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Comments by the Office of Evaluation on the Final Report of the Peer Review of IFAD's Office of Evaluation and Evaluation Function

Executive Board — Ninety-ninth Session
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For: **Information**

Note to Executive Board members

This document is submitted for the information of the Executive Board.

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Comments by the Office of Evaluation on the Final Report of the Peer Review of IFAD's Office of Evaluation and Evaluation Function

1. The Office of Evaluation (OE) wishes to thank the Evaluation Cooperation Group (ECG) of the multilateral development banks (MDBs) for the excellent quality of the Final Report of the Peer Review of IFAD's Office of Evaluation and Evaluation Function released on 15 February 2010 (hereafter "the final report").
2. The findings and recommendations contained in the final report, which include a number of issues for OE to act upon, are useful. If accepted, they will help improve IFAD's evaluation system and enable it to play an even greater role in enhancing the Fund's development effectiveness in the future. Clearly, OE is ready to work closely with both the Evaluation Committee and IFAD Management to ensure that the key recommendations contained in the final report are implemented in a timely manner.
3. OE agrees with both the main conclusions reached and the seven recommendations contained in the final report. However, OE wishes make some points for the Evaluation Committee and Executive Board to bear in mind when considering the document at their respective sessions in April 2010. The OE comments contained in the following paragraphs aim to sharpen the recommendations in a way that will facilitate the Board's decision regarding the final report. These comments are structured around each of the report's seven recommendations.
4. **Recommendation 1.** *The Executive Board reaffirms its commitment to the principles of IFAD's independent evaluation function and asks the General Counsel to prepare a paper for its consideration that identifies options for the necessary changes to resolve any possible legal incompatibilities between the Evaluation Policy and the Agreement Establishing IFAD in a way that fully respects the wishes of the shareholders for an independent evaluation function, as expressed under the Sixth Replenishment.*
5. OE fully agrees that the Board should reaffirm its commitment to the principle of independence. It is important that the Board should agree not only with the notion of independence in general but, in particular, with the five pillars mentioned hereunder. These pillars are considered to be fundamental principles of independence both by the ECG and by the international development evaluation community. Without such principles, independence will remain an empty word. These include reaffirming: (i) the leading role of the Evaluation Committee and the Executive Board in the appointment, removal and performance appraisal of the Director, OE; (ii) delegation of the President's authority to the OE Director to take all decisions concerning OE staff and consultants, including their recruitment, appointment, promotion and dismissal, in accordance with IFAD's Human Resources Policy; (iii) that the OE work programme should be produced independently, albeit with due consultation with IFAD Management, governing bodies and Member States, as appropriate; (iv) that the OE budget should be produced independently from Management, adhering to corporate directives that pertain to the structure and layout of the budget, and using standard cost parameters in accordance with IFAD's planning and budgeting system; and (v) that the OE Director has the authority to issue and disclose to the public all evaluation reports without prior authorization from persons outside OE. In OE's view, it is of paramount importance that IFAD's governing bodies ensure that these five pillars of independence are clearly enshrined in the Fund's revised Evaluation Policy and adequately covered in the revised terms of reference and rules of procedure of the Evaluation Committee, as appropriate.

