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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Eightieth Session

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REPORT OF THE CHAIRPERSON OF THE EVALUATION COMMITTEE

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1. The present report covers the deliberations of the Evaluation Committee at its Thirty-Fifth Session on 12 December 2003. Agenda items included (a) the corporate-level evaluation of supervision modalities in IFAD-supported projects; (b) the interim evaluation of the Support Project for Small Producers in the Semi-Arid Zones of Falcon and Lara States in Venezuela; (c) the Evaluation Committee's agenda for 2004; and (d) other business.

2. **Corporate-level evaluation of supervision modalities in IFAD-support projects.** The Committee stressed the importance of this evaluation for IFAD, as it dealt with a topic of major significance in the project cycle. The Committee noted that, as intended, the evaluation mainly covered an assessment of projects supervised by IFAD cooperating institutions (CIs), although it also offered some initial insights on the direct supervision efforts of IFAD. In this regard, the Chairperson recalled that, in 2004, the Office of Evaluation (OE) will undertake a corporate-level evaluation of the direct supervision pilot programme. Therefore, in the near future, it will be possible to have an appropriate comparative analysis of the projects supervised by CIs and those supervised directly by IFAD.

3. The Committee commended OE on the quality of the evaluation report and on its efforts in conducting this complex corporate-level evaluation. It noted the breadth and depth of the evaluation, which included a desk review of 57 projects and a survey involving more than 100 IFAD-supported project management units, and captured the perspectives of IFAD staff and staff of the main CIs through a formal survey and intensive discussions. The collaboration between OE and the Fund's Office of Internal Audit was also praised.

4. There was unanimous agreement on the need for IFAD to articulate its overall approach regarding supervision to reflect the Fund's specific needs and strategic imperatives. There was also agreement on the need to formulate a policy on the topic, which should take account of regional differences and ensure that both participation and gender issues are duly included. The policy should also clearly state IFAD's expectations from CIs in terms of supervision. The need to adapt conventional international financial institution (IFI) supervision models to the changing nature of IFAD-supported projects was considered important. Finally, on this issue, the Committee recommended that IFAD develop a road map and assign responsibilities for the preparation of its supervision policy.

5. The Committee shared the evaluation's concern on the large number of projects supervised by the United Nations Office for Project Services (UNOPS) and the risks this might entail. It debated the pros and cons of this concentration, and noted that high staff turnover within UNOPS did not provide the required continuity in the supervision function. The Committee also wondered whether IFAD had the right mix of CIs supervising its projects in particular countries. This was considered important as different organizations might bring complementary strengths that, jointly, could have a greater impact on IFAD's overall country efforts. On this issue, while some members favoured concentration, others felt strongly that IFAD should enhance its efforts to diversify the CIs it currently works with. Members argued that IFAD's relations with CIs should produce synergies that would lead to greater IFAD leverage and influence in favour of the rural poor.

6. The Committee supported the evaluation's recommendations regarding the need to review IFAD's implementation support criteria and link them more systematically to project needs and local capacity-building. It also stressed the urgency of revisiting the current minimum supervision requirements, defining clear quality standards for supervision and holding CIs accountable for them, and establishing an internal mechanism for supervision quality assurance.

7. Other important points raised by the Committee included the means by which the Fund can ensure that the information, knowledge and learning captured by the supervision process are appropriately transferred to IFAD, and whether experience and lessons from direct supervision are shared and disseminated in-house and with other CIs. This is important for the Fund's own development and for its efforts with regard to policy dialogue, knowledge management and partnership building.

8. Some Committee members felt that more attention should be given to obtaining the views of governments with regard to supervision. OE believed that greater emphasis should be placed on field-level reactions to supervision quality, and that project management units should interact much more intensively and directly with CIs. The attention of the Committee was drawn to the fact that governments' views are also covered by those of project management staff, who were usually government employees. One Committee member felt that the opinions of project managers should be treated with caution as there might be a degree of subjectivity, given that project managers work in close collaboration with CI staff and hence may not be in a position to provide completely objective information. OE informed the Committee that the evaluation was well aware of such possible survey bias and had paid due consideration to this in formulating its conclusions.

