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Enabling poor rural people
to overcome poverty

Report of the Chairperson on the seventy-fourth session of the Evaluation Committee

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For: Review

Report of the Chairperson on the seventy-fourth session of the Evaluation Committee

1. This report covers deliberations of the Evaluation Committee during its seventy-fourth session, held on 21-22 November 2012.
2. All Committee members attended the session (Canada, Egypt, Finland, India, Indonesia, Luxembourg, Nigeria and Norway) with the exception of Brazil. Observers were present from Bangladesh, China, France, Germany, Italy, Qatar, Sweden, the Netherlands, United Arab Emirates and the United Kingdom. A representative of the United States of America followed part of the session via teleconference from the United States Treasury in Washington, D.C. The Committee was joined by the Acting Director of the Independent Office of Evaluation of IFAD (IOE); the Secretary of IFAD; the Head of the Governing Bodies Office; the Director of the Strategic Planning Division; the Senior Advisor to the President on Organizational Development and Coordination; the Officer-in-Charge of the Asia and the Pacific Division, and other IFAD staff. IFAD's Associate Vice-President, Programmes, Programme Management Department (PMD) attended both days of the session via telephone conference.
3. There were 11 agenda items for discussion, as follows: (i) opening of the session; (ii) adoption of the agenda; (iii) draft minutes of the seventy-third session of the Evaluation Committee; (iv) Annual Report on Results and Impact of IFAD Operations (ARRI); (v) Report on IFAD's Development Effectiveness (RIDE); (vi) Corporate-level evaluation: Assessment of IFAD's institutional efficiency and efficiency of IFAD-funded operations – preliminary findings; (vii) country programme evaluation for Nepal; (viii) evaluation synthesis of the country strategic opportunities programme (COSOP); (ix) briefing on selected aspects of IOE evaluation methodology; (x) provisional agenda of the Evaluation Committee for 2013; and (xi) other business, including an update on the selection process for the Director, Independent Office of Evaluation of IFAD.
4. **Opening and adoption of the agenda.** The Committee discussed the agenda for its seventy-fourth session. It was agreed to reverse the order of discussion of two items on the agenda – the corporate-level evaluation (CLE) of IFAD's institutional efficiency and the country programme evaluation (CPE) for Nepal – to ensure the participation, via teleconference from Washington, D.C., of the United States representative. Inclusion of an additional item under other business was also agreed, to allow for discussion of the Committee's annual country visit.
5. With these changes, the Committee adopted the agenda for its seventy-fourth session.
6. **Draft minutes of the seventy-third session of the Evaluation Committee.** The Committee discussed document EC 2012/74/W.P.2 which contained the minutes of the seventy-third session of the Evaluation Committee for approval by members. The Committee approved the minutes without further changes.
7. **Annual Report on Results and Impact of IFAD Operations (ARRI).** The Committee considered document EC 2012/74/W.P.3, the tenth ARRI prepared by IOE, along with the written response from IFAD Management.
8. Members commended IOE for a well-prepared document, and voiced their appreciation for the written comments provided by Management. Notably, Management also expressed its satisfaction with this year's edition of the ARRI.
9. Members noted that this year's ARRI included various new features including identification of the main performance trends and patterns over the past decade; an examination of important and persistent issues of continuing concern to the organization; benchmarking of IFAD's performance both internally and externally, and a learning section on policy dialogue.

