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Management's comments on the draft Report of the External Peer Review of IFAD's Evaluation Function

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I. Introduction

1. With a decade left to work towards the 2030 Agenda for Sustainable Development, and the increasing challenges to achieving the Sustainable Development Goals (SDGs), it is vital to accelerate sustainable impact to end poverty and achieve zero hunger. It has been 10 years since the evaluation function at IFAD was reviewed. Given the significant reforms currently under way in IFAD, it is therefore timely to ensure that the evaluation function is fit for purpose to make a direct contribution to enhancing the Fund's effectiveness and advancing its mandate in support of the SDGs.

2. Management would like to emphasize the peer review's findings that "Independent Office of Evaluation of IFAD (IOE) independence is codified and fully respected inside the organization". Management believes that a strong and fully independent evaluation function is vital not only for the organization's credibility but also, more importantly, for providing an independent view and objective advice on the Fund's overall development effectiveness. In line with the findings of the peer review, Management believes that the value added of independent evaluation at IFAD could be enhanced without infringing on its institutionalized independence.

3. In this context, Management welcomes and appreciates the peer review report. The report has identified the key areas where reform is needed: governance, IOE's product mix, and the evaluation policy and manual. Management is in full agreement with the proposed recommendations and findings of the report and believes that there is a significant opportunity to strengthen and balance the two key roles of the evaluation function: learning and accountability. This balance must be reflected in both self-evaluation and independent evaluation, which are interlinked and complementary systems.

4. Management's comments on the draft report focus on: recommendation 2 on governance and recommendation 4 on the evaluation product mix. The former will help balance the responsibilities of self and independent evaluation in terms of accountability towards the Executive Board. The latter will help the balance between accountability and learning. Management believes the reforms in these two areas will then form the basis for the recommended revisions to the evaluation policy and manual, and the development of IOE's proposed multi-year strategy.

II. Governance

5. Management agrees with the peer review's conclusion that "widening the current mandate/ToR [terms of reference] of the Evaluation Committee from IOE/evaluation only to overall development effectiveness would yield substantial benefits for IFAD." As highlighted by the peer review, this is the case in comparator organizations such as the World Bank, which has a Committee on Development Effectiveness. Management believes that such an approach would add strategic value to the Fund's development effectiveness and the delivery of its mandate.

6. In addition to the evolution into a broader development effectiveness forum, Management also agrees with the conclusion that the "perception of uneven influence over the Evaluation Committee agenda, and lack of shared ownership that goes with it, now constitutes a real obstacle to greater Evaluation Committee effectiveness." A more balanced range of evaluation products (i.e. both self and independent evaluation) would enhance the Evaluation Committee's oversight function as well as its advisory role to the Executive Board. In Management's view, this could entail the following:

(a) On the content side, and in line with the conclusion cited above, a move from the current situation in which the Evaluation Committee agenda is dominated by independent evaluation products, to a more balanced agenda that also includes regular consideration of Management-led, self-evaluation products and operational policies and strategies. Potential Management side-products that could be brought to the Committee include self-evaluation products such as impact assessments, country-strategic opportunities programme (COSOP) completion reviews, and project completion reports (PCRs). Management believes that this level of engagement in the self-evaluation architecture by the Committee would also further strengthen self-evaluation, which is the formal mechanism for performance reporting to the Executive Board.

(b) On the process side, Management agrees with the conclusion that the "Secretariat function for the Committee properly belongs with the Office of the Secretary [SEC]" and welcomes the proposed move of the secretariat functions of the Evaluation Committee from IOE to SEC. Unlike in comparator organizations, the Evaluation Committee is currently managed by IOE, which is responsible for setting the agenda for all committee sessions, drafting the script of the chairperson and convening the preparatory meetings. Management believes a shift to the SEC would result in a more balanced Evaluation Committee agenda and more strategic, equal and productive engagement between all concerned parties.

III. Evaluation product mix

7. Management agrees with the recommendation that "IOE should review and revise its product mix" as independent evaluation is driven by the array of products provided. Management believes that in line with best practice of comparator organizations, a review of the product mix would enhance both the learning and the accountability dimensions of the evaluation function.

