

Document: EB 2018/124/R.5
Agenda: 4(a)(i)
Date: 14 August 2018
Distribution: Public
Original: English

E



Investing in rural people

Minutes of the 101st 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:

Deirdre McGrenra
Chief
Governing Bodies
Tel.: +39 06 5459 2374
e-mail: gb@ifad.org

Executive Board — 124th Session
Rome, 11-13 September 2018

For: Information

Minutes of the 101st Session of the Evaluation Committee

1. The deliberations of the Evaluation Committee at its 101st session, held on 27 June 2018, are reflected in the present document.

Agenda item 1. Opening of the session

2. The session was attended by Committee members for France, India, Indonesia, Japan, Mexico, the Netherlands, Nigeria and Switzerland. Observers were present from Algeria, China, Dominican Republic, Italy 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; Associate Vice-President, Chief Financial Officer and Chief Controller, Financial Operations Department; Director, a.i., Operational Policy and Results Division and Director, West and Central Africa Division; Director and Treasurer, Treasury Services Division; Director and Controller, Accounting and Controller's Division; Director, Latin America and the Caribbean Division; Director, East and Southern Africa Division, a.i.; Acting Secretary of IFAD; and other IFAD staff.
3. Joseph Eichenberger, Chief Evaluator, European Bank for Reconstruction and Development (EBRD) and Chair of the External Peer Review Panel of IFAD's Evaluation Function, participated in the deliberations on the related draft approach paper by videoconference.
4. Pablo Cisneros Andrade, Minister Counsellor, Deputy Permanent Representative for the Republic of Peru to the United Nations organizations in Rome, shared his Government's views on the Country Strategy and Programme Evaluation for Peru. Ms Diana Calderón Valle, Second Secretary, Alternate Permanent Representative for the Republic of Peru to the United Nations organizations in Rome, also participated in the session.

Agenda item 2. Election of the Chairperson of the Evaluation Committee

5. The Committee unanimously elected Indonesia as Chair of the Evaluation Committee until the end of April 2021, in accordance with rule 1.3 of the Evaluation Committee's Terms of Reference and Rules of Procedure. The representative for Indonesia, Jehezkiel Stephanus George Lantu, Minister, Deputy Permanent Representative of the Republic of Indonesia to IFAD, assumed the role of Chairperson of the Evaluation Committee.

Agenda item 3. Adoption of the agenda

6. The provisional agenda comprised the following items: (i) Opening of the session; (ii) Election of the Chairperson of the Evaluation Committee; (iii) Adoption of the agenda; (iv) Country Strategy and Programme Evaluation for the Republic of Cameroon; (v) Draft Approach Paper – External Peer Review of IFAD's Evaluation Function; (vi) Update on the strategic role of the Evaluation Committee; (vii) Corporate-Level Evaluation on IFAD's Financial Architecture; (viii) Country Strategy and Programme Evaluation for the Republic of Peru; (ix) Update on the Status of Phase II of the Harmonization Agreement between IOE and IFAD Management; (x) Dates for the Evaluation Committee Sessions in 2019; and (xi) other business.
7. The Committee adopted the agenda as contained in document EC 2018/101/W.P.1 (to be issued as document EC 2018/101/W.P.1/Rev.1) with the inclusion of a proposed update on the Project Performance Evaluation of the Rural Finance Intermediation Programme in the Kingdom of Lesotho under the agenda item other business.

Agenda item 4. Country Strategy and Programme Evaluation for the Republic of Cameroon

