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IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Eighty-Second Session
Rome, 8-9 September 2004

REPORT OF THE CHAIRPERSON OF THE EVALUATION COMMITTEE
ON THE
THIRTY-SEVENTH SESSION OF THE EVALUATION COMMITTEE

1. The Thirty-Seventh Session of the Evaluation Committee was held on 3 September 2004. The following items were covered: (a) Review of the Final Draft Proposal on the Revised Terms of Reference and Rules of Procedure of the Evaluation Committee; (b) Preview of Office of Evaluation's Work Programme and Resource Issues for 2005; (c) Discussion of the Second Annual Report on the Results and Impact of IFAD Operations, together with the Proposal on Assigning Weights to the Evaluation Criteria in the Methodological Framework for Project Evaluations; (d) Review of the Report of the President on the Status of Implementation of Evaluation Recommendations, together with the Comments of the Office of Evaluation; and (e) Other Business: Evaluation of the Flexible Lending Mechanism (FLM).

2. With the exception of the representative of Brazil, all members of the Evaluation Committee attended the session. Observers from Algeria, Denmark, Mexico and the United Kingdom also participated. As per usual practice, the Director of the Office of Evaluation (OE) attended the session accompanied by other members of his staff. IFAD Management was represented by the Assistant President, Programme Management Department (PMD), and the Director, Policy Division, External Affairs Department.

Review of the Final Draft Proposal on the Revised Terms of Reference and Rules of Procedure of the Evaluation Committee

3. The Committee considered the revised draft document that had been prepared by OE on the basis of detailed comments and guidance provided by the Committee at its February and July 2004 sessions. The main purpose of including this item on the agenda was to enable the Committee to make further comments prior to finalization of the document.

4. Noting that its previous comments had been reflected in the revised version of the document, the Committee was pleased to learn that OE had held further consultations with IFAD Management following its July 2004 session. The Committee also took note of Management's broad consensus on the key issues contained in the document.

5. The Committee expressed its satisfaction with the document, which provided a better understanding of the mandate and objectives of the Committee and gave specific details of the Committee's future *modus operandi* (e.g. number of meetings, reporting to the Executive Board, membership and governance). A number of editorial changes in the document were suggested for incorporation into the final draft.

6. The document on the Committee's terms of reference (TOR) and rules of procedure will be finalized by OE in close consultation with the Chairman of the Evaluation Committee and thereafter submitted to the Executive Board for approval at its Eighty-Third Session in December 2004. In order to provide an overview of the Committee's work on this matter in 2004, a brief outline will be provided on the key elements of the revised TOR and rules of procedure.

Preview of Office of Evaluation's Work Programme and Resource Issues for 2005

7. The Committee discussed the OE work programme and resource issues for 2005 set forth in document EB 2004/82/R.30 for consideration by the Eighty-Second Session of the Executive Board in September 2004. This constitutes the second OE work programme and resource issues exercise, which has been undertaken in accordance with the provisions of the IFAD evaluation policy approved by the Board in April 2003.

8. The Committee agreed with the proposed direction and priority areas of the OE work programme, which include: (a) supervising the completion of the Independent External Evaluation (IEE) of IFAD; (b) carrying out selected corporate-level, regional strategy, country programme, thematic and project evaluations; (c) undertaking specific evaluation work called for under the evaluation policy, for presentation to the Executive Board and the Evaluation Committee; and (d) activities relating to methodological development, evaluation outreach, etc. The Committee also agreed to the proposals regarding the OE budget and human resources for 2005.

9. During the session, the Committee provided important guidance to OE, which should be taken into account in the preparation of the detailed OE Work Programme and Budget for 2005. For example, the Committee agreed that it would be appropriate to await receipt of the draft IEE report before selecting the topic for the corporate-level evaluation to be initiated in 2005 as it will likely raise issues that both call for additional analyses in future and merit inclusion in the OE work programme for 2005, and endorsed OE's proposal to seek access to the Evaluation Cooperation Group of Multilateral Development Banks. It also requested clarification of the rationale for the two regional strategy evaluations, and concurred that this was an important type of evaluation that would be undertaken by OE for the first time in 2005.

10. The Committee requested that a detailed list of the evaluation activities OE plans to undertake in 2005 be included in the comprehensive work programme and budget to be prepared for the Committee's October 2004 Session. The importance was stressed of holding separate discussions within the Committee on the evaluations that form the basis of preparing the Annual Report on the Results and Impact of IFAD Operations (ARRI). However, it was recognized that the Committee could review only a limited number of evaluation reports in any given year.