10. In discussing this year's ARRI, the Committee made a number of observations. A member noted the need to respond to the methodological issues mentioned in the Management response. With regard to policy dialogue, members underlined the need to review the contribution made by IFAD at governmental and grass-roots levels. IOE stated that the ARRI already dealt with this aspect to a certain extent, but that, subject to approval of the Board, it would undertake a corporate-level evaluation of policy dialogue next year, which would provide an opportunity to examine the topic in greater depth.
11. IOE clarified that the six issues included in the ARRI (sustainability, targeting, efficiency, management, monitoring and evaluation, and performance of government) had been selected by reviewing all past editions of the ARRI and because they were important issues of continued interest to IFAD.
12. The Committee noted that the tables showed only positive evaluation ratings and reiterated the need to show all six rating categories in the graphs. Also, the Committee noted that concentrating exclusively on economic efficiency in the context of fragile states may not be sufficient; social and human development should be also taken into account.
13. The Committee expressed concern about underperforming monitoring and evaluation (M&E) systems; Management clarified that this was a common issue among development agencies and institutions and that the Fund had addressed the problem by ensuring that every new project included an M&E strategy from the outset and that all supervision missions looked at M&E performance.
14. On benchmarking, the Committee acknowledged IOE's efforts in measuring IFAD's performance against that of the World Bank and the Asian Development Bank. IOE explained that, to the extent possible, it was applying the same evaluation criteria as these institutions, and used only data related to the agriculture and rural development operations of the two institutions. IOE also informed the Committee that no equivalent time series data were available from the African Development Bank, apart from the data collected from the joint evaluation of the agriculture and rural development policies and operations in Africa undertaken by the African Development Bank and IFAD in 2009.
15. With regard to sustainability, IOE underlined the need to have realistic objectives, taking into account country context and country institutional capacity when designing projects. Sustainability should be a priority from the outset of the project and remain so throughout implementation.
16. The Committee highlighted the importance of ensuring country ownership. In this regard, IOE noted that a series of questions related to this issue were used in assessing government performance during project and country programme evaluations.
17. With regard to the age of projects, Management noted that this ARRI's cohort included a larger number of projects designed in the 1990s than in the previous edition, and also included a large number (eight) that were no longer in IFAD's supervision portfolio. On this latter point, Management underlined that the RIDE, centred as it is on projects currently under supervision, gives a more precise picture of the performance of IFAD's current project portfolio. IOE, however, noted that 11 projects had closed as recently as from 2009 to 2011 and four were ongoing. Moreover, IOE underlined that projects designed even 10 years ago should be exposed to fine-tuning of design during implementation to ensure their continued relevance.
18. In response to Management's comments, IOE stated that it would work with PMD to harmonize the age of the selected projects to the extent possible to enable comparison, beginning next year.
19. Management also pointed out reasons for which some recent operations were performing better than reported in the ARRI, namely: (i) adoption of IOE recommendations stemming from CPEs and the ARRI; (ii) a comprehensive quality

- assurance process; (iii) introduction of direct supervision and implementation support arrangements; (iv) country presence; and (v) involvement of the Executive Board and Evaluation Committee, which was providing guidance and oversight and was strengthening the evaluation learning loop.
20. A Committee member raised the issue of the proposed capping of the length of Executive Board documents and asked if this would affect reports such as the ARRI. The Secretary responded that this matter would be discussed at the upcoming Board session and that the Committee's feedback on this matter was most welcome.
 21. Finally, IOE agreed to include strategic recommendations for programmes in the next edition of ARRI that could further improve IFAD's development effectiveness.
 22. **Report on IFAD's Development Effectiveness (RIDE).** The Committee welcomed the report, together with IOE's comments thereon. The Committee expressed its satisfaction with the well-prepared report and underlined the need to explore the possibility of communicating the positive results emerging from the RIDE to external audiences. Members requested that succinct notes – one for the RIDE and one for the ARRI – be prepared to communicate these achievements to decision makers and policymakers. At the same time, the Committee underlined that the RIDE needed to highlight and analyse the reasons for success and address areas where targets had not been fully met.
 23. The Committee agreed with IOE's comments on the RIDE, particularly in connection with the need to disaggregate the overall "satisfactory" rating to show the number of projects falling into the moderately satisfactory category. The Committee also supported the proposal for CPEs to be provided, if available, in conjunction with the related country strategic opportunities programmes when these were presented to the Board for discussion.
 24. The Committee noted Management's response that not all projects reported on the quantitative outputs because some projects are cofinanced – and do not report using IFAD's methodologies – and some reports suffer from quality issues and are therefore eliminated. Extrapolation is now based on 70 per cent actual reporting, which gives reliable results.
 25. **Country programme evaluation of Nepal.** The Committee considered document EC 2012/74/W.P.5 – the CPE of Nepal.
 26. The Committee commended IOE for a quality evaluation; it also acknowledged the good collaboration between IOE and PMD in undertaking this important exercise. PMD underlined that CPE preparation was a participatory process from the outset, and noted that it concurs with the report's conclusions and recommendations.
 27. Several Committee members expressed their interest in having more details on weaknesses in donor coordination, shortcomings in the area of rural finance and the possibilities of improving that situation, partnerships with other donors and inclusion of local organizations and grass-roots groups in the policy dialogue process.
 28. The Committee also expressed its interest in the sustainability of the country programme, geographical dilution of IFAD programmes and how PMD is planning to incorporate CPE recommendations into the next country programme.
 29. The Committee also highlighted the importance of evaluations capturing the successful scaling up by others of innovative approaches promoted through IFAD-funded operations, which IOE agreed with.
 30. IOE and PMD explained that fragmentation in donor coordination and weak partnerships are partly driven by the highly volatile country situation and political uncertainties. PMD noted that weaknesses in the rural finance portfolio will be addressed in the future by incorporating lessons learned from past experience and linking them to the CPE conclusions. As for empowering local groups through inclusion in policy dialogue, it was noted that the ongoing preparation of the

