

Document: EC 2019/106/W.P.7/Add.1
Agenda: 8
Date: 19 August 2019
Distribution: Public
Original: English

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Investing in rural people

Comments of the Independent Office of Evaluation of IFAD on the External Peer Review of the Evaluation Function at IFAD

Note to Evaluation Committee members

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Evaluation Committee — 106th Session
Rome, 2 September 2019

For: Review

Document: EB 2019/127/R.13/Add.1
Agenda: 5(d)
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Note to Executive Board representatives

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Executive Board — 127th Session
Rome, 10-12 September 2019

For: Review

Comments of the Independent Office of Evaluation of IFAD on the External Peer Review of the Evaluation Function at IFAD

I. Background and general comments

1. This external peer review (EPR) of IFAD's evaluation function was approved by the Executive Board in December 2017. This is the second EPR at IFAD; the first was completed in 2010. In both cases, the EPR panel Chair was a member of the Evaluation Cooperation Group (ECG), while the panel included members of the United Nations Evaluation Group and the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) Evaluation Network. In line with the ECG guidelines, the pillars of the EPR were independence, credibility and utility.
2. The objectives, role and function of the Independent Office of Evaluation of IFAD (IOE) have evolved tremendously since a monitoring and evaluation unit was established at IFAD in 1983. The office became fully independent of Management in 2003, when the first Evaluation Policy was approved. A revised Evaluation Policy was approved by IFAD's Executive Board in 2011. It is timely to review IOE's experience, strengths and opportunities for improvement.
3. IOE welcomes this exercise: it is worthwhile to note that according to the EPR report, the ECG external peer review of the evaluation function comprises "the systematic examination and assessment of the performance of one institution by another institution that has, in principle, a similar mandate and set of basic principles, policies and way of working". Given the uniqueness of IFAD's mandate and way of working, IOE appreciates the challenges faced by the EPR team in undertaking this task. As the EPR report indicates, an important source of support for the report's conclusions was the opinions of reviewers with experience in institutions that are very different from IFAD. Despite this limitation however, the EPR recommendations have the potential to improve both self-evaluations and independent evaluations at IFAD, and to increase their usefulness in improving the design, implementation, performance and results of IFAD-funded operations.
4. Adapting to changes in context. IFAD's evaluation function needs to be able to adapt to change. This includes changes in the broader development environment such as the development needs of countries, internationally agreed goals like the Sustainable Development Goals, and corporate-level changes taking place at IFAD. The objectives of IFAD's evaluation function require periodic revision and IOE needs to recalibrate its product offering in order to respond to these changing needs. This is emphasized in the present EPR, which IOE firmly supports. In order to respond to changes and challenges, IFAD requires a stronger evaluation culture supported by a strengthened evaluation function.
5. The importance of upholding independence. Independence of evaluation is paramount to building a stronger evaluation function and a healthier organization. The presence of an evaluation function that is functionally independent, impartial and adequately resourced – and clearly recognized as such – is a necessary condition for maintaining the entire organization's credibility. This has been stated several times by members of IFAD's Executive Board and in Multilateral Organization Performance Assessment Network reviews of the Fund. The first two recommendations of the previous EPR (2010), directed to the Executive Board, emphasized the importance of reaffirming IOE's independence.
6. The EPR argues that IOE's independence is rooted in IFAD's culture, which is positive. However, experience at IFAD and elsewhere shows that the principle of independence needs to be reaffirmed constantly since independence may be agreed upon in principle but undermined in daily business processes. This

independence should comprise decisions on what should be evaluated, how it should be evaluated, by whom and with what level of resources. It is therefore necessary to ensure the sustainability of IOE's independence.

