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Investing in rural people

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

### Note to Evaluation Committee members

*Dispatch delay due to late submission by the originator to the Office of the Secretary*

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Evaluation Committee — Eighty-sixth Session  
Rome, 27 November 2014

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**For: Review**

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

### Note to Executive Board representatives

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Executive Board — 113<sup>th</sup> Session  
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For: **Review**

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

1. **Background.** In line with the Terms of Reference and Rules of Procedures of the Evaluation Committee and the decision taken by the Executive Board at its December session in 2006, this document contains the comments of the Independent Office of Evaluation of IFAD (IOE) on the Report on IFAD's Development Effectiveness (RIDE).
2. The RIDE is IFAD Management's main report for assessing the performance of the organization against the main indicators in the corporate Results Measurement Framework (RMF). As such, the report is an instrument to promote accountability and maximize institutional learning.
3. **General comments.** IOE commends IFAD Management for producing a useful report as well as for the improvements in the performance of IFAD operations with respect to selected evaluation criteria such as **rural poverty impact and IFAD's performance as a partner**. Progress on some of the institutional effectiveness and efficiency indicators, such as the reduction in the ratio of General Service costs to total staff costs and the time taken to fill Professional vacancies is encouraging. The high percentage of projects and country programmes rated moderately satisfactory or better at entry is a positive achievement worth underlining.
4. There is, however, scope for further strengthening the structure and methodological underpinning of the RIDE, as well as the performance of IFAD operations in some critical areas in order to achieve greater development effectiveness.
5. **Structure of the document.** While the RIDE is a succinct document, it would benefit from a short concluding section to summarize the main strengths and weaknesses in operational and organizational performance and to define the priority actions to address these weaknesses moving forward. In addition, the merits of including a number of stand-alone annexes on different topics should be considered, also in light of Management's plans to add a further annex to report on the results and lessons of IFAD grant activities.
6. **Methodology.** IOE appreciates the presentation of the data by project completion date and the use of three-year moving averages, following the practice adopted in the Annual Report on Results and Impact of IFAD Operations (ARRI). However, while the word restriction for governing body documents is recognized, a wider discussion of the methodological approach and corresponding limitations would nonetheless further enhance the transparency, reader-friendliness and robustness of the report and the reliability of its findings.
7. In line with international best practice, the IFAD Evaluation Policy (2011) approved by the Board requires the organization's self-evaluation system – of which the RMF and the RIDE are integral components – to be harmonized with the Fund's independent evaluation methods. The aim of doing so is, inter alia, to facilitate the comparison of results reported by IFAD Management in the RIDE with those reported by IOE through the ARRI, as well as to identify areas for strengthening the Fund's self-evaluation system moving forward.
8. Taking the above into consideration, IOE recommends that future editions of the RIDE should:
  - (i) Include a broader explanation of the linkages between the indicators in levels 2-5 and level 1. For example, the RMF could clarify how the achievements against indicator 4.2.3. "engagement in national policy dialogue" contributes to the "proportion of countries complying with the Maputo declaration commitment of 10 per cent of total public expenditure on agriculture", which is indicator 1.2.4 of the RMF;

