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Report on IFAD's Development Effectiveness (RIDE)

Comments by the Independent Office of Evaluation of IFAD

Note to Evaluation Committee members

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Executive Board —121st Session
 Rome, 13-14 September 2017

For: Review

Report on IFAD's Development Effectiveness (RIDE)

Comments by the Independent Office of Evaluation of IFAD

I. Background

1. In line with the Terms of Reference and Rules of Procedure of the Evaluation Committee of the Executive Board and the decision taken by the Executive Board at its December 2006 session, 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 provides Management's perspectives on the organization's overall performance. It is therefore a key tool for promoting accountability and learning. This opportunity for IOE to review and share its comments enhances the credibility and transparency of IFAD's overall self-evaluation system.

II. General comments

3. Overall, IOE welcomes the results and recommendations presented in this year's RIDE, which are strongly aligned with those of the 2017 Annual Report on Results and Impact of IFAD Operations (ARRI). They share the overarching message that in order to substantially contribute to the Sustainable Development Goals, IFAD needs to change its modus operandi and raise the bar for performance higher to ensure that a greater proportion of projects are either satisfactory or highly satisfactory. Both reports also highlight the need to improve performance in efficiency and sustainability of benefits, which are long-standing constraints for IFAD's development effectiveness.¹ Environment and natural resource management, and adaptation to climate change are highlighted as areas for special attention. However, while the RIDE raises attention to their weaker performance, the 2017 ARRI recommends greater clarity of concept to distinguish between the two areas in order to gather tailored evidence that demonstrates achievements in these areas of strategic importance for IFAD.
4. The ARRI and RIDE both recommend a systematic approach to non-lending activities. While the ARRI recommendation is more comprehensive, calling for integration of all non-lending activities into country programmes, the RIDE focuses on South-South and Triangular Cooperation (SSTC). The overall alignment bodes well for the full implementation of the shared recommendations and a clear way forward to improve IFAD's performance. Finally, although the RIDE's findings are similar to those presented in the ARRI, there is an imbalanced presentation of future plans versus concrete evidence of actions taken in 2016 to support the performance ratings in the 2017 RIDE.
5. The 2017 RIDE also addressed many of the recommendations made by IOE in 2016 to improve the quality of the report. In line with IOE's recommendations, this year's report includes a methodology chapter which explains the improved process for producing the RIDE and candidly highlights limitations in the quality of data for some indicators. However, the inclusion of an explanation of the methodology for the new analysis (e.g. rating disconnect and 10-year comparison of RIDE ratings) would further enhance the report's transparency and credibility. The RIDE also includes an analysis of the percentage of projects rated satisfactory or better in line with the 2016 ARRI recommendation to raise the "performance bar". The new "in focus" annex – which replicates the ARRI learning theme – provides the kind of evidence lacking in the main report, namely country programme examples;

¹ The 2015 ARRI raised the issue of sustainability of benefits and provided recommendations. The 2017 RIDE incorrectly refers to the 2016 ARRI regarding sustainability of benefits performance for other IFIs.

however, there was limited presentation of good and weaker project performance. The rationale for selecting SSTC as the first “in focus” topic is also unclear given that the paper “IFAD’s Approach to South-South and Triangular Cooperation” was just presented to the Executive Board in December 2016. In general, the 2017 RIDE is strong on reporting and accountability, but more limited in terms of learning. The RIDE acknowledges this limitation and a reduction is planned in the multitude of indicators included in the Eleventh Replenishment of IFAD’s Resources (IFAD11) Results Measurement Framework (RMF). However, the report would still benefit from a more balanced and integrated treatment of learning throughout the report rather than concentrated in the “in focus” theme.

