

Document:	<u>EB 2008/95/R.6</u>
Agenda:	<u>5</u>
Date:	<u>16 December 2008</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

E



Enabling poor rural people
to overcome poverty

Report of the Chairperson on the informal and fifty-fourth sessions of the Evaluation Committee

Executive Board — Ninety-fifth Session
Rome, 15-17 December 2008

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document:

Luciano Lavizzari

Director, OE

telephone: +39 06 5459 2274

e-mail: l.lavizzari@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer

telephone: +39 06 5459 2374

e-mail: d.mcgrenra@ifad.org

Recommendation for approval

The Executive Board is invited to endorse the Report of the Chairperson on the informal and the fifty-fourth sessions of the Evaluation Committee and to approve the recommendation contained in paragraph 20 therein.

Report of the Chairperson on the informal and fifty-fourth sessions of the Evaluation Committee

1. This report covers the deliberations held by the Evaluation Committee during its 54th session on 12 December 2008, and the informal seminar devoted entirely to the new evaluation manual of the Office of Evaluation (OE) held on 5 December 2008.
2. There were four agenda items for discussion at the 54th session namely: (a) Country Programme Evaluation (CPE) of Ethiopia; (b) Provisional agenda of the Evaluation Committee for 2009; (c) The Report on IFAD's Development Effectiveness (RIDE) together with OE comments; and (d) Other business.
3. All Committee members (Belgium, Germany, India, Indonesia, Mexico, Nigeria, Sweden, and Switzerland) except Mali attended the meeting. Observers were present from Brazil, Cameroon, Canada, Egypt, Ethiopia, Finland, Netherlands, Spain, and the United States. The Committee also welcomed the presence of Mr Kokeb Misrak - Coordinator, International Finance & Development Institutions Division - Multilateral Cooperation Department in the Ministry of Finance and Economic Development from the Government of Ethiopia, who was here for the discussion on the Ethiopia CPE. The Committee was joined by the Assistant President of the Programme Management Department (PMD), Director OE, Director of the Strategic Planning and Budgeting Division, Secretary of IFAD, Director of the Eastern and Southern Africa Division (PF), and others.
4. **CPE of Ethiopia.** The Evaluation Committee commended OE for a high quality evaluation and broadly supported its findings and recommendations. It noted in particular the good results in sustainability and innovations promoted through IFAD operations. It further underlined the importance of strengthening IFAD's involvement in non-lending activities - such as partnerships, policy dialogue and knowledge management, which are critical among other issues for replication and upscaling of successful pro-poor innovations.
5. The representatives from the Government of Ethiopia expressed their overall satisfaction with the evaluation. They commended the participatory nature of the process and expressed their appreciation for the findings and recommendations, which will contribute to further strengthening the IFAD-government co-operation in the future.
6. With regard to the results in terms of sustainability, OE clarified that while the overall results were in the satisfactory zone, a number of operations were rated as merely *moderately satisfactory* rather than *satisfactory* or *highly satisfactory*. However, in general, the prospects for sustainability are encouraging, partly due to the fact that the Government attributes high priority to the agriculture and rural sectors. For example, it allocates close to 17% of its annual budget to the sectors, which is much higher than the amounts allocated by other African countries and well above the 10% target adopted by the African Union (at the Maputo Summit in 2003) for African countries to earmark to the sector. Moreover, the IFAD-funded projects and programmes are well anchored in existing institutions, which is also important for ensuring better sustainability of benefits.
7. The Committee noted that the links between IFAD grants, especially those for regional and sub-regional activities in Eastern and Southern Africa, were not well connected to the loan-funded operations in Ethiopia. It suggested that

greater efforts be devoted to this aspect in the future, so that grants can also be used for testing new technologies and approaches to rural poverty reduction and then replicated and upscaled through loan-funded activities.

8. With regard to country presence, the Committee highlighted the CPE's recommendation that greater resources be allocated for the purpose, especially given the size of the country and IFAD's significant presence there in terms of number of operations and volume of resources invested.
9. The Committee's attention was drawn to the findings on rural finance, especially given that inflation figures have in the recent past been higher than interest rates. In this regard, the Committee noted that OE will conduct an interim project evaluation of IFAD's ongoing rural finance operation in the country in 2009, and requested this issue to be treated in detail to determine suitable approaches to ensuring profitable rural financial services in moving forward.
10. Finally, while recognising the importance of the topic, the Committee discussed the challenges for IFAD to get involved in promoting sustainable land use management in Ethiopia, given the Fund's limited expertise in the area. In this regard, the Committee encouraged IFAD to explore opportunities for collaboration with FAO, which may be able to offer technical expertise to the Fund in this subject matter.
11. **Provisional agenda of the Evaluation Committee for 2009.** As per past practice, based on a proposal made by OE, the Committee discussed and agreed on the provisional agenda items for its four sessions in 2009. In addition, the Committee requested an additional formal session be scheduled early next year, devoted entirely to discussing the procedures for the appointment and renewal of the Director OE. The following sections summarise the decisions taken by the Committee on their 2009 provisional agenda:

Fifty-fifth session: April 2009

- a) Procedures for the appointment and renewal of Director OE.

