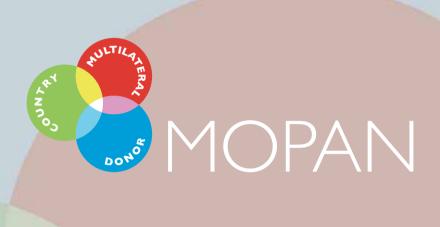MOPAN

Multilateral Organisation
Performance Assessment Network

Institutional report

**International Fund
for Agricultural
Development (IFAD)**

Executive Summary · 2013

Executive summary

This report presents the results of an assessment of the International Fund for Agricultural Development (IFAD) conducted by the Multilateral Organisation Performance Assessment Network (MOPAN). The MOPAN Common Approach examines organisational systems, practices, and behaviours that MOPAN believes are important for aid effectiveness. It also examines the extent to which there is evidence of an organisation's contributions to development and/or humanitarian results, and the relevance of its objectives and programme of work to stakeholders at the country level.

IFAD's mandate is to empower poor rural women and men to achieve higher incomes and improved food security and to strengthen their resilience. IFAD provides loans and grants to agriculture and rural development projects with the perspective that smallholder agriculture can act as both a crucial source of rural income and nutrition and a vector for rural economic growth. Its projects seek to incorporate smallholders into global value chain development.

IFAD has implemented a number of reforms to improve its effectiveness in the areas of managing for development results, quality of projects, strategic planning, innovation, efficiency and human resources. In its Ninth Replenishment Period (from 2013 to 2015), IFAD has committed to increasing its focus on value for money and impact measurement.

MOPAN assessment

In 2013, MOPAN assessed IFAD based on information collected through a survey of stakeholders, a review of documents, and interviews with IFAD staff. The survey targeted IFAD's direct partners, as well as MOPAN donors based in-country and at headquarters. Six countries were included in the MOPAN survey: Ethiopia, Guatemala, Indonesia, Mozambique, Pakistan and Vietnam. A total of 193 respondents participated in the IFAD survey: 31 MOPAN donors based at headquarters, 18 MOPAN donors based in-country, and 144 direct partners. The document review assessed IFAD through an examination of over 350 publicly available corporate documents as well as country programming and reporting documents from the six countries, some of which IFAD made publicly available for this assessment. MOPAN also interviewed IFAD staff members (21 from IFAD headquarters and 6 from country offices). This information was not coded or used formally as part of the assessment process, but rather to gain a broader contextual understanding of the organisations systems, practices and results-related reporting.

MOPAN assessments provide a snapshot of four dimensions of organisational effectiveness (strategic management, operational management, relationship management, and knowledge management) and of the organisation's reporting on its development results. The main findings of the assessment of IFAD in these performance areas and in the section on development results are summarised below.

Key Findings

Strategic management
In the area of strategic management, MOPAN established criteria to determine if a multilateral organisation has strategies and systems in place that reflect good practice in managing for results. Overall, the 2013 assessment found that:

● The majority of survey respondents agree that IFAD provides leadership on results management and is focused on its direct partners. IFAD regularly updates its Results Measurement Framework, with input from its members.

● IFAD has a clear mandate and its Strategic Framework is well aligned with this mandate.

● IFAD has a strong focus on results at an organisation-wide level but there is room for improvement in establishing links between the different levels of its results chain. This is becoming more important in a global development context in which the public, donors and other stakeholders increasingly demand "value for money" in their collaboration with development institutions.

● IFAD is considered strong in incorporating the cross-cutting themes of gender equality, environment, and food security and nutrition. While IFAD does not focus directly on good governance and human rights-based approaches (themes of interest to MOPAN), survey respondents considered IFAD adequate in both of these areas

● IFAD's country-level strategic documents (country strategic opportunity programmes [COSOPs]) place an adequate focus on expected results. The six COSOPs sampled are well aligned with national development plans, although the links between the levels of results (i.e. outputs, outcomes) are not always evident in project and country results frameworks.