8. The Committee reviewed the Country Strategy and Programme Evaluation (CSPE) for the Republic of Cameroon (EC 2018/101/W.P.3), which included the agreement at completion point reflecting the views of the Government and Management on the evaluation.
9. The Food and Agriculture Organization of the United Nations and World Food Programme had also conducted evaluations of their respective country programmes in Cameroon and a joint national workshop had been held in Yaoundé as a collaborative effort by the three Rome-based agencies (RBAs). The Committee welcomed the information yielded by this event, which was provided in document EC 2018/101/INF.1. The Committee noted that additional opportunities of this nature should be capitalized upon, with a view to strengthening RBA collaboration on the ground, bearing in mind, however, the ongoing United Nations reform process.
10. The Committee commended IOE for the strong, transparent and high-quality report. Members also welcomed the innovative approach (SenseMaker survey) that IOE had applied to assess the country programme's contribution to poverty reduction, as perceived by project beneficiaries.
11. The Committee welcomed findings, for example on the alignment of the country programme's rural development approaches with the Government's policies and strategies and IFAD's corporate policies; the positive impact of improved farming techniques and crop varieties on agricultural productivity and the creation of more social capital through farmers' organizations. Members expressed serious concern at the increase in poverty and, in particular, the rise in the number of people living in food-insecure conditions in Cameroon.
12. The overarching challenges faced in the country were related to weak governance and instability due to two regional conflicts and some internal issues in the western region. The programme's moderately unsatisfactory rating was mainly attributed to overly ambitious and complex project design, inadequate management capacity of project coordination units, limited technical expertise of service providers, implementation delays, lack of data, high management costs and weak fiduciary management. Members were particularly concerned that while the poorest and most vulnerable rural populations were explicitly targeted in the country strategy, they were not being effectively reached through the projects, and were at times even excluded. Furthermore, instances of cofinancing and strategic partnership-building were limited, due in part to the Government's tendency to keep donors separate and geographically dispersed.
13. While welcoming Management's response to the CSPE, the Committee emphasized that a fundamental change in approach was needed to ensure that future projects achieved better results. Management concurred and reiterated that business as usual was not an option. Management stated that discussions with the Government on measures to respond to the recommendations would start immediately.
14. Members urged Management to take strong action with the Government to ensure that priorities and targeting were aligned and that project oversight and project supervision were properly managed. Such measures could include embarking upon new projects in Cameroon only after the issues raised had been satisfactorily addressed. Management noted that the recommendations were being taken into account in the ongoing design of the new country strategic opportunities programme (COSOP), which would be presented for discussion at the Executive Board.
15. There was consensus on the need to continue and also to strengthen IFAD's support to the people of Cameroon. The Committee reiterated its call to

Management to impress upon the Government the urgency of addressing the serious issues raised by the evaluation. The possibility of considering this evaluation at the September session of the Executive Board was raised. Management would revert on this proposal in due course.

Agenda item 5. Draft Approach Paper – External Peer Review of IFAD’s Evaluation Function

16. The Committee welcomed the Draft Approach Paper on the External Peer Review of IFAD’s Evaluation Function (EC 2018/101/W.P.4). Members expressed their support for the approach paper and for the panel of experts, led by the Chief Evaluator of the EBRD, that would carry out the review.
17. The Committee also welcomed the comments provided by IOE and Management (EC 2018/101/W.P.4/Add.1 and EC 2018/101/W.P.4/Add.2 respectively). Members agreed with the proposals that the peer review should: (i) take into account the ongoing corporate reforms at IFAD; (ii) present an analysis and recommendations on the use of evaluation products and the extent to which evaluation recommendations were followed up by Management; (iii) undertake a light-touch benchmarking exercise of IFAD’s evaluation function against comparator organizations (including international financial institutions (IFIs)); and (iv) consider the value for money and the cost-efficiency of the evaluation function at IFAD. Members welcomed the agreement of the Chairperson of the External Peer Review Panel that these aspects would be addressed.
18. Members requested clarification on some aspects of the draft approach paper, namely: (i) the role of the Chair and Members of the Evaluation Committee and the level of involvement of Member States; (ii) the possibility of having a decentralized evaluation function; (iii) whether field visits were envisaged; and (iv) the budget of the peer review.
19. The panel Chairperson advised the Committee that the panel would visit Rome in September close to the time of the Executive Board session to conduct interviews with Member States’ representatives (including Board representatives and Committee members) and with IOE and Management. He also informed the Committee that the cost of the preparatory activities was well below that estimated in the 2018 portion of the overall peer review budget (as included in the approach paper).
20. In response to a question about decentralizing the evaluation function, IOE clarified that IFAD followed the business model of IFIs: a self-evaluation system and an independent evaluation system, rather than that used by other United Nations agencies, i.e. a centralized and a decentralized evaluation function. As such, the self-evaluation system would be affected by the ongoing decentralization of operations, whereas the independent evaluation system would not.
21. In conclusion, noting that IFAD’s specificity and ongoing reforms, and the value for money of the evaluation function would be taken into account during the peer review process, the Committee requested the panel to address the issues raised and recommended the Board’s approval of the Draft Approach Paper.

Agenda item 6. Update on the strategic role of the Evaluation Committee

22. The Acting Secretary of IFAD presented an oral update on the discussions held on enhancing the strategic role of the Evaluation Committee and its support to the Executive Board.
23. It was agreed that during Evaluation Committee sessions, the Chair would summarize conclusions for each item succinctly. The current practice of drafting minutes for review by members prior to their being shared with the Executive Board would be maintained. The Chair’s oral report to the Board would aim to capture an average of five key issues arising from each session. The Chair would identify these issues from the minutes and share them with Committee members

with a view to presenting a consensus position to the Board on the Committee's behalf.

