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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Eighty-Third Session

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REPORT OF THE CHAIRPERSON ON THE FIFTH SPECIAL SESSION OF THE EVALUATION COMMITTEE

1. This report covers the deliberations of the Evaluation Committee at its Fifth Special Session on 15 October 2004. Two main agenda items were discussed: (a) the 2005 Office of Evaluation (OE) comprehensive work programme and budget document; and (b) the evaluation of the Eastern Lowlands Wadi Development Project in Eritrea. All Committee members participated in the session, apart from Canada, Germany and Switzerland. Switzerland provided written comments on item (a), which the Evaluation Committee Chairperson read out during the session. The Chairperson welcomed Mr Philip Heuts, the new Evaluation Committee member from Belgium. The Executive Director for Egypt and a representative from the Embassy of Eritrea also participated in the session as observers. Various IFAD staff attended the deliberations, including the Assistant President of the Programme Management Department (PMD); the Director, OE; and the Director ad interim of the Eastern and Southern Africa Division.

2. **The 2005 OE Work Programme and Budget.** The Committee considered the comprehensive document prepared by OE on its proposed 2005 work programme and budget, which incorporated the comments and suggestions made by the Executive Board and Evaluation Committee while reviewing the preview on the same subject during their sessions in September. The Committee expressed its overall support for the objectives, priorities and evaluation activities discussed in the document, as well as the human and financial resource requirements proposed by OE for 2005. The presentation made by OE at the outset of the discussion was appreciated, particularly with regard to the workload analysis for 2005 and the consequences of the analysis for the division's budget proposal. The Committee offered suggestions to OE on the preparation of its final proposal for the Board's consideration in December. The following paragraphs contain a summary of the key issues raised and discussions held by the Committee.

3. The Committee recommended that OE improve the presentation of the main budget table contained in Annex II of the budget document. This would facilitate comparisons between the 2004 OE budget and the proposal for 2005. Moreover, the Committee suggested the inclusion of an additional column in the table, to reflect the decrease/increase in real terms in relation to the 2004 budget, without containing adjustments for inflation. While agreeing with this proposal, OE highlighted that a minor difference in the budget will be included in the final 2005 proposal for submission to the December Executive Board. This is due to the application of a slightly different US dollar-euro exchange rate by OE at the time of the restatement of its 2004 budget, which was initially prepared in September 2003. The exchange rate that OE will now use will be the rate applied by IFAD in October 2004 in the preparation of its 2005 programme of work and budget.¹ However, in dollar terms, this will have a relatively modest impact (of an additional amount of around USD 17 000) on the final OE budget proposal of 2005.

4. Given the rationale provided in the document, the Committee enquired whether it might be more appropriate for OE to have a slightly higher contingency for 2005 than planned. To this, OE reassured the Committee that the level of contingency proposed should be sufficient for the intended purposes, namely, to meet the additional costs in relation to the work of the Evaluation Committee and any unforeseen increases in staff entitlements. OE also highlighted that, based on additional experience gained in 2005 in the implementation of its work programme and budget, the division should be able to formulate a comprehensive proposal in 2006 that would not warrant a contingency line in its budget.

5. The Committee then queried why OE had opted for a zero real growth in its proposed budget for 2005, and whether this might not create restrictions for the division in effectively implementing its 2005 work programme. OE recalled that its work programme and budget is prepared independently of IFAD Management, and therefore, the division is not bound by the zero real growth provision applied by Management in the preparation of its programme of work and budget. However, having said that, OE informed the Committee that its planned work programme for 2005 in terms of workload is largely the same as that of 2004, and consequently the resource requirements are also similar. The decision to maintain the size of the 2005 work programme at the 2004 level is based on a recognition of the limited capacity available within IFAD to deal effectively with a greater number of evaluations. OE further stated that, at this stage, it could not fully anticipate every requirement that might emerge next year, for instance, in relation to the implementation of the revised terms of reference and rules of procedure of the Evaluation Committee. The division conveyed, as recommended by the Committee in September, that it would thoroughly monitor the implementation of the 2005 work programme, review its overall human and financial requirements and come up with a suitable proposal in its 2006 budget, as necessary.

6. Moreover, it was suggested that when discussing OE's work programme and budget in the future, the Committee would appreciate having information on the use of OE's administrative budget for the year, together with the expected utilization of the balance till the end of the corresponding year. OE conveyed to the Committee that information on the usage of OE resources is included as part of the documentation on financial statements provided to the Executive Board at its April sessions. On the budget issue, the Committee recommended that, as for the rest of IFAD, OE complete the shift from expenditure-based to activity-based budgeting (ABB) in 2005, with the understanding that its 2006 proposal would be primarily ABB.

¹ At the time of the preparation of the OE budget, the exchange rate recommended by the Strategic Planning and Budget Division (FS) was EUR/USD 0.837. OE was subsequently informed by FS a few days before the Evaluation Committee session that the final exchange rate to be used for restating the 2004 administrative budget is EUR/USD 0.819.