● While IFAD has made provisions for annual reviews, Mid-Term Reviews, and completion reviews for COSOPs, annual reviews are not yet being performed systematically for all COSOPs, midterm reviews are often done late and with varying quality, and COSOP completion reviews have not yet been systematically introduced across all countries.

Operational management
In operational management, MOPAN established criteria to determine if a multilateral organisation manages its operations in a way that supports accountability for results and the use of information on performance. Overall, the 2013 assessment found that:

● IFAD was noted for the transparency of its performance-based resource allocation system (PBAS). The PBAS criteria are publicly available and the majority of survey respondents agree that allocations follow the criteria established.

● Donors at headquarters considered IFAD adequate in linking loans and grants to expected results. The document review noted that IFAD has improved its approach to results-based budgeting since the last MOPAN assessment but still does not have a system in place that provides a clear link between allocated resources and expected outputs.

● IFAD has some strong practices for financial accountability (such as internal and external audits, risk management processes, and policies to combat fraud and corruption). However, in spite of recent improvements, there still appears to be room for improvement in IFAD's procurement and contract management processes at the corporate level.

● Survey respondents rated IFAD adequate or strong for its use of performance information. The document review rated IFAD as very strong for using performance information to revise and adjust

policies and for acting on evaluation recommendations, but adequate for its use of performance information to plan new interventions and for its proactive management of poorly performing initiatives.

● The assessment noted the recent improvements in IFAD's level of transparency in human resource management, and commended IFAD for implementing a performance evaluation system for all levels of staff. IFAD recently implemented a pay-for-performance model to provide incentives for staff performance.

● IFAD is considered strong in conducting impact analyses before project approval.

● IFAD progress reporting is hindered by the lack of milestones and targets.

IFAD has decentralised some decision-making authority, but programme approval remains centralised (as is the case in all other international financial institutions). Survey respondents had mixed opinions about whether IFAD's level of country presence was sufficient for improving country performance. While the majority of direct partners (the largest respondent group) found IFAD adequate or above, the majority of donors based in-country rated the organisation as inadequate or below.

Relationship management
In relationship management, MOPAN established criteria to determine if a multilateral organisation is engaging with its clients at the country level in ways that contribute to aid effectiveness. Overall, the 2013 assessment found that:

● Survey respondents gave IFAD an overall rating of strong for its support to funding proposals designed and developed by the national government or other direct partners. The document review rated the Fund as adequate for aligning its loan activities with national priorities.

● When asked whether IFAD adjusts its procedures to reflect local conditions and capacities, most survey respondents considered IFAD to be adequate.

● IFAD is considered adequate in its use of country systems as a first option for its operations. However, the document review found that IFAD provides little information on its progress towards meeting its aid effectiveness commitments.

● IFAD makes an adequate contribution to policy dialogue and respects the views of other stakeholders.

● Surveyed stakeholders considered IFAD's harmonisation practices adequate while the document review provided more mixed ratings.

● The document review found that IFAD met the Paris Declaration target for participation in joint missions, but noted room for improvement in the extent to which its technical co-operation is disbursed through co-ordinated programmes. Some indicators in the Paris Declaration for Aid Effectiveness may be less relevant for IFAD, such as indicator 6 on the use of parallel implementation structures, indicator 3 on the percentage of aid to the government sector that is reported in partners' national budgets, and indicator 9 on the use of common procedures or arrangements.

Knowledge management

In knowledge management, MOPAN established criteria to determine if a multilateral organisation has reporting mechanisms and learning strategies that facilitate the sharing of information inside the organisation and with the development community. Overall, the 2013 assessment found that:

● IFAD's evaluation function was rated strong overall by survey respondents. They considered IFAD strong in its use of evaluation findings to inform its decisions, and adequate overall in involving direct partners and beneficiaries in its evaluations (although direct partners considered it strong in this regard).The document review rated IFAD as very strong for the independence of its Office of Evaluation (IOE) and also commended IFAD for the quality assurance processes in place for high-level evaluations.