6. More specifically, on human resources management, OE agrees with the specific recommendations contained in chapter II, section 4(a) regarding the recruitment, appointment, dismissal and annual performance review of the Director, OE and section 4(b) relating to delegation of authority from the President of IFAD to the Director, OE to make all decisions concerning the recruitment, appointment, promotion, dismissal and annual performance review of OE staff and consultants (paragraph 5, pillar (v)). Any compromise of this provision would jeopardize the credibility of IFAD's independent evaluation function. All decisions by the Director, OE concerning human resources would continue to conform to IFAD rules, as has been the practice since the approval of the Evaluation Policy in April 2003.
7. OE agrees with the need to have staff with strong evaluation and recent operations experience, even though identifying individuals with this combination of skills can prove difficult. The importance of ensuring adequate staff exchange between OE and Management and vice versa is also important, as highlighted in the final report. OE concurs with the final report's reaffirmation of the need for and importance of the OE Deputy Director function, especially for the reasons highlighted in paragraph 105 of the final report. The Deputy Director position should be filled as soon as possible, without further hurdles.
8. OE questions the usefulness of preparing yet another paper for Executive Board consideration, as alluded to in recommendation 1. The final report states that other MDBs were established well before their evaluation departments became independent. Furthermore, the Peer Review Panel is not aware that any MDB found it necessary to amend its articles of agreement once an independent evaluation function had been established. The final report also recognizes that establishment of an independent evaluation office was agreed to by all Member States at the February 2003 session of the Governing Council while adopting the resolution on the Sixth Replenishment of IFAD's Resources that explicitly states, inter alia, that the President delegates authority to the OE Director to take all decisions regarding the recruitment, appointment, promotion and dismissal of OE staff and consultants. The final report points out that the Agreement Establishing IFAD stipulated that the President, under the control and direction of the Governing Council and Executive Board, shall organize the staff, and shall appoint and dismiss staff members in accordance with regulations adopted by the Executive Board. The final report therefore concludes that the Executive Board has the authority to adopt regulations by which the President may delegate some of his powers to the OE Director. Indeed, this was implicit in the Executive Board's adoption of the Evaluation Policy in 2003 and agreement with the Sixth Replenishment resolution, and the Governing Council's further consideration and adoption of the resolution.
9. Rather than investing time and resources in requesting the General Counsel to prepare another paper, it would be more useful to focus on timely preparation of the revised Evaluation Policy and the terms of reference and rules of procedure of the Evaluation Committee, for which there is a clear need. Also, as stated in the final report, if adjustments are indeed needed, the Agreement Establishing IFAD should be amended in alignment with the main thrusts of key policies, including the Evaluation Policy, adopted by the Executive Board in recent years. Any incongruence – perceived or real – between the Agreement Establishing IFAD and the Evaluation Policy should not be used as a pretext for blocking or slowing down the implementation of the aforementioned five pillars (see paragraph 5), which are fundamental to ensuring OE's independence.
10. OE does not consider it practical to establish a working group to manage and oversee the production process for the revised Evaluation Policy and terms of reference and rules of procedure for the Evaluation Committee (final report, paragraph 141(iv)). As recognized in the report, within IFAD at present, greater than normal tensions and diverging opinions surround the question of OE's independence, which could affect the proposed working group, thereby hampering

its operation and slowing down or precluding completion of the process. A better option would be for the Evaluation Committee to use the same model that worked well for the Peer Review. This would entail the Evaluation Committee or a working group of its members taking the lead in developing the revised IFAD Evaluation Policy and subsequently the new terms of reference and rules of procedure of the Committee, in collaboration with the ECG and supported by a consultant working under the ECG's overall supervision, as alluded to in paragraph 141(iv) of the final report.

11. The President's Bulletin on the operational arrangements and procedures required for implementing IFAD's Evaluation Policy was prepared in December 2003, following approval of the Evaluation Policy. The final report recommends that the President's Bulletin be revised after the approval of the new Evaluation Policy. However, OE believes that the President's Bulletin may not be the appropriate instrument for summarizing the guidelines for implementing the new policy, as these are intended not only for Management but also for OE and the Evaluation Committee. It would be preferable to provide the guidelines in an annex to the revised Evaluation Policy; this would enable the Evaluation Committee and the Executive Board to contribute to their development and subsequently approve them.
12. OE fully concurs with the recommendations in tables 1 and 2 of the final report, to the effect that OE should undertake more strategic corporate evaluations, related for example to "business processes that constrain IFAD's development effectiveness" in such areas as resource mobilization and management, human resources management, risk management and administrative efficiency. It is worth noting that OE has included a number of business process areas in past evaluations, on a case-by-case basis, and that this year's Annual Report on the Results and Impact of IFAD Operations will treat the efficiency of IFAD operations as a key learning theme.
13. **Recommendation 2.** *The Executive Board, through the Evaluation Committee, strengthens the oversight and accountability of OE and its independence from Management.* OE agrees with this important recommendation. In particular, OE is fully committed to ensuring greater transparency and to further strengthening its internal financial and administrative management. As suggested, all required details will be provided to the Evaluation Committee and Executive Board with regard to OE's annual administrative budget, starting from the current year in the production of the results-based budget for 2011. As recognized in the final report, in 2009 OE entrusted the reorganization of its financial, contracting and administrative management to a Professional staff member, who devotes around 50 per cent of her time to this particular task. As a result, a new, more comprehensive financial and administrative management system is being set up. Therefore, it would be opportune for OE to gain experience in implementing the new system before commissioning the review recommended by the report. OE agrees with the suggestion that it should conduct periodic reviews of its internal financial, administrative and contracting processes and experiences. The first such review could take place in 2011.
14. **Recommendation 3.** *OE harmonizes its approach to evaluation with that of ECG good practice by basing OE's portfolio and project assessments more heavily on evidence drawn from validated project completion reports (PCR).* As a general rule, OE has used PCRs in the past, where available, as essential points of reference for conducting independent evaluations. Given that the quality of PCRs is improving, OE concurs with this recommendation and will ensure that it is acted upon. Preparatory work will be required to build OE's capacity and skills to undertake PCR validations in a rigorous manner. This will entail learning from the experiences of MDBs, training OE staff and identifying more accurately the estimated level of effort and resources required for the purpose. OE plans to commence the validation of a

