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Investing in rural people

## Minutes of the 105<sup>th</sup> Session of the Evaluation Committee

### Note to Evaluation Committee members

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## Minutes of the 105<sup>th</sup> Session of the Evaluation Committee

1. The deliberations of the Evaluation Committee at its 105<sup>th</sup> session, held on 19 June 2019, are reflected in the present minutes.
2. The minutes will serve as the basis for the oral report to be provided by the Evaluation Committee Chairperson to the Executive Board. Once they have been approved by the Committee the minutes will be shared with the Board.
3. In order to benefit from the presence of the representatives of the Democratic Socialist Republic of Sri Lanka, who had come to share their Government's views on the country strategy and programme evaluation (CSPE), and in the absence of a quorum past the official start time of the session, the Chairperson – with the consent of those Committee members present, the Independent Office of Evaluation of IFAD (IOE) and Management, and upon advice from the Office of the General Counsel (LEG) – proceeded with an informal discussion on the CSPE (agenda item 3). When the agenda item was re-opened with full quorum, salient points of the informal discussion were communicated to the Committee as advised by LEG and duly endorsed with no further comment.
4. His Excellency Daya Srikantha John Pelpola, Ambassador, Permanent Representative and IFAD Governor, together with Mr Somasena Mahadiulwewa, Minister (Commercial) and Deputy Permanent Representative of Sri Lanka to IFAD, shared the Government's perspective on the CSPE.

### Agenda item 1. Opening of the session

5. The session was attended by Committee members for Indonesia (Chair), Japan, Mexico, the Netherlands and Switzerland, subsequently joined by Nigeria. Observers were present from the Dominican Republic and the United Kingdom. The session was also attended by the Director, IOE; Deputy Director, IOE; Vice-President, as officer-in-charge of the Programme Management Department; Director, a.i., Operational Policy and Results Division; Director, Asia and the Pacific Division; Secretary of IFAD; and other IFAD staff.

### Agenda item 2. Adoption of the agenda (EC 2019/105/W.P.1)

6. The provisional agenda comprised the following items: (i) Opening of the session; (ii) Adoption of the agenda; (iii) CSPE for Sri Lanka; (iv) Evaluation synthesis report (ESR) on inclusive financial services for the rural poor; (v) External peer review of the evaluation function at IFAD; (vi) Draft approach paper on the corporate-level evaluation (CLE) on IFAD's support to innovation and productivity growth for inclusive and sustainable smallholder agriculture; (vii) Corporate-level evaluation on IFAD's engagement in pro-poor value chain development; (viii) Proposed dates for sessions of the Evaluation Committee in 2020; and (ix) Other business.
7. The Committee adopted the agenda as contained in document EC 2019/105/W.P.1, with the addition of one item under other business. That item, regarding the informal seminar on the external peer review of the evaluation function, would be discussed further on Tuesday, 9 July 2019 from 2.30 p.m. to 4.30 p.m. at IFAD.
8. The agenda will be revised as EC 2019/105/W.P.1/Rev.1.
9. The Chairperson thanked the representative for Switzerland, Ms Liliane Ortega, for her active contribution to the work of the Evaluation Committee during her time as a member. In turn, Ms Ortega thanked the Chairperson, Committee members, Management and IOE for the rich learning experience she had benefited from as a member of the Committee.

Agenda item 3. Country strategy and programme evaluation for Sri Lanka (EC 2019/105/W.P.2)

10. The points raised under this agenda item were initially discussed informally, and subsequently formally endorsed by the Committee once full quorum had been reached.
11. The Committee welcomed the CSPE and the fact that both Management and the Government of Sri Lanka agreed with the evaluation findings and recommendations, as indicated in the signed agreement at completion point. The Committee noted that the CSPE covered the period from 2004 to 2017, during which IFAD had invested US\$192 million in eight loan-financed projects.
12. The Committee noted that targeting was still highlighted as an issue in the CSPE and emphasized the need to ensure a more robust approach, with a special focus on women. The Committee expressed the expectation that issues in respect of targeting would be addressed through the specific guidelines on targeting currently being finalized by Management for discussion with the Executive Board.
13. The need to strengthen IFAD's visibility by participating more actively in donor coordination forums and policy dialogue within the country was also noted. Management underlined that with the establishment of the India hub, the country director for Sri Lanka was now based in New Delhi and was able to regularly engage with his counterparts and other IFAD stakeholders in the country. Furthermore, it was emphasized that all donors and relevant stakeholders would be actively engaged in the design of new projects.
14. The Committee urged Management to devise ways to implement the recommendations of the CSPE, since some of them were similar to those given in the previous CSPE.
15. Responding to one member, Management reiterated the strong engagement and leadership of the Government of Sri Lanka in development efforts, and stated that all interventions were thus aligned with government priorities.
16. Management expressed appreciation to IOE, acknowledged the lessons captured in the CSPE, and noted that these would further strengthen the capacity to tailor IFAD's support to the needs of target groups.
17. Management thanked the Government of Sri Lanka for the strong partnership with IFAD, as demonstrated by continuing domestic cofinancing.
18. The representative for Sri Lanka shared his Government's views on the CSPE and highlighted its agreement with the IOE findings and recommendations. He thanked IFAD for the contribution to the country's development, indicating that 15 per cent of the population had been reached by IFAD's engagement in the agricultural sector, and for the support provided following the tsunami in 2004.
19. The representative further stated that funding to the country should be based on needs rather than economic status, and that project design should be aligned with the needs identified. As a small island state, Sri Lanka is vulnerable to the effects of climate change, such as more frequent flooding and drought.
20. IOE emphasized the need to pay more attention to the sustainability of benefits and to incorporate climate change adaptation measures, in addition to strengthening the poverty orientation, into the country programme.

