

Document: EB 2017/120/R.6
Agenda: 6
Date: 5 April 2017
Distribution: Public
Original: English

E



Investing in rural people

Minutes of the ninety-sixth session of the Evaluation Committee

Note to Executive Board representatives

Focal points:

Technical questions:

Oscar A. Garcia
Director
Independent Office of Evaluation of IFAD
Tel.: +39 06 5459 2274
e-mail: o.garcia@ifad.org

Dispatch of documentation:

William Skinner
Chief
Governing Bodies Office
Tel.: +39 06 5459 2974
e-mail: gb_office@ifad.org

Executive Board — 120th Session
Rome, 10-11 April 2017

For: Information

Minutes of the ninety-sixth session of the Evaluation Committee

1. The ninety-sixth session of the Evaluation Committee was held on 23 March 2017. These minutes cover the Committee's deliberations during the session.
2. The minutes will serve as the basis for the oral report provided by the Evaluation Committee Chairperson to the Executive Board. Once they are approved by the Committee, the minutes will be shared with the Board.

Agenda item 1: Opening of the session

3. The Committee member for Indonesia, Mr Des Alwi, chaired the session, substituting Mr Rishikesh Singh of India, who was unable to attend. He welcomed members, particularly Ghana, as the replacement for Egypt on the Committee up to April 2018. Observers and IFAD staff were also welcomed to the session.
4. The session was attended by Committee members for France, Ghana, Indonesia, Mexico, Netherlands, Nigeria, Norway and Switzerland. Members of the Working Group on the Performance-Based Allocation System (PBAS) – namely China, the Dominican Republic, France and the Bolivarian Republic of Venezuela – attended as observers to participate in the discussion of the technical proposal for the PBAS. Other observers at the session were Germany and the United Kingdom. The session was also attended by the Director, Independent Office of Evaluation of IFAD (IOE); Deputy Director, IOE; Associate Vice-President, Programme Management Department (PMD); Chief, Operational Programming and Effectiveness Unit, PMD; Director, Asia and the Pacific Division (APR); Country Programme Manager, APR; Senior Legal Officer, Office of the General Counsel; Secretary of IFAD, a.i.; and other IFAD staff.
5. A representative for the Philippines, Mr Lupiño J. Lazaro, joined the Committee as an observer for discussions on the country strategy and programme evaluation of the country.

Agenda item 2: Adoption of the agenda

6. The provisional agenda comprised the following items: (i) opening of the session; (ii) adoption of the agenda; (iii) country strategy and programme evaluation for the Philippines; (iv) draft approach paper on the corporate-level evaluation of IFAD's financial architecture; (v) revised harmonization agreement between IFAD's independent and self-evaluation systems; (vi) technical proposal on the performance-based allocation system; (vii) evaluation synthesis report on scaling up; (viii) taking the Results and Impact Management System (RIMS) to the next level; (ix) timeline for a potential peer review of the Independent Office of Evaluation of IFAD; and (x) other business.
7. Upon the request of a Committee member and the Chair of PBAS Working Group, it was agreed that agenda item 6, the technical proposal on the performance-based allocation system, would be considered before item 5.
8. The provisional agenda was amended to include, under other business, information regarding the timeline for approval of the session's minutes.
9. The agenda contained in document EC 2017/96/W.P.1, amended to include one item under other business (to be issued as EC 2017/96/W.P.1/Rev. 1), was adopted by the Committee.

Update on IFAD's chairing of the Evaluation Cooperation Group (ECG)

10. The Director, IOE, shared a brief update on IFAD's activities as chair of the ECG for 2017. IFAD would host the two annual meetings of the ECG, which were scheduled for 8 to 9 June, and early November 2017. The June meeting would focus on the role of evaluation in the transformation of multilateral banking, and would be

preceded by an international conference on information and communications technologies for evaluation. These events were expected to contribute to IOE's capacity to adapt to changing contexts, and to continue undertaking strong, evidence-based evaluations.