7. The Committee sought clarification on the planned evaluations of IFAD's regional strategies, which were developed in 2001 and 2002. OE first conveyed that it would need to formulate an overall approach and methodology for this type of evaluation, as no such evaluation had been conducted previously. Second, as requested by the Committee, OE clarified its intention to implement only one regional strategy evaluation (i.e., of the Asia and the Pacific region) in its entirety in 2005. The second such evaluation, of the Near East and North Africa regional strategy, would be initiated towards the end of 2005, with the bulk of the work being done in 2006. Finally, OE mentioned that although regional strategies had not been formally elaborated on paper before 2001, each division had in fact been operating with an implicit regional strategy. Hence, regional strategy evaluations will not only focus on the most recent strategy documented (in 2001 or 2002), it will also make a broader assessment of the approaches and priorities pursued by the concerned divisions for a number of years before that.

8. Similarly, the Committee requested additional information on the focus of OE country programme evaluations (CPEs). The benefits of examining key crosscutting issues within a particular country, as well as across countries, were considered significant. In this regard, OE recalled that it had developed a methodology for CPEs in 2003, which had already been piloted in all such evaluations in 2004. The methodology places due emphasis on the assessment of the strategic, operational and thematic dimensions of IFAD's operations in a given country. In fact, the thematic dimensions would address some of the key crosscutting issues.

9. The Committee supported OE's proposal to organize an evaluation conference next year, which would give OE staff and other partners, including Executive Board Directors, an opportunity to exchange experiences and views on evaluation issues and methodologies.

10. Discussion took place on the role of interim project evaluations as laid out in the evaluation policy. The Committee discussed the advantages and disadvantages for the OE work programme and budget in having such evaluations as a mandatory feature before the formulation of a second phase project. OE reiterated the usefulness of interim project evaluations as instruments to provide immediate inputs into the project design process. At the same time, as reflected in the Annual Report on the Results and Impact of IFAD Operations, the division highlighted that interim evaluations may result in a bias towards OE evaluating better performing projects. Moreover, OE conveyed the need to increase the proportion of completion evaluations in its work programme, which provide greater scope for impact assessment. The Committee agreed that, as proposed by OE, this issue deserves further reflection and discussion in the future.

11. The Committee noted OE's work in relation to the customization of the monitoring and evaluation guide. While recognizing the importance of further strengthening IFAD's self-evaluation activities in general, members wondered how OE intended to proceed in this area. OE informed the Committee that in 2005, in close consultation with PMD, it would identify key areas of IFAD's self-evaluation system requiring enhancement that would benefit from OE's support. OE would eventually prepare a proposal for consideration by the Committee for implementation in 2006.

12. **Eastern Lowlands Wadi Development Project (ELWDP) in Eritrea.** OE made a presentation on the evaluation process and highlighted key results from the evaluation. The Committee was informed that the Agreement at Completion Point had been signed in Asmara in October 2004. The Committee expressed its appreciation for the evaluation and reiterated its interest in discussing an appropriate number of project evaluations in the future.

13. The Committee underlined the importance of defining a clear road map of actions with timeframes for the implementation of the recommendations in the Agreement at Completion Point. In this regard, PMD assured Committee members that such a road map was being prepared by the project authorities in consultation with key partners, including IFAD and the cooperating institution.

14. The Committee's attention was drawn to the evaluation's conclusion regarding the limited impact of the project. This was particularly noteworthy given that the performance of key partners during project implementation had been generally satisfactory. On this issue, while recognizing the significant design weaknesses of the project, the Committee noted that good efforts had been made in the past few years by IFAD and the Government by rationalizing project objectives and implementation in the highly challenging circumstances of conflict and natural calamity.

15. The Committee acknowledged the project's overly technical design and expressed concern about the sustainability of activities. On this issue, PMD and OE informed members that serious attempts had been made in recent years to introduce structural changes to the project that would result in lasting benefits for the rural poor. Since the year 2000, particular attention has been devoted to strengthening the role and participation of the farmers' association through the irrigation management transfer component in order to train farmers in operating and maintaining the irrigation schemes and to enable them to handle all related activities. Additional resources are being devoted to the agricultural component. Diversification into high value commercial crops and stronger links between extension, research and the farmers are being promoted. Greater attention is being invested in including women in project activities.

16. The lack of baseline data and an incipient monitoring and evaluation system in the ELWDP were considered as major shortcomings by the Committee. In this regard, OE underscored the low capacity at the country level in these areas, and suggested that future interventions should include sufficient capacity-building and technical assistance to facilitate the undertaking of such activities, especially in countries affected by conflict and post-conflict and with a limited human resource base.

17. Moreover, the Committee noted that the project had not had the benefit of a mid-term review, which could have offered a useful opportunity earlier on to take stock of the constraints faced by the project and to streamline its objectives and activities.

18. In view of the modest impact achieved so far, the Committee asked what safeguards had been recommended by the evaluation to ensure that operations would stay on track in the remaining implementation period. In this regard, OE highlighted that the project is required to provide more precise and timely financial reporting, especially for project components and subcomponents, so that key stakeholders have an overview of the utilization of the remaining funds. Additionally, the project has been asked as a priority to improve its overall monitoring mechanisms, so that the data and information gathered can serve as a management tool for keeping track of performance and introducing corrective actions in real time.

19. **Other Business.** Under this item, the Chairperson reiterated that the Committee's last session this year would be held on 14 December, as previously decided by Committee members. On that occasion, the Committee would discuss three topics: (a) the CPE in Bolivia; (b) the thematic evaluation on decentralization efforts in the Eastern and Southern Africa region; and (c) define the agenda for its sessions in 2005.