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Enabling poor rural people
to overcome poverty

Report of the chairperson on the fifty-fifth session of the Evaluation Committee

Executive Board — Ninety-sixth Session
Rome, 29-30 April 2009

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Recommendation for approval

The Executive Board is invited to approve the recommendations contained in the report of the chairperson from the fifty-fifth session of the Evaluation Committee.

Report of the Chairperson on the fifty-fifth session of the Evaluation Committee

1. This report covers the deliberations of the Evaluation Committee during its fifty-fifth session on 8 April 2009. There were five agenda items for discussion: (a) the country programme evaluation (CPE) of Nigeria; (b) the interim evaluation of the Uplands Food Security Project in the Democratic People's Republic of Korea; (c) the IFAD Rural Finance Policy, together with the comments of the Office of Evaluation; (d) procedures for the renewal and appointment of the Director of the Office of Evaluation prepared by the Evaluation Committee; and (e) other business.
2. All Committee members (Belgium, Germany, India, Indonesia, Mexico, Nigeria and Sweden) with the exception of Mali and Switzerland attended the session.¹ Observers were present from Angola, Burkina Faso, Brazil, Cameroon, Canada, China, Denmark, France, the Netherlands, Spain and the Bolivarian Republic of Venezuela. The Committee was joined by the Assistant President, Programme Management Department (PMD); the Director, Office of Evaluation (OE); the Director, Asia and the Pacific Division; the Secretary of IFAD; the General Counsel of IFAD; and others.

Nigeria CPE

3. Committee members commended OE on the high quality of this evaluation and expressed their broad agreement with its main findings and recommendations.
4. The representative² of the Government of Nigeria also expressed appreciation for the very good evaluation. It had been conducted in a transparent and participatory manner and had entailed intensive field visits, discussions with beneficiaries and other key partners, and a review of various reports and documents. Dr Ingawa also conveyed his Government's concurrence with the main evaluation findings and recommendations. He commented on the success of the national round-table workshop, which had provided a framework within which to bring the key issues together and a bridge for pursuing the future partnership between Nigeria and IFAD. The Government requested IFAD to continue acting as a partner in promoting food security, placing an emphasis on smallholder commercialization and sustainable land management.
5. The Committee acknowledged the positive collaboration between OE, PMD and the Government of Nigeria that had characterized the evaluation, and was grateful for the helpful comments provided by the Nigerian representative.
6. The Committee noted the good results achieved in the portfolio through the community-driven development (CDD) approach. While appreciating this achievement, the Committee questioned whether or not the success of CDD in rural infrastructure could be attributed to inflated cost estimates at project design. The OE Director clarified that design estimates were based on traditional methods using private contractors, which often had resulted in lower quality infrastructure and higher costs with respect to the CDD approach. Thus, the adoption of the CDD approach had led to significant cost savings as a result of community involvement.

¹ Switzerland participated via telephone in the discussions on the procedures for the renewal and appointment of the Director of the Office of Evaluation.

² Dr S.A. Ingawa, Executive Director of the National Food Reserve Agency (NFRA), from the Federal Ministry of Agriculture and Water Resources.

7. The Committee expressed concern about delays in loan effectiveness of two programmes.³ It was explained that the delays in Nigeria were related to difficulties in establishing the institutional arrangements for implementation. The Committee noted that IFAD has made progress recently in reducing the time lag between loan approval and effectiveness from 18 to 13 months in the country.
8. The Committee noted that, as a middle-income country, Nigeria is not dependent on official development assistance (ODA) and that IFAD's contribution – despite being the largest amount that IFAD provided to any country in the region – is small (about 3 per cent of ODA) compared with the overall amount of ODA to Nigeria. As such, Committee members raised a number of issues that warrant consideration by IFAD Management when preparing the new country strategic opportunities programme (COSOP). In particular these related to the need for IFAD to define more clearly its strategic niche. The Committee concurred with the evaluation findings that IFAD should refocus its programmes on smallholder agricultural development and improved value chain work and enhance the emphasis on pro-poor innovation. The Committee cited IFAD's activities in cassava as a good example of such work, as these have improved nutrition and food security in rural areas.
9. In order to make further advances in these areas, the Committee suggested that IFAD also strengthen its involvement in non-lending activities such as knowledge management and policy dialogue. Linkages between loans and grants also need strengthening.
10. The Committee acknowledged the recent changes to the country programme management team, including the new country programme manager and the recruitment of a new country presence officer. The Committee felt that given the size and complexity of IFAD's portfolio and the importance of non-lending activities such as knowledge management and policy dialogue, greater delegation of authority to the field would be beneficial. The Committee suggested that consideration also be given to outposting the country programme manager.
11. Another issue that received special attention in the discussions was the Government of Nigeria's commitment to allocate at least 10 per cent of its national budget to agriculture, as agreed in the Maputo Declaration. Consequently, the contribution of the Government has increased from 4 per cent (before Maputo) to 7 per cent in 2008, and is projected to grow to 12 per cent in 2009.

