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Investing in rural people

## Report on the IFAD11 Results Management Framework

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Consultation on the Eleventh Replenishment of IFAD's Resources –  
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For: Review

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## Abbreviations and acronyms

ADB	Asian Development Bank
AfDB	African Development Bank
ARRI	Annual Report on Results and Impact
CCR	COSOP completion review
CDB	Caribbean Development Bank
COMPAS	Common Performance Assessment System
COSOP	country strategic opportunities programme
CRR	COSOP results review
DEF	Development Effectiveness Framework
EBRD	European Bank for Reconstruction and Development
FAO	Food and Agriculture Organization of the United Nations
GRIPS	Grants and Investment Projects System
IAI	Impact Assessment Initiative
IDA	International Development Association
IDBG	Islamic Development Bank Group
IFI	international financial institution
IOE	Independent Office of Evaluation of IFAD
MDG	Millennium Development Goal
OECD	Organisation for Economic Co-operation and Development
PCR	project completion report
PoLG	programme of loans and grants
RBM	results-based management
RIDE	Report on IFAD's Development Effectiveness
RIMS	Results and Impact Management System
RMF	Results Management Framework
SDG	Sustainable Development Goal
SSTC	South-South and Triangular Cooperation
UNSD	United Nations Statistical Division
VfM	value for money
WFP	World Food Programme

# Report on the IFAD11 Results Management Framework

## I. Introduction

1. IFAD needs a tool that enables it to manage for results not simply measure and report on them. IFAD's Results Management Framework (RMF) is designed with this in mind and is an integral part of IFAD's Development Effectiveness Framework (DEF),<sup>1</sup> allowing the Fund to promote accountability and learning for better institutional performance and development effectiveness. It is an important part of IFAD's ongoing push towards results-based management.
2. A new RMF is produced for each replenishment period. Each contains a suite of indicators and targets for monitoring the Fund's performance. Progress against the RMF is reported to IFAD's governing bodies through the annual Report on IFAD's Development Effectiveness (RIDE).
3. The present document includes the proposed RMF for the Eleventh Replenishment of IFAD's Resources (IFAD11) period, 2019-2021. Within the broader framework of IFAD's contribution to the 2030 Agenda and the Sustainable Development Goals (SDGs), the RMF must reflect the priorities agreed upon with Member States during the IFAD11 Consultation in 2017.
4. A number of important issues have emerged during the ongoing Consultation that have implications for the IFAD11 RMF. These include the need for IFAD to sharpen its focus on rural youth, gender, climate change, nutrition, South-South and Triangular Cooperation (SSTC), non-lending activities<sup>2</sup> and other issues to promote sustainable and inclusive rural transformation. These efforts need to be accompanied by improvements in IFAD's business model and financial strategy to achieve impact at scale.
5. This document describes the proposed structure and content of the IFAD11 RMF, and its rationale. Section II outlines lessons learned based on a review of the IFAD10 RMF and the results frameworks of international financial institutions (IFIs) as well as the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP). Section III details the principles guiding preparation of the IFAD11 RMF. Section IV describes the theory of change; assumptions linking the tiers in the RMF; and main indicator categories within each tier. It also shows how the RMF addresses the priorities raised in the IFAD11 discussions to date. Section V summarizes the data sources and steps being taken to ensure data availability and quality. Section VI outlines how the RMF will be used for reporting and management.
6. More detailed information can be found in the annexes. Annex I contains the full IFAD11 RMF. Annex II summarizes the findings of a review of the results frameworks in IFAD and other multilateral organizations. Annex III presents an update on the DEF. Annex IV explains IFAD's value for money proposition.

## II. Lessons from experience

7. It is important that the IFAD11 RMF be based on experience and learning within IFAD as well as on global best practices. To this end, a review of IFAD's experiences with its previous results frameworks and best practices in the use of corporate results frameworks in other multilateral development organizations was carried out in early 2017 (see annex II).<sup>3</sup> This section summarizes the main findings and lessons that apply to the IFAD11 RMF.

<sup>1</sup> <https://webapps.ifad.org/members/eb/119/docs/EB-2016-119-R-12.pdf>

<sup>2</sup> These include policy dialogue, partnership-building and knowledge management.

<sup>3</sup> The Review of IFAD's Results Measurement Framework and other Multi-lateral Results Frameworks (Strategy and Knowledge Department, March 2017) entailed a comprehensive documentation review and semi-structured interviews with staff of IFAD and other organizations.

8. IFAD's first RMF, for IFAD7, contained only two levels (i.e., tiers) and six indicators. The framework for IFAD8 included 50 indicators while that for IFAD9 contained 70; both used a five-tier structure. The IFAD10 RMF was informed by the corporate-level evaluation on IFAD replenishments<sup>4</sup> in 2014. The evaluation highlighted some important issues, many of which remain relevant. It noted that while the framework had helped IFAD to increase its focus on results – including those related to gender – it could still be improved. It recommended establishing an explicit theory of change and acknowledged the need to balance comprehensiveness and utility by maintaining a stable number of indicators over time. It also noted the challenges associated with indicators, including: the risk that they do not provide a full picture; the lagged nature of some indicators; the importance of data consistency and accuracy; and the balance required between frameworks as results reporting tools versus results management tools. The evaluation concluded that the IFAD results frameworks for IFAD7, IFAD8 and IFAD9 were more geared towards reporting than towards managing for results. Several changes to the indicators and targets were made in response to these and other discussions. In many respects, the IFAD10 results framework was similar to that for IFAD9, albeit with 58 indicators instead of 70 and the addition of a theory of change. The IFAD10 framework was updated in December 2016 in line with the Report of the Consultation on the Tenth Replenishment.<sup>5</sup>
9. One major issue with the IFAD10 results framework was that it pre-dated the Strategic Framework 2016-2025. This resulted in a relatively poor fit between the two frameworks, which was partially addressed by the revision of the RMF in December 2016. Impact indicators were added to directly link with IFAD's goal and strategic objectives as outlined in the Strategic Framework. Further revisions ensured that the RMF referred to the SDGs instead of the MDGs.
10. One new feature of the IFAD10 RMF was the addition of a simple theory of change or "impact pathway". However, the assumptions linking the RMF levels were not specific and the theory of change has not been used for reporting or learning. Nevertheless, the RMF itself has fulfilled its main reporting function, with progress reported through the RIDE. RMF indicators and others such as progress on IFAD10 commitments have also been reported quarterly to Management. Yet the perception remains that the RMF has been used less as a management tool than is desirable.
11. The review also revealed that in IFAD's past replenishment cycles, the link between the Commitment Matrix – which is also agreed upon in Replenishment Consultations – and the RMF was weak. For example, it was not clear how a specific action or output reflected in the Commitment Matrix would enhance IFAD's results or performance as reflected in the RMF.
12. A desk review of seven multilateral organizations' results frameworks included those of organizations participating in the Managing for Development Results Working Group, as well as those of FAO and WFP. It revealed significant variations in terminology and content along with a number of common issues. While these frameworks varied in structure and in the number of indicators (17 to 106), the majority have three or four tiers organized as a simple, consolidated results hierarchy that includes goals, results, and operational or organizational performance. The exceptions are the two other Rome-based agencies, FAO and WFP, which have distinct results chains for a number of strategic objectives.
13. Most of the frameworks reviewed reflected a broadly similar response to a common set of challenges. For most organizations, the main purpose of these frameworks is accountability and communication aimed primarily at their governing bodies. As in the case of IFAD, most results frameworks tended to be used for reporting rather

<sup>4</sup> Independent Office of Evaluation of IFAD (EB 2014/111/R.3/Rev.1) (May 2014).

<sup>5</sup> <https://webapps.ifad.org/members/eb/119/docs/EB-2016-119-R-13-Rev-1.pdf>

than for management. They were not adequately used to promote accountability, improved performance or learning.

14. All organizations struggle with the challenges of defining and measuring impacts and outcomes; accessing and using recent and accurate data; defining adequate indicators for intangible results such as policy reform and knowledge; and attributing results. In all organizations, attribution and accountability are strongest for operational and organizational indicators, which are linked to performance most directly within the organization's control (although it is not considered as important as outcomes or impact).
15. One conclusion of this review is that results frameworks are important but inherently imperfect tools. They can only capture results and performance that are measurable by quantitative indicators. Therefore, the IFAD11 RMF will need to be supplemented by additional narrative reporting and internal management frameworks to ensure (i) a complete statement on IFAD's programme of work and achievements, and (ii) a continued emphasis on improving the quality and use of evidence. This will complement the efforts to increase the RMF's use as a management tool for achieving development results.

### III. IFAD11 RMF rationale

16. The review gave rise to the following design principles, which have guided the IFAD11 RMF's structure and content. Specifically, it should:
  - (a) Be designed as a management tool that is part of IFAD's larger results architecture;
  - (b) Reflect IFAD11 priorities and targets;
  - (c) Be consistent with the Strategic Framework 2016-2025;
  - (d) Have a simplified three-tier structure; and
  - (e) Be concise and of high quality.
17. Management of results. The first design principle is that the RMF should be a Results Management Framework, not just a results measurement framework for reporting purposes only. This is a common criticism of results frameworks and is not easily resolved. The renaming of the IFAD's results framework as the "Results Management Framework" instead of the results measurement framework is a clear signal of this intent. Achieving a substantive change in practice will be more difficult. IFAD already uses RMF data to monitor results and take corrective action through quarterly reports to Management, as well as annual reporting to the Board on progress against RMF indicators through the RIDE. During IFAD11, there will be stronger links between the RMF and IFAD's Medium-Term Plan (an internal planning tool) as well as the divisional planning exercise to ensure that divisional outputs all contribute to accomplishing corporate priorities. These links will be improved through an enhanced results-based planning and budgeting system, which will be informed by a yearly review of progress against RMF and other indicators. On this basis, IFAD will develop the following year's administrative budget by allocating resources to identified priority areas.
18. Reflection of IFAD11 priorities, replenishment targets and theory of change. The second design principle is that the RMF should clearly reflect the priorities and theory of change of IFAD11. The RMF is designed to take into account important issues that have emerged during replenishment discussions – including efficiency and value for money (VfM) – as well the proposed changes to IFAD's business model. Tier III in particular has been structured in line with the proposed adjustments to IFAD's business model.<sup>6</sup> The targets for impact and outreach in

<sup>6</sup> <https://webapps.ifad.org/members/repl/11/02/docs/IFAD11-2-R-3.pdf>

IFAD11 are aligned with the proposed US\$3.5 billion programme of loans and grants (PoLG) for this replenishment. For the first time, the RMF and the agreements included in the Replenishment Commitment Matrix will be consistent.

19. Consistency with the Strategic Framework 2016-2025. The third design principle is that the IFAD11 RMF should be consistent with the Strategic Framework 2016-2025. The IFAD10 RMF was aligned with the Strategic Framework<sup>7</sup> through revisions approved by the Board at its December 2016 session. The two main points of alignment were: (i) matching the Strategic Framework's focus on SDGs 1 and 2;<sup>8</sup> and (ii) four new impact indicators added to the RMF in order to measure progress towards IFAD's overarching goal and the Strategic Framework's three strategic objectives. The IFAD11 RMF retains the new impact indicators and focus on SDGs 1 and 2. In addition, it contains indicators to measure the Strategic Framework's five principles of engagement: targeting; empowerment; gender equality; learning and scaling up; and partnerships. However, the RMF is not designed to be a complete results framework for the Strategic Framework since it only covers the IFAD11 period.
20. Simplified three-tier structure. The fourth design principle is that the RMF should use a simpler structure. While the RMFs have used a five-level structure since IFAD8, the majority of IFIs now have three or four tiers organized into a simple, consolidated results hierarchy that includes goals, results and operational or organizational performance. While some IFIs maintain separate levels for operational management/performance and organizational management/efficiency, there has been a broad shift to a simple three-tier structure. The IFAD11 RMF adopts this structure in order to show the Fund's results through three mutually reinforcing tiers: (i) contribution to the SDGs; (ii) development results at the impact, outcome and output levels; and (iii) operational and organizational performance. Table 1 below indicates how this relates to the previous five-level structure.

Table 1  
**Move from five- to three-tier RMF in IFAD11**

<i>IFAD10 RMF</i>	<i>IFAD11 RMF</i>
<b>Level 1:</b> Global poverty, food security and agricultural investment outcomes	<b>Tier I:</b> Sustainable Development Goals
<b>Level 2:</b> Country-level development outcomes and impact delivered by IFAD-supported projects	<b>Tier II:</b> Development results
<b>Level 3:</b> Country-level development outputs delivered by IFAD-supported projects	
<b>Level 4:</b> Operational effectiveness of IFAD-supported country programmes and projects	<b>Tier III:</b> Operational and organizational performance
<b>Level 5:</b> IFAD's institutional effectiveness and efficiency	

21. Conciseness and quality. The fifth design principle is that the RMF should be as concise as possible and its indicators limited to those that are fundamental for corporate-level monitoring and reporting; robust; and accurately measurable. Most IFI results frameworks have between 43 and 106 indicators (see annex II for

<sup>7</sup> The IFAD10 RMF was adopted by the Governing Council in February 2015, predating the Strategic Framework 2016-2025, which was approved by the Executive Board in February 2016.