● Although IFAD's external reporting practices were considered strong by survey respondents, the document review found that IFAD does not sufficiently report on its aid effectiveness commitments, uses a complex reporting system, and employs inadequate indicators.

● IFAD has made improvements in its knowledge management system, but this is still a work in progress. Overall, survey respondents believe that IFAD's knowledge management is adequate.

● IFAD makes most of its corporate documents available to the public and amended its Disclosure Policy in 2010 in response to requests for greater public access to its documentation.

Evidence of Contribution to Development Results and Relevance to Stakeholders

MOPAN assessed IFAD on this component for the first time in 2013. These findings should be considered in conjunction with the findings above on IFAD's systems and practices for organisational effectiveness. IFAD was rated inadequate in providing evidence of progress towards organisation-wide outcomes (KPI A) and evidence of contribution to country-level goals and priorities, including relevant MDGs (KPI B). Survey respondents rated IFAD adequate for the relevance of its objectives and programme of work to country level stakeholders (KPI C).

● Evidence of extent of progress towards organisation-wide outcomes: The Report on IFAD's Development Effectiveness (RIDE) and its Annual Review on Portfolio Performance provide evidence of progress towards planned outputs but limited evidence of IFAD's contribution to development outcomes. Surveyed MOPAN donors at headquarters hold mostly positive views of IFAD's progress toward organisation-wide results.

● Evidence of extent of contribution to country-level goals and priorities: IFAD project documents provide information on outputs but little data on outcomes. Despite a generally strong evaluation function and a high degree of alignment between the COSOPs and national development plans, the lack of systematic data collection at the outcome level (apart from periodic project or programme evaluations) makes it difficult to judge the extent to which IFAD is contributing to country-level outcomes. Surveyed stakeholders in the six countries assessed have mixed views on the extent of IFAD's contribution to country-level goals.

● Relevance of IFAD's objectives and programme of work to stakeholders: Surveyed stakeholders in-country consider IFAD strong overall in responding to the key priorities of national partners and adequate in the provision of innovative solutions to development challenges and the extent to which IFAD adjusts its strategies and objectives according to the changing needs and priorities of the country.

Changes since the 2010 MOPAN assessment

Survey ratings suggest that IFAD's performance has steadily improved over the past three years. In strategic management, survey respondents were more positive in 2013 than in 2010, and their perceptions of IFAD leadership for results management improved from adequate to strong. Respondents' views on IFAD's resource allocation system and its financial accountability improved from adequate in 2010 to strong in 2013. Surveyed stakeholders provided unchanged or slightly improved ratings in all areas of relationship management. Respondent ratings improved from inadequate to adequate on whether the time required to complete IFAD's procedures delays implementation. In its knowledge management practices, the Fund's ratings were fairly steady. Stakeholders gave IFAD consistently strong scores for its evaluation of external results.

The micro-indicators used for the document review in 2013 and 2010 have changed, as has the rigour brought to bear on the analysis of documents this year. As such, there has been no formal comparison of the document review ratings.

Conclusions on IFAD's organisational effectiveness

IFAD remains fully committed to a results agenda and strategic management is one of its strengths. Its mandate is clear and well reflected in its 2011-2015 Strategic Framework.

IFAD continues to be acknowledged for its clear and unique mandate and its commitment to instilling a results-oriented culture throughout the organisation. Indeed, when asked what they considered to be IFAD's greatest areas of strength, some 40% of survey respondents mentioned its specialised mandate, which focuses almost exclusively on poverty alleviation for the rural poor. Respondents commented that no other international financial institution is mandated to focus on the rural poor, or on agricultural and rural development for smallholders in particular, which gives IFAD a clear niche in the development landscape.