- (ii) Continue providing a consolidated assessment of **IFAD's performance as a partner**. Such an indicator is included in level 4 of the RMF defined for the Ninth Replenishment of IFAD's Resources (IFAD9), but has been excluded from the proposed IFAD10 RMF. IOE believes IFAD's own performance as a partner is fundamental for better development outcomes (e.g. given its central role in project design, supervision and implementation support). Including such an indicator is therefore critical to ensure continuous assessment of the organization's own performance. This would ensure consistency with IOE's evaluation criteria, and the evaluation and reporting systems in most other international financial institutions.<sup>1</sup>
- (iii) Introduce, in level 4 of the RMF, dedicated indicators on knowledge management at country level as well as on relevance of country strategic opportunities programmes (COSOPs) and on COSOP effectiveness at completion. Knowledge management is essential to ensuring that IFAD learns systematically from past operations and the experiences of others, strengthening COSOPs and the design and implementation of its operations. IOE assesses knowledge management and COSOP relevance and effectiveness as part of all country programme evaluations. This allows IOE to evaluate the results and impact of IFAD's country programmes in a more integrated manner at the national level, beyond the realms of individual loan-funded projects or programmes financed by the organization. Therefore, IOE encourages IFAD Management to report through the RIDE on performance with respect to these indicators using the available IOE ratings generated in all country programme evaluations; and
- (iv) Drop the quality assurance indicators in level 4. IOE believes that these indicators are useful to IFAD for keeping track of the quality at entry of new projects. This enables Management to make design improvements, as needed, with the ultimate aim of achieving better outcomes for rural poverty reduction. However, it is questionable whether these ex ante indicators need to be included in the RIDE or the RMF – the main Management instruments for measuring and reporting on the ultimate results (outputs, outcomes and impacts) of IFAD interventions. Removing these indicators would help further reduce the total number of indicators in the RMF, thereby enhancing the organization's efficiency in reporting through the RIDE.
9. The relevance of IFAD operations is traditionally high. Assessing and reporting on relevance in the RIDE is important, also because high past performance is not, per se, a guarantee that results for relevance will be high also in the future. IOE raises this issue in light of the proposal by IFAD Management to drop this critical indicator from the IFAD10 RMF. Relevance should be evaluated both at the time of design and at completion to assess whether operations at completion were adequately retrofitted to address issues that might have emerged during implementation. Reporting on relevance will allow IFAD and its Members States to ensure that, at all times, IFAD-financed operations are in line with its core mandate, as enshrined in the Agreement Establishing IFAD. In this regard, it is worth recalling that the relevance indicator is one of the main criteria established by the Development Assistance Committee of the Organisation for Economic Co-operation and Development that all other international financial institutions (IFIs) include in their results measurement and evaluation systems.
10. Finally, IFAD Management is encouraged to make its database of ratings from project completion reports publicly available, in line with the practice adopted by IOE for the database of independent evaluation ratings.<sup>2</sup>

<sup>1</sup> Assessing lending agency performance is an evaluation criterion that most IFIs have also adopted.

<sup>2</sup> See IOE database at <http://www.ifad.org/evaluation/arri/database.htm>.

11. **Comparison of ratings.** The table below compares the percentage of IFAD-funded projects rated as moderately satisfactory or better in 2011-2013 in the RIDE (chapter III), with the results reported in the 2014 ARRI based on independent evaluations by IOE. The right-hand column of the table contains the targets agreed with the governing bodies, as contained in the RMF for the IFAD9 period (2013-2015).

Table

**Comparison of ratings for indicators in level 2 of the IFAD9 RMF (2013-2015)**

<i>Indicators</i>	<i>RIDE Results 2011-2013 (59)</i>	<i>ARRI all data 2011-2013 (53)</i>	<i>ARRI PCR/PPA 2010-2012 (44)</i>	<i>Target 2015</i>
<b>2.1. Outcome indicators (percentage of projects rated moderately satisfactory or better) at completion</b>				
2.1.1 Relevance	98	89	89	100
2.1.2 Effectiveness	88	79	66	90
2.1.3 Efficiency	76	58	43	75
2.1.4 Rural poverty impact	88	87	83	90
2.1.5 Gender equality	93	85	75	90
2.1.6 Sustainability of benefits	81	62	56	75
2.1.7 Innovation and learning	86	79	70	90
2.1.8 Replication and scaling up	91	79	70	90
2.1.9 Government performance as a partner	78	72	52	80