<sup>8</sup> The Strategic Framework 2016-2025 states that IFAD's work will contribute significantly to the 2030 Agenda, particularly SDGs 1 and 2, as well as to SDGs 5, 8, 10, 13 and 15. More details on IFAD's contributions to the SDGs are provided in section IV below.

details). The IFAD11 RMF, with 63 indicators, therefore is more concise than the result frameworks of most other organisations.

22. The aspiration of limiting the RMF indicators has been met in several ways. Tier III has the most indicators, which tend to be more easily measurable than others. Tier I indicators use SDG indicators provided by the United Nations Statistical Division (UNSD). Tier II – development results – present the greatest challenge. The improvements in impact assessment, and monitoring and evaluation made through the DEF will alleviate – but not entirely mitigate – this challenge. At this level, there are inevitable trade-offs between the importance of measurement and accuracy: results are too important not to be measured, even if measurement is difficult.
23. Other indicators that are not included in the IFAD11 RMF will be regularly monitored by Management through internal reporting. This is critical to ensure that IFAD tracks its progress in a holistic manner in order to manage for results.

#### IV. Theory of change and proposed RMF outline

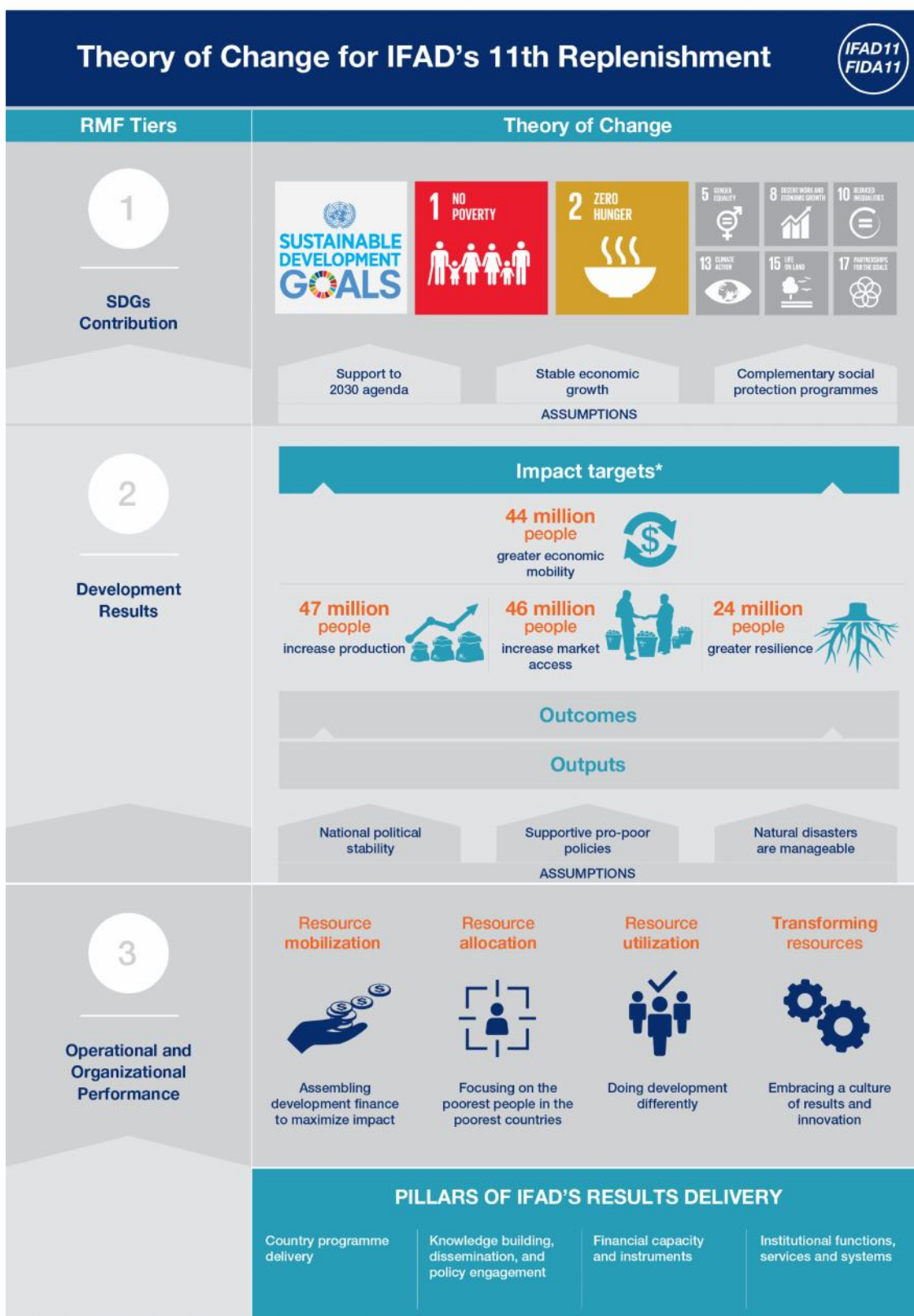
24. The IFAD11 theory of change has already been outlined in a range of documents presented to earlier sessions of the IFAD11 Consultation, including Looking Ahead: IFAD in the context of the 2030 Agenda for Sustainable Development (June 2017) and Enhancing IFAD11 business model to deliver impact at scale documents, and those outlining IFAD's financial strategy, partnerships, tailoring of assistance to country context and mainstreaming. This section: (i) makes this theory of change explicit; (ii) identifies some of the key assumptions linking the tiers; (iii) explains the main indicator categories; and (iv) highlights how the indicators relate to IFAD11 priorities.

##### Theory of change

25. A good results framework requires a clear theory of change. This entails a clear understanding and specific descriptions of how planned activities are expected to lead to intermediate results and outcomes, and finally to the desired impacts.
26. The theory of change for IFAD11 is founded on IFAD's commitment to make significant, effective and efficient contributions to SDGs 1 and 2, and the broader 2030 Agenda in rural areas. It will be achieved through concerted efforts to increase resource mobilization by diversifying IFAD's resource base; effectively allocating resources to those who need them most; and fine-tuning resource utilization processes for more agile programming. In addition, IFAD will embrace a culture of results and innovation across the organization, which will help it to transform resources into development results. The consolidated results hierarchy is shown in the figure below.



Figure 1  
Theory of change for IFAD11



\* Based on a proposed PoLG of US\$3.5 billion for IFAD11.

27. The theory of change begins with IFAD, a development organization with a specific mandate, comparative advantage and proven track record of delivery through its

results pillars<sup>9</sup> (shown in the lower part of the figure above). IFAD aims to enhance its operational and organizational performance (Tier III) through a special emphasis on the four dimensions of the IFAD11 business model. This strengthened business model enhances IFAD's Strategic Framework through improvements in resource mobilization; a sharpened focus on allocation of resources; innovative means of utilizing resources; and transparent, efficient ways of transforming resources into development results. A more efficient and effective organization will allocate and manage available resources to design and implement more efficient and effective country programmes – programmes that do the right things with the right people in the right places. IFAD-supported country programmes (including both lending and non-lending components) will generate a range of significant development results.

28. These development results (Tier II) will be achieved through the measurable outputs of country-specific operations, including people trained in production practices and technologies; people accessing financial services; people provided with targeted support to improve their nutrition; and people accessing technologies that sequester carbon or reduce greenhouse gas emissions.<sup>10</sup> These outputs will contribute directly to project-level outcomes, including IFAD strategic objectives such as increased number of people with greater resilience; improved market access; and improved production. These outcomes will in turn lead to the impacts linked to IFAD's goal: economic mobility defined as increases in income, food security and nutrition; or resilience (depending on the project objective). Collectively, IFAD-supported development results are those that would not have been achieved at all or to the same extent without IFAD support.
29. The development results that IFAD achieves in rural areas will contribute significantly to meeting two of the SDGs (Tier I): SDG 1 – No poverty; and SDG 2 – Zero hunger. While IFAD also contributes to other SDGs, it is considered important to maintain the Fund's focus on the first two goals, which are at the heart of IFAD's mandate.<sup>11</sup> However, the results achieved in areas such as gender equality (SDG 5), climate action (SDG 13) and partnerships (SDG 17) will be monitored and reported through indicators in Tiers II and III of the RMF.

#### Assumptions

30. The validity of this simplified impact pathway depends on a number of internal and external assumptions. The internal assumptions are those largely within IFAD's control and at the heart of IFAD's business model. For example, there is an assumption that better-designed projects or more decentralized staffing (Tier III) lead to better results (Tier II). While evidence suggests that these are both reasonable assumptions, it is important that the evidence supporting them is regularly challenged as part of the annual RMF review in the RIDE and other reports. Another internal assumption is that IFAD is able to mobilize sufficient resources to generate development results that will significantly contribute to SDGs 1 and 2. The financial strategy outlined in IFAD's revised business model is key to this assumption.
31. Some important and – ultimately mission-critical – assumptions are external to IFAD. They are progressively more important moving up the impact pathway (i.e. from Tier II to Tier I). Table 2 below identifies some of the major assumptions linking the tiers in the RMF. While there is a high probability that they will hold true

<sup>9</sup> IFAD's results delivery pillars constitute the basis for all of IFAD's results since corporate, departmental and divisional planning and budgeting exercises are aligned with them. The dimensions of the business model roughly correspond to the results pillars in the following manner: resource mobilization corresponds to results pillar 3 – Financial Capacity and Instruments; resource allocation is part of results pillar 1 – Country Programme Delivery; resource utilization draws on results pillar 2 – Knowledge Building, Dissemination and Policy Engagement; and transforming resources roughly matches the work in results pillar 4 – Institutional Functions, Services and Systems.

<sup>10</sup> Project-level output indicators are shown under 2.3 in Tier II results.

<sup>11</sup> While IFAD's activities contribute to other SDGs, the focus on a core subset of the SDGs is in line with the approach taken by WFP, which limits its strategic focus to SDG 2 – Zero hunger and SDG17 – Partnerships for the goals. See: <http://documents.wfp.org/stellent/groups/public/documents/eb/wfp286743.pdf>.

during IFAD11, these assumptions will also be continuously monitored and reviewed in the IFAD11 midterm review.

**Table 2**  
**Linking assumptions**

<i>Tiers</i>		<i>Linking assumptions</i>
Tiers III to II	Organizational performance to development results	<ul style="list-style-type: none"> <li>National government and institutional context is supportive</li> <li>National agricultural and economic policies are supportive</li> <li>National political stability and security are maintained</li> <li>Shocks from natural disasters are manageable</li> </ul>
Tiers II to I	Development results to the SDGs	<ul style="list-style-type: none"> <li>Agriculture development results in rural areas contribute significantly to the elimination of poverty and hunger</li> <li>International economic and policy context is supportive</li> <li>Complementary social protection policies and investments exist</li> </ul>

32. A key IFAD-specific assumption is that agricultural development results in rural areas are significant contributors to the elimination of poverty and hunger. This assumption is covered in the Looking Ahead document presented at the second session of the Consultation on IFAD11. With the majority of extremely poor and food-insecure people living in rural areas, SDGs1 and 2 will not be achieved unless efforts are stepped up in rural areas.
33. The remaining subsections outline the content of each tier. The indicators themselves, along with associated baselines, targets and data sources, are detailed in the IFAD11 RMF (see annex I).

#### Tier I: Sustainable Development Goals

34. RMF Tier I identifies seven indicators related to SDG 1 – No poverty and SDG 2 – Zero hunger. As outlined in the Looking Ahead paper, IFAD will also contribute to SDG 5 – Gender equality; SDG8 – Decent work and economic growth; SDG10 – Reduced inequalities; SDG13 – Climate action; SDG15 – Life on land; and SDG17 – Partnerships for the goals. However, SDG indicators for these areas are not included in the RMF given its focus on IFAD's core business and comparative advantage. Other SDG focus areas such as gender equality (SDG 5), climate change (SDG13) and partnerships (SDG17) will be monitored and reported through the indicators in Tiers II and III of the RMF.