9. The Committee discussed the costs of supervision and decided that the matter would need to be treated in detail by management, in consultation with the Executive Board. Some members felt that while fees paid to CIs should be realistic, there should also be an assurance of commensurate benefits in areas crucial to IFAD. The Committee discussed the need to continue ongoing efforts to establish a better balance between the resources IFAD devotes to project design processes, on the one hand, and to implementation aspects on the other hand.

10. The Committee felt that supervision processes should include the promoting of and reporting on IFAD's work with regard to policy dialogue, partnership development, innovative implementation approaches, and other non-lending activities. There was a need to develop performance indicators on these aspects of IFAD's work at the start of project implementation and to link IFAD's supervision approach to its current efforts to establish a field presence. Related to the last point, the Committee requested that the working group on the field presence initiative should be fully informed of the recommendation from the supervision evaluation for the purpose of follow-up, as appropriate.

11. The Committee also suggested that the evaluation's recommendations be further expanded and made more operational within the framework of the Agreement at Completion Point.

12. In response to the foregoing discussions, the Assistant President, Programme Management Department (PMD), who participated in the session, stressed the importance of the report and its recommendations to PMD. He said that while a new supervision policy might be required, it was more important to develop a clear vision for IFAD supervision taking account of the different functions of supervision and project implementation. He emphasized the need to strengthen the feedback loops into the design stage, the link with field presence and the introduction of more effective supervision modalities linked to local capacity building. He also indicated PMD's agreement with operational recommendations made by the evaluation and informed the Committee that a formal management response to the evaluation would be prepared.

13. **Interim evaluation of the Support Project for Small Producers in the Semi-Arid Zones of Falcon and Lara States in Venezuela.** The Committee was pleased that this evaluation was being discussed, particularly because the Executive Board would be requested to approve a second phase of the project at its December 2003 Session. This allowed the Committee to assess the extent to which the evaluation's insights and recommendations had been incorporated into the design of the second-phase project.

14. The Committee noted that the evaluation's Agreement at Completion Point was signed by all key project partners at the end of the evaluation. While Agreements at Completion Point are not

legally binding documents and signing them is not a mandatory feature of the IFAD evaluation policy, the signatures of the principal project partners show their commitment to adopting and implementing an evaluation's recommendations.

15. Members expressed satisfaction at the good results achieved by the project in an unstable implementation context, including budgetary constraints and various institutional changes. The project had reached a greater number of beneficiaries than envisaged at appraisal; more than 900 grass-roots organizations had been established; and the project had exceeded expectations in terms of providing water for human and livestock consumption and for irrigation. However, the project showed some weakness that will need to be addressed during the next phase: for instance, it was unable to establish a sustainable rural financial system, and did not contribute sufficiently to developing market linkages and promoting artisanal fisheries.

16. The Committee stressed the need to quantify, to the extent possible, the project's impact on rural livelihoods. OE informed the Committee that the project had been evaluated, indicating that this was a standard feature of the new methodological framework for evaluation (MFE) applied to all project evaluations. The Committee recommended that, in projects with rural finance components, evaluations should include an assessment of the rural finance activities in relation to IFAD's rural finance policy. Finally, the Committee underscored the importance of emphasizing lessons learned on various strategic issues, such as the centrality of project coordination units in achieving project objectives, policy dialogue, the role of partners and the replicability of innovative approaches.

17. IFAD's Latin America and Caribbean Division commended OE's overall approach to evaluating the Venezuela project. That approach had enabled the evaluation team, together with other partners, to make an assessment on numerous important features of the project that have been given due attention in the design of the second phase.

18. **Agenda of the Evaluation Committee for 2004.** Under this item, the Committee discussed OE's proposal on the agenda of its sessions in 2004. First, the Committee agreed to hold two additional special sessions (Fourth and Fifth) in 2004, in addition to the three regular yearly sessions.