8. As noted by the peer review, while the current mix is comprehensive, the level of value added of each product varies. Management believes that getting the product mix right would be one of the most important outcomes of the peer review exercise. First, as proposed by the review, a move from backward-looking (accountability-focused) to forward-looking (learning-focused) evaluations that can help guide the Fund's future direction would be welcome. This could occur through a shift from project-level evaluations (which tend to be very context-specific and hence limit learning and internalization) towards more cross-cutting, thematic and regional evaluations. Linked to this, and as observed by the peer review, a heavy reliance on subjective ratings to drive the evaluations could be replaced by a greater focus on the learning dimension.

9. Second, the current product mix and IOE's related work programme as highlighted by the peer review needs to be more demand-driven and less rigid. As a result of this rigidity, Management believes that internal demand for the value-added of independent evaluations often remains unmet, while a disproportionately high volume of supply-driven evaluations are produced. Therefore, Management welcomes the peer review's recommendation to increase the flexibility of IOE's work programme to respond to demand and opportunities.

10. Third, Management welcomes the peer review conclusions that IOE could provide more advisory support through real-time evaluation feedback, designed to help Management take corrective actions. The optimal time for learning is within the project cycle, as proactive actions that internalize lessons can improve development effectiveness. Management believes that such advisory support would not infringe on IOE's independence, but instead would enhance IOE's direct contribution to the effective delivery of IFAD's mandate.

11. Management's views on IOE's current product mix are detailed below and are fully aligned with the peer review findings on each product.

(a) At the portfolio level, Management believes that the project performance evaluations (PPEs), project completion report validations (PCRVs) and impact evaluations have certain inherent limitations as noted by the peer review.

Management agrees with the conclusions on PPEs that "evaluation findings from a single operation, in a specific context, at specific point in time do not provide a sound basis for generalized learning. In addition, evaluations of this kind are inherently backward-looking and often done long after the project was designed and, frequently, under a different set of policies and strategies to those that now exist." Therefore, Management fully agrees with the peer review to move away from standalone project evaluations towards more thematic cluster evaluations that provide an opportunity to cross-fertilize lessons.

Validations (i.e. PCRVs) are currently carried out on all PCRs. As noted by the peer review, these validations are desk reviews often carried out by junior consultants who may not be familiar with the project or the country context. On the basis of these reviews, ratings are assigned to various criteria. As no primary data collection is done, the PCRVs rely entirely on the PCRs, and therefore tend to be a duplication of the PCR itself. As such, they cannot be considered more robust than the PCR on which they are based. Management fully agrees with the peer review conclusion that there is no longer merit in full coverage of PCRs, particularly as the quality of PCRs has improved. IOE could instead play a role in Management's PCR review process.

IOE currently undertakes one impact evaluation a year. However, as noted by the peer review, given that the Research and Impact Assessment Division conducts rigorous counterfactual-based impact assessments on at least 15 per cent of the portfolio during each replenishment cycle, there may no longer be a justification for IOE to continue this product.

Finally, while Management appreciates country strategy and programme evaluations (CSPEs), these could be further improved in three aspects: (i) timeliness; (ii) selectivity; and (iii) completion process. Management believes that CSPEs provide a strong basis for the development of new country strategies; however, efforts should be made to ensure that they are produced at the right time, i.e. when they can directly influence the new COSOP. As noted by the peer review, while IOE attempts to conduct one CSPE for each region per year, this balance could be revisited given that portfolios in some regions/countries are larger than others. Additionally, the in-country CSPE workshop is a costly and extensive exercise and, as noted by the peer review, has no direct link with the new country strategy. The structure, requirement and timing of this event could therefore be reconsidered; for example, it could be held jointly with Management as an in-country consultation prior to the design of the new COSOP. Additionally, Management believes that the signing of an agreement at completion point (ACP) is at odds with the fact that the COSOP itself is not signed by the Government and IFAD. Management therefore fully agrees with the peer review finding that the ACP's wider purpose is unclear.

(b) At the corporate level, Management agrees with the peer review that thematic corporate-level evaluations are of the highest relevance and value. The topics are purposefully chosen and add strategic value and insights to Management's agenda. Management welcomes the opportunity to provide IOE with more upfront input on the selection of themes. It is interesting to note that this high-value evaluation product does not have an accountability dimension, and therefore no ratings are provided.

As noted by the peer review, evaluation synthesis reports (ESRs) utilize an outdated evidence base. Additionally, in the absence of a strong evaluation base of a particular theme, the value added from an ESR is limited. Furthermore, ESRs are meant to serve solely as learning products, however they continue to contain recommendations. The peer review notes that this product should be redesigned. Management agrees with this finding and believes that these reports could be replaced by thematic evaluations that entail primary data collection.