**Table 3**  
**Tier I indicator categories**

<i>Indicators</i>	<i>Source</i>	<i>Note</i>
1.1 – IFAD's contribution to the 2030 Agenda through specific SDGs	SDG indicators (provided by UNSD)	These are the SDG indicators approved for the 2030 Agenda that are most relevant to IFAD's mandate

#### Tier II: Development results

35. RMF Tier II lists 25 country-level development results delivered by IFAD-supported initiatives, including project-level outputs and outcomes, and impact indicators.
36. Impact. Evidence shows that better impact assessments contribute to better development outcomes. As noted in section II, many organizations struggle with the attribution of results, particularly at the impact level. Systematic efforts to measure the impact of IFAD's operations were initiated in IFAD9 and refined in IFAD10; these efforts will be focused in IFAD11 and the data will be used for accountability, learning and assessing IFAD's VfM. In line with the DEF, rigorous

impact assessments will be conducted on approximately 15 per cent of IFAD's projects, which can be used to assess the impact of the entire portfolio. IFAD is unique in its approach to attributing the corporate-level impact of its PoLG and including it in its RMF.

37. The impact indicators introduced in the refined December 2016 IFAD10 RMF will be maintained in the IFAD11 RMF, matching IFAD's overarching goal (number of people experiencing economic mobility) and its three strategic objectives (number of people with improved production, number of people with improved market access and number of people with greater resilience); see indicator section 2.1 in annex I for more detail. Subject to confirmation by IFAD's Member States of the proposed US\$3.5 billion PoLG, the impact targets for IFAD11 are expected to increase by approximately 10 per cent compared to the IFAD10 targets.<sup>12</sup>
38. Outputs and outcomes. Output and outcome indicators have been selected from the Fund's compendium of core indicators and project completion report (PCR) ratings, building a logical sequence from project outputs through outcomes to impact. At the outcome level, two indicators measuring IOE's ratings of the overall project achievement at completion have been included for benchmarking purposes.

Table 4  
**Tier II indicator categories**

<i>Indicators</i>	<i>Source</i>	<i>Note</i>
2.1 – Impact indicators	Impact Assessment Initiative (IAI)	These four impact indicators were included in the IFAD10 RMF (approved by the Board in December 2016) and are aligned with the Strategic Framework 2016-2025.
2.2 – Project-level outcomes	PCR ratings and IOE PCRVs/PPAs	These criteria will be used for PCRs prepared upon the completion of IFAD-financed projects.
2.3 – Project-level outputs	Core indicators from IFAD's Results and Impact Management System (RIMS)	This is a subset of the 21 core indicators approved by the Executive Board in April 2016 in the context of the RIMS revision.

#### Tier III: Operational and organizational performance

39. RMF Tier III has the largest and most diverse set of indicators. It has been restructured in line with the four dimensions proposed for IFAD's adjusted business model. As outlined in the Looking Ahead and Business Model<sup>13</sup> papers, despite the high relevance of IFAD's approach to the SDGs, IFAD needs to change its model in order to match the scale and urgency of the 2030 Agenda and to enhance its VfM. This requires increased resource mobilization, improved resource allocation, more effective resource management and an increased focus on results.
40. The following indicators have been selected to monitor important aspects of the proposed new business model.
- (a) Mobilizing resources. To reflect IFAD's ambition to diversify its resource base and significantly increase its programme of work, the RMF contains indicators that monitor (i) the amount of core contributions pledged by Member States to IFAD's replenishment target; (ii) IFAD's debt-to-equity ratio, which will be used to monitor IFAD's financial stability as it further explores sovereign and market borrowing; and (iii) the cofinancing ratio, which is used to monitor the amount of resources that IFAD can leverage from

<sup>12</sup> Since the IFAD10 PoLG was US\$3.2 billion, an IFAD11 PoLG of US\$3.5 billion would represent a 10 per cent increase in resources, which is expected to lead to a proportionate increase in impact and outreach targets.

<sup>13</sup> <https://webapps.ifad.org/members/repl/11/02/docs/IFAD11-2-R-2.pdf> and <https://webapps.ifad.org/members/repl/11/02/docs/IFAD11-2-R-3.pdf>

domestic and international partners at the country level, including from the private sector.<sup>14</sup>

- (b) Resource allocation. IFAD intends to focus its resources on the poorest people and the poorest countries. To assess these efforts, the RMF will monitor (i) IFAD's macro-level allocation of funds to different groups at the country level through its performance-based allocation system (PBAS); and (ii) the appropriateness of targeting in new IFAD-financed projects in order to ensure that the Fund reaches the intended target groups.
- (c) Resource utilization. The paper outlining the proposed changes to IFAD's business model highlights the necessity of increasing the agility of IFAD's programme delivery and implementation, and improving the synergies between lending and non-lending. Programme delivery and implementation will be monitored through indicators related to the (i) time from concept note to project approval; (ii) time from project approval to first disbursement; and (iii) disbursement ratio, which reflects the speed of project implementation. The synergies between lending and non-lending activities will be monitored using a variety of country-level indicators that measure IFAD's overall country level performance through both self-assessments and stakeholder feedback.
- (d) Transforming resources into development results. The RMF will monitor the degree to which IFAD decentralizes its staff and workload. In addition, the RMF reflects IFAD's focus on VfM through indicators on institutional efficiency (for a broader overview of VfM, see dedicated section below and annex IV). Finally, IFAD's human resource management performance will be monitored in this part of the RMF.

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<sup>14</sup> Sources of cofinancing will be reported yearly in a disaggregated manner through the RIDE.

Table 5  
Tier III indicator categories

<i>Indicators</i>	<i>Source</i>	<i>Note</i>
<b>Mobilizing resources</b>		
3.1 – Mobilizing resources and leveraging financing	Corporate databases	These indicators relate to IFAD's performance in resource mobilization and leveraging financing for its country programmes
<b>Focusing resources</b>		
3.2 – Allocation of PoLG	Grants and Investment Projects System (GRIPS) and quality assurance ratings	These indicators will be used to monitor macro- and micro-level allocations of resources
<b>Utilizing resources</b>		
3.3 – Performance of IFAD country programmes, including non-lending activities	Client survey, COSOP Completion Reviews (CCR)	Aggregate indicators are based on results of the annual IFAD client survey and CCRs
3.4 – Quality at entry	Quality assurance ratings	Ratings are provided by the Quality Assurance Group on the design of new IFAD-financed projects
3.5 – Portfolio management	Corporate databases	These corporate indicators are related to implementation of IFAD's PoLG
<b>Transforming resources into development results</b>		
3.6 – Decentralization	Corporate databases	These indicators will be used to monitor IFAD's decentralization
3.7 – Institutional efficiency	Corporate databases	These indicators will be used to monitor the performance of IFAD's administrative budget, disbursements and PoLG
3.8 – Human resources	Corporate databases	These indicators are related to IFAD's human resources performance

#### Measuring mainstreaming in IFAD11

41. This section explains how the IFAD11 RMF addresses the measurement of thematic areas that will be mainstreamed into IFAD's projects in IFAD11, including youth, gender, climate change and nutrition.
42. Youth. The need to provide productive and sustainable employment for youth is increasingly recognized as a priority. All eight of the people-centred output indicators in section 2.3 of Tier II will be disaggregated to show the number of young people reached by IFAD projects. This is a new addition to the IFAD11 RMF.
43. Gender. As emphasized in the Looking Ahead paper, gender inequities limit both productive potential and the ability to achieve the SDGs. Promoting rural women's empowerment and equality therefore remains one of IFAD's key principles of engagement. As in the case of youth, all the Tier II output indicators measuring the number of persons will be disaggregated to show the number of women reached. In addition, the PCR rating on gender equality will be monitored (through indicator 2.2.6) with a target of achieving a 90 per cent satisfactory rating on this project-level outcome by the end of 2021. The target of filling 35 per cent of P-5 and above posts with women remains as an organizational target in Tier III (indicator 3.8.1).
44. Climate change. The importance of increasing poor rural households' resilience to climate change is underscored by the inclusion of three indicators in Tier II. These comprise the: (i) PCR rating for adaptation to climate change within project-level outcomes (indicator 2.2.10); (ii) project-level output related to the number of

people provided with climate information services (indicator 2.3.10); and (iii) indicator on persons accessing technologies that sequester carbon or reduce greenhouse gas emissions (indicator 2.3.11).

45. Nutrition. The SDG2 target of ending hunger and all forms of malnutrition by 2030 is particularly challenging, but central to IFAD's overarching goal of enabling poor rural people to overcome poverty and achieve food security. This is reflected by the three SDG nutrition and food security indicators included in Tier I (indicators 1.2.1-1.2.3), and by the project-level output in Tier II, related to the number of persons or households provided with targeted support to improve their nutrition (indicator 2.3.5).

#### Non-lending activities

46. As outlined in the proposed changes to IFAD's business model, non-lending activities complement successful project implementation and help the Fund adopt a more flexible approach to implementation that pursues change based on evidence. For this reason, IFAD places non-lending activities such as partnerships, knowledge management, country-level policy engagement and SSTC at the heart of its work to maximize impact. The IFAD11 RMF embodies IFAD's renewed efforts to measure its performance in these areas – both in terms of number of indicators and the sources. These not only include the client survey but also ratings from country strategic opportunities programme (COSOP) completion reviews (CCRs).<sup>15</sup>
47. Partnerships. Partnership-building was also measured in the IFAD10 RMF, drawing on results from the annual client survey. In IFAD11, as partnerships become increasingly important to reach the SDGs, IFAD will refine the assessment of its performance on partnership-building (indicator 3.3.3) by drawing on CCRs to triangulate data provided by the revised client survey.
48. Policy engagement. Policy engagement and dialogue is another non-lending activity measured in IFAD10 RMF through the client survey. These activities reflect the extent to which IFAD's country programmes contribute to national policy dialogue and support civil society participation in policy dialogue, which is increasingly important to IFAD's development effectiveness, especially in middle-income countries. Policy dialogue will be measured in the IFAD11 RMF through indicator 3.3.4 on country-level policy engagement.
49. Knowledge management. Knowledge management has not been measured in previous RMFs and its inclusion in the IFAD11 RMF reflects the need to strengthen IFAD's capacity to generate, manage use and share knowledge for increasing the Fund's impact. Indicator 3.3.5 in Tier III will be used to measure knowledge management through the client survey, as well as CCRs.
50. South-South and Triangular Cooperation. Developing countries across all income levels have shown interest in learning from – and drawing on – the development experience and resources of their peers through SSTC. In recent years, IFAD has built its institutional capacity to facilitate SSTC and intends to increase this capacity during IFAD11 and beyond. In the IFAD11 RMF, the Fund's performance will be measured in Tier III (indicator 3.3.6) by quantifying the percentage of COSOPs which, at design, have an elaborate approach to SSTC in a dedicated annex.

#### Value for money

51. The development community is moving away from an emphasis on the amount of aid delivered to a more results-oriented focus. Along with declining official development assistance, VfM has become increasingly prominent in the development landscape in recent years. The concept of VfM relates to achieving the best balance between the four "E"s – economy, efficiency, effectiveness and equity.

<sup>15</sup> In the IFAD10 RMF, only policy dialogue and partnerships were measured through the client survey.

Instead of being an operational tool, VfM provides a foundation for thinking about how to use resources in an optimal manner. VfM is not simply about reducing costs or cutting budgets, but using evaluative reasoning to think carefully about achieving the greatest impact for the lowest cost possible. For IFAD it means maximizing the impact of each dollar invested to improve the lives of poor and food-insecure rural men and women.

52. In this context, IFAD aims to do better at incorporating the concept of VfM in IFAD11 through a number of Tier II and III indicators – some of which are new for IFAD11. Further details on IFAD's VfM proposition are presented in annex IV. The annex presents the actions being undertaken – as part of the changes to IFAD's business model – to enhance IFAD's VfM proposition and its link to the RMF. Along with background on IFAD's recent efforts to improve VfM, an accountability framework though a VfM scorecard is proposed.

## V. Data sources and quality

53. The RMF is only as effective and useful as its data sources. The source for Tier I is the SDG database maintained by UNSD. Its main limitation is the delayed nature of the data.
54. Reporting against the four impact indicators in Tier II (2.1.1-4) will be based on impact assessments of approximately 15 per cent of projects included in IFAD's IAI. The other project-level outcome and output indicators will be produced by PCRs and RIMS, both of which are being strengthened through the DEF, launched in 2016. Through IFAD's internal activities and grant-financed activities in recipient countries, the DEF aims to improve monitoring and evaluation capacity among IFAD staff and stakeholders in order to strengthen the focus on results and the use of evidence in the project cycle (see annex III for more details). IFAD's RIMS was also reviewed by the Board in April 2017. The RIMS core indicators presented in the IFAD11 RMF therefore differ from those presented in past RMFs.
55. Tier III data will largely be sourced from corporate databases such as workforce analytics and GRIPS. Quality assurance ratings will be used for the indicators on: (i) targeting (3.2.3); (ii) the quality of project design in IFAD's entire portfolio (3.4.1); and (iii) project design (most fragile situations only) (3.4.2). The performance of country programme strategies and non-lending activities (3.3.1-6) will be measured through the revised client survey and CCRs.