Agenda item 3: Country strategy and programme evaluation for the Philippines

11. The Committee reviewed document EC 2017/96/W.P.2, "Country strategy and programme evaluation for the Philippines" and the related agreement at completion point (ACP) included in an addendum, EC 2017/96/W.P.2/Add.1. Members thanked IOE for the timely evaluation, noting that the results would inform the new country strategic opportunities programme (COSOP) being developed.
12. Members welcomed the notable strengths of the partnership between the Government of the Philippines and IFAD and the COSOP for the period 2003-2015. With regard to lending activities, members also applauded the positive results in terms of gender equality and women's empowerment, good prospects for sustainability of benefits, improved agricultural production and the positive influence on policies and institutions.
13. The representative for the Government of the Philippines thanked IOE for the first evaluation of this kind to be undertaken for the Philippines, and welcomed the results and recommendations of the exercise. He expressed appreciation for the long-standing partnership between IFAD and the Philippines in working to reduce rural poverty and promote inclusive rural transformation.
14. The Committee noted that through the ACP, both IFAD Management and the Government had agreed with the recommendations to address the challenges identified in the country programme, and that these recommendations would be integrated into the new COSOP. In particular, IFAD's comparative advantage would continue to be strengthened through targeting, enhancing evidence-based policy engagement and strengthening partnerships with other development partners. In particular, a member emphasised the importance of Rome-based agency collaboration and requested that this be reflected in the new Philippines COSOP.
15. Members noted that the weaknesses identified – specifically the time lag between inception/design and project approval and the delays in the initial years of implementation – needed to be addressed to ensure better results. Management indicated that these delays were reflected in a three-year gap in which IFAD did not approve any new financing. However, thanks to country presence and enhanced supervision support, most projects were now on track: approval and disbursement processes were speeding up, and the recommendations with regard to monitoring and evaluation, targeting and partnerships were already being followed up.

Agenda item 4: Draft approach paper on the corporate-level evaluation of IFAD's financial architecture

16. The Committee reviewed document EC 2017/96/W.P.3, "Corporate-level evaluation of IFAD's financial architecture: Draft approach paper". It was noted that the approach paper provided the context, scope, objectives, methodology, timeline and deliverables of the corporate-level evaluation (CLE). The CLE itself would cover the sources of funding, the use and allocation of resources and their performance, IFAD's corporate financial management and oversight systems, and the external financial oversight system, including the role of the Governing Council and the Executive Board in the replenishment process. IOE informed the Committee that the evaluation would build on past CLEs such as those on the replenishment process, the PBAS, institutional efficiency and IFAD's policy on grant financing.
17. Management expressed the view that the scope of the CLE was overly broad, and should focus on specific aspects related to financial management, so as to avoid overlap with CLEs conducted previously. Furthermore, they noted that the nature of

the topic called for an exploration rather than an evaluation, given that Management was currently considering changes and adjustments to the existing financial structure.

18. Committee members expressed satisfaction with the approach paper as presented by IOE, and noted that the exercise could be both an exploration, as suggested by Management, and an evaluation. Members supported the broad scope of the CLE as its purpose was to inform the Board and contribute to future discussions and decisions relating to IFAD's financial architecture. Members commended IOE on the suggested methodology, in particular the idea of a comparative analysis and benchmarking with other international financial institutions. IOE would explore the possibility of a comparative analysis with private-sector practices of other IFIs, while maintaining focus on IFAD's mandate.
19. Several members urged IOE to share the preliminary findings with the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11). IOE informed them that this would be difficult and that such preliminary results would be of limited use. IOE also underscored the importance of the CLE beyond the IFAD11 Consultation. Some members cautioned against pressing for preliminary findings, and noted that basing any decisions related to IFAD11 on such findings could be harmful in the long run, and therefore recommended waiting for the final report. While recognizing the limitations of preliminary results, one member encouraged IOE to continue the conversation on the possibility of sharing early results. IOE responded that it would consult with the evaluation team on such options.
20. Regarding financial models, members requested that the CLE explicitly address the authority of the President and the Board in making decisions concerning supplementary funds and complementary contributions, and the related oversight functions. One member raised the possibility of establishing separate lending windows, and the concept of a private-sector window.
21. Responding to a question on the causal relationship between the financial architecture and rural poverty impact, IOE noted that this was quite challenging to demonstrate but that efforts would be made to develop a logical framework to determine to what extent a causal linkage could be clarified.
22. One member asked that IOE explore the flexibility of IFAD's financial model to use innovative instruments without reducing its financial sustainability. A member also expressed interest in looking into the capacity of the financial model to interact directly with local governments in nations organized along federal principles.