19. Secondly, it agreed that the Fourth Special Session would be held in February 2004. Two topics will be discussed on that occasion:

- (a) as requested by the Executive Board, a brainstorming on the revision of the Committee's terms of reference (TORs) and rules of procedure would be undertaken, based on a short discussion paper to be prepared by OE and dispatched to members before the session; and
- (b) a presentation will be made on the key conclusions, insights and recommendations of the Indonesia country programme evaluation, and discussions held on the arrangements for the Committee's field visit to Indonesia in March 2004 (see last paragraph of this report).

20. The Thirty-Sixth Session of the Committee will be held on 16 April 2004 to discuss:

- (a) a detailed proposal on the Committee's TORs and rules of procedure; and
- (b) as requested by the Committee in 2003, an OE proposal on assigning weights to the evaluation criteria in the methodological framework for project evaluations.

21. Three topics will be covered at the Committee's Thirty-Seventh Session on 10 September 2004:

- (a) second Annual Report on the Results and Impact of IFAD Operations;
- (b) preview of OE's programme of work and budget for 2005; and

- (c) a final proposal on the Committee's revised TORs and rules of procedure, which will thereafter be submitted for approval to the Executive Board in December 2004.
22. The Fifth Special Session of the Committee will be held on 15 October 2004 to discuss:
- (a) OE's comprehensive programme of work and budget for 2005; and
 - (b) the evaluation of the Eastern Lowlands Wadi Development Project in Eritrea.
23. Lastly, at its Thirty-Eighth and final Session in 2004, the Committee will consider:
- (a) the corporate-level evaluation of the direct supervision pilot programme;
 - (b) the thematic evaluation on decentralization in eastern and southern Africa; and
 - (c) as per normal practice, the agenda of the Evaluation Committee for 2005.

In addition to the above, Committee members will undertake a field visit to Indonesia in March 2004 (see last paragraph of this report).

24 Finally, while the Committee agreed to hold its five sessions in February, April, September, October and November 2004, respectively, the specific dates of its February (Fourth Special Session) and last sessions (the Thirty-Eighth) in 2004 would be decided following a thorough review of other key meetings of the Rome-based United Nations agencies in order to avoid any overlapping.

25 **Other business.** Two topics were covered under this agenda item: (a) PMD's request that the Committee consider granting waivers for undertaking, in 2004, two interim evaluations in Viet Nam, namely, the Agricultural Resources Conservation and Development Project in Quang Binh Province and the Ha Giang Development Project for Ethnic Minorities; and (b) a short update by OE on the planned field visit of the Evaluation Committee to Indonesia in 2004.

26. On item (a), the Committee considered the written rationale submitted by PMD provided to members before the session. After examining the documentation and in light of the discussions, it was decided not to grant a waiver for these interim evaluations. The Committee also stressed that it would not entertain any requests for deviations from IFAD's evaluation policy approved in April 2003 by the Executive Board. To approve such waivers would establish a precedent that might encourage similar requests that the Committee might find difficult to refuse. However, with regard to Viet Nam, the Committee recognized the need for flexibility, especially in light of the Government's request for approval of a new project loan in 2004. In this regard, the Committee requested OE to initiate the two Viet Nam evaluations as early as possible in 2004, on the understanding that the formulation mission for the new project would overlap with the latter part of the interim evaluations. This would ensure that the provisional findings of the evaluations would be available to the formulation mission. Nevertheless, the Committee felt that this process would not allow the formulation team to have access to the full analysis and corresponding evaluation report produced by OE before the bulk of the formulation exercise was undertaken.

27. On item (b), OE informed the Committee that, in early December 2003, discussions had been held with the Executive Board Director for Indonesia, who had agreed to organize the Committee's field visit to his country from 8 to 12 March 2004. The visit will also include the participation of Committee members in the country programme evaluation's national round-table workshop and a visit to selected IFAD-supported projects in the country. As requested by one observer at the session, OE clarified that, if they so desire, members of the IFAD Executive Board who are not members of the Committee may also take part in the field visit.