12. The above table shows there is broad consistency between the results reported in the RIDE and ARRI for **relevance and rural poverty impact**. However, there are differences in the results for other evaluation criteria and the biggest difference – especially when comparing the RIDE and the project completion report validation/project performance assessment dataset – is in operational **efficiency, sustainability of benefits and government performance as a partner**. These are three areas where performance has been weak in the past, and therefore deserve greater attention in the future for better impact on the ground.
13. IOE believes that it would be beneficial for the RIDE to use only independent evaluation ratings, at least for those criteria assessed by IOE in levels 2 and 4 of the RMF. Adopting such a practice would facilitate governing bodies discussions, ensure greater consistency in results reporting, serve as an incentive to Management to take concerted action in areas of weakness and strengthen the organization's self-evaluation system in general. Using independent evaluation ratings would be in line with the practice adopted by management in selected other multilateral development organizations (e.g. the Asian Development Bank).
14. There are several interrelated factors that explain the relatively weak performance in operational efficiency, sustainability of benefits and government performance. These are widely reviewed in the ARRI and include, inter alia, ambitious project design and objectives, extensive geographic and subsector coverage at the country level and weak institutional capacity at the local levels. Greater customization of design to country and project context would also ensure better outcomes in general. More attention and resources to non-lending activities (knowledge management, partnership-building and policy dialogue) would contribute to scaling up successful innovations promoted through IFAD operations, to better country-level impact and to rural transformation.
15. **Quality of data.** More could be done to improve the quality and timeliness of data generated by IFAD-funded projects. While IFAD is constantly introducing improvements to the Results and Impact Management System (RIMS), there are still several factors that limit the reliability of RIMS data. These include absent or

weak baseline data and inadequate quality of RIMS impact surveys that often do not include a control group – thus making attribution a major challenge. Moreover, project monitoring and evaluation (M&E) systems still need further improvement to ensure that they collect data on outcomes and impacts more systematically. These are some of the factors that limit IFAD’s ability to measure impact on rural poverty in a rigorous manner.

16. On a related matter, the data sources for some indicators (e.g. on policy dialogue and partnership-building) in the RIDE are based only on “client surveys”. While client surveys are useful instruments for collecting the valuable perceptions of partners at the country level, their reliability for reporting on the performance of such critical indicators merits reflection. Through country programme evaluations, IOE evaluates the performance of IFAD for such indicators, and as mentioned above, Management could use the IOE ratings to report on performance in these areas.
17. **Impact evaluations.** With regard to impact evaluations, IOE welcomes the IFAD9 impact evaluation initiative by Management. In this regard, in line with the IFAD Evaluation Policy and the role of evaluation offices in other multilateral development organizations and as agreed with the Executive Board, IOE introduced impact evaluations in 2013 as a new product. So far, IOE has completed one impact evaluation – in Sri Lanka in 2013; launched a new one in India this year; and is planning to conduct a third one in 2015. IOE will further enhance its work in this area in the future. It is important to underline that independent impact evaluations by IOE are not part of the impact evaluations being undertaken by Management, and that projects selected by IOE for impact evaluations do not overlap with those selected by Management.
18. The main aim of IOE’s involvement in impact evaluations is to assess impact in a more quantitative manner while also paying attention to qualitative aspects of IFAD operations, and generate the required evidence for country programme evaluations and other higher-plane evaluations to be carried out by IOE soon thereafter. Moreover, these evaluations will ensure that IOE is better placed to support IFAD Management in its own efforts to conduct impact evaluations.
19. With regard to the impact evaluations undertaken by Management, IOE reviewed and provided comprehensive comments on the draft impact evaluation sourcebook produced by Management earlier this year. It will also review and prepare written comments for the Board on the planned synthesis report on the IFAD9 impact evaluations, which the Management plans to produce towards the end of 2015. Lastly, the second edition of the Evaluation Manual, which IOE will finalize in mid-2015, will contain a dedicated chapter on methodological fundamentals and principles for rigorous impact evaluations. This will lay the basis for a renewed “harmonization agreement” between IOE and Management on IFAD’s independent and self-evaluation methods and processes, including in the undertaking of impact evaluations.
20. **Final remarks.** The above comments cover a number of recurrent issues raised by IOE on previous editions of the RIDE that have not been adequately addressed in this year’s edition of the report. These issues include (i) the structure and methodological underpinning of the document, (ii) the inclusion of a dedicated indicator for knowledge management, (iii) the use of IOE ratings to facilitate the alignment of IFAD’s self-evaluation with independent evaluation systems and (iv) systemic issues (e.g. operational efficiency and quality of data) that need attention. It is therefore recommended that these issues be addressed in the 2015 RIDE, and IOE stands ready to cooperate with Management in this regard, as and when needed. Finally, in line with IOE practice in the ARRI, the inclusion of a paragraph at the beginning of the report, summarizing IOE’s main comments on the previous edition of the RIDE and describing how these have been addressed would be valuable in facilitating accountability and learning.