IFAD confirmed its commitment to the results agenda during the negotiations for its Ninth Replenishment Period (2013 - 2015). As part of the negotiations, IFAD committed to moving 80 million poor people out of poverty by 2015, a major promise that will require new tools and practices to monitor progress. To this effect, IFAD has revised its Results Measurement Framework to integrate new indicators that will track its progress in areas such as contribution to poverty reduction, household food security and nutrition, and climate change. IFAD also plans to conduct 30 impact studies during the 2013-2015 replenishment period.

IFAD is noted for having increasingly mainstreamed cross-cutting priorities such as gender, environment, and food security and nutrition into its operations.

IFAD's country strategies systematically include objectives and results statements related to relevant cross-cutting priorities (gender, environment, and food security and nutrition). This suggests that IFAD's RB-COSOP Guidelines (2010) are being followed and that cross-cutting priorities are being effectively mainstreamed. IFAD has recently increased its efforts to mainstream environmental and gender equality considerations into its strategies and operations; for example, in 2012 it launched an innovative Adaptation for Smallholder Agriculture Programme (ASAP) that provides financing to scale up and integrate climate change adaptation across IFAD's new investments. IFAD also approved a new Policy on Gender Equality in 2012 that provides a clear division of responsibility for gender mainstreaming across IFAD's systems and

operations and there is evidence that IFAD is following this policy. The extent to which these policies have resulted in positive development outcomes is not yet possible to assess.

While primary decision-making authority remains centralised, IFAD has increased its country presence significantly in recent years and has also made changes to its policies regarding the delegation of decision making. Some survey respondents feel there is still room for improvement in assuring adequate country presence.

IFAD recently adopted a Country Presence Policy and Strategy in which it formally approved the establishment of up to 40 country offices, of which 38 have already been established. IFAD has made efforts to decentralise some decision-making authority to the country level, but this is still somewhat limited (as it is in most IFIs) and further work is needed to flesh out the more substantive delegation of roles and responsibilities in the organisation.[1] The 2013 corporate-level evaluation of IFAD's institutional efficiency noted that the limited substantive delegation of authority may conflict with the changing business needs associated with a decentralised institution.

The perspectives of in-country donors in the six focus countries suggest that IFAD's country presence continues to be an important factor for the organisation's performance. When asked whether IFAD's country presence is sufficient for improving country- level performance, the majority of in-country donors rated IFAD as inadequate or lower while the majority of IFAD's direct partners rated the organisation as adequate or higher.

IFAD has sound policies and practices in place for financial accountability, but its corporate procurement procedures could be more efficient.

The document review found that IFAD is performing strongly in relation to its internal and external audit processes and its financial accountability in general. IFAD is also noted for its strong Anti-Corruption Policy (2005) and its processes and procedures for taking immediate action when irregularities are noted. There is room for improvement in IFAD's corporate procurement processes, which are still perceived to be time-consuming in spite of recent improvements.

IFAD has significantly improved its HR management policies and practices in recent years and remains committed to ambitious reforms in this area.

IFAD has undertaken a reform of its human resources (HR) practices and is currently working to improve several elements of its HR management system including its staff reward system, recruitment process, promotion and dismissal processes, staff rotation system, and support to staff located in-country. It has implemented a number of initiatives to ensure appropriate levels of compensation and a performance-based staff reward system is in place (e.g. a pay-for-performance model).

The document review noted that IFAD has a functional performance evaluation system (PES) that is used at all levels of the organisation. However, some sources suggest that this system is not yet being fully exploited, that managers are too risk averse in their performance assessments, and that, as a result, staff members are rarely recognised for either outstanding or substandard performance.

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1. In this context it should be noted that a Revised Manual for Delegation of Authority relating to the delegation at headquarters level is due to be amended and approved by December 2013.

IFAD has begun to introduce results-based budgeting at the institutional level but this is still a work in progress.

