, it calls on the two institutions to initiate efforts in selected countries to work closely with governments and other stakeholders in undertaking joint diagnostic analyses of the causes, characteristics and consequences of gender inequalities in ARD, and to assist in developing practical policies and measures to address the issues identified. Management is of the view that although the Bank and IFAD have worked extensively in this area over the years, there is still room for improvement.

Cognizant of the recommendations made by the AfDB Working Group on Gender in September 2008, calling for enhanced gender mainstreaming in Bank operations and support for countries in strengthening their institutional capacity, OSAN and OSUS will join forces to ensure gender inequalities are addressed.
In line with the Bank's Updated Gender Plan of Action 2009–2011, which takes into account the institution's Medium-Term Strategy (MTS) 2008-2012, OSAN and OSUS will undertake analytical work in gender and ARD in Africa and provide support in the following three intervention areas: (i) investment activities that promote women's economic empowerment in the Bank's key strategic priority areas; (ii) institutional capacity-building and knowledge building both at the Bank and for RMCs; and (iii) RMC governance and policy reform to improve gender mainstreaming in the national development process. The Bank will also intensify progress monitoring through the development and use of gender statistics in ARD.

After the successful implementation of its Gender Plan of Action, IFAD has mainstreamed gender in its programmes and issued administrative guidelines for this purpose. Overall, IFAD's self-assessment shows that performance in terms of gender had improved in completed projects. Nevertheless, IFAD Management is committed to prioritizing gender mainstreaming in its projects and programmes and awaits the results of the assessment currently being undertaken by IFAD's Office of Evaluation. Once the evaluation findings are made available, IFAD's Executive Board will consider the need to develop a corporate policy on gender.

Borrower performance

The evaluation identified shortfalls in the capacity of governments to implement projects and programmes effectively and to ensure that benefits are sustainable following project completion. Such problems affect the implementation of projects across all sectors. Management agrees with the evaluation finding that the capacity of borrowing member governments is a critical factor and has the greatest impact on project performance.

Management will therefore increase its support to governments to undertake capacity needs assessments and strengthen institutions in the ARD sector, while also promoting knowledge-sharing. In line with the Bank's MTS, OSAN will work closely with the Human Development Department to develop the provision of agricultural training in higher education and through technical and vocational training establishments.

In this context, the Management of both institutions underscores the call to mobilize readily accessible funding to finance substantial high-quality sector studies to support policy and project development at the RMC level and generally to enhance the available knowledge base. This kind of fund would be relevant to the work of both institutions, which currently lack such a facility.

The Bank's African Development Institute will also be charged with providing targeted support to RMCs (such as fragile states) to bolster the capacity of borrowers to implement investment operations in a timely manner.

Strategic partnership

The report describes the past partnership between AfDB and IFAD as opportunistic, rather than strategic and based on comparative advantages and proven specializations. Comparative advantages have been reflected in many country programmes. Management acknowledges that past attempts at this partnership have not been as successful as originally envisaged, but describing it as opportunistic is inaccurate. However, efforts will be made to address the shortcomings as outlined in the report by developing thematic areas of collaboration and regional collaboration pacts.

Management recognizes the need to continue dialogue with other partners at the country level (working through the donor agriculture working groups in countries where they exist), to support governments and other stakeholders in developing sound, national results-based ARD policies and programmes. Both institutions will continue to collaborate in line with the memorandum of understanding, and will work with other partners in a more strategic manner, bearing in mind the division of labour and the comparative advantage of each institution.

The report recommends that the two institutions should issue a joint statement of support for CAADP, and ensure that their policies and operations are clearly aligned with CAADP's policy pillars. The common position of the two institutions has already been stated.

In the past, the two institutions have designed complex multicomponent projects incorporating multiple activities in an effort to combat poverty. Such projects become difficult to manage while resources are thinly distributed, which calls for strategic partnerships allowing different agencies to tackle different aspects of development programmes in a coordinated manner and with a well-defined division of labour among partners.

The report rightly notes that the Bank and the Fund have recently begun to address this issue through the design and preparation of simpler, more clearly focused projects. However, Management considers it crucial to the success of such projects that governments buy into the concept of the division of labour among development partners. Therefore this matter will be brought to the fore in future country dialogue missions.