Fifty-sixth session: April 2009

- b) Nigeria, Country Programme Evaluation
- c) Democratic People's Republic of Korea, Uplands Food Security Project, Interim Evaluation
- d) Update of the Rural Finance Policy with OE comments
- e) Indigenous People Strategy with OE comments

Fifty-seventh session: September 2009

- a) Mozambique, Country Programme Evaluation
- b) Preview of the OE three-year rolling Work Programme for 2010-2012 and Resource Issues for 2010
- c) President's Report on the Implementation Status of Evaluation Recommendations and Management Actions with OE comments
- d) Argentina, Rural Development Project for the North and Eastern Provinces, Completion Evaluation

Fifty-eighth session: October 2009

- a) OE's three-year rolling Work Programme for 2010-2012 and Budget for 2010

- b) The Annual Report on Results and Impact of IFAD Operations

Fifty-ninth session: December 2009

- a) Corporate level evaluation of IFAD's capacity to promote pro-poor replicable innovations
 - b) Report on IFAD's Development Effectiveness with OE comments
 - c) China, Qinling Mountain Area of Poverty Alleviation Project, Completion Evaluation
12. In addition to the above 5 formal sessions, the Committee decided to have 2 additional informal sessions before the April 2009 Board, to discuss the procedures for the appointment and renewal of the Director OE. It was also decided that additional session(s) of the Committee would be held during the year to discuss the external peer review of OE, in particular to consider the approach paper and draft final report of the review.
 13. With regard to its annual field visit, the Committee agreed to visit a country in Africa in connection with the joint evaluation between OE and the AfDB's Operations Evaluation Department on agriculture and rural development in Africa. As part of the joint evaluation process, two workshops will be organized at the ministerial level to discuss the main findings and lessons learned from the evaluation. One such workshop will be organized in West and Central Africa and the other in East and South Africa. Field visits to IFAD-funded projects can be organized in each of the countries selected for the workshops. The Committee was favourable to undertake the visit together with the Committee on Development Effectiveness (CODE) of the Bank. It was however underlined that the field visit's main objective was to assess IFAD operations, the possibility of a joint workshop with the AfDB being an additional asset. In conclusion, the Committee requested OE to develop two proposals in the countries selected to host the planned workshops.
 14. Finally, while recognising the eventual cost implications (e.g., in terms of interpretation, travel to Rome of non-resident Board members, etc), the Committee decided that from 2009 onwards it would like to hold its sessions at least two weeks before Board meetings. Among other issues, this would give adequate lead time to Board members to review the Evaluation Committee Chairperson's Report. The exact dates of the sessions in 2009 will be determined by OE after reviewing the agendas of the various governing body meetings of the three Rome-based UN agencies.
 15. **The Report on IFAD's Development Effectiveness together with OE Comments.** The Committee expressed appreciation to the management for the quality of this year's Report on IFAD's Development Effectiveness (RIDE), in particular the merging of the stand-alone Portfolio Performance Report into the RIDE. This has allowed for streamlining by the management of its reporting to the Governing Bodies on development effectiveness issues, and will contribute to reducing the transactions costs for the Committee and the Board.
 16. The Committee appreciated and concurred with the comments provided by OE. In particular, the Committee underlined the importance of devoting wider attention to analyzing the proximate causes of performance (i.e., the *why factor* highlighted by OE), and clearly separating conclusions from recommendations in future editions of the report. It also discussed the possibility to defer the presentation of the document from the December to April Board sessions, as this would facilitate wider analysis (why-oriented) by the management in the RIDE. The Committee was also pleased to note the

limited divergence between the results and issues reported in the RIDE and the Annual Report on the Results and Impact of IFAD Operations produced by OE.