11. The Committee also recommended that in future it would not be necessary to include information on the process (refer to paragraphs 1-2 of document EC 2004/37/W.P.3) of developing OE's work programme and budget, as such information is provided in the document submitted to the Executive Board.

12. In response to the Committee's request for clarification on the budget for its planned field visit in 2005, the meeting was informed that funds had been allocated in the budget line for the Evaluation Committee (Table 1 of Annex II, i.e. in the OE 2005 Budget Shown as Expenditure Basis), and that the same amount was included in the overall funds reserved for OE Priorities 2005 (iii) given in Table 2 of Annex II (i.e. in the OE 2005 Budget Shown According to Activity Basis). Funds had also been allocated for evaluation of the two IFAD regional strategies planned for 2005, for which a separate budget line is shown in Table 1 of the document, and the same amount was included in OE Priorities 2005 (ii) in Table 2.

13. Following review of the document presented by OE on the topic, the Committee endorsed OE's proposal concerning the Work Programme and Budget for 2005. The Committee recommends to the Board to adopt the same taking into consideration the recommendations in the previous paragraphs and any comments it may have. In this regard, the Committee noted that there is no proposed increase in the OE human resource requirements for 2005 and neither will there be an increase in real terms in the OE budget. The Committee was, however, concerned about the reduced number of associate programme officers available to OE and the consequences this could have for its work. It was recommended that, in 2005, OE should reflect on its overall human resources requirements and submit proposals for any extra staff it needed to undertake its work programme effectively.

14. It was agreed that OE will prepare a comprehensive proposal for its 2005 work programme and budget for discussion at the next session of the Committee in October 2004. Building on the comments of both the Committee and the Executive Board, OE will then formulate a final document for consideration by the Board in December 2004. As decided by the Board in April 2004, the final OE work programme and budget for 2005 will be discussed at the Audit Committee meeting of November 2004.

Discussion of the Second Annual Report on the Results and Impact of IFAD Operations, together with the Proposal on Assigning Weights to the Evaluation Criteria in the Methodological Framework for Project Evaluations

15. The Committee congratulated OE on the quality of the above-mentioned report, which provided a detailed overview of IFAD's evaluation work as well as raising a number of very important issues. Comments and questions were generally of two types: issues raised (summarized in paragraphs 16-18 below) and the methodology of the report (see paragraphs 19-24).

16. The Committee agreed on the importance of the issues raised in the ARRI for 2004, in particular the need for IFAD to clarify its poverty objectives. This overlaps with the question of IFAD's comparative advantage and its contribution to achieving the Millennium Development Goals. That a similar debate had taken place in a number of other international financial institutions was seen as a positive development. These issues, and others raised by the ARRI, will no doubt be covered in discussions on the Seventh Replenishment of IFAD.

17. Committee members noted that the report argued in favour of a more visible and permanent IFAD field presence. This, and the related issue of decentralization, could not be ignored and would need further discussion.

18. The Committee recognized the importance of issues raised in Section VIII, “Beyond the Project”. The impact of many projects was limited in time and space, and there was a need for IFAD to engage more effectively at the country level by means of non-project instruments such as policy dialogue and partnership with other development actors. However, some members noted that, while many development agencies shared the same experience regarding projects, alternative approaches (e.g. sector-wide approaches, budget support, etc.) also had their limitations. While it was true that there were shortcomings in the project approach, implementing the alternatives would not be without challenges.

19. The Committee noted that the ARRIs for 2003 and 2004 under-represented the category of projects classified by PMD as ‘under-performing’. Different views were expressed as to whether it was important for the Board to review the mandatory nature of interim evaluations enshrined in the evaluation policy – which was possibly one reason for such bias. One member felt that, to the extent that interim evaluations automatically focused on areas of high investment priority (i.e. second-phase projects), the bias noted in the sample might not be a problem. The alternative view was that, by allowing this bias to remain and continuing to omit the 25% or so of under-performing projects, the current approach may miss some important lessons for IFAD.

20. Discussion turned to whether the ARRI should make recommendations rather than just identify ‘implications’. The consensus was that, while it may be difficult for the ARRI to make clear-cut recommendations, it would be useful for IFAD Management to respond to the issues raised (as is now the case with the recommendations in individual evaluation reports). At the very least, it was important that the issues be debated openly, and some members suggested this might be done during an Executive Board seminar.