Management accepts the recommendation regarding the need for both institutions to maintain and extend their current bilateral partnership, based on the memorandum of understanding signed by the two parties in 2008, setting a limited number of precise, strategic regional priorities, backed by a clear action plan and adequate resources. The Bank and the Fund will review the current memorandum of understanding and prepare the necessary addendum.

Conclusion and way forward

Management awaits the Executive Board's discussion of the joint evaluation report and Management's response, and subsequent guidance on the way forward.

Response of the Bank Management

In line with the Bank's MTS, the Africa Food Crisis Response approved in July 2008 identified the main areas of intervention in the agricultural sector for AfDB both in the short term and in the medium and long term. The Bank will continue to focus on supporting agriculture-related rural infrastructure, agriculture water development, reduction in post-harvest losses, capacity-building and climate change mitigation.

The report cites African economists[52] who have long emphasized the need to promote widely shared agricultural growth based on the 'Four Is': improving the investment climate, closing the infrastructure gap, promoting innovation and building institutional capacity. African states have not devoted adequate attention to these principles in their ARD activities, nor have these principles been the main drivers of cooperation in the sector. These are principles shared by the Bank as they are in line with its MTS, but they also constitute a realistic path towards invigorating African ARD. Accordingly, the Bank has begun tilting the design of its operations in this direction and will carry this orientation further in its future lending activities.

Official development assistance has a major role to play in nurturing ARD. To exploit the potential of the sector, the policy environment must be increasingly favourable. It is important to ensure that adequate incentives are provided and that sufficient public goods are delivered by governments. This will also entail filling the large policy, institutional and leadership gaps that currently exist in most countries of the region, and calls for strong and effective partnerships among the public, private and voluntary sectors if such shortcomings are to be addressed sustainably.

The Bank Management assures all stakeholders that the Bank will continue to remain directly engaged in ARD, but will develop a more selective strategy that is closely linked to the Bank's medium-term priorities and aligned with CAADP. The Bank's new generation of projects falls largely under pillars I and II of the CAADP initiative, where pillar I consist of extending the land area under sustainable management and reliable water control systems and pillar II consists of Improving rural infrastructure and trade-related capacities to increase market access. These goals are in line with the Bank's MTS. The Bank is currently preparing its agricultural sector strategy, which is scheduled for presentation to the Board's Committee on Development Effectiveness by mid-December 2009. As recommended by the report, a major communication campaign will be mounted to inform key stakeholders, particularly African leaders and donors who support the Bank's strategic objectives in the sector, of the strategy. Increased resources are being assigned to the Bank's External Relations and Communication Unit so that it can conduct an institutional communications campaign that responds to the communication needs of the revised agriculture strategy.

The evaluation recommends that the Bank ensure that sufficient human and financial resources are allocated for effective implementation of the revised strategy while seeking to leverage further funding from the private sector, private donors, Arab States and emerging donors including Brazil, China, India and the Republic of Korea. Steps should also be taken to ensure provision of adequate resources to regional member countries and operational departments to pursue analytical work and sector studies.
Management will work with other partners and ensure that financing needs expressed by RMCs consistent with the Bank's agriculture sector strategy and approved work programme are satisfied. Furthermore, Management recognizes the importance of economic sector work for quality-at-entry of operations and the knowledge agenda of the Bank. As such, Management will consider available financing options, including mobilization of substantial Trust Fund resources and other funding sources.

Response of IFAD Management

IFAD Management recognizes the need to undertake more analytical work and policy dialogue in the context of Africa. It also believes, however, that institutions such as the World Bank and IFPRI are better suited to this kind of work. IFAD's current priority is to improve the development effectiveness of its projects and programmes in Africa, and the immediate impact of this type of work in this region may not be very high. Shifting resource allocations towards policy and analytical work at the cost of project and programme operations could be detrimental to IFAD's overall performance. Where the policy and analytical work is closely related to IFAD projects and programme strategy, the Fund would engage itself either directly or in partnership with other institutions. In any event, IFAD would be very selective in choosing the nature and scope of policy and analytical work. Finally, IFAD Management agrees that such policy and analytical work will require the allocation of additional financial and human resources.