17. IFAD management agreed with the need to increasingly address the *why factor*, underlining the importance of understanding the interplay of variables that may be influenced by IFAD or other partners, as well as of exogenous factors (e.g. food prices, weather patterns, etc). Finally, the Committee suggested that more analysis be undertaken on projects at risk, with the aim of learning from such operations in moving forward.
18. **Other Business.** The Committee considered four topics under this agenda item: (i) an update on the external peer review of OE; (ii) a request for waiver by PF for conducting an interim evaluation of the Pastoral Community Development Project (PCDP) in Ethiopia; (iii) the procedures for the appointment and renewal of the Director OE; and (iv) the timing of dispatch of the Evaluation Committee's minutes.
19. The Director OE provided an update on the external peer review of OE following his participation at the latest meeting of the Evaluation Cooperation Group (ECG) in November. The Director OE conveyed that the ECG has agreed to conduct the OE external peer review in 2009. He also noted that the process will include the participation of peers from both multilateral development banks and the United Nations system. The ECG is now developing the approach paper for OE's external peer review, which will be discussed with the Evaluation Committee next year.
20. On another issue, the Committee was satisfied that the recent Ethiopia CPE assessed in detail and rated satisfactorily the PCDP. On this account and based on further explanations provided by PF, the Committee came to the conclusion that the requisite for the interim evaluation of the Ethiopia PCDP, is already being covered by the current CPE. Therefore, the Committee recommends the Executive Board to allow the division a waiver to proceed with the design of the second phase of the operation.
21. With regard to the procedures of selection, appointment, reappointment and removal of the Head of Office of Evaluation of IFAD, the Committee has held several informal meetings and virtual discussions and had agreed on an initial draft which was then shared with IFAD Management and Office Evaluation for their comments and inputs. Based on inputs received from the Office of Evaluation, the Committee brought the draft to the formal meeting, had a discussion on it, received initial comments from the Management and finally decided that the Committee would only be able to present its proposal to the April 2009 Board, and not the Board in December 2008 as originally planned. However, it also agreed that the Chairperson would provide a short update to the Board in December 2008 on the process followed thus far to come up with a suitable draft for the Board's consideration. Among other issues, the Committee urged IFAD (Management and General Counsel) to provide their feedback in writing as soon as possible to enable further discussion on the initial draft.
22. Finally, it was decided that OE should produce and transmit, in consultation with the Office of the Secretary, the draft minutes for approval to all participants within thirty days following each Evaluation Committee session.
23. **Informal seminar.** The Evaluation Committee held an informal seminar on 5 December 2008 entirely devoted to discussing OE's new Evaluation Manual. The new evaluation manual contains OE's enhanced processes and methodology for project and country programme evaluations. It also includes

key methodological fundamentals that would be rigorously applied to all types of evaluations conducted by the division in the future.

24. All Committee members (India, Germany, Indonesia, Nigeria, Sweden, and Switzerland, and Indonesia) except Belgium¹, Mali and Mexico attended the meeting. Observers were present from Egypt, Finland, Norway, the Netherlands and the United States.
25. Professor Robert Picciotto, former Director General of the Independent Evaluation Group at the World Bank and Mr. Hans Lundgren, the Secretary of the OECD/DAC Network on Development Evaluation also took part in the session. Professor Picciotto was the Chairperson and Mr Lundgren member of a seven person International Expert Panel of Senior Independent Advisers constituted by OE to provide guidance and inputs throughout the process leading up to the production of the new evaluation manual. The Committee was also joined by the Assistant President PMD, Director of OE and other IFAD staff.
26. Professor Picciotto and Mr Lundgren both expressed their broad satisfaction with the document, in terms of the process followed for its development and its contents. They underlined the usefulness of the document in enhancing the quality and effectiveness of OE's work, which is critical in further harmonising IFAD's independent evaluation function with international good practice and standards. Professor Picciotto further noted that IFAD should be particularly commended, as no other multilateral development organisation has a comprehensive and well structured evaluation manual as the one produced by OE.
27. The Evaluation Committee welcomed the new OE evaluation manual, which it found to be *state of the art* among international development organisations. It advised OE to ensure due attention to its roll-out and dissemination, which will require translation into IFAD official languages, as well as training of OE and PMD staff and consultants, and others. Moreover, the Committee underlined the importance of retaining flexibility in evaluation processes and methods, so that the most effective approaches can be followed depending on the country context and specific circumstances of a particular evaluation.
28. Finally, the Assistant President of PMD commended OE for the high quality manual, and the consultative process followed in its production.

¹ Belgium provided her comments *in absentia*, which were conveyed to the Committee by the Chairperson.