21. The Committee acknowledged that the ARRI for 2004 experimented with a system of weights in aggregating evaluation results, as requested by the Board in April 2003. It also noted the report’s conclusion that these weights made little difference and it was agreed that they should not be used in future annual reports.

22. The importance of examining and explaining why project performance was good or modest was discussed. One view was that, given the difficult nature and context of IFAD’s work and the risks the Fund is obliged to take, a 50% success rate in terms of making a sustainable impact could be considered acceptable. The opposing view was that, in view of IFAD’s objectives, it was unfortunate that only 50% of projects had a sustainable impact on rural poverty. However, there was general consensus that there was need for a better understanding as to why the impact of IFAD-supported projects was often only modest.

23. There was a risk that the ARRIs (and, more generally, evaluations) judged projects designed seven to ten years previously against new performance criteria. It was therefore agreed that, as projects are IFAD’s main instrument for implementing its policy and strategy, they should be adjusted to reflect the changes in IFAD policies and priorities. Therefore, evaluating such projects, at least partially, against today’s standards did, in fact, make sense. This was less of an issue for country programme evaluations, as these cover more recent projects and policies and represent an increasingly important part of OE’s work.

24. Members also expressed the need for (a) spelling out the difference between IFAD and Development Assistance Committee definitions of ‘impact’ in future ARRIs; (b) improving evaluation capacity to assess project efficiency, the lack of which was highlighted in both ARRIs; (c) considering the possibility of disaggregating the impact domain of ‘physical and financial assets’ into two separate categories, as each absorbs a large portion of project costs and poses a different set of issues; and (d) considering how partnerships (not just the performance of partners) might be better measured.

Review of the Report of the President on the Status of Implementation of Evaluation Recommendations, together with the Comments of the Office of Evaluation

25. The EC reviewed this report produced for the first time, as per stipulations of the Evaluation Policy. The Committee commended PMD for reporting on the implementation of such a large number of evaluation recommendations. The usefulness of the report for IFAD managers was confirmed, and it was agreed that, for accountability purposes, it was essential that the institution should have a comprehensive record of whether and how evaluation recommendations were internalized.

26. The Committee agreed that, in future, evaluation recommendations would need to be more selective and streamlined. This would decrease the work involved in compiling the report and lead to greater focus, accountability and transparency. It was also noted that as the syntheses section of the report prepared by PMD was more reader-friendly and relevant to the work of the Committee, PMD should strengthen that particular section and highlight cross-cutting issues encountered in the implementation of evaluation recommendations.

Other Business: Evaluation of the Flexible Lending Mechanism

27. The Director, OE, recalled that the Seventy-Sixth Session of the Board had decided that OE should evaluate the FLM. In this regard, however, OE felt it would be premature to undertake an independent evaluation focusing on FLM results and impact at such an early stage in the process, for the following reasons:

- three of the 19 approved FLM programmes are not yet effective;
- very limited experience with FLM programmes has been achieved thus far. The 16 programmes have each been under implementation for about 2.5 years, on average, which is very limited in terms of any type of IFAD-supported project/programme. This is even more important for the FLM since the implementation period of each programme is around 9-11 years;
- at the end of June 2004, only eight of the 19 programmes had completed the first (usually of three) phase of the FLM cycle; and
- disbursement rates under FLM programmes are low: average disbursement under the 16 ongoing programmes is currently around 17%.

28. In light of the above, Director OE conveyed that it is not advisable to evaluate the FLM programme at this stage, as the evaluation will not possibly generate robust conclusions in terms of the results and impact that could be used to draw substantiated conclusions on the validity of the FLM instrument. Hence, OE recommended deferring this evaluation to 2006/2007. The Assistant President of PMD conveyed that the matter had also been discussed within the IFAD management, which shares the views expressed by OE. Based on the above information and following discussion during the session, the Committee agreed with OE's proposal and recommends to the Board to agree for a postponement of the FLM evaluation.

29. Before closing the session, on behalf of the Committee, the Chairman bid farewell to Mr Bernard de Schrevel (Executive Board Director for Belgium) who had been a member for several years. The Chairman thanked Mr de Schrevel for his active participation in the Committee's deliberations, and for his constructive and incisive contribution on evaluation issues and IFAD operations in general. The Chairman conveyed the Committee's best wishes to Mr de Schrevel on his new assignment in the Democratic Republic of the Congo with the Belgian Development Cooperation.