6. Assessing results: Reporting on the IFAD10 RMF. The 2017 RIDE presents the results by RMF level, after an introduction and two summaries of the subjects contained in the annexes. Unlike in previous editions, there is no overview of the 2016 performance to give context to the results. At a minimum, it would have been useful to provide the total value and size of IFAD’s portfolio and the amount of financing approved by end of December 2016. Such information provides cardinal points for interpreting the results and identifying areas for improvement. Apart from this missing information, IOE appreciates the enhanced candour of this year’s RIDE, which acknowledges when targets have not been met, performance has declined or the methodology is not sufficiently robust (e.g. paras. 14-19 and annex II). Candid self-assessment is a critical basis for learning and demonstrates IFAD’s overall commitment to development effectiveness.
7. With regard to country-level development outcomes and impact (RMF level 2), the 2017 ARRI results cannot be compared with those presented in the RIDE. Both reports present results in three-year moving averages in order to show long-term trends and smoothen short-term (annual) fluctuations. As the 2016 editions of both reports presented results from 2012-2014, the next period in the series would be 2013-2015 as presented in this year’s ARRI. However, the 2017 RIDE has skipped this period in order to provide data from the latest year – 2016. While this may be possible for the RIDE, the ARRI project completion report validation (PCR/V)/project performance evaluation (PPE) data set for 2016 was too limited for inclusion. Therefore, table 1 below compares the performance presented in the 2016 and 2017 editions of the RIDE with 2017 ARRI results, which does not present a comparable time frame of performance.
8. On the whole, and taking into account the trends presented in both reports, there is broad consistency between the results reported in the 2017 ARRI and in the RIDE. Performance is strongest in innovation and scaling up and weakest in efficiency, though by a larger margin in the ARRI. Based on IOE ratings, two indicators exceed the 2018 target – innovation and scaling up, and support for smallholder adaptation to climate change – although the sample for the latter is too limited to consider the target achieved. The RIDE also cites government performance as achieved, while the ARRI finds it close to reaching the target. Overall, while the RIDE finds at least 75 per cent of projects assessed as moderately satisfactory or better for all nine indicators, this is only the case for six indicators according to the ARRI.
9. In its own comparison of the periods 2012-2014 and 2014-2016, the RIDE posits as one of the reasons for lower project performance in eight out of the nine outcome indicators, the fact that there are more projects in countries with fragile situations in the most recent period (para. 17). However, it would be useful to present a comparison of the difference in performance of countries with fragile situations between these two cohorts. Thus, for example, if the average disconnect in ratings for countries with fragile situations is very low, the performance of the projects in the 2014-2016 should not be attributed to this fact.

Table 1
Comparison of RIDE and ARRI ratings for RMF level 2 indicators
 (Percentage)

<i>Indicators</i>	<i>RIDE results 2012-2014 (89 projects)</i>	<i>RIDE results 2014-2016 (84 projects)</i>	<i>ARRI results 2013-2015 (69 projects)</i>	<i>Target 2018</i>
2.2 Outcome indicators (percentage of projects rated moderately satisfactory or better) at completion				
2.2.1 Effectiveness	93	84	75	90
2.2.2 Efficiency	82	77	57	80
2.2.3 Rural poverty impact	94	86	85	90
2.2.4 Gender equality	91	87	85	90
2.2.5 Sustainability of benefits	87	78	65	85
2.2.6 Innovation and scaling up	94	92	91	90
2.2.7 Environment and natural resource management	89	88	75	90
2.2.8 Support for smallholder adaptation to climate change	NA	84	74	50
2.2.9 Government performance	90	90	77	80

Source: 2017 RIDE and IOE database (PCRv, PPE data), 2017.

