

Document: EB 2021/133/R.36
Agenda Item: 18(b)
Date: 10 September 2021
Distribution: Public
Original: English

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Minutes of the 114th Session of the Evaluation Committee

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Executive Board — 133rd Session
Rome, 13-16 September 2021

For: **Information**

Minutes of the 114th Session of the Evaluation Committee

1. The deliberations of the Evaluation Committee at its 114th session held virtually on 1 September 2021 are reflected in the present minutes.
2. Once approved by the Committee, the minutes will be shared with the Executive Board.
3. The Secretary of IFAD welcomed participants to the meeting and asked whether there were any updates regarding the election of the Chairperson. Indonesia advised that they would no longer pursue their nomination, whereas India reiterated their candidacy. The candidacy of Cameroon and Egypt was also reconfirmed, leaving in place two candidacies, both from List C.
4. In the absence of consensus, the Committee was requested to consider appointing a temporary Chair for this session to allow for business continuity. Members agreed to nominate Nigeria as temporary Chair to preside over the proceedings of the session. The representative of Nigeria accepted.

Agenda item 1: Opening of the session

5. The session was formally opened by the temporary Chairperson, Dr Yaya O. Olaniran, Minister Permanent Representative of the Federal Republic of Nigeria. The session was attended by Committee members for Cameroon, France, India, Indonesia, Ireland, Luxembourg, Mexico and the Netherlands. Observers were present from Austria, Canada, China 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, Corporate Services Department and Officer-in-Charge of the Strategy and Knowledge Department; Director, Operational Policy and Results Division; Director, Research and Impact Assessment Division; Director, Environment, Climate, Gender and Social Inclusion Division; Secretary of IFAD; and other IFAD staff.
6. The temporary Chairperson welcomed the new Committee member for Mexico, and thanked the former representative for his strong commitment through the years.

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

7. The Secretary recalled the communication issued by the Office of the Secretary on 12 July 2021, setting forth the options for consideration of this item and invited members to express their preference as to the procedure to be followed. He further advised that dates had been identified at the end of September, or, if needed, at the beginning of October, in order to hold a special session of the Committee if required.
8. Members agreed to task the Office of the Secretary with carrying out a straw poll with a view to facilitating the timely election of a Chair by consensus.

Agenda item 3: Adoption of the agenda (EC 2021/114/W.P.1)

9. The Committee adopted the agenda as contained in document EC 2021/114/W.P.1.

Agenda item 4: 2021 Annual Report on Results and Impact of IFAD Operations (EC 2021/114/W.P.3 + Add.1)

Key messages:

- The Evaluation Committee commended IOE for the quality of the report and expressed appreciation for the increased focus on learning-oriented themes.
- While welcoming the overall positive trend in project performance, concern was expressed about the continued underperformance in the area of project efficiency and members called on Management to develop a comprehensive action plan to address this matter urgently.
- Targeting of those most vulnerable and most often left behind was also raised as an area requiring renewed and strengthened focus, particularly in light of the 2030 Agenda and the commitment to leave no one behind.
- Considering IFAD's performance in fragile situations, members noted the need for improved analysis of fragility and institutional context at design. As engagement in fragile contexts inherently entails additional costs, it was suggested that this issue be discussed during the Executive Board session and consideration be given to what could be an acceptable level of costs for the design process.
- Management was encouraged to adopt a more strategic approach in working with government counterparts and with other development partners in-country, which could give rise to efficiencies.