Interim evaluation of the Uplands Food Security Project in the Democratic People's Republic of Korea

12. The Committee expressed its appreciation to OE for the excellent evaluation and concurred with the main findings and recommendations. The Committee noted that IFAD is currently the only international financing institution working in the Democratic People's Republic of Korea, and acknowledged the positive impact the project had made on the lives of rural poor people, including women.
13. The representatives from the Government of the Democratic People's Republic of Korea⁴ expressed appreciation to OE for the constructive evaluation, and underlined the project's contribution to agricultural productivity; protection of slopes against erosion; household income; and women's empowerment.

³ The Rural Finance Institution-Building Programme and the Rural Microenterprise Development Programme.

⁴ Mr Kim Hyo Sik, Deputy Representative to the United Nations agencies in Rome and Mr Ri Song Chol, Second Secretary of the Embassy of the Democratic People's Republic of Korea in Rome.

14. Among other issues, the Committee underlined the importance at the outset of devoting greater efforts to building partnerships, especially between IFAD and the cofinanciers, to ensure that partnership actually takes place. It also emphasized the need to limit turnover of IFAD country programme managers to ensure continuity and timely follow-up during implementation.
15. The Committee took note of the challenges faced in accessing data and statistics on agriculture and rural development in the country; this needed careful consideration when developing the future country strategy and programme design. The Committee also invited the Fund to reflect upon the arrangements for ensuring continuity of benefits to communities, especially given that no second phase of the operation is foreseen in the near future.

IFAD Rural Finance Policy, together with comments of the Office of Evaluation

16. As per its terms of reference, the Committee discussed the new IFAD Rural Finance Policy, together with the comments of OE, before presentation of the document to the ninety-sixth session of the Board.
17. The Committee commended Management for the quality of the policy, commenting that the new policy was critical, given the level of resources invested by the Fund in this sector. The Committee noted that a revised set of guidelines – decision tools for rural finance – that were designed to assist staff and stakeholders in implementing the policy would be prepared once the policy is approved.
18. The Committee agreed with OE's comments on the policy (EB 2009/96/R.2/Add.1), especially with regard to the need for the Fund to assess, and adjust as required, ongoing country strategies and operations in light of the introduction of the new policy. It was recommended that all new policy or strategy proposals be submitted to the Committee and the Board accompanied by the agreement at completion point from the corresponding evaluation, if available.
19. The importance of avoiding distortions and subsidies in the provision of rural financial services was underscored. The Committee also stressed, inter alia, the need to build the rural poor's capacity to manage effectively the range of rural financial services available to them. Finally, the large volume of remittances needs to be factored in when supporting rural financial systems in partner countries.

Procedures for the renewal and appointment of the Director of the Office of Evaluation

20. As decided at its fifty-second session, the Committee tabled a proposal for establishing procedures for the appointment and renewal of the OE Director. In preparing the proposal, the Committee met several times. OE, IFAD Management and the General Counsel provided inputs that had been considered during these informal meetings.
21. In drafting the procedures, the Committee: (a) recognized the importance of ensuring the continued independence of OE's evaluation function from IFAD Management; and (b) noted that OE is a part of the Fund. The Committee also underlined that these procedures, should they be adopted, would also be examined by the OE external peer review planned in 2009. Key elements of the document tabled for discussion included the introduction of two provisions, namely: (a) a non-renewable term of six years for the OE Director; and (b) the requirement for a more comprehensive performance evaluation of the Director, including a 360° review.