10. Following the practice of the ARRI, the 2017 RIDE presents for the first time an analysis of the disconnect between self-evaluation and IOE ratings. IOE is unable to support the 2017 RIDE assertion that the “overall average disconnect between self-evaluation and IOE ratings now stands at only 0.35 ... for the 2014-2016 period” for a number of reasons. First, the ARRI presents the disconnect between IOE and self-evaluation ratings for each criterion and does not aggregate the differences into an overall average. Second, the 2017 ARRI presents the disconnect for ratings in the period 2013-2015 because the sample of PCRVs of projects that completed in 2016 was extremely limited. Management has presented the disconnect for the period of 2014-2016, which cannot be compared with the ARRI results. Since the methodology does not describe how the average was calculated (i.e. average of the disconnect for the mean rating of each criterion or the average disconnect for each individual rating, etc.), IOE cannot reproduce the analysis for comparison. It would be useful to include a table in the annexes with the data, source and criteria included, along with an explanation of how the average was calculated. Given these limitations, IOE can only compare the disconnect of the mean ratings in the period of 2013-2015. Self-evaluation ratings were consistently higher on average across all the criteria. The disconnect was highest for relevance (0.55) and lowest for rural poverty impact (0.15) with an average disconnect of 0.29 for 12 criteria.²
11. The section on country-level development outputs (RMF level 3) provides an important opportunity to discuss the concrete results of IFAD-supported projects, particularly those based on Management’s impact assessments, related to natural resource management, agricultural technologies, rural financial services, marketing, policies and institutions, and climate change adaptation. However, the section is very short and favours reporting and accountability over learning, by presenting changes in the number of people receiving services. Such figures need to be treated carefully as they are generally over-estimated (due to double-counting), as many evaluations find.
12. With regard to the operational effectiveness of IFAD-supported country programmes and projects (RMF level 4), the RIDE focuses its discussion on non-lending activities. It notes that only 17 per cent of countries included in the client survey considered engagement in national policy dialogue satisfactory or

² All evaluation criteria except project performance.

better and only 33 per cent found partnership-building satisfactory or better. This is consistent with the 2017 ARRI finding that country-level policy engagement has been the weakest performing criterion among the non-lending activities and that partnership-building has declined significantly in recent years.

13. The evidence presented in the RIDE to demonstrate efforts in the area of partnership is not noteworthy. It cites standard cases such as the use of the Food and Agriculture Organization of the United Nations Investment Centre for project design (a remunerable service) or engagement at the global level (i.e. Committee on World Food Security, G7 and G20 work) without explaining how they are relevant to the operational effectiveness of IFAD-supported country programmes and projects. Concrete evidence and examples drawn from country programmes in 2016 and identification of the drivers of performance would strengthen the basis of the ratings and enhance institutional learning. Instead, the RIDE mentions future plans (i.e. creation of Smallholder and Small and Medium-Sized Enterprise Investment Finance Fund) rather than highlighting proven good practices of country-level policy engagement and partnership with the private sector. The RIDE's position that greater decentralization and resources are critical to further country-level policy engagement is in line with the recommendations of the Corporate-level evaluation of IFAD's decentralization experience.
14. The discussion on cofinancing lacks coherence and requires context, such as information on total cofinancing (broken down by domestic and international sources), total IFAD financing and an explanation of the significance of cofinancing (i.e. as an indicator of government commitment). The section describes the distribution of domestic cofinancing as a "somewhat predictable distribution along country income lines" without further elaboration. Finally, the rationale provided for low international cofinancing is not clear and is not supported by the evidence presented. The point that less funding is available for cofinancing because agriculture is a low priority does not appear to be entirely supported in the current global context given the interest in agriculture of the Green Climate Fund, for example. Likewise, the African Development Bank cited "Feed Africa" as one of its High 5 priorities and plans to quadruple its investments in agriculture from a current annual average of US\$612 million to US\$2.4 billion. The Asian Development Bank also launched an Operational Plan for Agriculture and Natural Resources for 2015-2020, which has reinstated agriculture as a priority area.
15. IFAD's institutional effectiveness and efficiency (RMF level 5). In reporting on the target of 35 per cent of P-5 and above positions filled by women, RIDE again presents a plan that is in development rather than the findings of the study undertaken on the representation of women in IFAD's workforce, or examples of concrete action taken by Management to address the issue. Notably, the IFAD disbursement study³ cites a significant correlation between women country programme managers and faster project start up, a critical factor for disbursement. This concrete finding could have been relevant to these two challenging areas of performance for IFAD.
16. The rationale for the decline in the number of positions in IFAD Country Offices (ICOs) versus headquarters requires some clarification. The 2017 programme of work and budget noted that the increases in staff funded from regular budget are 5.5 full-time equivalents for ICOs and five new staff positions at headquarters. The RIDE notes that the "drop is the result of the opening of a few new positions at headquarters to accommodate staff rotating from ICO positions." This statement is not aligned with the budget document and perhaps refers rather to a shifting of existing outposted positions to headquarters to accommodate staff rotation.

