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Enabling the rural poor
to overcome poverty

Report of the Chairperson on the forty-eighth session of the Evaluation Committee

Executive Board — Ninety-first Session
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For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Report of the Chairperson on the forty-eighth session of the Evaluation Committee

1. This report covers the deliberations held by the Evaluation Committee during its forty-eighth session on 7 September 2007. There were five agenda items for discussion: (a) the corporate-level evaluation of the Field Presence Pilot Programme; (b) a preview of the Office of Evaluation (OE) work programme and resource issues for 2008; (c) a review of the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, together with comments by OE; (d) the proposed IFAD innovation strategy, together with comments by OE; and (e) other business.
2. All Committee members (Belgium, Cameroon, Germany, India, Indonesia, Mexico, Nigeria and Sweden) except Switzerland took part in the session. The Committee welcomed Mr Yaya Olaniran from Nigeria, Ms Heike Kuhn from Germany, and Mr Diego Simancas from Mexico to their first Evaluation Committee meeting. Observers were present from Brazil, France, Guatemala, Mali, the Netherlands, the United Kingdom of Great Britain and Northern Ireland, and Yemen. The Committee was joined by the Director of OE, other members of OE and a number of IFAD staff, including the Assistant President, Programme Management Department (PMD); the Assistant President, Finance and Administrative Department; the Assistant President, External Affairs Department; the Executive Director of the IFAD Action Plan for Improving its Development Effectiveness; and the Secretary of IFAD.
3. **Corporate-level evaluation of the Field Presence Pilot Programme.** The Evaluation Committee discussed the evaluation of IFAD's Field Presence Pilot Programme (FPPP) together with the agreement at completion point. The latter articulates IFAD Management's concurrence with the FPPP evaluation's main findings and its agreement to adopt and implement the recommendations. The Committee congratulated OE for a high-quality and useful evaluation, especially given the various limitations in the design and implementation of the FPPP that had made the evaluation difficult from a methodological point of view. Particular praise was given to the input provided by the evaluation's two senior advisers, Dr Nafis Sadik and Professor Robert Picciotto.
4. On a wider issue, some Committee members felt the need for the Board to reach consensus on IFAD's role and mode of doing business, including whether it should make the transition from a headquarters-based finance institution to a more operational institution. However, some argued that IFAD was a development finance institution that needed to adapt itself to a changing environment by enhancing its field presence. The majority of Evaluation Committee members felt that the implications for the organization as a whole should be carefully considered.
5. The Committee expressed caution about Management's proposal contained in the agreement at completion point regarding the establishment of regional offices. The importance of gaining a more detailed overview of the costs involved, including any hidden costs, was also underlined. Likewise, the importance of collecting baseline data was highlighted, although the Committee recognized the challenges involved.
6. The Committee recommended that a "step-by-step action plan" be developed, based on the agreement at completion point, for IFAD's further work related to country presence. Such an action plan should systematically outline the approach for continuing IFAD's country presence activities, including costs, baseline data and related administrative arrangements. Members also suggested that IFAD country presence should be tailored to the needs and priorities of individual countries.
7. **Preview of the OE work programme and resource issues for 2008.** In presenting its proposed 2008 work programme and resource issues, OE highlighted

that the 2008 preview included a sizeable decrease over the 2007 requirements. The 2007 OE work programme and budget was larger than in previous years, in terms of both the number of evaluations planned and the amount of resources required. However, as per the commitment made last year, the 2008 OE work programme and budget would be about 8 per cent smaller in real terms, as compared with that of 2007. In particular, this would be achieved by reducing the number of corporate-level and country programme evaluations planned for 2008.