22. IFAD Management provided another set of comments during the discussions on the draft. These included: (a) the need to introduce a formal appraisal – including a 360° review – of the performance of the OE Director, as for all other staff; (b) the need to reflect on the delegation of authority to the OE Director on human resources matters; (c) the OE Director's external capabilities, including the disclosure of evaluation documents; and (d) Management's suggestion to split the proposed six-year term into a three-year term that may be renewed once.
23. In the context of the discussion of the draft, the IFAD General Counsel underlined that the text related to the preparation of OE's annual work programme and budget should be considered in light of the Agreement Establishing IFAD.
24. The Committee favours its proposal of a single six-year term for the OE Director. However, with respect to the other three comments by Management, the Committee requested the General Counsel to review the document and convey his comments on any legal provisions that may need to be considered in preparing the final draft proposal for the Board's consideration.

Other business

25. No other business was discussed at the session. This was the last Evaluation Committee session for the Committee Chairperson (Indonesia) and various members (Belgium, Germany, India,⁵ Mali and Switzerland). Their excellent contribution to the Committee's work over the past years and their constructive inputs and comments are deeply appreciated.

⁵ Although India will continue as a member, Mr R. Parasuram will be leaving Rome in the coming months.

DRAFT – Procedures for the renewal and appointment of the Director of the Office of Evaluation

I. Introduction

1. The Evaluation Committee reviewed the procedures for the renewal and appointment of the Director of the Office of Evaluation in light of paragraph 3 of the Terms of Reference of the Evaluation Committee, which task the Committee with satisfying itself that the Fund has an effective and efficient evaluation function. Based on the foregoing consideration, the Committee deems it desirable that the Executive Board reiterate and clarify the fundamental principles relevant to the procedures for the renewal and appointment of the Director of the Office of Evaluation (OE).

II. Principles of independence of the evaluation function of IFAD

2. The Committee proposed the following provisions:
3. The OE Director will report directly to the Executive Board; he or she will be appointed and removed only with the endorsement of the Board, and will not be eligible for re-employment within the Fund after the completion of his or her fixed term.
4. The OE Director will be responsible for developing and effectively implementing the OE strategy.
5. Without prejudice to the overall responsibility of the President with regard to the preparation of the budget under section 10 of article 6 of the Agreement, as well as regulation VI(1) of the Financial Regulations of IFAD, the OE Director will be responsible for formulating OE's three-year rolling work programme and annual budget, after due consultation with the President and/or his designated representatives, and for submitting these to the Fund's Executive Board and Governing Council for approval.
6. Subject to the relevant policies and/or directives established by the Executive Board, the OE Director will have the authority to issue final evaluation reports directly and simultaneously to the Executive Board, the President and other stakeholders, and to disclose them to the general public without prior clearance from anyone outside OE.
7. Without prejudice to the responsibilities of the President under section 8(d) of article 6 of the Agreement, the President will delegate to the OE Director authority to make all personnel and operational decisions concerning OE staff and consultants in compliance with IFAD's code of conduct, rules and procedures.
8. Objectives will be agreed between the OE Director and the President, within the context of the agreed programme of work. The performance evaluation will relate to these objectives, IFAD competencies and core values. Feedback from stakeholders (including the chair of the Evaluation Committee) will be sought in preparation for the performance review. Other tools utilized by IFAD to support performance review, such as the 360° feedback/survey process, will apply.

III. Modalities for the selection, appointment and removal of the OE Director

9. The Committee proposed the following alternative provisions:

A. Selection

10. When the office of the OE Director becomes vacant, the President of IFAD will prepare and post a vacancy announcement for the recruitment of a successor, in conformity with the terms of reference of the OE Director as set out in the IFAD Evaluation Policy. To this end, the IFAD Evaluation Policy shall be amended to include the terms of reference determined by the Executive Board, based on which the President shall prepare vacancy announcements when necessary.
11. The OE Director will be selected through an open and competitive international recruitment process in accordance with the procedure applicable for the recruitment of other senior staff members, with due regard to section 8(e) of article 6 of the Agreement, which prescribes that consideration be given to the necessity of securing the highest standards of efficiency, competency and integrity as well as to the importance of observing the criterion of equitable geographical distribution. If necessary the recruitment may be conducted by an independent and reputable executive search firm.
12. Candidates shortlisted in accordance with the procedure applicable for the recruitment of other senior staff members or put forward by the search team shall be interviewed by the recruitment panel, which will consist of one IFAD Assistant President, a member of the Evaluation Committee as a representative of the Executive Board, and one or more high-level professional expert in evaluation.