## VI. Use, reporting and revision

56. In accordance with current practice, results related to the IFAD11 RMF will be reported annually through the RIDE. The RIDE also provides an update on important areas such as implementation of the IFAD Policy on Gender Equality and Women's Empowerment, and the Adaptation for Smallholder Agriculture Programme (ASAP). Starting in 2020, the RIDE will also include updates on IFAD's work on nutrition and youth, thereby covering IFAD's mainstreaming areas (climate, gender, youth and nutrition) on an annual basis.
57. The RIDE will be complemented by the Annual Report on Results and Impact (ARRI), which is issued by the Independent Office of Evaluation of IFAD (IOE). The ARRI analyses and verifies ratings of project-level outcomes and results from non-lending activities (corresponding to Tier II PCR ratings and Tier III country-level indicators in the RMF).<sup>16</sup>
58. As was undertaken for IFAD9 – and planned for IFAD10 in 2019 – a consolidated synthesis report on the outcomes of IFAD's impact assessment will be presented to

<sup>16</sup> ARRI results are typically available later than Management's own results. The ARRI therefore serves as an important objective verification of IFAD's development effectiveness. In the 2017 RIDE and ARRI, the gap between Management's ratings of PCRs and those of IOE was only 0.35. However, for management purposes, the ARRI cannot substitute the timely results reported through the RIDE.



the Executive Board in early 2022. Through this initiative, IFAD continues to be the only IFI to systematically assess the development results attributed to the operations it finances.

59. A midterm review of IFAD11 will be presented to Member States in 2020 with the aim of documenting progress made during the first part of IFAD11 as well as results achieved during IFAD10. The midterm review will also be an opportunity to reflect on IFAD's wider contribution to the 2030 Agenda – including SDGs not included in the RMF such as SDG5 – Gender equality; SDG8 – Decent work and economic growth; SDG10 – Reduced inequalities; SDG13 – Climate action; SDG15 – Life on land; and SDG17 – Partnerships for the goals.
60. One of the challenges IFAD faces is to improve the RMF's use as a management and reporting tool. An innovation in IFAD11 is the creation of stronger links between the RMF targets and the internal medium-term plan (which coincides with the replenishment period and the annual divisional planning exercise). This will increase IFAD's focus on results throughout the entire results-planning hierarchy in the context of ongoing efforts to strengthen results-based planning and budgeting.
61. Although the RMF is designed to include indicators of importance to IFAD, it does not need to include all the indicators required by Management. For example, Management will keep track of a wider number of PCR ratings, core indicators and quality assurance ratings than are necessary to include in the RMF. These other indicators will be periodically reviewed and used for management purposes.
62. It is important to maintain a clear link between the RMF and the IFAD11 Commitments Matrix to ensure that IFAD's results contribute to fulfilling its commitments. Therefore, the Commitment Matrix explicitly states how the commitments in IFAD11 relate or contribute to the RMF indicators. This also helps to avoid duplication between the commitments and RMF indicators.
63. Any necessary revisions to the RMF will be considered at the time of the IFAD11 midterm review.

## IFAD11 Results Management Framework

### TIER I – GOALS AND CONTEXT

1.1 Sustainable Development Goal 1: No poverty		Source	Baseline (year)	Results (year)
1.1.1	Proportion of population below the international poverty line of US\$1.90 a day (SDG 1.1.1)	UNSD	TBD	-
1.2 Sustainable Development Goal 2: Zero hunger				
1.2.1	Prevalence of food insecurity (SDG 2.1.2)	UNSD	TBD	-
1.2.2	Prevalence of stunting among children under 5 years of age (SDG 2.2.1)	UNSD	TBD	-
1.2.3	Prevalence of malnutrition (SDG 2.2.2)	UNSD	TBD	-
1.2.4	Average income of small-scale food producers (SDG 2.3.2)	UNSD	TBD	-
1.2.5	Total official flows to the agriculture sector (billions of United States dollars) (SDG 2.a.2)	UNSD	TBD	-
1.2.6	Government expenditure on agriculture (index) (SDG 2.a.1)	UNSD	TBD	-

## TIER II – DEVELOPMENT RESULTS

Impacts		Source	Baseline	IFAD11 target (end-2021)	IFAD10 target (end-2018)	
2.1	Impact indicators <sup>a</sup>					
2.1.1	Number of people experiencing economic mobility (millions) (SDG 2.3. and 1.2)	IAI	N/A	50 <sup>b</sup>	40	
2.1.2	Number of people with improved production (millions) (SDG 2.3)	IAI	N/A	54 <sup>b</sup>	43	
2.1.3	Number of people with improved market access (millions) (SDG 2.3)	IAI	N/A	53 <sup>b</sup>	42	
2.1.4	Number of people with greater resilience (millions) (SDG 1.5)	IAI	N/A	28 <sup>b</sup>	22	
2.2	Project-level outcomes <sup>c d e</sup>		Source	2014-2016	IFAD11 target	IFAD10 target
2.2.1	Overall project achievement	PCR ratings	88	90	N/A	
2.2.2	Overall project achievement (ratings 4 and above)	IOE	81	-		
2.2.3	Overall project achievement (ratings 5 and above)	IOE	26	-		
2.2.4	Effectiveness	PCR ratings	84	90	90	
2.2.5	Efficiency	PCR ratings	77	80	80	
2.2.6	Gender equality	PCR ratings	87	90	90	
2.2.7	Sustainability of benefits	PCR ratings	78	85	85	
2.2.8	Scaling up	PCR ratings	92	95 ( )	90	
2.2.9	Environment and natural resource management	PCR ratings	88	90	90	
2.2.10	Adaptation to climate change	PCR ratings	84	85 ( )	50	
2.3	Project-level outputs <sup>f</sup>		Source	2016	IFAD11 range	IFAD10 range
2.3.1	Number of persons receiving services (millions) <sup>g</sup> (SDG 1.4)	Core indicators (RIMS)	97.04 million	110-130 million	110-130 million	
2.3.2	Number of hectares of farmland under water related infrastructure constructed/rehabilitated (ha) (SDG 2.4)	Core indicators (RIMS)	57 000	60,000-85,000	Land under irrigation schemes (ha): 240-350,000	
2.3.3	Number of persons trained in production practices and/or technologies (millions) <sup>g</sup> (SDG 4.3)	Core indicators (RIMS)	2.51 million	3-5 million	5.5 - 7.7 million	
2.3.4	Number of persons in rural areas accessing financial services (millions) <sup>g</sup> (SDG 8.10)	Core indicators (RIMS)	17.4 million	16.5-30 million	N/A	
2.3.5	Number of persons/households provided with targeted support to improve their nutrition (millions) <sup>g</sup> (SDG 2.2)	Core indicators (RIMS)	New indicator. Baseline will be provided in 2020	To be produced in 2020	N/A	
2.3.6	Number of rural enterprises accessing business development services (SDG 9.3)	Core indicators (RIMS)	91 240	80,000-120,000	80,000-120,000	

2.3.7	Number of persons trained in income-generating activities or business management (millions) <sup>g</sup> (SDG 4.3)	Core indicators (RIMS)	2.4 million	2-4.5 million	80,000-120,000
2.3.8	Number of supported rural producers that are members of rural producer's organizations (millions) <sup>g</sup>	Core indicators (RIMS)	800,000	0.85-1.5 million	N/A
2.3.9	Number of km of roads constructed, rehabilitated or upgraded (SDG 9.1)	Core indicators (RIMS)	13,690	18,000-24,000	18,000-24,000
2.3.10	Number of persons provided with climate information services (millions) <sup>g</sup> (SDG 1.5)	Core indicators (RIMS)	New indicator. Baseline will be provided in 2020	To be produced in 2020	N/A
2.3.11	Number of persons accessing technologies that sequester carbon or reduce greenhouse gas emissions (millions) <sup>g</sup> (SDG 13.2)	Core indicators (RIMS)	New indicator. Baseline will be provided in 2020	To be produced in 2020	N/A

<sup>a</sup> Results will be presented in a synthesis of lessons learned from the IFAD11 IAI in early 2022.

<sup>b</sup> Targets are based on a proposed PoLG of US\$3.5 billion in IFAD11.

<sup>c</sup> Project-level outcomes are presented on a three-year rolling basis.

<sup>d</sup> Only results of projects in fragile situations will be presented in the RIDE.

<sup>e</sup> In yearly reporting through the RIDE, management will calculate the divergence between management's self-assessment with regard to project-level outcomes (based on PCRs) and corresponding IOE ratings (based on PCR validation).

<sup>f</sup> Results will be presented for only the year under review.

<sup>g</sup> Results will be disaggregated by gender and age.

## TIER III – OPERATIONAL AND ORGANIZATIONAL PERFORMANCE

		Source	Baseline	IFAD11 target (end-2021)	IFAD10 target (end-2018)
Mobilizing resources – Assembling development finance to maximize impact					
3.1	Mobilizing resources and leveraging cofinancing	Source	Baseline 2016	IFAD11 target	IFAD10 target
3.1.1	Percentage of IFAD10 pledges over replenishment target	Corporate databases	83%	100%	100%
3.1.2	Ratio of debt-to-equity	Corporate databases	3.3%	Tracked	N/A
3.1.3	Cofinancing ratio <sup>a</sup>	GRIPS	1.27	1.4	1.2
Resource allocation – focusing on the poorest people and the poorest countries					
3.2	Allocations of resources	Source	Baseline 2013-2015	IFAD11 target	IFAD10 target
3.2.1	Share of core resources allocated to LICs and LMICs; UMICs (%) <sup>b</sup>	GRIPS	• N/A	LICs and LMICs: 90% UMICs: 10%	N/A
3.2.2	Average size of IFAD's investment projects (IFAD financing)	GRIPS	US\$28.6 million (2014-2016)	Tracked	N/A
3.2.3	Appropriateness of targeting approaches in IFAD investment projects	Quality assurance ratings	N/A	90%	N/A
Resource utilization – Doing development differently					
3.3	Performance of country programmes	Source	Baseline 2016	IFAD11 target	IFAD10 target
3.3.1	Relevance of IFAD country strategies	Client survey. CCRs	N/A	TBD <sup>c</sup>	N/A
3.3.2	Effectiveness of IFAD country strategies	Client survey. CCRs	N/A	TBD <sup>c</sup>	N/A
3.3.3	Partnership building	Client survey. CCRs	100	TBD <sup>c</sup>	90
3.3.4	Country-level policy engagement	Client survey. CCRs	100	TBD <sup>c</sup>	85
3.3.5	Knowledge management	Client survey. CCRs	N/A	TBD <sup>c</sup>	N/A
3.3.6	SSTC (percentage of COSOPs with elaborate approach at design)	COSOPs	50%	66%	50%
3.4	Quality at entry	Source	Baseline 2016	IFAD11 target	IFAD10 target
3.4.1	Overall rating for quality of project design <sup>d</sup>	Quality assurance ratings	93	95 ( )	90
3.4.2	Overall rating for quality of project design (fragile situations only) <sup>d</sup>	Quality assurance ratings	96	90 ( )	85

3.5	Portfolio management	Source	Baseline 2016	IFAD11 target	IFAD10 target
3.5.1	Time from concept note to approval (months)	Corporate databases	17	10	N/A
3.5.2	Time from project approval to first disbursement (months)	GRIPS	17	12	14
3.5.3	Disbursement ratio (percentage) <sup>e</sup>	Flexcube	16.7	17	15*
3.5.4	Disbursement ratio – fragile situations only (percentage)	Flexcube	12.8	16	14
*In 2017 IFAD reviewed its disbursement ratio definition in order to align it with the methodology used by other multilateral development organizations. The IFAD10 target therefore precedes this review and was calculated using the previous definition. The 2016 baseline and IFAD11 target instead reflect the definition adopted in 2017.					
Transforming resources into development results – Embracing a culture of results and innovation					
3.6	Decentralization	Source	Baseline 2016	IFAD11 target	IFAD10 target
3.6.1	Ratio of budgeted staff positions in ICOs	Corporate databases	43	TBD <sup>f</sup>	45
3.6.2	Ratio of IFAD's investment projects (volume) managed by IFAD Country Offices	Corporate databases	TBD	TBD <sup>f</sup>	N/A
3.7	Institutional efficiency	Source	Baseline 2016	IFAD11 target	IFAD10 target
3.7.1	Ratio of IFAD's administrative expenditure to the PoLG	Corporate databases	13.1%	TBD <sup>f</sup>	8.2 (12.2% with proposed new formula)
3.7.2	Ratio of actual administrative expenditures (including expenditures financed by management fees) to IFAD's programme of work (PoLG and cofinancing)	Corporate databases	6.5%	TBD <sup>f</sup>	15.2 (6.6% with proposed new formula)
3.7.3	Ratio of actual administrative expenditures (including expenditure financed by management fees) to annual disbursements.	Corporate databases	18.1%	TBD <sup>f</sup>	5.5 (18.2% with proposed new formula)
3.7.4	Ratio of the administrative budget to the ongoing portfolio of loans and grants (outstanding loans and grants)	Corporate databases	2.6%	TBD <sup>f</sup>	N/A
3.7.5	Percentage of countries with disbursable projects using ICP	ICT	0	75%	N/A
3.7.6	Percentage of IFAD operations using ORMS	PMD	0	100%	N/A
3.7.7	Percentage of IFAD-supported projects trained through CLEAR	PMD	0	85%	N/A
3.8	Workforce management	Source	Baseline 2016	IFAD11 target	IFAD10 target
3.8.1	Percentage of women in P-5 posts and above	Corporate databases	25%	35%	35%
3.8.2	Percentage of professional staff from lists B and C	Corporate databases	42%	Tracked	Tracked

3.8.3	Time to fill professional vacancies (days)	Corporate databases	91	100	100
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<sup>a</sup> Results are presented for projects approved in the last 36 months. The RIDE will disaggregate by international and domestic cofinancing, and country income groups.