8. With regard to the budget to be discussed at its October session, the Evaluation Committee advised OE to use the 2006 budget as the benchmark in preparing its final proposal for 2008, since 2007, with its programme of joint evaluation with the African Development Bank, was considered to be a special year. The Committee expressed the need for OE to cost the four proposed 2008 priorities in the final submission. As requested, OE would include in its final proposal more information and clarifications on the mandatory cost increases for 2008.
9. The Committee agreed that the evaluation of Meso-America was not a priority, because that approach had been overridden and the focus would be on country evaluations: this evaluation could therefore be deleted from the OE work programme. With regard to sector-wide approaches, some Committee members doubted that this subject had enough substance at present to be evaluated. It was therefore suggested that OE analyse the timing of the evaluation again prior to presenting its final proposal for 2008.
10. The Committee discussed the finalization of the new evaluation manual, including evaluation methodologies and processes. In this regard, as requested by the Committee, OE provided reassurances that information on the process related to the production of the new evaluation manual, including the role of the panel of international experts, would be contained in the proposed 2008 work programme and budget document to be discussed at the Committee's October session. Moreover, it was noted that a dedicated Evaluation Committee session would be organized in 2008 to discuss the new evaluation manual before its finalization.
11. The Committee also underlined the importance of providing induction for its new members and inviting OE consultants, where possible, to participate in its deliberations. The timing of the evaluation of IFAD's capacity to promote replicable innovations for rural poverty reduction was questioned, since, at the proposed time, the IFAD innovation strategy would only have been implemented for one year. However, it was agreed that the recommendations from such an evaluation would contribute to a more effective implementation of the strategy.
12. **President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), together with comments by OE.** In introducing the PRISMA report, Management expressed its overall agreement with the comments prepared by OE on the report. Management also noted that there had been an improvement in implementing evaluation recommendations. In fact, 85 per cent of the recommendations had been fully implemented or were in the process of being implemented. Overall, Management believed that progress had been made in improving IFAD's targeting, country strategies and work in rural finance, but further work was needed in relation to monitoring and evaluation (M&E) and sustainability.
13. The Committee acknowledged the constructive working relationship between PMD and OE, and expressed appreciation for the PRISMA report, finding it a useful tool for monitoring the implementation of evaluation recommendations.
14. The need to devote greater attention to project-level M&E systems continued to be underlined by the PRISMA report. This was a challenging area, but it required more concerted efforts so that a better understanding could be gained of the Fund's development effectiveness, with a view to managing for development results. It

was suggested by OE that Management and OE should consider how they could work together over the next year to help improve IFAD's M&E given its critical importance.

15. The Committee requested Management to reflect further on the format of future PRISMA reports, including the proposal to report on follow-up to the recommendations of the Annual Report on Results and Impact of IFAD Operations, the rollover of recommendations from previous years, as well as the relation between the PRISMA report and other management reports such as the portfolio performance review and the proposed new development effectiveness report. This would allow for a rationalization of reporting on Management follow-up actions to the Committee and the Board.
16. **IFAD innovation strategy, together with comments by OE.** The Committee welcomed the document and praised the Action Plan team for the improvements made to the document over the last version. It appreciated the discussion on the proposed IFAD innovation strategy, and noted the useful comments by OE on the document (see Annex attached).
17. The Committee also considered important the linkages between the innovation strategy and other relevant IFAD policies, strategies and initiatives such as the IFAD Strategy for Knowledge Management.
18. For the innovation strategy to be implemented successfully, among other issues, sufficient attention would have to be devoted to offering incentives to staff, building partnerships, and so on. The Committee noted that, in addition to introducing new technologies, the strategy should also focus more broadly on finding innovative solutions for improving rural livelihoods.
19. The Committee recommended that the Board endorse the innovation strategy.
20. **Other business.** Two issues were put forward by Committee members to be discussed under this agenda item: field visits and the need to review the work of OE. On the question of field visits, members who were involved in the field visit to Mali in March this year considered that it was a valuable experience. The Committee agreed that future field visits needed to be better prepared in terms of providing more time in the field at the project level with a smaller group to facilitate better dialogue. The Committee noted the importance of having a briefing session before the visit as well as a debriefing session afterwards.
21. With regard to oversight of OE by the Executive Board and the Evaluation Committee, there was a discussion on how to follow up OE's effectiveness systematically. The Committee discussed several approaches for addressing the issue, including through a peer review. It welcomed the OE proposal to review the current work on establishing mechanisms for the peer review of evaluation functions in multilateral organizations, being carried out by the United Nations Evaluation Group, the Organisation for Economic Co-operation and Development's Development Assistance Committee and the multilateral development banks' Evaluation Cooperation Group. OE would provide information on this topic in the context of the final 2008 OE work programme and budget document for the October session of the Evaluation Committee, including a proposal on how IFAD could benefit from this work in the future.
22. The Committee thanked the Belgian representative, Mr Philip Heuts, who had completed his term in Rome, for his contribution to the Committee and wished him the best of luck in his future endeavours.