(c) The Annual Report on Results and Impact of IFAD Operations (ARRI) is a synthesis report based primarily on PCRV ratings. Given the limitations of the PCRV product itself and the time lag in evaluations mentioned above, Management agrees with the peer review that the ARRI should be restructured to focus on wider institutional performance issues rather than on project-specific performance ratings. Management believes this would lead to a shorter, more strategic document that would add more value. A possible approach would be to follow a multi-year strategy and produce a consolidated report at the end of each replenishment cycle, covering the key themes of the strategy.

IV. Self-evaluation products

12. Management welcomes the findings on efforts to improve the consistency, reliability, timeliness and quality of self-evaluation. As noted by the peer review, significant progress has been made on putting in the place the systems, processes, guidelines and incentives under the umbrella of the Development Effectiveness Framework since 2016. There continues to be room for improvement with regard to the extraction, internal dissemination and use of lessons from these systems. Management is committed to increased learning within the organization for greater development effectiveness and has recently produced a new IFAD Knowledge Management Strategy and Action Plan that are expected to contribute to this agenda. Furthermore, the Operational Results Management System (ORMS) developed by Management systematically captures lessons throughout the project cycle and makes them easily accessible for use in other contexts by programme teams. As proposed by the peer review, Management looks forward to tapping into IOE's advisory services on further strengthening the self-evaluation products.

(a) Project completion reports. Since guidance was issued on PCRs in 2016, their quality and timeliness have improved significantly. While there was a three-year lag in PCR submissions in 2016, the average lag is now 1-2 months. Management has committed to disclosing PCRs during the Eleventh Replenishment of IFAD's Resources (IFAD11), and began doing so in 2018. With regard to quality, as noted both by IOE and the peer review, IOE's ratings of the quality of PCRs (candour, lessons, scope and quality) have improved in both the 2018 and 2019 ARRIs (91 per cent of PCRs in the satisfactory zone). Each PCR is discussed at a PCR review meeting, in which the country team, Operational Policy and Results Division, and financial management and technical specialists are invited to participate. The lessons from the project, the quality of the document, the underlying data and the ratings are discussed at the meeting. Following the discussion, the ratings are finalized and proposed to the regional director for endorsement. This process has helped to improve the quality of PCRs. Over the past three years, Management also instituted, as a further incentive, PCR awards to recognize regions with the best PCRs. This takes the form of a budgetary award equal to one supervision mission that is expected to be used for monitoring and evaluation by the regional division. These awards also significantly contributed to improving the quality of PCRs. With the development of the ORMS completion module, Management is working further to distil lessons that can inform new designs.

(b) COSOP completion reviews (CCRs). New guidance on COSOPs was issued in 2019. While in the past CCRs have not been carried out as systematically as PCRs, Management is committed to improving their regularity. A reflection of this commitment is the inclusion of CCRs as a source for data for the IFAD11 Results Management Framework (RMF) on non-lending activities. All CCRs include ratings on non-lending activities as well as the overall effectiveness and relevance of the COSOP. These will be aggregated at the corporate level and reported on in the RMF through the Report on IFAD's Development Effectiveness (RIDE). As the COSOP guidance is relatively new, Management is aware that efforts need to be made to ensure compliance with the new procedures to improve the quality of CCRs. In this context, Management is working on developing the COSOP module in ORMS and instituting a CCR process similar to that used for the PCRs and in line with the revised COSOP procedures. It is expected that these efforts will lead to improvements in the quality of CCRs.

(c) Report on IFAD's Development Effectiveness. The RIDE is IFAD's main instrument to report annually on the Fund's operational and institutional performance against the agreed corporate RMF. It provides a current and comprehensive overview of the Fund's performance using a broad range of data drawn from both quantitative and qualitative sources. As noted by the peer review, Management's advances in results management and performance reporting can be expected to feed into the RIDE. Thus, as the self-evaluation products are being strengthened, the RIDE itself is also becoming a more robust performance reporting tool. Through the 2019 RIDE, Management has also introduced the inclusion of data from the ongoing portfolio to ensure that reporting is current and holistic.

V. Way forward

13. Once agreement has been reached on the conclusions and recommendations of the peer review by the Executive Board, Management looks forward to engaging with IOE, the Executive Board, the Evaluation Committee and the peer review panel on developing an action plan for the implementation of the recommendations. Management believes that the agreed action plan needs full ownership by all key stakeholders in terms of process, specific milestones, timelines and clear responsibilities going forward.