agricultural development strategy for Nepal (led by the Asian Development Bank and cofinanced by IFAD) took the time to include farmers' organizations and local consultations, as recommended earlier by IFAD. PMD plans to address weaknesses in staffing and project management by setting up a country programme support unit.

31. The CPE national round-table workshop is planned for January 2013 in Nepal. The Committee was informed that, following the workshop and adoption of the agreement at completion point, PMD will proceed with finalization of the next country strategic opportunities programme (COSOP), in line with the main recommendations of the CPE, for presentation to a 2013 session of the Executive Board.
32. **Corporate-level evaluation: Assessment of IFAD's institutional efficiency and efficiency of IFAD-funded operations – preliminary findings.** Under this agenda item, IOE delivered a PowerPoint presentation containing a high-level preview of the preliminary findings of the evaluation. Management was also invited to present its views on the presentation, which it did. The aim of the presentation was to generate initial debate and capture the Committee's feedback – to be considered by IOE in preparing the final evaluation report.
33. As initial feedback, Management shared its perspective on the presentation. In particular, it expressed concern, among other issues, about changing the system for rating the results of IFAD programmes and operations, as had been proposed by IOE; noted the clear budget limitations affecting further strengthening of performance in some areas such as ICT; and encouraged the evaluation team to analyse possible trade-offs between strengthening project performance and improving non-lending activities.
34. The Committee appreciated the presentation and made observations on a number of issues, in particular on benchmarking, on the most appropriate indicators for assessing IFAD's institutional efficiency and the efficiency of governing bodies, including the periodicity of cost-benefit assessment, and on the process leading towards finalization of the report.
35. In response to observations by the Committee, IOE reassured members that the findings of the evaluation are anchored in robust evidence, and that additional effort will be devoted to this point during preparation of the final report.
36. Moreover, as requested, IOE also clarified that, among other issues, development of the methodology was extremely challenging, given the far-reaching and complex nature of the evaluation. The collection of data in diverse areas from a variety of sources was also quite complex.
37. IOE underlined that the final report will include an assessment of current institutional efficiency indicators, and any recommendations on this item will be contained, as appropriate, in the report.
38. IOE provided clarification on why the multilateral development banks (MDBs) were selected as the main comparators. In this regard, IOE noted that, while benchmarking is a challenging endeavour, IFAD's operating model and governance structure are similar to those of the MDBs in that it gives loans for projects executed by recipient governments. Moreover, IFAD's evaluation methodology is largely harmonized with the MDBs, so the results are more comparable. At the same time, the Committee noted that Rome-based agencies – the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) – were also considered as comparators.
39. The Committee requested that recommendations formulated in the final report be prioritized.
40. **Evaluation synthesis of the results-based country strategic opportunities programme (RB-COSOP).** The Committee discussed and welcomed the synthesis report on the RB-COSOP programme.