In 2010, the Eighth Replenishment Report urged the Fund to deepen the implementation of results-based budgeting (RBB). IFAD's 2013 budget is presented in a results-oriented way, and, according to IFAD's Update on the Reform Agenda, management, in consultation with the Board, is committed to review and refine its RBB practices in the coming years. The budget is allocated to four business areas (clusters) to attain a set of highly aggregated operational and institutional outcomes and corporate management results. While these results are all aligned with IFAD's mandate and strategic priorities, the cluster outcomes are aggregated at a high level and there is limited basis for decision making on budget allocations based on expected results. IFAD has not yet introduced a system of time recording and cost accounting, which is essential to reliably capture the full costs of all major business activities performed by staff.

IFAD is recognised for the independence of its Office of Evaluation and for following up on and using performance information from evaluations.

The Independent Office of Evaluation (IOE) is structurally independent from IFAD management and the IOE Director reports directly to the Executive Board. This was recognised as a clear strength by both survey respondents and the document review. There is ample evidence that evaluation recommendations reported to the Board are followed up by the responsible units. The implementation of accepted recommendations is tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), which is presented to the Executive Board on an annual basis. In addition, several corporate-level evaluations over the last few years have resulted in major changes to IFAD's policies and practices.

IFAD stakeholders surveyed in both 2010 and in 2013 provided mostly adequate ratings of the Fund's performance, with a slightly improving trend over time.

Survey ratings in 2013 were slightly more positive than in 2010 and suggest that IFAD has made progress in three areas: promoting a results-oriented culture, financial management practices, and supporting funding proposals developed by direct partners. These areas were rated adequate in 2010 and strong in 2013. However, some caution is required in making comparisons between 2010 and 2013 as there were some changes in respondents, countries, and wording of questions.

As in 2010, survey respondents in 2013 generally perceived IFAD's mandate and its corporate focus on results to be among its areas of strength. In both years they also perceived the independence of the Office of Evaluation to be one of IFAD's strengths. In spite of an increased country presence since 2010, survey responses from in-country donors in 2013 indicate that the level of staff presence at the country level could still be increased.

Conclusions on evidence of IFAD's development results and relevance to stakeholders
IFAD's current institutional reporting practices do not allow for a clear assessment of its contributions to actual development outcomes and impact. However, changes in the IFAD9 Replenishment Period are likely to improve these practices.

MOPAN donors at headquarters held positive views about IFAD's contributions to results and provided ratings of adequate or strong on all areas assessed.

A review of IFAD's performance reports indicates that the organisation is delivering outputs in its thematic priority areas and reporting on these, but its reporting on higher level development results does not include sufficient data on its contributions to outcomes and impact. In addition, IFAD has not articulated a theory of change that explains the logical or causal links between its expected results at different levels (i.e. outputs and outcomes). In the absence of a theory of change and data on outcomes and impact, it is difficult to appreciate its progress towards achieving the objectives outlined in IFAD's Strategic Framework 2011-2015. This being said, for the IFAD9 period, the Fund has committed to the ambitious target of moving 80 million people out of poverty. For the purpose of monitoring its progress in this context, it has updated the Results Measurement Framework substantially by introducing a set of indicators at the impact level measuring its contributions to poverty reduction and food security, among others. In addition, IFAD has committed to conducting 30 impact assessments during the 2013-2015 replenishment period.

As IFAD's planned reporting practices at the country level are not yet fully implemented, it is difficult to fully appreciate the organisation's contributions to country-level goals and priorities. The document review and survey responses suggest that the documented results of IFAD's operations in the six countries reviewed have been mixed.

