IFAD

Enabling poor rural people
to overcome poverty

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

Executive Board — 101st Session
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For: **Review**

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

1. **Background.** In line with the Terms of Reference and Rules of Procedure of the Evaluation Committee and decision taken by the Executive Board at its December 2006 session,[1] this document contains the comments of the IFAD Office of Evaluation (IOE) on the 2010 Report on IFAD's Development Effectiveness (RIDE). As per past practice, these comments will be considered by the Evaluation Committee – at its sixty-fifth session – and thereafter by the Board in December 2010.

2. **Comments.** The format and structure of the 2010 RIDE have evolved from previous editions. The past three editions were structured around relevance, development effectiveness, and organizational effectiveness and efficiency. The 2010 edition provides an overview of the Fund's achievements against the objectives and measures established in the Results Measurement Framework (RMF) – according to the latter's five levels (i.e. level 1: macro outcomes; level 2: country programme and project outcomes; level 3: IFAD concrete country programme and project outputs; level 4: IFAD country programme and project design and implementation support; and level 5: institutional management and efficiency).

3. It is worth noting that the results for level 2 reported through the 2010 RIDE are broadly similar to those contained in the 2010 Annual Report on the Results and Impact of IFAD Operations (ARRI) prepared by IOE. One exception is with regard to natural resource and environmental impact, where the performance reported in the 2010 ARRI is much lower than in the RIDE. There is, however, a generally low disconnect in performance reporting between the ARRI and RIDE, which is a reflection of the improvements in the Fund's self-evaluation function in the past four to five years. There are nevertheless opportunities for further strengthening IFAD's self-evaluation system, some of which will be discussed in the below paragraphs.

4. The RIDE and the ARRI use the same criteria for assessing and reporting on the performance of IFAD-funded operations. However, there are some differences in those used by the RIDE that would benefit from streamlining in the future (see paragraph 5 below). These differences should be addressed during the preparation of the revised harmonization agreement,[2] which is currently being discussed between IOE and IFAD Management and is due for completion in early 2011. The harmonization agreement will ensure that, inter alia, IOE and IFAD Management use the same evaluation criteria and ratings, in order to ensure greater comparability of results reported through the Fund's independent and self-evaluation systems.

5. The differences that will have to be addressed in the Fund's overall self-evaluation system and the RIDE include:

   • Ensure reporting on the rural poverty impact of IFAD-financed projects according to the five impact domains set out in IOE's evaluation manual, which are also used in the ARRI, rather than the nine domains that IOE covered in past evaluations;

   • The two recent corporate-level evaluations on innovation and gender, respectively, and the introduction in April 2010 of the IFAD Climate Change Strategy underlined the increasing importance of gender, scaling up and climate change in IFAD-funded operations. Therefore, it is essential for IOE evaluations as well as the Fund's self-evaluation system and the RIDE to adequately assess and report on the performance of IFAD-funded operations

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[1] See document EB 2006/89/R.9, Report of the Chairperson on the forty-sixth session of the Evaluation Committee.
[2] The first harmonization agreement between IOE and the Management was signed in 2006.

and generate lessons in these three areas. In 2010, together with IFAD Management, IOE developed key questions for assessing gender equality and women's empowerment, climate change (as part of the natural resources and environment impact domain), and scaling up (as part of the innovation and scaling-up criterion). It is therefore recommended that IFAD Management also use the same questions in the self-evaluation system in the future;

- Assessing and reporting on the performance of non-lending activities (knowledge management, partnership-building, and policy dialogue) and of country strategic opportunities programmes (COSOPs). Non-lending activities are, together with loan- and grant-funded projects, growing in importance as integral components of country programmes supported by IFAD. In view of the coverage of the performance of non-lending activities and COSOPs introduced in the 2010 ARRI, it would be useful if IFAD's overall self-evaluation system, in particular the project completion and portfolio review processes, were also to begin to track performance in these areas and report through the RIDE in the future; and

- The Fund will soon commence a number of COSOP completion reviews. It is IOE's understanding that the revised COSOP guidelines – to be finalized by the Programme Management Department (PMD) in the near future – will adopt the methodology used in IOE country programme evaluations. This will ensure comparability in assessments and reporting at the country programme level.