41. In expressing its appreciation for a very good report based on an interactive process, the Committee made a number of observations, which are summarized together with additional clarifications provided by IOE and IFAD Management.
42. Some Committee members enquired whether a CPE could be carried out before every new RB-COSOP. IOE explained that, given current human and financial resources, coverage of all forthcoming RB-COSOPs to be reviewed by the Board is not feasible. IOE will, however, continue to work on some five-to-seven CPEs per year. On this point, IOE encouraged Management to introduce RB-COSOP completion reviews for all countries, which could then be validated by IOE, as is the current practice for project completion reports.
43. The Committee noted that the RB-COSOP remains a key tool for country programming, including policy dialogue, and that in this regard IFAD staff skills and resources require strengthening. Members also underlined the need to tailor RB-COSOPs' ambitions in the light of actual resources available.
44. As the new RB-COSOP guidelines are to be revised in 2014, the Committee encouraged IFAD to review the current guidelines and to streamline and simplify them as soon as possible.
45. Members advised caution in decisions not to prepare an RB-COSOP in countries where only one operation is foreseen in a PBAS cycle. In particular, exceptions should be allowed in cases, for example, where funding from the Spanish funds, the Adaptation for Smallholder Agriculture Programme or other major donor cofinancing is involved.
46. **Briefing on selected aspects of IOE methodology.** As requested by Committee members, IOE briefed the Committee on selected aspects of its evaluation methodology based on the IFAD Evaluation Manual. Management expressed its appreciation to IOE for taking the initiative to engage in a dialogue on methodology issues and to find ways and means of improving its application in future evaluations.
47. The Committee welcomed the presentation, which provided a better understanding of the evaluation methodologies and techniques used by IOE and made a few observations. It was noted that the manual is cutting edge and addresses the main concerns raised by Management and the Committee. In this regard, attention will be needed to ensure more coherent application of its methods to IOE evaluations moving forward.
48. At the request of the Committee, IOE informed members of its plans to become engaged, in a concerted manner, in conducting impact evaluations itself, as well as in supporting Management in undertaking impact evaluations in the context of IFAD9 commitments. Both IOE and Management emphasized their attention to this matter, which however will have resource implications.
49. The Committee took note and agreed with IOE's proposal to issue a second edition of the manual in the future, taking into account evolving trends within and outside IFAD. They also agreed that this task should be led by the new Director, IOE.
50. At the request of members, IOE clarified its efforts to work together with the FAO and WFP evaluation offices, and reassured the Committee of its commitment to intensify such collaboration. The Committee noted joint activities undertaken thus far and foreseen in the future, and underlined the need for further dialogue and exchange between the evaluation offices of the three Rome-based United Nations organizations, when applicable.
51. The Committee asked IOE to provide more information on how the selection of consultants ensures that they bring diverse experiences to IFAD, taking into account the Fund's specific mandate and requirements. IOE noted that its consultants management working group is addressing this issue, and will intensify its efforts in this regard.