³ IFAD, "Disbursement performance of the International Fund for Agricultural Development (IFAD): An in-depth analysis of drivers and trends", IFAD Research Series, no. 14 (Rome, June 2017).

17. Structural issues on IFAD's development effectiveness. The 2017 RIDE compares performance ratings between the 2007 and 2017 RIDE to identify systemic issues in project portfolio performance. According to the RIDE, performance improved over this period, but is weaker in the period 2014-2016, particularly for efficiency, sustainability of benefits, and climate change and environment and natural resource management. The ARRI's trend analysis over the period 2007 to 2015 – based on PCRV/PPE data – similarly finds that IFAD's performance improves from 2009 and plateaus in the most recent period, 2013-2015.
18. Using the "all evaluation" data series, IOE has recreated the analysis⁴ presented in the RIDE for comparative purposes. However, the all evaluation data series includes evaluations that use different methodologies and the 2004-2006 results are based on a small sample size (45 projects). As shown in table 2, the percentage of projects rated moderately satisfactory or better increased for all criteria except efficiency. Performance based on self-evaluation and IOE ratings in 2014-2016 is the same for effectiveness and gender equality, and very similar for rural poverty impact and adaptation to climate change. Overall, the proportion of satisfactory or better (ratings 5 and 6) is lower based on IOE ratings.

Table 2
IOE ratings
(Percentage)

	Percentage of projects rated moderately satisfactory and above		Disaggregated scoring for ratings in the satisfactory area (4, 5 and 6)	
	2004-2006	2014-2016	Rating 4	Rating 5 and 6
Effectiveness	64	84	46	38
Efficiency	60	55	34	21
Overall rural poverty impact	65	85	46	39
Gender equality	57	87	48	39
Sustainability of benefits	51	72	61	11
Potential for scaling up	n/a	n/a	n/a	n/a
Innovation and scaling up	62	80	45	36
Environment and natural resource management	38	80	60	20
Support for smallholder adaptation to climate change	n/a	83	71	13
Government performance	59	76	44	33

Source: IOE database (all evaluation data), 2017.

19. The RIDE does not provide an explanation for the overall improved performance between 2004 and 2016 or for the recent weaker performance. The introduction of IFAD corporate policies on gender, environment and natural resource management, and establishment of the Environment and Climate Division are the only explanatory factors cited for improved performance in these areas. In this section as well, there is an imbalanced presentation of future plans versus concrete evidence of actions taken in 2016 to support the performance ratings. For example, the IFAD11 objective to deliver larger projects is presented in paragraph 49 rather than demonstrating that this is already occurring by presenting a trend analysis on project loan size. The knowledge management, disbursement and corporate decentralization plans are also all mentioned, but not the factors for good performance or examples of best practices from IFAD country programmes. Rather than mention the disbursement plan the RIDE could have presented the key driving

⁴ Ride table 2 on project completion report ratings could include the project sample sizes of the two cohorts to strengthen the validity of the analysis.

factors highlighted by the disbursement study. Regarding climate change, many relevant strategies and policies are mentioned in addition to the plan for intensive mobilization of additional climate-related cofinancing in IFAD11, rather than presenting evidence of increased climate mainstreaming in IFAD10 using the unrestricted complementary contributions mobilized for climate change. Finally, the actions to improve future prospects relating to sustainability of benefits such as proactive policy engagement with government and other partners is not supported by the ARRI evidence of recently completed projects.

III. Conclusion

20. In conclusion, the 2017 RIDE has introduced a number of new features which were limited in terms of their depth of analysis due to restrictions on the document's length. As a result, the main report has favoured accountability over learning with limited concrete evidence or examples drawn from IFAD's country programmes. The few examples are derived from corporate or global-level engagements and not the country programmes. Many plans for improvement are presented in detail, but not much evidence or factors driving performance are provided. Rather than presenting future plans as evidence, the RIDE would have done well to maintain its standard practice of highlighting actions to improve performance in a final "way forward" section.