Agenda item 4. Evaluation synthesis report on inclusive financial services for the rural poor (EC 2019/105/W.P.3)

21. The Committee welcomed the findings of the ESR as presented by IOE, noting that it covered evaluations conducted since 2008 and reviewed the relevance of IFAD policies, guidance and knowledge on inclusive rural finance.

22. The Committee expressed the view that the findings and lessons learned contained in the ESR would be crucial in informing IFAD's operations in the rural financial services sector going forward. For example, the report highlighted that: (i) financial instruments in IFAD operations remained mostly traditional; (ii) most projects comprised a mix of rural finance and other components despite evidence showing that projects focusing exclusively on rural finance were more likely to deliver better performance; and (iii) most interventions were at the meso and micro levels, and there was a need to pay greater attention to the meso-level institutions and partnerships.
23. Members expressed concern about the capacity gap at IFAD headquarters created by dismantling the rural financial services team. Management clarified that the team had not been dismantled but rather decentralized, and that Management was exploring ways to promote learning and knowledge-sharing in a decentralized setting.
24. Regarding the capacity of financial service providers, which was seen as a major constraint, members noted that this hindered innovation in the financial sector, and agreed with the recommendation that Management should pay closer attention to the meso level. In this regard, members pointed out that an over-reliance on consultants had contributed to gaps in the design and implementation of rural finance projects. Management indicated that the findings and conclusions of the report would be followed up appropriately.
25. The Committee noted that Management had welcomed all the findings and agreed with most of the recommendations, but had expressed only partial agreement with the recommendation on drafting a rural finance strategy. In this regard, Management agreed that an update of the rural finance policy was needed. However, it would be more relevant and practical to develop an action plan for implementing the updated rural finance policy rather than drafting a new strategy.
26. One member expressed concern about the Management response to recommendation 3 of the ESR regarding greater focus on meso-level institutions and stronger partnerships with agencies working in the sector, stating that addressing this recommendation would enable IFAD to maintain its influence in the rural finance sector.
27. Management noted that they would take steps to address the issues raised in the evaluation on which they had agreed while ensuring that the updated rural finance policy addressed operational aspects raised in the IOE recommendations through an action plan.

Agenda item 5. External peer review of the evaluation function at IFAD

28. The Committee took note of the oral update on the progress of the external peer review of the evaluation function at IFAD provided by the Chairperson of the review panel, who highlighted developments since the last Committee session.
29. The Committee noted the key points made by the peer review, which showed that evaluation in IFAD is consistent with the IFAD Evaluation Policy and characterized by several strong points. However, the institutional changes since the last peer review presented an opportunity to further enhance the evaluation function. Taking advantage of this opportunity would require a joint effort by IOE, Management and the Board.
30. The evaluation panel informed the Committee that the draft report would be shared with all members at an informal seminar of the Board scheduled for 9 July, and then finalized for review by the Committee and the Board in September.
31. One observer noted that it would be ideal if the report contained an outline of an action plan.