B. Appointment

13. Suppress as this is covered under paragraph 2 above.
14. The President will appoint the OE Director for a non-renewable term of six years.
15. Procedures for the Director's replacement will commence, in earnest, at least six months before the expiry of his or her term of office.
16. Except as otherwise provided herein, the position of OE Director will be a staff position, and the holder of such position will be subject to the mandatory retirement age for IFAD staff and to the Fund's other rules and regulations.
17. Any person who serves as OE Director will not be eligible to perform remunerated services for IFAD (whether as a staff member, consultant or in any other remunerated capacity) after completion of his or her term of office.

C. Removal

18. Except as otherwise provided herein, the President may only remove the OE Director from office prior to the expiry of his or her term on the grounds of unsatisfactory job performance, based on the evaluation referred to in paragraph 2, and/or misconduct.

D. Miscellaneous

19. The Committee proposed that the provisions be amended accordingly:
20. Any other matters not covered in these procedures or in any other applicable IFAD rules and regulations will be determined by means of consultations between the President and the Executive Board, through the Evaluation Committee, taking into consideration the powers, functions and

responsibilities of the Executive Board and the President, as well as the unique functions and status of OE.

21. The modalities contained herein will supersede any other modalities pertaining to issues concerning OE provided for in any other instrument.

IV. Requested decisions

22. The Evaluation Committee invites the Executive Board:
 - to confirm the principles and procedures set out in sections II and III of the present report;
 - to direct the President to act in accordance with those principles and procedures; and
 - to call on the President to prepare the necessary draft amendments to the IFAD Evaluation Policy for consideration by the Evaluation Committee, prior to their submission to the Executive Board.

Annex:

Background information on the current institutional context

1. According to section 5(c) of article 6 of the Agreement Establishing IFAD (the Agreement), the Executive Board is responsible for the conduct of the general operations of the Fund. The responsibility to evaluate the operations of the organization is inherent in this power. While, according to the Agreement, the President is required to provide the Executive Board with the information needed to make such an evaluation, the Executive Board expressed preference for a system whereby a staff member (i.e. the OE Director), rather than the President, prepares and supplies the information needed for evaluation by the Board. This arrangement was deemed to be compatible with the balance established by section 8(d) of article 6 of the Agreement.
2. According to the principle enshrined in section 8(d) of article 6 of the Agreement, the President heads, organizes, appoints and dismisses the staff in accordance with the regulations adopted by the Executive Board. This means that, subject to the regulations of the Executive Board, the President is responsible for the management of all staff, including staff assigned to perform services exclusively for the Executive Board, as is the case with the OE Director.
3. Accordingly, unless the Executive Board establishes special rules, the selection, appointment and removal of the OE Director would follow the same criteria and procedures established by the President in the Human Resource Procedures Manual (HRPM). Special regulations were adopted by the Executive Board in section VI (Human Resource Management) of the IFAD Evaluation Policy. These are limited to the following:
 - The President will nominate a candidate for the position of OE Director to the Board for endorsement, as recorded in the Executive Board minutes, whereupon the President will appoint the Director for a fixed term of five years, which may be renewed only once.
 - Similarly, the President will remove the OE Director upon and only upon the endorsement of the Board, as recorded in the Executive Board minutes.
 - The OE Director will not be re-employed by IFAD upon completion of his or her term(s).
 - The OE Director will be directly responsible to the Executive Board.
4. It follows from the foregoing that except for these special rules, when selecting, appointing and removing the OE Director, the President shall apply the same criteria and procedures that are applied to the rest of the staff pursuant to the HRPM. In practice this means:
 - (a) The President authorizes the vacancy announcement.
 - (b) The Human Resources Division is responsible for managing the recruitment process in consultation with the President, particularly by establishing the long list of applicants, selecting the shortlist, checking the references and organizing the interviews.

- (c) Interviews are conducted by a panel, chaired by the President, of senior staff members and a representative of the staff association.
 - (d) Upon the identification of the preferred candidate, the President seeks the endorsement of the Executive Board prior to appointing the candidate to the post.
- 5. Having considered the above, the Committee wishes the renewal and appointment of the OE Director to be understood, and where necessary amended, along the lines set out in sections II and III of the present report.