6. In follow-up to the recommendations of the Peer Review of IFAD's Office of Evaluation and Evaluation Function, IOE has recently undertaken a pilot to validate a specific number (five) of project completion reports (PCRs) in 2010. The experience from this pilot will inform the methodology and approach to be used for project completion report validations (PCRVs), which IOE will undertake for all closed projects that have a PCR, starting from 2011. In conducting the PCRV this year, IOE also examined project status reports (PSRs), mid-term review reports and supervision reports for each project assessed. In general, IOE found the quality of these reports in terms of analysis and reporting to be variable. This raises a concern – admittedly based on a relatively small sample of five projects – about the quality assurance processes and systems that are currently in place during project implementation and completion. The planned corporate-level evaluation of direct supervision and implementation in 2012 will provide an opportunity to cover in greater depth aspects related to quality assurance during project implementation and completion, respectively, reach firm conclusions and, if considered necessary, make recommendations for further improvements.

7. As mentioned in paragraph 3, IFAD has made remarkable progress in the past four to five years in introducing and developing a results-based management system across the organization, including a Results Measurement Framework at the corporate, country and project levels (see 2010 RIDE, figure 2). However, the recent corporate-level evaluation on gender raises a concern (specifically with regard to gender), which might also have implications for IFAD's results-based management system in general. The gender evaluation found that indicators to track gender performance were included in the various project, country-level and corporate results frameworks, but the indicators used were not the same,[3] thus making aggregation and reporting difficult. Therefore, one of the next steps in the evolution of IFAD's results-based management system is to ensure that the various layers in the results framework are mutually reinforcing and are logically linked to each other.

8. The 2010 RIDE also underlines that the efficiency of IFAD operations is an area of concern. According to PCR data, efficiency remains the weakest performing

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[3] For example, the various frameworks in the results-based management system cover gender equality, gender equity and gender focus.

evaluation criteria in level 2 (country programme and project outcomes of the corporate results management framework), which is consistent with the findings contained in this year's ARRI and those of previous years. The causes of weak efficiency in both project design and implementation, which to a large extent are well known, need to be given priority attention.

9. The RIDE documents improved administrative efficiency, measured as the percentage of budgeted administrative costs per United States dollar of loan and grant commitments. In its September 2010 session, the Board questioned whether it was appropriate to establish IFAD's administrative efficiency by determining the percentage of IFAD's annual administrative budget in relation to its programme of work, and asked Management to come up with a proposal for alternative indicators that can be used to measure IFAD's administrative efficiency. However, one limitation of this ratio is that it compares planned administrative costs with the planned programme of work (in terms of loans and grants). IOE believes a more accurate measure would be to analyse the actual administrative costs over project loan disbursements; this reveals that administrative efficiency remains a major challenge. In fact, during the period 2003 to 2008, actual administrative costs over project loan disbursement have remained fairly constant at 27-30 per cent.[4]

10. It would be useful if future RIDEs were to include an additional section identifying the main issues and priorities for actions to address areas of weak performance. This recommendation was already contained in the comments of IOE on the 2007 RIDE, but has still not been implemented. In particular, the IOE comments on the 2007 RIDE stated that "… the next RIDE may consider including a section on issues that Management considers key for achieving better development effectiveness in the future. This could reflect the main actions that should be taken by Management within specific time frames to strengthen IFAD's development effectiveness and its organizational effectiveness and efficiency."

11. Finally, it is suggested that future RIDE editions contain a box at the end of each chapter summarizing the key points. This would draw the readers' attention to the main elements in each chapter and facilitate the preparation of the storyline at the end. This comment was made by IOE in reviewing the 2009 RIDE, but no action has yet been taken.

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[4] Data from IFAD's 2009 Annual Report.