Surveyed stakeholders hold mixed views about IFAD's progress towards its strategic objectives at the country level. Among the six countries sampled, surveyed stakeholders rated IFAD most positively in Viet Nam, where it was rated as strong in all results areas, and lowest in Indonesia, where it was rated inadequate in three results areas[2] and adequate in the other three. [3]

IFAD has significantly improved its focus on results at the project and country levels since the introduction of results-based COSOPs at the end of 2006. Its results statements are clearly and explicitly aligned with national goals and priorities, which was seen as a strength by both survey respondents and the document review. IFAD has provisions for annual reviews, Mid-Term Reviews, and completion reviews for country strategies (in addition to other reporting practices). However, annual reviews are not yet being performed systematically for all COSOPs; Mid-Term Reviews are often done late and with varying quality; and COSOP completion reviews have not yet been systematically introduced across all countries. These factors, combined with a general lack of systematic and credible data on project outputs and outcomes, make it difficult, if not impossible, to obtain a complete picture of the nature, magnitude, and relative importance of IFAD's operations at the country level and the extent to which they support the MDG agenda.

Surveyed stakeholders in the six countries sampled consider IFAD to be responding well to countries' key development priorities and, to a lesser degree, adjusting its strategies to meet the changing needs and priorities in these countries. IFAD received mixed ratings for its provision of innovative solutions to development challenges.

Survey respondents in Mozambique and Vietnam gave IFAD strong ratings across all three indicators related to relevance. IFAD received the lowest overall country ratings in Indonesia and Guatemala. The pattern of responses was the same in all countries – that is, the highest ratings in each country were for IFAD's responsiveness to country priorities while it received more mixed ratings for the level of innovation brought to bear on development challenges.

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2. These areas were: B1 Sustaining the growth of economic activities and reducing the incidence of poverty; B2 Improvement of natural resource management; B4 Building capacity of rural people to engage in local policy and programming processes.
3. Increasing household incomes for poor households involved in fisheries and marine activities; B5 Promotion of gender equality and women's empowerment; B6: Improvement of household food security and nutrition.

Overall MOPAN ratings of IFAD

The two charts below show the ratings on the key performance indicators that MOPAN used to assess IFAD in 2013. The first chart shows the ratings on 21 indicators designed to measure organisational effectiveness (practices and systems), and the second chart shows ratings on the three indicators designed to assess IFAD measurement and reporting on development results, and relevance to stakeholders.

Organisational effectiveness– overall ratings

Strategic management		Survey respondents	Document review
KPI–1	Providing direction for results	4.55	6
KPI–2	Corporate strategy and mandate	5.29	6
KPI–3	Corporate focus on results	N/A	4
KPI–4	Focus on cross-cutting thematic areas	4.50	5
KPI–5	Country focus on results	4.38	5

Operational management			
KPI–6	Resource allocation on decisions	4.54	5
KPI–7	Results-based budgeting	4.48	4
KPI–8	Financial accountability	4.47	5
KPI–9	Using performance information	4.41	5
KPI–10	Managing human resources	N/A	5
KPI–11	Performance-oriented programming	4.05	5
KPI–12	Delegating authority	3.51	4

Relationship management			
KPI–13	Supporting national plans	4.51	4
KPI–14	Adjusting procedures	4.03	N/A
KPI–15	Using country systems	4.13	4
KPI–16	Contributing to policy dialogue	4.17	N/A
KPI–17	Harmonising procedures	4.09	4

Knowledge management			
KPI–18	Evaluating results	4.79	5
KPI–19	Presenting performance information	4.41	4
KPI–20	Disseminating lessons learned	4.12	4
KPI–21	Availablility of documents	N/A	6

Legend

Strong or above	4.50–6.00
Adequate	3.50–4.49
Inadequate or below	1.00–3.49
Document review data unavailable	◆
Not assessed	N/A

Evidence of IFAD's contribution to development results and relevance to stakeholders – overall ratings

Key Performance Indicator	Assessment Rating
KPI A: Evidence of extent of progress towards organisation-wide outcomes	Indequate
KPI B: Evidence of extent of contribution to country-level goals and priorities, including relevant MDGs	Indequate
KPI C: Relevance of objectives and programme of work to country level stakeholders	Adequate