Agenda item 5: Revised harmonization agreement between IFAD's independent and self-evaluation systems

23. The Committee reviewed document EC 2017/96/W.P.4 "Agreement between IFAD Management and the Independent Office of Evaluation of IFAD on the Harmonization of IFAD's Independent Evaluation and Self-Evaluation Methods and Systems Part I: Evaluation Criteria", aimed at ensuring that Management's self-evaluation and IOE's independent evaluation processes were mutually reinforcing and contributed to the achievement of IFAD's goals and objectives.
24. The Committee noted that the harmonization agreement was a requirement of IFAD's Evaluation Policy of 2011, and that it had been informed by a thorough review of evaluation practices in other IFIs. The agreement would contribute to strengthened independent and self-evaluation systems, enhanced evaluability of IFAD-financed operations, clearer evaluation criteria and concepts, and better comparability of results from independent and self-evaluations. Management and IOE agreed on common evaluation criteria and definitions at the project and country levels.
25. Members congratulated IOE and Management for finalizing the harmonization agreement. One member asked if the implementation of the harmonization

agreement would render one of the evaluation processes and its related documentation, such as the Annual Report on Results and Impact of IFAD Operations or the Report on IFAD's Development Effectiveness, redundant. IOE and Management pointed out that there was no risk of overlap or redundancy because, while independent and self-evaluations were aligned in terms of criteria, they served different purposes and addressed different levels. For instance, self-evaluation covered the entire project cycle, whereas independent assessment were undertaken only at the end of the project cycle. The harmonization agreement would strengthen the complementary nature of independent and self-evaluations.

26. In response to a question regarding the evaluation criteria that would apply to of collaboration with the Rome-based agencies, IOE informed the Committee that this was considered under "partnerships" in country strategy and programme evaluations.

Agenda item 6: Technical proposal on the performance-based allocation system

27. The Committee reviewed document EC 2017/96/W.P.5 "PBAS formula and procedures", containing a technical proposal on the performance-based allocation system, with IOE comments thereon, contained in document EC 2017/96/W.P.5/Add.1. The Committee noted that the revised PBAS proposal would be presented for Executive Board approval at the September session rather than the forthcoming April session, as previously planned. This change had been recommended by the PBAS Working Group to allow more time for discussion and information-sharing, in order to ensure that all members had a clear picture of the proposed revisions.
28. Management highlighted the ways in which IOE's recommendations in the CLE on the PBAS had been addressed in the proposed revision of the PBAS, i.e. by enhancing the rural poverty focus, strengthening the performance focus, balancing the needs and performance components of the formula, and streamlining the PBAS management process. Management had undertaken a two-phase process to review the PBAS. The first phase focused on agreeing on the components and variables as presented to the Executive Board in December 2016. The second phase focused on the analysis of weights and development of the revised PBAS mathematical equation, with the following proposed key enhancements:
- Reduced impact of rural population on country allocations and inclusion of the IFAD Vulnerability Index (IVI) in the country needs component;
 - Exclusion of the Country Policy and Institutional Assessment from the country performance component, and integrating its weight and relevant macroeconomic assessment within the enhanced rural sector performance assessment;
 - Transformation of the portfolio-at-risk variable into a "portfolio performance and disbursement" (PAD) variable, by adding a disbursement performance measure. This would incentivize performance at the portfolio level by rewarding countries that made effective use of the resources allocated to them, which was essential for achieving development effectiveness.
29. Management elaborated on the four scenarios presented, noting that all were viable in that they considerably increased the overall weight of the country performance component and maintained the provision of 45 per cent of core resources to sub-Saharan Africa and up to 50 per cent to Africa overall, and the provision of two thirds of IFAD resources on highly concessional terms. The multiplicative nature of the formula meant that there were no significant changes in the final allocations as a result of increased weight being given to one variable. However, based on the criteria of balancing the country needs and performance components to the extent possible, and providing clear incentives for improved performance with regard to