While IFAD's overall Africa programme is assigned to three administrative divisions, all three divisions are part of the same Programme Management Department and all three directors report to the Assistant President of this Department. In terms of programmatic coordination among these divisions, IFAD has not encountered any serious problems. In sharing knowledge and information and exchanging consultants, the context specificity and language differences sometimes create barriers.

52/ Ndulu, B. et al. (2007). Challenges of African Growth: Opportunities, Constraints and Strategic Directions. Washington D.C., World Bank.

The Western and Central Africa and Eastern and Southern Africa Divisions are already working on a joint knowledge management activity linking FIDAFRIQUE (West Africa) and IFADAFRICA (Eastern and Southern Africa), to improve the management of knowledge both within and among the regions. IFAD Management is aware of the need to rotate staff, not only among divisions that implement its programme for Africa but more generally; such needs are being considered as part of IFAD's human resource reform programme. IFAD Management considers any opportunity to share knowledge or to cross-fertilize lessons learned an important means of enhancing its development effectiveness and will continue to pursue this approach in the context of Africa as well.

Under its performance-based allocation system, IFAD Management allocates programmatic resources differentially in post-conflict countries. Along with other factors, income plays a role in allocation and low-income countries receive a larger proportion of resources. In allocating administrative resources, programme size is a major consideration and thus indirectly differentiates in favour of low income countries. It is also worth noting, however, that differential allocation should not penalize performance. This may have the effect of lowering IFAD's overall performance by reducing performance in places where the development effectiveness of IFAD's resources is higher. If such an approach is implemented using additional resources, then it can certainly improve overall performance.

Annex I Action plan

	Description of recommendation	Proposed action
Filling the sector policy gap (AfDB/IFAD)		
1	Step up support to CAADP in implementing its mandate, and provide a joint statement of support for CAADP.	The Bank and IFAD Managements affirm their support for CAADP's policy pillars and promote country-led CAADP processes.
2	At the country level, support the development of sound national ARD policies focused on results that are aligned with the CAADP policy framework and the commitments of the Maputo Declaration. In line with a country-led approach, wherever possible the two institutions should align their ARD strategies and business plans with national sector policies and strategies.	AfDB and IFAD believe that RMCs should exercise leadership over their development policies and plans and commit to making available resources to support such efforts. They also believe that achieving the targets set under the Maputo Declaration is critical for bringing about improvements in the agricultural and rural sector.
3	At the level of global policy, develop knowledge and capacity to engage in international advocacy on trade issues affecting African producers.	AfDB and IFAD propose working closely with the African Union/CAADP and the regional economic commissions (with the African Union taking the lead role) to adopt common positions when negotiating on trade issues in international forums.
Improving performance		
	(I) Lender performance (AfDB/IFAD)	
4	Increase and strengthen country presence.	Both institutions support the call for strengthening country presence and efforts are ongoing to this end.
5	Finance simpler, more sharply focused projects and programmes, to be undertaken within the framework of coordinated sector plans.	The report acknowledges that AfDB and IFAD are moving in this direction. Significant improvements have been made in AfDB and IFAD's operating model has changed markedly.
6	Provide increased support to ARD in fragile states, with specific attention being devoted to the choice and sequencing of aid modalities.	AfDB will continue to provide increased support to ARD in fragile states and IFAD is committed to improving its development effectiveness in fragile states.
7	Build increased skills, knowledge and capacity in the areas of policy, analytical work, knowledge management and managing partnerships.	Engaging institutions that are better placed in the agriculture policy arena - IFPRI - would be more appropriate. IFAD has already provided a large grant to IFPRI. In the area of natural resource management, the Bank will seek to deepen relationships with leading agencies, such as the International Union for Conservation of Nature.
	(II) Borrower performance	
8	AfDB and IFAD should, in collaboration with other institutions, support governments in undertaking capacity needs assessments in the ARD sector, and provide substantial support for capacity-building and institutional development, including gender mainstreaming. The two institutions should also support similar work for decentralized institutions.	AfDB and IFAD Managements will increase their support to governments in undertaking capacity needs assessments and in building institutions. Both institutions support the call to re-establish/create technical assistance funds. Realizing that despite progress there is a room for improvement in gender mainstreaming and women's empowerment, both institutions commit themselves to accord priority to this area.