number of PCRs in 2011. There may be room for some pilot testing of PCR validations as part of the preparatory work undertaken in 2010. On a related issue, OE agrees with the recommendation (in paragraph 81 of the report) to delete the reference in the Evaluation Policy to mandatory interim evaluations for projects expected to have a follow-up phase financed by IFAD.

15. **Recommendation 4.** *IFAD further strengthens the use of evaluation findings, learning and feedback loop.* OE fully concurs with this important recommendation. It will, inter alia, (i) make greater efforts to contribute to corporate-wide knowledge management initiatives, (ii) continue to produce evaluation *Profiles* and *Insights* to reach a wider audience, (iii) devote resources to producing syntheses of evaluations, (iv) actively participate in in-house working groups and other platforms to ensure that evaluation lessons and recommendations are duly incorporated into new policies, strategies and operations, and (v) ensure that the pages on IFAD's corporate website are constantly updated with the latest evaluation reports and related deliverables.
16. **Recommendation 5.** *OE identifies ways to improve further the quality of its work through use of a broader range of evaluation approaches and methodologies.* As recommended, OE will increasingly move towards higher-plane evaluations, including evaluations of selected corporate business processes as recommended in the final report. Every effort will be made to ensure that the Evaluation Manual (2009), developed in collaboration with a panel of international experts, is applied in a consistent and flexible manner, to suit the specific policy, strategy or project being evaluated. Greater attention will be paid to analysing the proximate causes for good or weak performance ("the why factor"), which is in fact a core methodological fundamental in the new Evaluation Manual. OE believes that it is also important for Management to focus more on the why factor in self-evaluation reports, including the Report on IFAD's Development Effectiveness and PCRs. OE will develop guidelines for PCR validation purposes and for undertaking "lighter" project evaluations (or "lighter project performance assessments", as referred to in the final report).
17. **Recommendation 6.** *Management prepares a costed action plan covering the next five years, which establishes priorities and makes the case for additional funding and more staff time within a feasible resource envelope to strengthen the self-evaluation system, so that it is increasingly used to help achieve development results.* OE finds this recommendation appropriate and, in particular, agrees with sub-recommendation (v), which calls for OE to systematically evaluate the various components of the self-evaluation system, using focused real-time evaluations.
18. **Recommendation 7.** *OE improves efficiency by using more cost-efficient approaches, while enhancing quality and effectiveness, in carrying out its programme of work and more efficient ways of undertaking its work.* OE concurs with this recommendation, and agrees to perform lighter project evaluations in the future, undertake PCR validations, and strengthen OE's internal management and administrative processes. OE also fully agrees with the recommendation to submit full evaluation reports to the Evaluation Committee and Executive Board for their review – as in the case in all other MDBs – rather than special summaries produced for the purpose. Last but not least, OE will continue its own team renewal efforts. These have included a drive to ensure better management of consultants, mainstreaming of communication and dissemination within each evaluation, and undertaking lighter project evaluations in the framework of country programme evaluations. These initiatives have led to a number of concrete efficiency gains in the past, as documented by the OE budget, which has grown substantially less than IFAD's administrative budget over the last few years and which decreased in real terms in 2010. Finally, OE is fully committed to ensuring that its annual budget remains within the limits already defined by the Board in December 2008.