<sup>b</sup> The RIDE will also provide information on allocations to projects with most-fragile situations and small island developing states.

<sup>c</sup> Targets for indicators related to IFAD's country programme performance will be developed building on the planned update of IFAD's client survey.

<sup>d</sup> Quality-at-entry ratings are aggregated over 24 months.

<sup>e</sup> Results will be presented by country income classification group.

<sup>f</sup> Targets for indicators 3.6.1-2 and 3.7.1-4 on decentralization and institutional efficiency will be informed by the Operational Excellence for Results (OpEx) Exercise.

## Review of experiences with results frameworks in international financial institutions

1. This section draws on a desk review of the results frameworks developed by the seven members of the Managing for Development Results Working Group<sup>17</sup> as well as the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP).
2. Results frameworks are an evolving tool. Several of the results frameworks reviewed are in the process of being revised and updated. There is a general recognition that structures, indicators and targets need to be reviewed regularly because they change over time as experience is gained and data improve.<sup>18</sup> The aim is to build an adaptive structure through regular reviews and updates. Best practices include annual reviews and a willingness to change the results-based management system – keeping track of problems with that system during the year, getting feedback from users and evaluating the system every few years.<sup>19</sup>
3. The main purpose of most results frameworks is accountability and communication. In the case of multilateral organizations, they are primarily aimed at reporting to Member States. In other words, most results frameworks are results reporting frameworks rather than results management frameworks. A recent Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) workshop concluded that there was “a need to focus more on purposeful use of results information [...] for direction (including policy making) and learning (including quality assurance)”.<sup>20</sup>
4. Results frameworks vary considerably across the multilateral organizations reviewed, both in terminology and content. This terminology includes “results framework”, “strategic framework”, “results measurement system”, “results monitoring framework”, “results measurement framework” and “strategy map”. The frameworks range from a concise corporate scorecard at the European Bank for Reconstruction and Development (EBRD) to an elaborate and detailed results chain at FAO. Organizations such as the International Development Association (IDA) have a corporate scorecard as well as a results framework. This variation partly reflects the different purposes results frameworks serve in relation to strategies, strategic plans or strategic frameworks. In some cases, the results framework either comprises the overarching strategy or directly matches it – for example at the Islamic Development Bank Group (IDBG). In other cases, the results framework is aligned with the current strategy or priorities such as the Sustainable Development Goals (SDGs) (for example, at IDA). Best practice suggests that the results framework should be a strategic results framework for the entire organization, setting out organizational objectives, aligning results with programmes and resources, and detailing programming risks and their mitigation strategies.
5. The majority of multilateral results frameworks now have three or four tiers organized as a simple, consolidated results hierarchy comprising goals, results and operational or organizational performance. The exceptions are the two Rome-based agencies, which have distinct results chains for each strategic objective. IFIs such as ADB and AfDB have separate levels for operational management/performance and organizational management/efficiency. However, IDA is shifting towards – and the Inter-American Development Bank (IADB) and IDBG already use – the following basic three-level structure:

<sup>17</sup> IFAD, the World Bank, the African Development Bank (AfDB), the Asian Development Bank (ADB), Inter-American Development Bank (IADB), IDBG, EBRD and the Caribbean Development Bank (CDB; observer).

<sup>18</sup> D. Kabell, *Review of Results Frameworks from Donor Agencies. Summary Note*.

<sup>19</sup> J. Mayne, *Best practices in Results-based Management: A Review of Experience*. (New York: Report for the United Nations Secretariat, 2007).

<sup>20</sup> OECD DAC, *Effective Results Frameworks: Key Messages from the Workshop* (Paris: OECD).



- Tier I - development goals/context
  - Tier II – development results/contribution
  - Tier III – operational/organizational performance
6. Tier I of the results frameworks usually summarizes global or regional development progress. Exceptions to this are: FAO and WFP (with multiple strategic objectives); IDBG (with three strategic goals); and EBRD (with no tier I). The other IFIs use a mix of SDGs or similar indicators to assess development progress either globally (for IDA) or regionally (for the other banks). Two important points are worth making regarding Tier I. First, it summarizes the development context and general strategic direction (one exception is CDB, where progress towards development outcomes aims to inform country assistance strategies and programmes). Second, progress on Tier I indicators is not attributed to the organizations, nor have any attempts been made to link this tier with any tiers below it. Some IFIs address the links between tiers in separate reports, but in general the links between Tiers I and II are assumed and unspecified.
  7. Tier II of the results frameworks aggregate the organizations' results, but vary considerably in how these results are defined. The most common results are aggregated project outputs or immediate outcomes (for example, kilometres of roads built, number of jobs created or teachers trained) clustered by sector or strategic focal area (e.g. at IDA, growth, inclusiveness and sustainability and resilience). A few are outreach measures (e.g. number of beneficiaries of X) or spending measures (e.g. amount of financing provided for Y). Some results aggregate the number/percentage of countries with X or the number of projects/interventions doing Y. Only ADB includes ratings for programme or project effectiveness and sustainability at this level (although this was also part of the IDA17 results measurement system). In Tier II, most organizations report progress against baselines and expected or projected figures rather than targets.
  8. All the organizations were clear that the results at this tier are actually "contributions" rather than results that can be attributed to the organization. They are the result of collective efforts – not all of them encompassed by a specific programme or project – which are likely only partly financed by the organization. Only AfDB uses a "proportional attribution" approach that utilizes pro rata AfDB financial contribution data rather than the total cost of the programme.<sup>21</sup> This could be called the "proportional contribution" and does not appear to be a particularly useful approach. None of the organizations reviewed provided evidence of the extent of their attributions or contributions. This considerably weakens the utility of Tier II as a measure of organizations' development effectiveness. If the tier measures only shared results and the extent of the organization's contribution is unknown, this is a suboptimal measure of contributions.
  9. The FAO and WFP results frameworks represent a very different model than those of the IFIs. Most IFI results frameworks are effectively combined results chains: everything in Tier III leads to the collective results at Tier II, which contribute to the global or regional objectives in Tier I. However, the FAO and WFP results frameworks have separate results chains for each strategic objective. In the case of FAO, multiple outputs (FAO's direct contributions – each with an indicator and target) contribute to three organizational outcomes, which in turn contribute to Strategic Objective 3: Reduce rural poverty. A different set of outputs and outcomes lead to Strategic Objective 1: Contribute to the eradication of hunger, food security and malnutrition. The merit of this model is that it represents a much more detailed results chain. Its main downside is an increase in complexity without a corresponding increase in effectiveness for results-based management.

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<sup>21</sup> For example, if a programme builds 100 km of roads and AfDB provides 50 per cent of the funding, AfDB's proportionally attributed result is 50 km.

10. Good indicators of intangible results such as policy reform or knowledge are lacking. No organization has found a good way to tackle this challenge. For example, the number of countries with “improved quality of public administration” (AfDB) or the “number of public financial reforms adopted” (CDB) are both imperfect indicators that tell very little about the magnitude or quality of policy reforms. Indicators for the number or value of policy or knowledge interventions are even less informative at this level.
11. Attribution and accountability are strongest for Tier III performance indicators. This is not surprising since Tier III is most directly within the control of organizations. The frameworks include a very diverse range of operational and organizational performance indicators, albeit grouped into a number of common categories. There is a general division of indicators related to the performance of operations (operational effectiveness/efficiency) and management of the organization’s performance (organizational effectiveness/efficiency). The former is typically captured by: ratings of current and completed country programmes/projects; client survey indicators; disbursement ratios; and time to first disbursement. Indicators for strategic alignment (e.g. number/value of operations supporting priority X or in country type Y) are sometimes included. Organizational management indicators also typically include human resource indicators (e.g. percent of women at X level) and efficiency indicators (e.g. administrative costs per US\$ disbursed). Despite the existence of a Common Performance Assessment System (COMPAS) since 2005, a relatively small number of common indicators are used across the multilateral agencies (one example is number of completed projects rated satisfactory or better).
12. The total number of indicators within results frameworks varies from 17 to 106. The table below presents a summary of the results frameworks used by members of the Managing for Development Results Working Group. All organizations struggle with the balancing comprehensiveness and focus, but many persist in trying to measure as many variables as possible.<sup>22</sup> Best practice suggests that a “manageable number” of indicators should be used at each level. This can be achieved by: developing a pyramid of indicators (with a progressively smaller number of indicators at higher management/governance levels); prioritizing indicators and learning from trial and error; reviewing indicators regularly for usefulness; and avoiding indicators that provide interesting information but do not serve results frameworks’ broader purpose. Other best practices include being aware of the tendency for perverse behaviours and falling back on easy-to-measure indicators.<sup>23</sup> Having clear criteria for selecting indicators – and adhering to those criteria – is key to developing a useful results framework.

Table

**IFI results framework summary**

IFI	Number of tiers	Number of indicators
ADB	4	91
AfDB	4	106
CDB	4	80
EBRD	4	17
IDA	3	84
IADB	3	55*
IDBG	3	43

\* The IADB also has a set of 49 auxiliary indicators, which allow it to aggregate results across its portfolio and provide additional metrics on performance. The auxiliary indicators: are for management monitoring purposes only; may be changed by management; do not have targets; and are not included in formal reporting.

<sup>22</sup> A. Bester, A. *Results-Based Management in the United Nations Development System: Progress and Challenges*. Report for the United Nations Department of Economic and Social Affairs (2012).

<sup>23</sup> J. Mayne, *Best practices in Results-Based Management: A Review of Experience* (New York: United Nations Secretariat, 2007).

13. All organizations set targets, but not for all levels and all indicators. Tier I indicators are tracked and most have baselines and projected/expected levels for the end-of-strategy period (data permitting). Most Tier II indicators also have projected/expected levels against which progress is tracked whereas most Tier III indicators have targets. Performance assessment requires some comparison with expected results. Best practices include: (i) distinguishing between “predictive” (easier) and “stretch” targets; (ii) avoiding setting expectations and targets that are too high or too low; (iii) making sure corporate-level expectations are meaningful to those delivering at the front lines; and (iv) grounding expectations and targets on baselines, past trends and resources. A general guideline is that “performance expectations need to be realistic yet challenging”.<sup>24</sup> Clear definitions and terminologies are also important.
14. The credibility of all results frameworks is dependent on the underlying quality of constituent data. Unfortunately, this is impossible to judge on the basis of publicly available documents. Experience suggests that these data are likely to be highly variable and less reliable for development effectiveness than for organizational effectiveness. Indicators of development effectiveness are inherently more difficult to assess due to measurement error and uncertain attribution.
15. The majority of the results frameworks reviewed reflected a broadly similar response to a common set of challenges. All organizations struggle with the challenges of: outcome definition and measurement; aggregation; time-delayed data; accuracy and attribution. The most marked difference was between the three- and four-level results framework used by all IFIs except EBRD and the multi-level strategic results chains used by FAO and WFP. In either form, two questions about their validity and utility remain: (i) to what extent do these frameworks really provide a credible account of an organization’s performance; and (ii) to what extent are they used as management tools to improve the achievement of results, rather than as reporting tools? Solid accountability and the effective use of results data for learning and management are both critical for the successful implementation of results-based management.<sup>25</sup>

#### Further reading

United Nations Development Programme (UNDP), *Performance Audit of UNDP Monitoring Practices*, (New York: UNDP Office of Audit and Investigations, 2015).

