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Enabling poor rural people
to overcome poverty

Report of the Chairperson on the sixth special session of the Evaluation Committee

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Executive Board —102nd Session
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For: **Review**

Report of the Chairperson on the sixth special session of the Evaluation Committee

1. As decided by the Committee at its 67th session held on 19-20 April 2011, the sixth special session of the Evaluation Committee was held on 9 May to finalize the discussions around the Corporate-level evaluation on IFAD's private sector development and partnership strategy undertaken by the Independent Office of Evaluation (IOE) of IFAD, to be followed by a discussion of the evaluation in the May 2011 session of the Board. Specifically, the sixth special session was held to review and discuss the IFAD Management Response to the evaluation.
2. It was also decided by the Committee that the deliberations and decisions on the private sector evaluation by the Committee be reflected in a separate report of the Committee Chairperson to be submitted to the Board at its 102nd session in May 2011. Therefore, this report contains the deliberations and decisions of the Evaluation Committee on this agenda item undertaken at its 67th and sixth special sessions, respectively.

Part I. Corporate-level evaluation on IFAD's private-sector development and partnership strategy: summary of discussions from the 67th Evaluation Committee session.

3. The Committee discussed and welcomed the Corporate-level evaluation on IFAD's private sector development and partnership strategy undertaken by the Independent Office of Evaluation (IOE).
4. The Committee underlined the importance of discussing the written IFAD Management response at the same time as the corresponding evaluation reports in the future.
5. The report was found to provide useful inputs in the discussions leading to the development of a new IFAD strategy for private-sector development, which is expected to be presented by the IFAD Management in December 2011.
6. The Committee emphasized that the departing point for discussions around the engagement by the Fund with the private sector is for IFAD to develop a more differentiated definition of the private sector in the context of IFAD operations.
7. The Committee underlined that governments are not generally reluctant to engage with the private sector, but may be constrained in doing so by selected national policies and institutional architecture.
8. The Committee highlighted that the private sector is a heterogeneous group of actors, needing different types of support. This should be clearly captured in the new strategy.
9. The Committee also emphasized the need to address the gender dimension, agricultural research and nutrition in the development of the new strategy by the Fund. It was also noted that the recommendation to establish a Private Sector Financing Facility could be useful and needed further elaboration by Management in the development of the new private sector strategy, taking into account complementarity of other partners.
10. The Committee underlined the importance for IFAD to establish partnerships on Knowledge Management on private sector development with relevant institutions.
11. The Committee noted that the Management will need to assess and elaborate recommendations further during the development of the new strategy.
12. The Committee noted that Management plans to produce a draft private sector strategy for consideration by the Board in December 2011. Before that, it was

agreed that the draft document be presented for discussion in an informal seminar in September 2011.

Part II. Summary of discussions from the sixth special session of the Evaluation Committee.

13. All Committee members attended the sixth special session (Burkina Faso, Canada, India, Indonesia, Mexico, the Netherlands and Nigeria) with the exception of France and Ireland. Observers were present from Austria, Belgium, Brazil, China, Cyprus, Egypt, Luxembourg, Norway, Sweden, the United Kingdom and the United States. The Committee was joined by IFAD's Associate Vice-President, Programmes, Programme Management Department (PMD); the Director of IOE; the Director of the Office of the President and Vice-President; the Secretary of IFAD; and other IFAD staff.
14. There were two agenda items for discussion at the sixth special session, which included: (i) the Management response to the corporate-level evaluation of IFAD's private-sector development and partnership strategy; and (ii) other business.
15. The Committee agreed to include under "other business" a discussion on the forthcoming 2011 country visit by the Committee to Brazil.

IFAD Management response to the corporate-level evaluation on IFAD's private-sector development and partnership strategy

16. The Committee resumed its discussion on the Corporate-level evaluation on IFAD's private sector strategy to discuss the IFAD Management response thereon.
17. The Committee:
 - a. Reiterated the need for IFAD to develop a clearer definition of the private sector in the context of the Fund's operations. This is extremely important given the heterogeneous nature of private sector entities working in rural areas.
 - b. Also emphasized the importance of partnerships with other institutions in order to enhance IFAD's knowledge on private sector development.
 - c. Underlined the importance of a favourable investment climate, which will require IFAD's concerted engagement in policy processes at country level.
 - d. Highlighted the risks of working with the private sector which need to be clearly spelled out in the forthcoming private sector strategy.
 - e. Encouraged IFAD to review its current organizational architecture and human resources to ensure that it has commensurate capacities for working towards private sector development.
 - f. Recognises the importance of strengthening the existing IFAD instruments for private sector development and assess the corresponding costs.
 - g. Recommended on the private sector financing facility to further delineate the development of the facility, as part of the forthcoming private sector strategy. This also requires outlining various options including expanding the cooperation with organisations that already have facilities for direct lending to the private sector. The eventual introduction of private sector facility should be undertaken in a gradual manner ensuring the complementarities with IFAD public sector operations.

Other Business

18. The Committee discussed its forthcoming country visit to Brazil in May 2011. On the issue of the participation of other Board members to the country visit, the Secretary of IFAD informed that the current Terms of Reference and Rules of Procedure of the Evaluation Committee stipulate on paragraph 39 that Executive

Board representatives other than Committee members may participate in the field visit as observers.

19. On this note, as France and Ireland will not be in the position to participate in the country visit, the Committee approved the participation of two list A Board members who are not Committee members to its country visit to Brazil in 2011.
20. The Committee was briefed by the Director, Latin America and Caribbean Division of IFAD on the forthcoming country visit by the Committee to Brazil. The Committee expressed its appreciation for the information.