Agenda item 7. Corporate-level Evaluation on IFAD's Financial Architecture

24. The Committee reviewed and welcomed the comprehensive and detailed analysis presented in the Corporate-Level Evaluation on IFAD's Financial Architecture (EC 2018/101/W.P.5), as well as Management's response thereto (EC 2018/101/W.P.5/Add.1).
25. Noting that it would have been useful to receive the report during the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11), the Committee highlighted the value of the report in the context of the ongoing reform of IFAD's financial strategy and the work of the Working Group on the Transition Framework.
26. The Committee further noted the findings that the reliance on resources mobilized through periodic replenishments placed limitations on the growth of the programme of loans and grants (PoLG); and that low revenues from loan interest and the impact of the Debt Sustainability Framework (DSF) also constrained IFAD's financial sustainability.
27. Members noted the need to address: (i) the causes of the losses incurred over the 10-year period under review, with the exception of 2017; (ii) the impact of the DSF on IFAD's long-term financial sustainability and related mitigation measures; (iii) IFAD's technical capacity given that access to financial markets was necessary to increase IFAD's PoLG; and (iv) the proposal to increase interest revenue including through the revision of the interest rate for ordinary lending terms, based on a thorough analysis.
28. Management welcomed the findings and noted that the recommendations were consistent with the activities under way as part of the reform process undertaken by Management in accordance with IFAD11 commitments. These included the establishment of an internal working group to review the DSF mechanism, a working group of the Executive Board on the transition framework, and a working group tasked with the revision of IFAD's lending terms.
29. In addition to exploring the feasibility of IFAD accessing capital markets, Management explained that several actions had been taken to strengthen financial governance and risk management, including a planned comprehensive independent financial risk assessment and a potential peer review by an IFI to assess IFAD's readiness to access capital markets.
30. The importance of high-quality data and generation of scenarios to clarify complicated financial issues was underscored. A comprehensive risk dashboard would also assist the Board in its oversight of risks and mitigation measures.
31. The Chair noted the comprehensive discussion of this item, which would be further considered at the Audit Committee in September, prior to its review by the Executive Board.

Agenda item 8. Country Strategy and Programme Evaluation for the Republic of Peru

32. The Committee welcomed the CSPE for the Republic of Peru (EC 2018/101/W.P.6) and the related agreement at completion point signed by IFAD Management and the Government (EC 2018/101/W.P.6/Add.1).
33. The CSPE covered the period 2002-2016. It found that IFAD's operations had achieved satisfactory results in terms of poverty reduction, especially in woman-headed households, social and human capital empowerment and innovation. The partnership between IFAD and the Government of Peru was considered to be strategic, solid and based on mutual trust. Members congratulated

the Government of Peru for its leadership and commitment to the success of the country programme.

34. The Committee noted the challenges going forward, namely: to continue innovating and taking a more active and effective position in policy dialogue around strategic issues for sustainable rural development in a middle-income country such as Peru. In order to contribute more effectively to the country's transition to more inclusive processes of rural transformation, more attention should be paid to the targeting strategy, climate change, the strategic orientation of the COSOP and non-lending activities.
35. The representative of the Government welcomed the evaluation as positive and comprehensive and expressed gratitude for IFAD's work. The representative pointed out that the projects were aligned with national priorities and addressed the needs of the rural poor through a participatory approach.
36. Management committed to addressing the evaluation's recommendations in the COSOP, currently under development, with a view to strengthening the long-term resilience of the most vulnerable communities and creating opportunities for further development.

Agenda item 9. Update on the Status of Phase II of the Harmonization Agreement between IOE and IFAD Management

37. The Committee took note of the oral update provided on phase II of the Harmonization Agreement between IOE and IFAD Management, noting that this phase would be delayed in order for it to benefit from the findings of the External Peer Review of IFAD's Evaluation Function.

Agenda item 10. Dates for the Evaluation Committee Sessions in 2019

38. The Committee took note of the dates for the Evaluation Committee sessions in 2019 (EC 2017/97/W.P.4). Since the approval of the dates, the Secretariat had been advised of a change in the scheduling of the FAO Conference, which impacted the timing of the 105th session of the Committee. As such, it was proposed that the 105th session be brought forward by one week, to 19 June 2019. The proposal was approved by the Committee.

Agenda item 11. Other business

39. It was agreed that the Project Performance Evaluation of the Rural Finance Intermediation Programme in the Kingdom of Lesotho, would be included as an item on the agenda of the 102nd session of the Evaluation Committee for consideration. Management would present a written note, together with IOE comments, as requested.
40. In closing, the Chairperson thanked all participants for their active contributions to the discussions, and the interpreters and all support staff for a successful session.