10. The Evaluation Committee welcomed this nineteenth edition of the Annual Report on the Results and Impact of IFAD Operations (ARRI), covering evaluations conducted by IOE in 2020, as contained in document EC 2021/114/W.P.3, together with Management's response, as contained in its addendum. Members commended IOE for the quality of the report, as well as the constructive collaboration between IOE and Management to improve project results.
11. The Committee praised Management for the overall positive trend in project performance, including enhanced performance in countries with fragile situations, particularly in the areas of environment, natural resource management and climate change adaptation, as highlighted in the report.
12. At the same time, members expressed concern over the continued underperformance in the areas of project efficiency, government performance, and targeting of marginalized and vulnerable populations. Low project efficiency was associated with projects whose design did not respond to the specific country context and to staffing issues, such as insufficient expertise of project staff, both managerial and technical, coupled with recruitment constraints and high staff turnover.
13. Members emphasized the insufficient analysis of country fragility and institutional context at project design, endorsing Management's call for IOE support in this area. As engagement in fragile contexts inherently entailed less efficiency and additional staff and training costs because of the lower institutional capacity, it was suggested that this issue be discussed by the Executive Board and consideration be given to what could be regarded as an acceptable level of project design costs. Management concurred, noting that an internal working group on fragility and conflict-affected countries had found that operating in fragile contexts was significantly more expensive and required larger investments to attain a step change. Management further advised that an efficiency action plan would be implemented to address project efficiency through stronger, transparent and merit-based recruitment processes, and to build the capacity of staff.

14. Members reiterated the need for more strategic engagement with government counterparts, as well as with other development partners in-country, which could result in potential efficiency gains. The outposting of more senior staff through the decentralization model could be beneficial in this regard.
15. On the observation that the ARRI should report on the performance of ongoing projects, IOE reiterated that such information was captured through the projects' own monitoring and evaluation systems, whereas IOE's focus was on ex-post evaluations. IOE confirmed its willingness to support Management in the area of analytical work. IOE confirmed that efforts were in place to achieve greater alignment between IOE and Management in the definitions of evaluation criteria and key evaluation questions, in the context of the joint development of the revised evaluation manual.

Agenda item 5: Report on IFAD's Development Effectiveness for 2021 (EC 2021/114/W.P.4 + Add.1)

Key messages:

- Members welcomed the Report on IFAD's Development Effectiveness (RIDE) and the alignment of the methodologies used in the ARRI and RIDE.
- While noting that many IFAD11 targets had already been met or surpassed, efforts should continue to ensure that all targets are achieved.
- Appreciation was expressed in particular for the positive results in mobilizing cofinancing and proactively addressing problem projects, which could give rise to important lessons for future project design and implementation.
- Efficiency, sustainability and scaling up continued to show weak performance. Management was called upon to address these issues.

16. The Evaluation Committee welcomed the Report on IFAD's Development Effectiveness (RIDE) prepared by Management, as contained in document EC 2021/114/W.P.4, together with IOE comments, as contained in its addendum. In its comments, IOE noted the progress made since last year in aligning the RIDE and ARRI methodologies, and highlighted the need for RIDE to use ratings from independent evaluations to conform to international practices. Members praised the fact that certain parts of the RIDE adopted the methodology used in the ARRI, in particular the three-year moving average to assess performance and the 10-year trend analysis, which provided a more comprehensive and clearer picture of the development effectiveness of IFAD's operations.
17. Committee members were pleased to note that, despite the challenges posed by the COVID-19 pandemic, in 2020 IFAD had reached over 128 million beneficiaries, thus exceeding the indicated targets across all strategic objectives, and was on track to achieve the IFAD11 targets. Members also noted the solid performance and proactivity on problem projects, with early closures where needed, as well as the strong performance on mobilizing cofinancing, particularly domestic cofinancing.
18. Members also welcomed the good results achieved in the area of environment and natural resource management, although a lag was noted in terms of sustainability and upscaling, in addition to efficiency, which were directly connected to the issue of government performance.
19. Management would continue monitoring performance closely, especially of specific projects approaching closure, i.e. those projects with significantly large results in terms of beneficiary outreach, particularly around rural finance. The long-lasting impact of COVID-19 on project implementation was difficult to assess at this early stage, however the impact on government resources due to debt distress issues

was evident, indicating a potential reduction of government commitments to project financing in the future.