Annex I (continued) **Action plan**

	Description of recommendation	Proposed action
Building purposeful partnerships		
9	Maintain and extend the current bilateral partnership, based on the memorandum of understanding of 2008, setting a limited number of precise, strategic regional priorities. It should focus on the respective comparative advantages and specializations, complementarity, and increasing the emphasis on results.	AfDB and IFAD Managements recognize the need for both institutions to maintain and extend their current bilateral partnership, based on the memorandum of understanding signed by both parties in 2008. The Bank and the Fund will review the current memorandum of understanding and prepare the necessary addendum.
10	At the regional level, take forward their partnership within the wider partnership around CAADP, and in support of CAADP.	Agreed. See point 1.
Recommendations for AfDB		
11	Remain directly engaged in ARD, but develop a more selective strategy, closely linked to the Bank's medium-term priorities and aligned with CAADP.	Agreed
12	Following approval of a revised strategy, AfDB should mount a major communication campaign to inform African leaders and other sector donors of the Bank's strategic objectives in the sector.	The Bank's strategy will be presented to the Board in December 2009. A campaign will be launched with the support of the External Relations and Communication Unit.
13	Ensure that sufficient human and financial resources are allocated for effective implementation of the revised strategy while seeking to leverage further funding from the private sector, private donors, Arab States and emerging donors including Brazil, China, India and the Republic of Korea. Steps should also be taken to ensure provision of adequate resources to regional members countries and operational departments to take forward important analytical work and sector studies.	Management will work with other partners and ensure that financing needs expressed by RMCs for investments, analytical work and sector studies are addressed.
Recommendations for IFAD		
14	Engage more strategically in analytical work and allocate additional resources both in financial terms and in building staff capabilities. This calls for additional financial and human resources.	In some countries where sector strategies are weak, IFAD, either directly or through partnerships, could undertake policy and analytical work on a very selective basis. Additional financial and human resources need to become available for this.
15	Plan selected joint activities between the divisions such as a knowledge programme to cross-fertilize lessons learned, best practices and experiences, along a proactive policy for exchanging staff and consultants.	IFAD Management will continue pursuing cross-fertilization. It is working on an approach to make the workforce more mobile including through internal rotation and secondments both in and out of the organization, which will also benefit regional divisions serving Africa.
16	Differentiated allocation levels of administrative resources for fragile states and low-income countries.	The current system allows some differentiation in the allocation of programme-related resources, and consequently in the allocation of administrative resources.

Annex II Key output targets for 2010

Key outputs and indicator	2008-2009 actions (baseline)	2010 target
1. Cofinancing		
1.1. Joint project identification, design and approval (number of countries in total)	• 4 countries - Benin, Liberia, The Gambia and Ghana	• 5 countries (to be identified in early 2010)
1.2. Amount cofinanced	• AfDB- US$124.8 millions • IFAD- US$45.2 millions • **Total US$170 millions (UA 111 millions)**	• Each institution to increase the amount cofinanced by a minimum of 15 per cent above baseline
2. Supervision		
2.1. Number of joint supervision missions undertaken	• 3 missions (Benin, Mozambique and Sierra Leone)	• Jointly supervise all cofinanced operations starting in 2010 (there are six such operations currently)
3. Enhanced and shared analytical work		
3.1. Increase in relevant analytical work, either directly or through partnership arrangements	• Targets not set for 2008-2009	• IFAD/AfDB to collaborate in carrying out three economic sector work activities using IFAD grant resources
3.2. Share analytical work in a mutually beneficial manner	• Targets not set for 2008-2009	• IFAD and AfDB working group to jointly identify issues for further analyses, when needed and share outputs on regular basis
4. Corporate knowledge sharing and innovation		
4.1. Partnership coordinator	• None	• A coordinator to be appointed in 2010 to manage the partnership
4.2. Share information broadly on a regular basis	• Collaborate in the advocacy and financing of major continental initiatives in favour of agriculture and food security: the Agriculture Development Fund, the Migration and Development Trust Fund, the Africa Fertilizer Financing Mechanism, and others.	• Both institutions have appointed focal points to regularly exchange information on project and country strategy pipelines and share results for ongoing and completed portfolios
4.3. Staff exchange programme	• None	• Undertake a staff exchange programme starting in 2010 for 1-to-2-year deployment periods