52. IOE briefed the Committee on its efforts to reduce inter-evaluator variability. In this regard, an international expert will be asked to review a selection of forthcoming evaluation reports, as well as to distill lessons and cross-cutting issues for IOE's consideration in the future. The expert will be invited to brief IOE on methodology issues in 2013, and Committee members will also be invited to an exchange with the expert.
53. Moreover, the Committee took note of the importance of enhancing efforts to better assess economic efficiency in IOE evaluations. IOE noted that the manual's indicators for assessing economic efficiency are consistent with the Evaluation Cooperation Group good practice standard for public-sector evaluations. However, data limitations in IFAD-funded projects often do not permit recalculation of the economic internal rate of return. These cases require the use of proxy indicators of efficiency, including implementation costs (e.g. the costs of project management as a proportion of the total loan amount). In any case, IOE will make the required efforts to ensure better efficiency analysis in the future.
54. On evaluation and hindsight, at the stage of preparing the draft approach paper, IOE will clarify which evaluation criteria will not be covered in the project/country programme being evaluated. In doing so, it will take into account the objectives of the project/country programme being evaluated, data availability, and the prevailing development thought at the time of design. On this matter, Management and governments will provide their comments on the draft approach paper at the outset of the evaluation, and will come to an understanding with IOE on any criteria that will not be covered in the corresponding project/country programme evaluation.
55. Finally, the Committee noted that a large number of ratings are clustered around moderately satisfactory and moderately unsatisfactory, and that evaluators should be encouraged to use (as appropriate) the entire six-point rating scale in evaluating project and country programme performance.
56. **Provisional agenda of the Evaluation Committee for 2013.** The Committee discussed the proposed agenda for 2013.
57. A Committee member requested postponing the seventy-fifth session of the Evaluation Committee, originally scheduled for 4 February 2013, by a few days to ensure participation by Ambassador Jostein Leiro, the representative of Norway, who chairs the search panel for recruitment of the new Director, IOE.
58. Other Committee members requested that the seventy-seventh session of the Evaluation Committee, originally scheduled for mid-July 2013, be anticipated to late June 2013 to ensure their participation in deliberations.
59. In noting that the scheduled duration of each Committee session in 2013 is nearly two full days, it was suggested that IOE consider not presenting project performance assessment(s), which would be consistent with the aim of focusing discussions on strategic evaluations, e.g. CLEs and CPEs.
60. IOE suggested that the draft approach paper of the impact evaluation, which it plans to conduct in 2013, be presented to the seventy-sixth session of the Evaluation Committee, in April 2013, to which the Committee agreed.
61. IOE shared with members the names of all consultants mobilized for the efficiency evaluation. At their request, IOE promised to share the profiles/curricula vitae of consultants engaged in the evaluation. The Committee underlined the gender imbalance in the CLE efficiency team. IOE noted that this was an unusual case, but in any event, it committed to making serious efforts to ensure that more women are hired as consultants in evaluations.
62. The Committee discussed when the CLE on efficiency would again be considered:
 - (a) Members of List A requested on behalf of their list that the report and Management's response be shared with the Committee at the meeting scheduled for the beginning of February at the latest.

- (b) IOE underlined that the Evaluation Policy required that the report be shared with Management for comments prior to being finalized, and suggested that it could be shared (unedited) at the end of February or beginning of March.
- (c) Management noted that the evaluation should follow the due process established for all evaluations, in terms of the early feedback process between IOE and Management, before the final report is released.
- (d) Committee members from List A indicated their agreement with IOE's proposal. However, they stipulated a condition that, were a member of the Executive Board to request a copy of the draft final report after 7 January when it would be provided to IFAD Management, it would be provided on the understanding that the document should remain strictly confidential.
- (e) On this latter point, Management noted that legal advice would have to be sought and that it would revert after further consideration. This issue will be referred to the December 2012 session of the Executive Board.

63. **Other business:**

- (a) **Appointment of the Director, Independent Office of Evaluation of IFAD.** Under this sub-item of the agenda, the Committee Chairperson provided an oral update on progress made regarding the selection process for the new Director. The oral update was delivered in closed session.
- (b) **Evaluation Committee annual country visit.** Having discussed the issue of the Committee's annual country visit, members agreed that:
 - (i) The Board should decide the destination of future annual visits.
 - (ii) Country visits will comprise nine members: four from List A, two from List B and three from List C.
 - (iii) Visits will also be open to participation by Executive Board members who are not members of the Evaluation Committee.
 - (iv) It will be up to the lists to decide who shall go on behalf of each list.
 - (v) Visits will be fully funded by IFAD and efforts will be made to keep costs low to the extent possible.
 - (vi) A maximum of three additional members of the Executive Board who are not members of the Evaluation Committee would accompany country visits on a self-financing basis.
 - (vii) The above new rules for the annual country visit will apply from 2014 onwards. They will not affect the 2013 planned country visit of the Evaluation Committee to Viet Nam.

64. Management recalled that the financial implications of the above proposal will have to be assessed against the overall efforts to lower costs in Cluster 4 of IFAD's annual administrative budget and the ensuing discussion in the Board in December 2012.

65. To conclude, the Committee expressed deep gratitude to the outgoing representative of Canada, Ms Ann Adair Heuchan, Minister Counsellor, Deputy Permanent Representative of Canada to the United Nations food and agriculture agencies in Rome, for her incisive and insightful inputs and the constructive cooperation provided during Committee sessions. The Committee was joined by IOE and Management in its appreciation and recognition of the overall excellent contribution made by Ms Heuchan to the work of the Committee over the past three years.