20. In monitoring project performance, Management advised that the criteria to identify potential problem projects had been significantly tightened in order to flag issues earlier and address them before they become problematic, ideally before the project midterm review, when there was a greater chance of turning things around.

Agenda item 6: 2021 President’s Report on the Implementation Status of Evaluation Recommendations and Management Actions (EC 2021/114/W.P.5 + Add.1)

Key messages:

- The Evaluation Committee welcomed the report as an important and dynamic tracking tool for adaptive management, although they stressed the need for a strong focus on value for money.

21. The Evaluation Committee welcomed this eighteenth edition of the President’s Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), prepared by Management, as contained in document EC 2021/114/W.P.5, together with IOE comments, as contained in its addendum. Committee members were pleased to note the quality of dialogue and constructive relationship between IOE and Management, and the good progress in the implementation of the evaluation recommendations (65 per cent completed and 35 per cent under progress), which have been helpful in improving IFAD’s portfolio performance.
22. Members acknowledged the PRISMA as an important instrument within the IFAD’s implementation architecture for promoting accountability within the Fund. In particular, they commended Management’s decision to transform volume II of the report into a dynamic tracking tool for adaptive management starting from IFAD12 onwards. This would allow for real-time follow-up actions and learning opportunities, reflecting a new approach to development effectiveness. Referring to the proposed online tracking tool, Management was encouraged to focus strongly on value for money and simplicity in creating such a tool, with a clear set of cost ceilings, and clarity about its audience and their future needs in terms of information.

Agenda item 7: Revised IFAD Rural Finance Policy (EC 2021/114/W.P.6 + Add.1)

Key messages:

- The Committee welcomed the revised rural finance policy and the theory of change, and the inclusiveness, realistic approach, the proposed guiding principles and focus on sustainability.
- In response to queries regarding the lack of detail on the implementation of the policy, Management clarified that the policy should be seen as a chapeau setting out the broad principles of IFAD’s rural finance policy. Management further explained that the policy is complemented by several existing documents that set out implementation guidelines and details. Further implementation details will also be included in the action plan that Management mentions in the policy. Implementation would be monitored closely and a midterm review would be conducted.
- Great opportunities could be leveraged in engaging with women and promoting digital solutions. With respect to the latter, Management was urged to proceed with caution and to bear in mind the inherent risk of deepening inequalities.

23. The Evaluation Committee welcomed the Inclusive Rural Finance Policy (formerly the IFAD Rural Finance Policy), prepared by Management, as contained in document EC 2021/114/W.P.6 (together with IOE comments, as contained in its addendum). The policy took into consideration the recommendations of the evaluation synthesis report on IFAD's support to inclusive financial services for the rural poor, which had been prepared by IOE in 2019.
24. The Committee acknowledged that the revised policy built on IFAD's unique experience in this evolving field and that it was aligned with other IFAD strategies and policies, such as the Private Sector Engagement Strategy 2019-2024 and the ICT4D strategy. The Committee also noted that the policy provided a positive response to the challenges that exist in this area, although there was margin for improvement.
25. Committee members particularly appreciated the vision of inclusiveness, the proposed guiding principles, the approach to foster greater sustainability, and the fact that the policy was very much grounded in the reality of the rural poor. The Committee underscored the need for the provision of technical assistance to the most vulnerable clients in managing climate risk, and of tailored financial and support services for the inclusion of women and youth. With regard to the policy's promotion of digital solutions, members noted that such solutions may carry a risk of deepening inequalities and called upon Management to ensure a full understanding of specific contexts and of how the digital divide plays out in such settings.
26. Management reiterated that the revised policy set forth broad principles in terms of theory of change and expected outcomes, and was complemented by existing operational guidelines; ongoing processes to address capacity constraints, such as the People, Processes and Technology Plan; and additional actions to be developed in the future. Management also highlighted the ongoing efforts to strengthen technical capacity – both internal and external – including through training and the hiring of additional staff, and the support of the private sector unit. A midterm review would be conducted to ensure the tracking of the outcomes.
27. Responding to requests for further information on support to disadvantaged groups, the role of remittances and the importance of partnerships, Management reiterated the commitment to promote tailored support and flexible approaches according to specific contexts and needs. Remittances could potentially play a bigger role as a source of capital for building resilience and designing innovative products like crowdfunding. IFAD will be leveraging the extensive experience it has accumulated through the Financing Facility for Remittances in this area. Strong partnerships with both the private and the public sectors would also be key to the implementation of the policy, leveraging investments and building capacity.