Agenda item 6. Draft approach paper on the corporate-level evaluation on IFAD's support to innovation and productivity growth for inclusive and sustainable smallholder agriculture (EC 2019/105/W.P.4 )

32. The Committee recalled that the Executive Board, at its 125<sup>th</sup> session, had approved a CLE, to be conducted by IOE, of IFAD's support to innovation for inclusive and sustainable smallholder agriculture. The Committee welcomed the approach paper and looked forward to an evaluation of the effectiveness of IFAD's instruments in promoting sustainable innovation in agriculture. The CLE will assess IFAD's performance in promoting innovations for rural development and scaling up successful pro-poor innovations.
33. Regarding the Committee's question about whether the evaluation would tackle the role of implementing agencies and partners in introducing innovations in the operations, IOE confirmed that this would be part of the evaluation as such implementing agencies were important to IFAD operations.
34. The Committee asked that the evaluation analyse whether some countries had a more favourable enabling environment to promote the absorption of innovations.
35. Members inquired whether governments' linkages with the private sector promoted innovation, and asked that the evaluation determine which tools and other elements were useful in promoting innovation. This aspect had already been identified as part of the innovation system in the approach paper, given the essential role of the private sector and farmers in innovation.
36. The Committee noted the need to take into consideration young people and the role they played in innovation, as there was a general view that youth and innovation went hand in hand. IOE replied that although youth were not included in the approach paper, there was a question in the evaluation framework regarding the ways in which innovation had helped young people become established as entrepreneurs.
37. A member commented on the need for the evaluation to propose approaches to mitigate any disparities that might arise from promoting innovation.
38. The Committee took note of Management's response to the approach paper. Noting that the CLE focused on the IFAD Innovation Strategy from 2007 and its definition of innovation, Management stated the intention to work closely with IOE to ensure that the evaluation captured recent and ongoing initiatives.
39. IOE welcomed the positive response by Management to the approach paper and agreed to take into account recent products and the ongoing work with the United Nations Chief Executives Board for Coordination secretariat on innovation. Best practices and experiences from comparator organizations would also be captured in the CLE.

Agenda item 7. Corporate-level evaluation on IFAD's engagement in pro-poor value chain development (EC 2019/105/W.P.5)

40. The Committee members welcomed the findings of the CLE on IFAD's engagement in pro-poor value chains, commending IOE for a very well written and informative report. They underlined the relevance of value chains combined with proper targeting as an important approach with which to reach out to poor farmers.
41. The Committee took note of the evaluation findings, specifically the steep increase in the proportion of projects dedicated to value chains for the ten-year period covered by the CLE, with no corporate strategy on pro-poor value chain development to provide conceptual clarity.
42. The Committee noted that Management agreed with most of the evaluation recommendations but disagreed with the recommendation to develop a pro-poor

value chain development strategy. Management reasoned that value chain development was a context-specific and cross-cutting technical theme that required technical and operational guidance for implementation rather than a strategy. Some members agreed with Management's position, given that a strategy could be mechanical, not adequately address identified issues as operational tools would, and might limit creativity and flexibility. Other members pointed out that a strategy could have the added value of providing the overarching conceptual framework and corporate guidance for the implementation of value chain development operations. Some Committee members noted that while the overarching document might not be called a strategy, it was nonetheless important to have such a document. Management restated the limited value of the strategy and favoured a guiding technical document, which could also include overarching guiding principles, as members have requested.

43. IOE reiterated that, according to the CLE, IFAD needed high-level strategic guidance on the objectives of its work on pro-poor value chains and the institutional requirements to conduct such work effectively, including skills and capacity at IFAD as well as with governments and project management teams. IOE expressed that while Management's proposal to update the existing technical toolkits and notes was useful, it did not fully satisfy these needs, which are broader and at a higher level.
44. Members elaborated on the importance of a thorough analysis of all aspects of value chains, including the political economy, market information systems and governance, to ensure that all value chain participants benefited fully. A member noted that the CLE did not discuss the role of issues such as corruption in hindering value chain development, and thanked IFAD for the flexibility in ensuring support to other actors along the value chain in addition to farmers.

Agenda item 8. Proposed dates for sessions of the Evaluation Committee in 2020 (EC 2019/105/W.P.6)

45. The Committee approved the following proposed dates for meetings to be held in 2020:
  - 108<sup>th</sup> session                      Wednesday, 1 April 2020
  - 109<sup>th</sup> session                        Wednesday, 1 July 2020
  - 110<sup>th</sup> session                        Wednesday, 2 September 2020
  - 111<sup>th</sup> session                        Thursday, 22 October 2020

Agenda item 9. Other business

(a) Informal seminar on the peer review of the evaluation function at IFAD

46. The Secretary of IFAD reiterated the importance of participation by the Evaluation Committee and the Executive Board in the informal seminar to be held on the peer review of IFAD's evaluation function. The informal seminar was scheduled for 9 July, and the draft report would be made available on the Member States Interactive Platform.

Closing

47. The Chairperson thanked participants for their active engagement in the discussions, and the interpreters and all support staff for their work.