United Nations Joint Inspection Unit, *Strategic Planning in the United Nations + System* (2012).

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<sup>24</sup> Mayne, *Best practices in Results-Based Management*.

<sup>25</sup> Mayne, *Best practices in Results-Based Management*.

## Implementation of the IFAD Development Effectiveness Framework

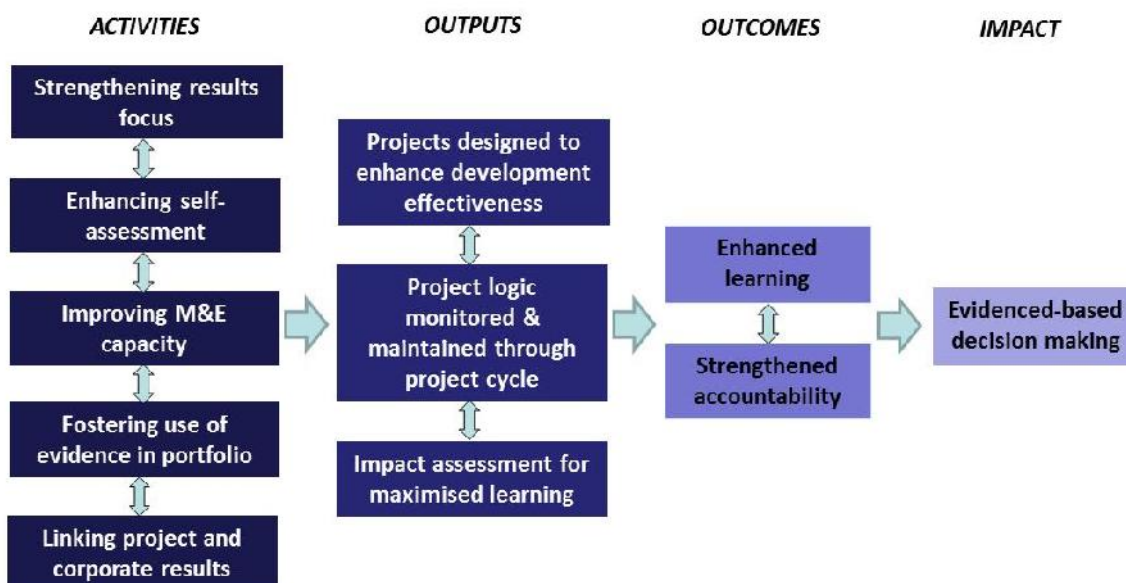
From measuring results to managing for results

1. In December 2016, IFAD's Executive Board reviewed the paper IFAD Development Effectiveness Framework, which detailed a series of initiatives aimed at helping IFAD shift towards a corporate culture and infrastructure supportive of results-based management. Implicit in the rationale and formulation of the development effectiveness framework (DEF) was the recognition that in today's development context – shaped by the 2030 Agenda and reduced development assistance budgets – international institutions are under increasing pressure to not just demonstrate results, but also value for money. This means that IFAD can no longer be content with measuring and reporting on its results, but must manage for results by using evidence-based decision-making to ensure that IFAD-funded activities are relevant, inclusive, successful and cost-effective. This annex provides an update on implementation of the DEF.
2. IFAD's Management and staff need information to make sound decisions about project and grant design, and implementation. Critical questions include: (i) Which activities should be financed? (ii) How can development problems best be remedied? and (iii) How can internal systems facilitate cost-effectiveness? The most important element needed to answer these questions is evidence. Without objective, reliable and consistent data, little can credibly be surmised about whether IFAD is doing the right things or doing them in the right way.
3. In an effort to improve the efficacy and delivery of IFAD-funded projects, the DEF analysed the constraints that inhibit effective development at IFAD. These include: a lack of focus on learning and evaluability in projects; a deficient architecture of incentives, quality standards and compliance mechanisms; heavy burdens on country programme managers; a limited knowledge base on monitoring and evaluation (M&E), especially impact assessment; and little value placed upon developing M&E systems for project implementers. Given these constraints, the DEF includes a proposed suite of mutually reinforcing systems, tools and processes intended to create an evidence base – founded on high-quality data and analyses – to inform project- and corporate-level decision-making.

Not a trivial undertaking

4. Shifting to a culture of results-based management is not a trivial undertaking – it requires actions on multiple fronts. In proposing and implementing changes, the aim is to combine activities with a shift in corporate culture in order to allow the DEF to achieve its intended impact of evidence-based decision-making.
5. As shown in the figure on the next page, the DEF is composed of five interrelated activity areas that are part of a theory of change designed to produce outputs and outcomes – ultimately leading to evidence-based decision-making. Progress has been made in this area, but efforts need to continue. Some anticipated activities have been intentionally delayed given IFAD's Operational Excellence (OpEx) activities, which are examining the delivery of IFAD operations. Details on progress made to date in each activity area are presented in the table beginning on page 29.

Figure  
Development effectiveness framework theory of change



6. A summary of the activities undertaken so far and future activities is provided in the following paragraphs.
- IFAD is enhancing its focus on learning and improving evaluability in projects. This shift has been initiated through a series of actions managed by the Operational Programming Effectiveness Unit (OPE). These actions include a review of projects at the design stage and project completion reports (PCRs) completed upon project finalization. The focus of these actions is on:
    - enhancing the consistency of project logic (and the theory of change) as reflected in the logical frameworks created when projects are designed; and
    - replicating results at completion. Additional action is being taken to create an Operational Results Management System (ORMS) that produces real-time data on results to allow for sound decision-making. To complement these real-time data, a project restructuring policy will be developed to allow for mid-course corrections if results are not in line with those anticipated in project design. In addition, a development effectiveness checklist will be designed to assess project quality, evaluability and consistency with strategic objectives. Although preparations have begun, no action has been initiated given that the OpEx review is currently underway.

#### Importance of ORMS and progress

One of the main goals of ORMS is to increase the likelihood of achieving development results. The system will support the alignment of IFAD and other multilateral development banks for increased transparency. Processes will be clearer, with standardized approval workflows embedded in the system. ORMS will enhance IFAD's ability to make results-based decisions by strengthening data quality at the input and output levels to enhance IFAD's reporting capacity. Real-time data availability through the operations dashboard will make decision-making quicker. Managers will spend less time reporting thanks to the system's single entry point for reporting on the entire project cycle – from concept to completion – with the logframe as the backbone of the system. ORMS will be launched in October 2017 with the online logframe tool and supervision module (phases I and II). The online design and completion modules (phase III) will be developed and launched in 2018.

- IFAD is improving its incentive architecture by enhancing its self-evaluation and accountability systems. OPE, which was created to oversee the functioning of IFAD's self-evaluation and accountability systems, is playing a key role. Actions taken so far include expanding the reporting of results to Senior Management, advancing M&E practices in operations and harmonizing activities with IOE. The DEF included a proposal to change those responsible for providing technical inputs into project design; this option is being carefully considered through OpEx.
- IFAD is improving its M&E capacity in the rural sector. The Fund has provided a US\$3.5 million grant to the Center for Learning on Evaluation and Results (CLEAR) to design a curriculum for certification in M&E and impact assessment. This funding will be used to train government M&E officers working in the project management units of IFAD projects. The training will be offered in English, French and Spanish at the five CLEAR centres located in China, India, Mexico, Senegal and South Africa; a launch event is planned for October 2017. A concept note for a new grant to analyse M&E country capacity as part of the preparation of country strategic opportunities programmes (COSOPs) has also been approved and will be presented to the Executive Board in December 2017. This initiative will help governments to assess their own capacity to manage for results in the agricultural sector and propose action plans to reinforce this capacity, with adequate budget and accountability frameworks. The curriculum for an internal academy for country programme managers, which includes modules on M&E, was completed in July 2017 and will be launched in December 2017.
- IFAD is fostering the use of evidence in portfolio management. IFAD's analysis of its portfolio has expanded greatly under the DEF. First, targets for impact indicators incorporated into IFAD10 were determined through a careful review of all IFAD projects from 2010 to 2015. This review determined the links between each project and IFAD's strategic objectives as stated in the Strategic Framework 2016-2025. The data were used to identify targets linked to IFAD's three strategic objectives (increasing production, increasing market access and greater resilience), and IFAD's goal of improved well-being of rural households. The targets were presented to the Executive Board in December 2016. IFAD has also completed a systematic review of land tenure projects, linking evidence on what works for land tenure initiatives to IFAD's entire portfolio; the paper is part of IFAD's research series. Additional systematic reviews are being initiated.
- IFAD has linked project M&E to corporate results reporting. A comprehensive system for reporting results from the output level to the impact level has been created. At the output level, RIMS has been updated with a reduced set of core indicators that are embedded in logframes. The logframes will be systematically assessed for logic, consistency with corporate requirements and inclusion of core indicators. At the impact level, a system has been developed for selecting projects for rigorous impact assessments that establish attribution; numerous impact assessments are taking place in the field. These impact assessments, which will be completed before the end of 2018, will be used to estimate the overall impact of IFAD10 and elaborate lessons learned.

#### Hardwiring the right mindset: Challenges ahead

7. Building a results-based organization requires action on multiple fronts. The DEF theory of change clearly highlights the activity areas where progress has been made and where efforts need to continue. While these actions are necessary, they are not sufficient to guarantee the expected outcomes and impacts. The Fund also requires a shift towards a culture of results. This culture change underlying the DEF theory of change assumes that: (i) managers play an active role in leading change; (ii) incentives exist to drive behaviour change; (iii) goals, values and activities are

aligned across managerial levels; and (iv) there is a common understanding and broad appropriation of the DEF throughout IFAD. As the Fund embarks on this reengineering process towards a result-oriented culture and practices, efforts will be needed to ensure that these assumptions hold.

- Leadership should be strengthened to reinforce the corporate vision of managing for results. Building a corporate-wide understanding of this vision and embracing it across the organization requires bold and sustained leadership to manage change.<sup>26</sup> IFAD is designing more nimble business processes to mainstream this results-focused management culture at all levels. IFAD managers play a central role in helping to define the scope and outcomes of these reforms, including efforts to nurture a results-oriented culture. It is therefore essential to ensure that all managers send common signals and lead this change process within their teams. Evidence of both successful and failed efforts at culture change underscore that leading by example is the only way leaders can facilitate culture change. Managers are expected to articulate and model the behaviours and values that define the organization's evolving culture, and then spread them constantly through personal contact and communication.<sup>27</sup>
- Additional incentives could be considered to foster desired behaviours, outputs and results. Hardwiring results-focused behaviours requires appropriate incentives at the corporate, team and individual levels. The DEF is putting in place several systemic incentives, and because organizational change requires individual change, they will need to be complemented by incentives for teams and individuals. Moving forward, it will be important to clarify what types of outputs and results are actually being rewarded. Both financial and non-financial incentives and rewards should be considered: studies show that people who work in the public sector are committed to the values of public service, which appear to motivate them beyond pay.<sup>28</sup> These staff value opportunities to learn new skills, receive positive feedback from managers and peers, and reap rewards for modelling results-focused behaviours.<sup>29</sup>
- More should be done to align goals, values and activities across all levels of the organization. In line with international best practices, continuous efforts need to be made to align IFAD's goals, values and activities through a RMF that enables Management to keep an eye on the big picture while monitoring progress at the operational level. Making this process practical and meaningful will allow managers to make effective use of the RMF to monitor corporate results. Doing this right involves harmonizing the objectives of people at all levels, from the top of the organization on down.<sup>30</sup>
- Actions to ensure understanding and appropriation of the DEF across the organization need to be stepped up. Effective internal communications and staff engagement are necessary for full implementation of the DEF. In fact, data from more than 500 organizations worldwide and interviews with thousands of managers show that 70 per cent of organizational change efforts fail because of staff resistance to change and management behaviour that does not support the change. Evidence shows

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<sup>26</sup> M.B. Sanger, *Getting to the Roots of Change: Performance Management and Organizational Culture* (Public Performance and Management Review, 2008) 31(4): 621-653.

<sup>27</sup> E.H. Schein, *Organizational Culture and Leadership*. Second edition (New York: Jossey-Bass, 1997).

<sup>28</sup> P. Milne, *Motivation, Incentives, and Organizational Culture* (Journal of Knowledge Management, 2007) 11(6): 28-38; P. Senge, B. Lichtenstein, K. Kaeufer, H. Bradbury and J.S. Carroll, *Collaborating for Systemic Change* (Boston, Massachusetts: MIT Sloan Management Review – Winter, 2007).

<sup>29</sup> T. Davenport, *Managing Knowledge Workers*. In: *Thinking for a Living: How to Get Better Performance and Results from Knowledge Workers*. Boston: Harvard Business School Press, 2009).