- poverty reduction and the use of IFAD resources in particular, Management recommended scenario 3 as optimal, followed by scenario 2. There was general support for the idea of narrowing the discussion to scenarios 2 and 3 going forward.
30. IOE directed the Committee's attention to the key improvements in the revised PBAS process aimed at ensuring a more corporate approach, namely, the proposal to conduct the rural sector performance assessment once per PBAS cycle, and the proposal to discuss and review PBAS allocations in an interdepartmental committee. IOE commended Management's progress in adopting the changes as recommended in the CLE, while pointing out that rural population size still dominated the formula. Management explained that rural population was at the core of IFAD's mandate and therefore had to be maintained as a key variable in the formula, but that its weight had been reduced to ensure that the overall influence of population decreased. Management also emphasized that the most elastic variables in the formula were the IVI and the PAD.
 31. The Committee thanked Management for the progress made in the review process so far, and welcomed the clear presentation of the scenarios in which the weight of performance had been increased. Members took note of the proposed scenarios and the recommended scenario 3, and requested an analysis showing how country allocations would be affected by the revised formula. They also requested further awareness-raising and information-sharing on the impact of the revised formula. Management noted that an informal seminar was planned for 5 April 2017. One member pointed out the usefulness of ensuring that clear and readily understandable information was made available to policymakers in the Member State capitals.
 32. In response to a request for the data used for the scenarios, Management assured members that a simulator was being developed which, once ready, would be shared online with all members.
 33. Members reiterated the need to recognize the relationship between the discussions on the revised PBAS and the IFAD11 Consultation, and how it fitted into the holistic approach.
 34. Members agreed that it was important to wrap up the technical discussions and avoid adding further variables to the formula. The focus should be on understanding the proposal already made and ensure that a decision was made in time to be implemented for IFAD11.
 35. A member requested clarification as to whether giving more weight to the country performance component would result in rewarding middle-income countries and allocating fewer resources to low-income countries (LICs). Management stated that the assumption that the richer a country was, the better it performed in rural poverty reduction was not true in all cases, the IFAD PBAS included many countries with diverse characteristics, but the competition for allocations was among countries with similar characteristics. As such, provided that the formula contained all three groupings – LICs, lower-middle-income countries (LMICs) and upper-middle-income countries – the countries within each grouping would continue to receive similar allocations.
 36. Management also highlighted that in scenario 3, the IVI variable had the greatest elasticity, implying that the more vulnerable a country, the higher their allocation would be. With the incorporation of IVI, 83 per cent of the overall core resources would go to LICs and LMICs. Management informed the Committee that they were continuing to explore ways to enhance the weight of this variable.
 37. An observer wished to know how greater clarity could be achieved regarding country selection criteria for a given cycle, and the criteria for reallocating resources. The observer also underscored the importance of viewing the PBAS in the context of the holistic approach, considering the possibility that IFAD might

engage in market borrowing, which could require a two-window approach practised by other multilateral development banks. Management acknowledged that these were pertinent issues for consideration, and noted that within the holistic approach there was already a commitment to reduce the number of countries per PBAS cycle from 99 to 80.

Agenda item 7: Evaluation synthesis report on scaling up

38. The Committee reviewed document EC 2017/96/W.P.6, "Evaluation synthesis report on IFAD's support to scaling up of results", and IFAD Management's response thereon as contained in document EC 2017/96/W.P.6/Add.1.
39. The evaluation synthesis report (ESR) revealed that although scaling up had been introduced as a strategic priority in IFAD's operations in 2002, efforts had been intensified to enhance its implementation in IFAD-financed projects in 2010 when IFAD introduced clear objectives and a conceptual framework, and took full advantage of available opportunities. All COSOPs prepared after 2010 made reference to scaling up, and country programme evaluations and project performance evaluations undertaken during the same period identified cases of scaling up at project level.
40. The Committee welcomed the ESR and supported the recommendations therein, noting that it was relevant not only to IFAD but also to other development partners. The IOE conclusion on the relevance of focused project design in facilitating scaling up was considered especially pertinent, as was the importance of partners and partnership as an enabling factor.
41. Members were pleased to note that Management agreed with all of the ESR's recommendations to strengthen the country programme and project cycles in order to enhance scalability, build consensus and increase incentives in-house to support scaling up, and to set up corporate targets based on achievement and evidence on scaling up. Indeed, Management was already implementing some of the recommendations through the 2015–2016 scaling-up approach. As part of the Development Effectiveness Framework, Management was working on project results measurement and the delivery and monitoring of non-lending activities at country level. Management welcomed the fact that IOE would begin to rate scaling up and innovation separately.
42. At the request of some members, IOE gave examples of projects with strong economies of scale that become viable only if scaled up, such as mobile banking in the rural finance sector. With regard to project design, IOE highlighted that deliberate reference had been made to "focused" rather than "simplicity of" design, and the importance of a long-term programmatic approach in which development challenges were addressed in phases. IOE emphasized that complex and intertwined poverty factors could seldom be addressed in a single project phase and that a long-term programmatic approach could ensure more focused and effective interventions.
43. One member expressed surprise that governments did not automatically seek to scale up project results interventions. By providing opportunities and resources to enhance the capacities of staff in implementing agencies, projects enable those agencies to scale up interventions. IOE reiterated the important role of governments in scaling up, and noted that country programme evaluations assessed the performance of implementing partners, including the government and their role in facilitating the scalability of successful interventions. Management noted that there were four pathways for scaling up – government, private sector, donors and communities – and each was crucial in ensuring sustainability of results. Giving one example, a member highlighted the role and commitment of governments in the scaling up of project results. However, the process may not be fast enough given the need to ensure availability of resources and that the right initiatives are scaled up.