Agenda item 8: Preview of the results-based work programme and budget for 2022, and indicative plan for 2023-2024 of the Independent Office of Evaluation of IFAD (EC 2021/114/W.P.7)

Key messages:

- The Evaluation Committee endorsed the preview of the IOE results-based work programme and budget for 2022 and indicative plan for 2023-2024.

28. The Evaluation Committee welcomed the preview of the IOE results-based work programme and budget for 2022 and indicative plan for 2023-2024, as contained in document EC 2021/114/W.P.7.
29. Members congratulated IOE for the satisfactory implementation of the 2020 budget, and welcomed IOE's commitment to strict budgetary discipline, noting that the budget was relatively low compared to those of other evaluation offices. IOE also highlighted the efforts being made to build capacity in a systematic way

globally, the use of national consultants in the field and efforts to overcome the limitations deriving from COVID-19.

30. In response to queries from members regarding the joint evaluation on Rome-based agency (RBA) collaboration, IOE confirmed that the findings would be discussed at the next session of the Evaluation Committee and looked forward to a frank discussion with members on RBA collaboration, IFAD's distinctive and unique nature, and the opportunities and challenges for collaboration.

Agenda item 9: IOE multi-year evaluation strategy (EC 2021/114/W.P.8)

Key messages:

- The Evaluation Committee endorsed the IOE multi-year evaluation strategy, and provided comments for improvement ahead of its submission to the Executive Board for approval.

31. The Evaluation Committee welcomed the strategy, as contained in document EC 2021/114/W.P.8. This was IOE's first multi-year evaluation strategy, as recommended by the external peer review of IFAD's evaluation function. The strategy's proposed time frame was six years, covering two replenishment cycles.
32. Committee members were supportive of the strategy and the subjects selected for future evaluations, and recommended that IOE ensure consistency and alignment between the IOE multi-year strategy and the annual work programme and budget. Members noted the point about trying to balance real-time corporate-level evaluations and ex-post project evaluations aimed at grasping the long-term sustainability and impact of programmes, which they strongly encouraged.
33. IOE reiterated that a six-year strategy would not be a challenge as there was consensus between the Board and Management on the topics to be evaluated. It would also ensure coherence and consistency for oversight. IOE noted the importance of taking into account the Fund's absorptive capacity in the formulation of the evaluation work programme.

Agenda item 10: Annex I of the Revised IFAD Evaluation Policy (EC 2021/114/W.P.9)

34. In response to the Executive Board's request at its 132nd session, IOE had presented, at its previous session, the findings of the benchmarking exercise on the practices of independent evaluation offices in other international financial institutions and members of the Evaluation Cooperation Group of Multilateral Development Banks regarding the selection and appointment of heads of evaluation. Based on the results of the benchmarking exercise, the Evaluation Committee was invited to review annex I of the Revised Evaluation Policy, as contained in document EC 2021/114/W.P.9, as tasked by the Executive Board.
35. Since Mexico requested further revisions to annex I, it was agreed that it would be appropriate to reconsider the matter thoroughly at a later date.

Agenda item 11: Other business

36. No additional topics for discussion were added to the agenda.

Closure of the session

37. The Committee was reminded that the Office of the Secretary would share the draft minutes of the session, inclusive of key messages shared by Committee members, for clearance. Given the proximity to the 133rd session of the Executive Board, members were kindly requested to provide their clearance as quickly as possible to ensure language processing and timely submission to the Board for information.