<sup>30</sup> Robert S. Kaplan and David P. Norton, *Alignment: Using the Balanced Scorecard to Create Corporate Synergies* (Cambridge, Massachusetts: Harvard Business Review Press, 2006).

that staff resist change when the signals they receive from their managers are unclear (for example, when everything is labelled a priority) and when bosses fail to model the reforms they are trying to promote.<sup>31</sup>

8. The challenges listed here should not be considered in isolation from other corporate activities. In fact, they are closely related and mutually reinforcing. Thus, efforts to enhance learning and strengthen accountability need to be embedded in the broader change management strategy that accompanies wider institutional changes.

Table

**Update on activities undertaken under the DEF**

**ACTIVITY AREA 1: Strengthening the focus on results throughout the project cycle**

<b>Activity proposed under the DEF</b>	<b>Completed as of 1 September 2017</b>	<b>Planned next steps</b>
Consistently articulate project logic in design reports (and logframes), and incorporate appropriate M&E  Reflect on and assess whether the project logic is still relevant (using project status and results reports)	OPE now: (i) consistently validates all logframes and their linkages to economic and financial analysis; and (ii) reviews the relevance of project logic at the project completion report (PCR) stage	These systems will continue to be strengthened and embedded within other activities, including the development effectiveness checklist
Explicitly gather and present evidence in PCRs in order to draw lessons for future projects	New PCR guidance was issued in November 2015 and is being supplemented by annual PCR review meetings. Country programme management teams reflect on lessons learned before PCRs are finalized. All new project designs must explicitly reference lessons drawn from PCRs. Annual awards are given to the best two PCRs produced based on the quality of lessons learned in the PCR and other features	A revision of PCR guidelines is expected in 2018
Development of phase I of ORMS: digitize logframes, including RIMS indicators (now core indicators)  Development of phase II of ORMS: online supervision module  Development of phase III of the ORMS: online design and completion modules	The online logframe tool in the ORMS has been tested, finalized and the migration of logframes for all ongoing projects completed  Online and offline templates have been completed  The project identification document proposal for the next modules has been submitted	By December 2018, country programme managers will validate logframes with projects during supervision missions and integrate new core indicators when necessary  ORMS will be launched in October 2017 with the online logframe tool and online supervision module. Start-up support will be provided for the first projects to use the system during supervision missions  Requirements for development and implementation of online design and completion tools will be specified in 2018
Formulate a project restructuring policy that identifies: (i) when a project adjustment is sufficient; and (ii) if so, what actions need to be taken	Not started	Preparation of the restructuring policy is planned for fall 2017
Design and pilot the development effectiveness checklist	Consultations have taken place with IADB, which has extensive experience with an instrument similar to the development effectiveness checklist. Formulation	The outcome of OpEx is being awaited. Piloting of the development effectiveness checklist may be initiated in early 2018

<sup>31</sup> S. Keller and C. Price, *Beyond Performance: How Great Organizations Build Ultimate Competitive Advantage* (New York: John Wiley and Sons, 2011).



	of a checklist tailored to IFAD's requirements has been initiated, but has been delayed by the OpEx exercise	
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**ACTIVITY AREA 2: Enhancing self-evaluation and accountability for results**

Activity proposed under the DEF	Completed as of 1 September 2017	Planned next steps
Create OPE to oversee the Fund's operational self-evaluation frameworks	OPE was established in 2016 following a functional review of the Programme Management Department	N/A
Mandate OPE to advance M&E practices in IFAD's operations	An M&E manual and implementation support materials are being prepared. They will complement the efforts made through IFAD's new Operational Academy to ensure a solid baseline of capacity among all operational staff (see below)	These materials will be ready by December 2017
Mandate OPE to report on results (to Senior Management, the Board and others)	OPE oversees the design and rollout of various results-related tools, including the IFAD client survey, the portfolio review process (and report), and IFAD's operations dashboard (phase IV was launched in summer 2017)	
Mandate OPE to interface with IOE	In addition to following up on evaluation recommendations, OPE and IOE have completed phase I of a harmonization agreement aimed at ensuring the common use of definitions and indicators	Phase II of the harmonization agreement will be implemented in 2018
Assign those who provide technical inputs into project design more responsibility for projects	The <i>IFAD Business Model</i> paper prepared for the IFAD11 Consultations envisions this as a component of a broader package of reforms	This activity is under review as part of OpEx

**ACTIVITY AREA 3: Improved M&E capacity in the rural sector**

Activity proposed under the DEF	Completed as of 1 September 2017	Planned next steps
Collaborate with CLEAR on designing a curriculum for certification in M&E and impact assessment, funded through an IFAD grant	The curriculum has been designed and planning for course rollout is underway. A training-of-trainers session was held with over 30 trainers in April 2017. The course will have two compulsory modules: Fundamentals of M&E I; and Fundamentals II, taught in English, French and Spanish. The course also includes an optional module on advanced M&E and impact assessment, which will be developed and rolled out in 2018	The initial training of 60 project staff in the Fundamentals of M&E I will take place in October 2017. The training will be in English, Spanish and French. An official launch event is planned for 18 October
Analyse country M&E capacity as part of COSOP formulation	In February 2017, a new \$3.2 million IFAD grant concept, the Agricultural Capacity Scan (AGSCANS) was approved to help countries to self-diagnose their M&E needs and gaps.	The AGSCANS grant design will be presented to the Executive Board in December 2017

An internal academy for country programme managers has been rolled out to develop project management skills based on the use of evidence	The design of IFAD's new Operations Academy – aimed at ensuring a solid baseline of skills for all operational staff – was completed in July 2017	The first Operations Academy training course will be launched in December 2017
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#### ACTIVITY AREA 4: Fostering the use of evidence in portfolio management

Activity proposed under the DEF	Completed as of 1 September 2017	Planned next steps
Identify adequate corporate-level indicators of success by reviewing and understanding IFAD's portfolio, and analysing potential impacts	As part of the IFAD10 Consultation, IFAD reviewed and updated its results measurement framework. In the process, a new set of impact-level indicators was identified that are directly linked with IFAD's Strategic Framework. They include increased production, enhanced market access, greater resilience and enhanced economic mobility. Targets for these indicators were determined based on a review of IFAD's portfolio and presented to the Executive Board in December 2016	Impact indicators and targets will continue to be based on IFAD's strategic objectives and a review of IFAD's portfolio for IFAD11.
Conduct systematic reviews of key components of IFAD's portfolio to build an evidence base.	To date, IFAD has undertaken a thematic systematic review of land tenure	It is expected that two systematic reviews will be commissioned and undertaken every year
Analyse IFAD's portfolio to improve its performance.	IFAD has undertaken two studies to better understand the dynamics of IFAD's portfolio – one on disbursements and the other on thematic areas of support.	IFAD will continue to conduct empirical analysis of its portfolio of loans and grants to improve performance, including through OpEx.

#### ACTIVITY AREA 5: Linking project M&E with corporate results reporting

Activity proposed under the DEF	Completed as of 1 September 2017	Planned next steps
At the project level, assess logframes to ensure that they reflect project logic and corporate requirements, including RIMS	Logframes are systematically reviewed by three different entities. OPE verifies that all logframes are aligned with project logic and economic and results of financial analysis. During quality enhancement, lead advisors, country programme managers and lead regional economist review logframes. Quality assurance involves reviews with a broader focus	The approach to reviewing projects is being considered through OpEx
Simplify and rationalize RIMS indicators, and their measurement methodologies	The new RIMS framework and core indicators were approved by the Executive Board in April 2017	New core indicators will continue to be rolled out until end -2018 with a view to incorporating them into project logframes and ensuring project M&E units' readiness to measure and report on them starting in 2019
Incorporate new core indicators into logframes and M&E systems	Operational guidance on the rollout of the core indicators and measurement methodologies was issued in July 2017	
Develop and implement a system for selecting a representative subset of IFAD projects for impact assessments Project the results of this analysis onto the entire portfolio for corporate reporting	Numerous impact assessments are underway for IFAD10. These were selected by a working group representing regional portfolio advisors and those responsible for impact assessments	The impact assessments will be completed before the end of 2018. They will be used to project results onto the IFAD portfolio and will be reported against IFAD10 targets
Since impact assessment will focus on lessons learned, provide a synthesis of these lessons from the analyses	Impact assessments for IFAD10 are under way	Lessons learned will be extracted as part of the synthesis of IFAD10 impact assessments before the end of 2018

## IFAD's value for money proposition

1. IFAD's comparative advantage lies in its targeting of extremely poor and food-insecure people in rural areas, and its focus on empowering them to increase their productive capacities in order to overcome poverty and achieve food security. IFAD disburses approximately US\$1 billion per year in over 100 countries towards the goal of improving the lives of the extremely poor and food-insecure people in rural areas. In its corporate impact assessment covering 2010-2015, allocated funds were found to: significantly increase the agricultural revenue of 7 million farmers per year; increase the livestock and poultry assets of 5 million rural people per year; and decrease rural poverty among 4 million people per year. While these impacts are substantial and provide important contributions to the SDGs, IFAD could have a greater impact on rural people's lives for the same amount of money by improving the way it mobilizes, allocates, utilizes and transforms its resources. This is what is referred to as value for money (VfM), which in IFAD's context means that IFAD maximizes the impact of each dollar invested to improve the lives of poor and food-insecure rural men and women.<sup>32</sup>
2. VfM is not simply about reducing costs or cutting budgets, but using evaluative reasoning to think carefully about maximizing impact for the lowest cost possible. IFAD aims to incorporate the concept of VfM as it moves into IFAD11, as is evident in a number of the Tier II and III indicators in the RMF – some of which are new for IFAD11. IFAD recognizes that moving towards a culture of VfM goes beyond operations. This annex presents the actions being undertaken – as part of the changes to IFAD's business model – to enhance IFAD's VfM proposition and its link to the RMF. First, a background on IFAD's recent efforts to improve VfM is provided. This is followed by an explanation of the concept of VfM. Finally, an accountability framework through a VfM scorecard is proposed.  
  
Progression towards enhancing IFAD's value for money
3. Article 7 of the Agreement Establishing IFAD<sup>33</sup> requires that IFAD make arrangements to ensure that the proceeds of any financing are used only for the purposes for which the financing was intended, with due attention to considerations of economy, efficiency, effectiveness and social equity. This is reflected in IFAD's corporate policies and project procurement guidelines, both of which are predicated on the principles of VfM.
4. Much has been done to improve VfM at IFAD and within its operations. This has been especially the case since 2013 through the consolidated action plan to enhance efficiency, developed in response to the 2013 corporate-level evaluation of IFAD's institutional efficiency and the efficiency of IFAD-funded operations (CLEE).<sup>34</sup> Since that time IFAD has:
  - Established the Office for Budget and Organizational Development, introducing results-based budgeting and strategic workforce planning systems that directly link expenditures to results in order to ensure optimal use of resources and contain costs;
  - Achieved significant savings in procurement, travel costs, medical services and utilities, often in collaboration with the other Rome-based agencies;

<sup>32</sup> This definition follows standard definitions used elsewhere, including for example, the United Kingdom's Department for International Development (2011), Independent Commission on Aid Impact (2011), Jackson (2012) and publications of the Independent Development Evaluation Unit of AfDB (2016).

<sup>33</sup> IFAD, Agreement Establishing IFAD (2011): <https://www.ifad.org/documents/10180/3162024b-49d9-4961-a5de-8e2bbfabef9d>.

<sup>34</sup> EB2013/108/R.3/Rev.1 <https://webapps.ifad.org/members/eb/108/docs/EB-2013-108-R-3-Rev-1.pdf>.