44. Regarding the recommended scalability analysis, Management was already undertaking this through the operational framework by asking specific questions about feasibility of scaling up at project design.

Agenda item 8: Taking the RIMS to the next level

45. The Committee discussed document EC 2017/96/W.P.7, "Taking IFAD's Results and Impact Management System (RIMS) to the Next Level", and IOE's comments thereon, contained in document EC 2017/96/W.P.7/Add.1.
46. Management presented its plan for strengthening IFAD's Results and Impact Management System. The revised RIMS indicators were aligned with the Strategic Framework 2016-2025 to ensure effective monitoring of performance relative to the Strategic Framework and IFAD's contribution to the Sustainable Development Goals (SDGs). The proposed indicators had been refined through extensive in-house consultations, thorough external peer reviews by experts from other development organizations, and independent reviewers. The number of indicators had been reduced from over 100 to fewer than 40. The simplified measurement requirements and strict relevance of the indicators to project management would ensure more effective mainstreaming of the new core indicators into project monitoring and evaluation systems, and promote more accurate results measurement and stronger evidence-based decision-making at the project, country programme, regional and corporate levels.
47. The Committee thanked Management for the quality of the document, and appreciated the significant reduction in the number of indicators and the alignment with the SDGs.
48. IOE commended Management on the simplification of the RIMS as a positive step in advancing IFAD's results-based agenda and in enhancing accountability and learning. However, IOE expressed concern that IFAD-funded projects would be encouraged – but no longer required – to undertake baseline and end-line surveys. Management clarified that the previous practice of measuring impact with the before-and-after methodology was not appropriate, hence the decision to discontinue the use of before-and-after baseline surveys at the impact level, focusing instead on establishing baselines for the individual indicators in the logical frameworks.
49. Regarding IOE's point that IFAD Management should address the limitations related to the outcome surveys proposed for measuring outcome-level indicators by broadening the sample size and possibly ensuring the inclusion of comparison groups, Management explained that the proposed systematic measuring of outcome, as opposed to impact alone, provided a useful source of relevant information for projects regarding the results being achieved throughout implementation. This was an innovative approach that provided useful information for Management to make timely corrections during project implementation.
50. Finally, on the need to demonstrate clearer linkages between some of the output/outcome indicators and impact, as pointed out by IOE, Management noted that this was less complex at the project level within logical frameworks as all indicators were closely interconnected. Demonstrating such linkages became more challenging with corporate-level indicators, which aggregated certain project-level indicators.

Agenda item 9: Timeline for a potential peer review of the Independent Office of Evaluation of IFAD

51. The Committee considered document EC 2017/96/W.P.8, "Revised proposal for a peer review of the evaluation function at IFAD" and Management's comments thereon, contained in document EC 2017/96/W.P.8/Add.1. The proposal was for an external peer review to be conducted with the oversight of the ECG, including other external consultants and representatives from the Evaluation Network of the

Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC). The draft approach paper would be discussed at the Evaluation Committee's second session of 2018.

52. The Committee noted that the scope of the peer review would cover both the independent and the self-evaluation systems of IFAD, and thanked Management for agreeing to IOE's proposal.
53. Some members requested that the peer review be finalized by April 2019 rather than in September as indicated in the proposed timeline. However, both IOE and Management noted that the proposed timeline was reasonable given the need to begin implementation of the harmonization agreement before the peer review could be undertaken.
54. The Committee expressed the view that a peer review should be conducted every eight years, rather than the proposed 10 years. IOE noted that this was feasible, although not aligned with the IOE Director's six-year contract, and that it would have financial implications. Committee members noted that the peer review would be a one-time budget line. The committee members noted that the peer review should be guided and managed by the Evaluation Committee.

Agenda item 10: Other business

55. The Committee noted that given the close proximity of the Evaluation Committee's session to that of the Executive Board, there would be very limited time to review and clear the minutes in time for the Board. The draft minutes would be shared with members via e-mail in English only for clearance.
56. The Chairperson thanked all participants for their contributions to the useful discussions and declared the meeting adjourned.