OE comments on the IFAD Innovation Strategy

1. In line with paragraph 47 of the Terms of Reference and Rules of Procedure of the Evaluation Committee, the Office of Evaluation (OE) has reviewed the proposed IFAD Innovation Strategy,¹ which will be considered by the Executive Board in September 2007 at its ninety-first session. OE's comments on the strategy are contained in this document, which is presented for discussion by the Evaluation Committee at its forty-eighth session.
2. In general, the IFAD Innovation Strategy is well prepared and will be a useful reference for IFAD staff and others concerned. In addition, the strategy (i) proposes an IFAD-specific definition for innovation, (ii) builds on lessons from IFAD's own experiences and those of other development partners, (iii) recognizes the need to establish linkages with relevant corporate processes (e.g. knowledge management, country presence, and direct supervision and implementation support), and (iv) proposes logical steps for the implementation of the strategy, in particular, the establishment of an innovations services group, using existing staff resources.²
3. The strategy clearly outlines why innovation is important to IFAD, and why an innovation strategy is needed. In this regard, one important finding emerging from recent evaluations is that, for some countries (e.g. Brazil, China, India and Mexico), while the resources IFAD provides are important, of much greater interest are the innovations that IFAD promotes through its operations and the opportunities afforded to countries to learn about successfully applied innovations in other countries. On the other hand, in other (especially smaller) countries, although innovation may be important, often the main attraction of engaging with IFAD is obtaining access to the financial resources made available on highly concessional terms for rural poverty reduction activities. Therefore, for IFAD, an innovation strategy needs to consider adopting a differentiated approach, one that, inter alia, takes into account the varying country circumstances and priorities.
4. Furthermore, it may be useful to clarify whether all IFAD-funded projects and programmes are required to be innovative in nature or whether this should be restricted to a selection of operations. At times, there may be tension between achieving impact and promoting innovations, an eventuality recognized by the proposed innovation strategy itself. Moreover, it may be useful during the implementation of the strategy to establish criteria that will help determine whether or not to pursue a potentially promising innovation. Similarly, consideration is needed of the usefulness of establishing ex ante annual targets for IFAD in relation to the three types of innovations (adoption, adaptation and creation) proposed in the strategy.
5. Another key finding of recent evaluations (the country programme evaluations in Brazil, Mali and Morocco, the evaluation of IFAD's regional strategy in Asia and the Pacific, among others) reveal that there are some good examples of innovation in the context of IFAD operations. This encouraging finding indicates that such innovations seem to have been achieved mainly through the creativity, specific interests and efforts of individual staff, rather than through a systematic process of innovation promotion. The proposed strategy, hopefully, will provide the required framework for taking a more coherent and structured approach to innovation in IFAD operations.
6. However, the same evaluations also underline that there are few examples of scaling up successfully promoted innovations. This will require specific efforts and close synergies with the Fund's knowledge management, policy dialogue and partnership-

¹ Document EB 2007/91/R.3.

² The team currently managing the Initiative for Mainstreaming Innovation will be renamed the Innovation Services Group.

building processes. In sum, the “appropriation by partners” or “scaling up from practice to policy” (see paragraph 12, IFAD Innovation Strategy) seems not to have been accorded due attention by IFAD in the past, but rather left to others to pursue according to their interests and priorities.

7. On the same issue, innovation scaling up and replication by governments, donors, the private sector and others need to be an integral part of IFAD’s efforts to promote innovations. This is crucial if rural poverty is to be tackled on a much wider scale, so that the development community at large has a greater chance of achieving the first Millennium Development Goal of halving hunger and poverty. Given the importance of scaling up and replication in this context, it may be worthwhile to consider including the objectives related to scaling up and replication as part of the “goal and purpose” of the IFAD Innovation Strategy.
8. On a related issue, the strategy foresees the required links with the IFAD Strategy for Knowledge Management and underlines the need to nurture partnerships and engage in policy dialogue, all aspects that have implications for the IFAD front-line staff – i.e. country programme managers (CPMs) – who will be required to lead such processes. CPMs will need to be granted the necessary time, resources and in some cases training to promote innovations effectively, a task that entails engaging in partnership-building, policy dialogue and knowledge management, in addition to undertaking project design, direct supervision and implementation support. Previous OE evaluations have illustrated that this is a key aspect in ensuring success in promoting innovations, and that more clarity may be needed in identifying the most appropriate type of and approach to policy dialogue for the innovation strategy.
9. The strategy includes an interesting section on risk assessment and management. With regard to scaling up, it correctly notes the need to increase “opportunities for joint operations”. In this regard, recent evaluations have revealed that there has been a general reduction in cofinancing of IFAD operations, especially with the international financial institutions, something that will need greater attention during the implementation of the innovation strategy. In fact, the strategy states that “cofinancing initiatives are central ingredients of sustainable scaling up.” Other risks also need to be considered, for example, those related to the challenges posed by IFAD’s operations in remote areas, where infrastructure is weak, capacity of institutions variable, and marketing opportunities limited.
10. OE welcomes the explicit links that the proposed strategy makes with IFAD’s direct supervision and implementation support activities and the country presence initiatives, both of which are essential for ensuring a successful innovation promotion process.
11. Lastly, further information on mechanisms for monitoring and reporting on the implementation of the strategy would be valuable. Moreover, in addition to the information contained in paragraph 28 of the strategy, it is useful to recall that all OE evaluations, in addition to the Annual Report on Results and Impact of IFAD Operations, also systematically assess IFAD efforts and results in the area of innovation, replication and scaling up.