- Cut governing body costs, including by reducing the number and length of documents, leading to a significant decrease in the Office of the Secretary's administrative budget;
  - Rolled out a series of reforms related to human resources management and worked closely with the International Civil Service Commission on a review of the General Service staff salary scale at headquarters;
  - Upgraded its information and communications technology systems to streamline business processes, especially those related to projects; and
  - Expanded its results reporting by improving RIMS, reforming the self-evaluation system and initiating the impact-assessment initiative.
5. As a result of these actions, improvements have been made in many – but not all – RMF indicators. For example, corporate efficiency ratios dealing with disbursements are in line with IFAD10 targets, but those related to new loans and grants commitments are not. While withdrawal application processing times have been reduced, the time from project approval to first disbursement remains high. Project efficiency shows a consistently positive trend.
6. Notwithstanding the important strides made, there is still ample room for improvement, as highlighted by independent reviews – including IOE's CLEE, the Multilateral Organisation Performance Assessment Network (MOPAN) review and the United Kingdom's Multilateral Aid Review – which call for a greater focus on increasing IFAD's VfM. Undertaken at approximately the same time (2012-2013) the IOE and MOPAN reviews found similar areas requiring attention. Both noted room for improvement in IFAD's corporate procurement processes and found project efficiency to be an important area of greater attention. MOPAN underlined the need to: improve efficiency throughout the project cycle (from project design and planning to project implementation, management and evaluation); address the length of bureaucratic processes; and increase the efficiency of project management, including project preparation and staff recruitment. Since these reviews, a series of remedial actions have been undertaken (or are in progress) to address the weaknesses. While noting the positive developments, the Multilateral Aid Review (2015-2016) urged IFAD to set more ambitious efficiency targets, report on cost savings more systematically and instil a stronger culture of VfM across the organization.
7. IFAD recognizes the importance of moving further and faster to enhance its VfM, and is fully committed to embark on this agenda. Doing so requires changing IFAD's approach from individual actions for improving effectiveness or efficiency, to thinking more systematically about how sets of actions fit together to enhance VfM. It is clear that enhancing VfM involves significant changes to IFAD's business model, which will take some time and resources to achieve. Many of the ongoing changes envisioned within IFAD's Development Effectiveness Framework (DEF) and future changes foreseen as part of IFAD11 are aimed at enhancing the Fund's VfM.
- Value for money as evaluative reasoning
8. Maximizing the impact of each dollar invested to improve the lives of poor and food-insecure rural men and women requires balancing the four "E"s: economy, efficiency, effectiveness and equity. Economy is reducing the cost of individual resources used for an activity while maintaining quality outputs. Efficiency is increasing outputs (without compromising quality), but at a lower cost, or minimizing the costs of a high-quality output, usually by reallocating resources. Economy and efficiency are closely linked in that they focus on achieving more at the same cost. Effectiveness is the achievement of the intended impact of an activity. Equity is ensuring that the impacts are felt by poor or marginalized beneficiaries. While none of the four "E"s are new, VfM integrates a number of concepts included in the results agenda so that development practitioners will

simultaneously consider these concepts while focusing on both resource use and impact.<sup>35</sup>

9. VfM can be considered at the project level, country level or corporate/portfolio level (Jackson, 2016).<sup>36</sup> At the project level, it ensures that investments in project activities make the best use of resources to achieve the goals of the project. This means that project resources could not be used in a better way to achieve the same impact or have a greater impact with an alternative approach. At the country level, the focus is on the overall country strategy and therefore on the aggregation of individual projects combined with complementary activities, such as policy engagement and partnership-building. At the corporate level, VfM focuses on whether IFAD's business model is the best approach to transform core resources into impacts.
10. While these three levels are closely linked, the primary concern for IFAD11 is corporate-level VfM. At this level, the RMF includes Tier III indicators linked to operational and institutional efficiency, and seeks to monitor and improve corporate-level resource use. Tier II indicators seek to measure the results of IFAD operations by building corporate results from project-level core indicators and ongoing impact assessments.
11. Corporate-level VfM is therefore a product of project-level VfM and corporate operational and institutional efficiency. Since IFAD's business model largely determines the Fund's approach to mobilizing, allocating, utilizing and transforming resources, VfM can only be improved through the design and implementation of its business model. This requires considering the business model in light of the four "E"s.
12. The literature on VfM emphasizes the need to systematically and simultaneously consider the use of resources at the project, country and corporate levels in order to be sure that the best inputs are used to achieve the greatest outputs and impact. This requires regular analysis of resource use and its links to project and corporate results chains. As stated in one analysis, "evaluative reasoning needs to preside over measurement".<sup>37</sup> Evaluative reasoning is needed to drive VfM.

Strengthening IFAD's business model through a value for money lens

13. As explained in the document Enhancing IFAD11 Business Model to Deliver Impact at Scale, presented in the second Replenishment Consultation (IFAD11/2/R.3), the proposed enhancements to IFAD's business model are in line with the four "E"s:
  - Economy: The changes that aim to make IFAD more agile, for example by reducing processing and implementation times. This brings down costs while maintaining the quality of outputs.
  - Efficiency: The changes that aim to increase IFAD's scale of operation through a more stringent framework for country selectivity. It entails significantly raising average allocations for each income group and increasing the number of beneficiaries by up to 20 per cent. This will increase IFAD's output (while retaining quality) at a lower cost through a reallocation of resources.

<sup>35</sup> R. Schiere (2016) "What is new in Value for Money?" In IDEV (2016) Value for money in development work. eVALUation Matters: A Quarterly Knowledge Publication on Development Evaluation, Third Quarter 2016. Abidjan: Independent Development Evaluation, African Development Bank.

<sup>36</sup> P. Jackson, (2016) "Value for money and international development: Deconstructing myths to promote a more constructive discussion." In IDEV (2016) Value for money in development work. eVALUation Matters: A Quarterly Knowledge Publication on Development Evaluation, Third Quarter 2016. Abidjan: Independent Development Evaluation, African Development Bank.

<sup>37</sup> J. King and L. Guimaraes (2016) "Evaluating value for money in international development: the Ligada female economic empowerment programme in Mozambique, pp. 67." In IDEV (2016) Value for money in development work. eVALUation Matters: A Quarterly Knowledge Publication on Development Evaluation, Third Quarter 2016. Abidjan: Independent Development Evaluation, African Development Bank.

- Effectiveness: Taken together, the proposed changes to IFAD's business model will make IFAD more effective. They maximize leveraging through partnerships, promoting domestic resource mobilization, cofinancing and private-sector financing to amplify impact. These changes also facilitate the consistent adaptability of projects to ensure that results guide implementation instead of rigid blueprints. Finally, they enable the systematic collection of data and evidence on what works to maximize quality from project design through implementation.
  - Equity: The proposed changes that reaffirm the Fund's focus on the poorest people and the poorest countries. IFAD's business model prioritizes core funding for low-income countries and lower-middle-income countries, along with beneficiary targeting.
14. The IFAD11 RMF incorporates indicators to track the implementation and results of most initiatives proposed in line with the business model for IFAD11, with quantitative measures of success and corresponding baselines and targets.
  15. Going one step further, Management has committed develop and adopt a Value for Money Scorecard. Through evaluative reasoning, the proposed scorecard will support Management in identifying and balancing the trade-offs inherent in pursuing VfM, including: (i) the short-term versus long-term benefits of any course of action; (ii) maximizing the number of poor and food-insecure men and women who benefit versus supporting the poorest countries or those in the most fragile situations; and (iii) reducing overhead versus strengthening the quality of operations.
  16. The proposed VfM Scorecard shown on the next page comprises a subset of RMF indicators related to the revised business model. These indicators were chosen based on their potential to: overcome long-standing barriers to greater operational efficiency and effectiveness; achieve greater economy and equity; and enhance IFAD's VfM. Some examples are included here:
    - Improving the disbursement ratio avoids stagnant disbursements and project time overruns. It requires designing more focused projects that are proactively restructured when facing delays. Faster disbursement helps to contain project costs and maintain staff morale. Although quick disbursements do not guarantee good results, the latter are not possible without the former.
    - Increasing the ratio of IFAD Country Office to headquarters staff will turn IFAD country offices – especially sub-regional hubs – into true service centres for borrowers, contributing to better knowledge of project design, continuous implementation support and sustained policy engagement. It also makes investments in decentralization less onerous by facilitating economies of scale. Several IOE reports show the correlation between effective decentralization and better development results (see the 2016 corporate-level evaluation on decentralization).
    - Reducing the time between the concept note and the first disbursement requires altering the long-standing practices of both IFAD and borrowers. Actions to reduce this time include: shortening the operations review and compliance process; designing projects that are more readily implementable; demanding greater ownership from borrowers to ratify and establish project structures before approval; and being vigilant regarding start-up delays. Setting the clock from the start sets the tone for timely implementation, which is correlated with better outcomes at completion.<sup>38</sup>

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<sup>38</sup> World Bank (2015) Report on self-evaluation systems (ROSES 2016). Washington, D.C.: World Bank Group.

- Increasing the percentage of operations rated 5 and above at completion would allow IFAD to move beyond the moderately satisfactory bar to the satisfactory level and beyond. The 2016 and 2017 ARRI reports found that on average, IFAD's operations were moderately satisfactory and that systematic improvements are needed to move project performance to the next level. Through the proposed improvements in the business model – including more nimble project design and continuous supervision by enhanced IFAD Country Offices – Management expects this trend to progressively improve.

Value for money scorecard

Dimensions of business model	Key problems	Actions <b>taken to enhance VFM</b>	<b>Link to VFM dimensions</b>	<b>Measurement of success through RMF indicators</b>
Resource mobilization	Core official development assistance resources not being leveraged to the greatest possible degree	Leverage resources through borrowing	<b>Economy and efficiency.</b> Allows each dollar of official development assistance to have a multiplier effect on the total amount of loans, thereby increasing the efficiency and economy of these resources	<ul style="list-style-type: none"> <li>• Ratio of debt to equity (3.1.2)</li> <li>• Cofinancing ratio (3.1.3)</li> <li>• Number of persons receiving services (millions) (2.3.1) (disaggregated by women and youth)</li> </ul>
		Cofinancing with domestic and international partners	<b>Effectiveness.</b> Enhances effectiveness by improving impact with funds and knowledge that complement IFAD’s approaches and reinforce domestic ownership.	
		Mobilization of supplementary funds linked to climate, youth, fragility (refugees) and private sector	<b>Effectiveness and equity.</b> Enhances equity by facilitating targeting of funds and enhances effectiveness by addressing particular concerns of disadvantaged groups.	
Resource allocation	Targeting of countries and within countries needs to be strengthened	Country selectivity and resource allocation through performance-based allocation system	<b>Efficiency and equity.</b> Enhances equity through a focus on countries with strong needs and effectiveness through an emphasis on performance. It also improves efficiency by sequencing services to borrowers.	<ul style="list-style-type: none"> <li>• Share of core resources allocated to LICs and LMICs; and UMICs (3.2.1)</li> <li>• Number of persons receiving services (millions) (2.3.1) (disaggregated by women and youth)</li> </ul>
		Tailoring country-level approaches	<b>Effectiveness and equity.</b> Enhances equity by ensuring that targeting is appropriate for the context and leads to effective projects	
		Enhanced targeting of youth	<b>Equity.</b> Enhances equity by ensuring reach to key populations.	
Resource utilization	Resource use within countries not reaching full potential	Decentralization and enhanced country-based model	<b>Four “E”s.</b> Enhances the four “E”s through expanded country presence, which allows for better information flow and engagement, and more effective use of resources.	<ul style="list-style-type: none"> <li>• Time from concept note to approval (3.5.1)</li> <li>• Time from project approval to first disbursement (3.5.2)</li> <li>• Disbursement ratio (3.5.3)</li> </ul>



		Enhanced synergies between lending and non-lending activities	Economy and effectiveness. Enhances economy and efficiency through better solutions and enhances effectiveness through improved impact.	<ul style="list-style-type: none"> <li>• Ratio of budgeted staff positions in IFAD Country Offices (3.6.1)</li> <li>• Average size of IFAD's investments projects (IFAD financing) (3.2.2)</li> <li>• Percentage of operations rated 5 and above at completion for overall project achievement (IOE) (2.2.3)</li> </ul>
		Increased loan size	Economy and efficiency. Enhances economy and efficiency through economies of scale in project design and implementation.	
		Mainstreaming climate, gender, nutrition and youth	Equity. Enhances equity through improved targeting and effectiveness by focusing on key issues (e.g. climate and nutrition).	
Resource transformation	Insufficient focus on measuring and managing for results	DEF and framework to manage for results	Four "E"s. Ensures adequate information to drive increases in the four "E"s through evidence-based decisions.	<ul style="list-style-type: none"> <li>• Number of persons receiving services (millions) (2.3.1) (disaggregated by women and youth)</li> <li>• Number of people with greater production, greater market access, increased resilience, and greater economic mobility (2.1.1, 2.1.2, 2.1.3, 2.1.4)</li> <li>• Percentage of countries with disbursable projects using the IFAD Client Portal (ICP) (3.7.5)</li> <li>• Percentage of IFAD operations using ORMS (3.7.6).</li> <li>• Percentage of IFAD-supported projects trained through CLEAR (3.7.7)</li> </ul>
		Impact assessment initiative	Effectiveness. Ensures attributable impact to determine effectiveness.	
		Enhanced transparency through systematic action plan	Effectiveness. Creates an openness to data in order to provide incentives for improving the four "E"s and reinforces domestic accountability mechanisms to increase aid effectiveness.	
		Service delivery platform improvements	Economy and efficiency. Enhances corporate-level economy and efficiency by shortening processing times and facilitating nimbler business processes.	

RMF indicators noted in parentheses.