7. The equal promotion of accountability and learning, with clear attribution of responsibility. Moving forward, one of the most important challenges and opportunities for IFAD is to promote the pro-poor and equitable transformation of the rural sector. To achieve this, IFAD needs to support innovation and change, both of which require accountability and learning. In IOE's view, there is no contradiction between the concepts of accountability and learning: both need to be promoted to foster organizational improvement. There is need for additional clarification of roles and responsibilities, and fundamental relationships should be taken into account. It is the duty of the Executive Board to hold Management accountable for its decisions and results. Moreover, it is Management's responsibility to learn from experience, including from evaluation findings. Accountability for learning creates an incentive to learn: once evidence and experience are available, operations, policies and strategies need to be revised in line with lessons learned. The role of the independent evaluation function is to provide evidence, knowledge and recommendations to support the Executive Board in maximizing accountability and learning at IFAD.
8. Scope for further improvement. IOE agrees with the EPR that IFAD's evaluation function is already strong, but there are opportunities for further improvement both in self-evaluation and independent evaluation as IFAD adapts to an evolving context.
9. Balance in the focus of the review. While the EPR rightly concentrates on independent evaluation, a more in-depth assessment of the self-evaluation system, along with its processes and products, would have added considerable value to the exercise. Doing so would have: avoided assigning roles and responsibilities to independent evaluation that are already being performed by Management; highlighted areas of improvement; and prioritized capacity development.
10. Regularity and timing of future EPRs. IOE strongly agrees that EPRs should be conducted regularly. However, the EPR's suggested timing of every 4-5 years seems short given that this type of exercise involves significant budget and human resource investments. A longer cycle would also enable IFAD to take into account the evolution of international evaluation practices.

II. Specific responses to the recommendations of the external peer review

Recommendation 1: IOE and Management jointly revise the Evaluation Policy, for Board approval, to focus more strongly on strategic issues, provide greater institutional utility and value, and establish appropriate roles and responsibilities across the multiple components of IFAD's evaluation systems.

11. A broader vision for the Evaluation Policy is justified. IOE agrees that a future Evaluation Policy could embrace IFAD's entire evaluation function (including self-evaluations and independent evaluations) and dedicate special attention to strategic issues. The policy should also highlight the importance of collaboration between IOE and Management for: accountability and learning; harmonizing methodologies; and evaluation capacity development, with further details to be defined in multi-year strategies (as per recommendation 6). The policy should promote a culture of evaluation (self and independent), accountability and learning across the entire organization.
12. However, IOE's structural and functional independence need to be reaffirmed. The institutional and functional independence of IOE remain important and need to be reaffirmed by the Evaluation Policy, as the EPR

recognizes. To safeguard IOE's independence and avoid conflicts of interest, critical operational areas need to be defined in the policy, as they have been in the past. These include: (i) direct IOE reporting to the Executive Board through the Evaluation Committee and IOE's independence of Management; (ii) the preparation of an IOE work programme and budget (including final decisions about what to evaluate and the availability of sufficient human and financial resources, which are necessary for IOE's independence); (iii) the conduct of evaluations and the release and publication of independent evaluation reports; (iv) management of IOE's human resources to protect the independence of its staff; and (v) communication of evaluation findings. Leaving gaps or grey areas may lead to key aspects of IOE's independence being undermined in the future.

13. It is important that the interactions between IOE and Management are strengthened at all levels. Critical interactions include those related to: (i) individual divisions; (ii) the Operational Policy and Results Division of the Programme Management Department, which has acted as an interface with Management; and (iii) dialogue between IOE and the Office of the President and Vice-President. Such dialogue needs to be strengthened with regular meetings, particularly on issues of critical importance to IFAD.

Recommendation 2: Revise the role/Terms of Reference of the Evaluation Committee to ensure full oversight of evaluation and results reporting functions IFAD-wide. Secretariat services should be provided on the same basis as for other Board Committees.

14. Differentiate between governance and the scope of work of the Evaluation Committee. The Executive Board has two permanent subsidiary bodies – the Evaluation Committee and the Audit Committee. The Audit Committee is chaired by a List A member, and the Evaluation Committee is chaired by a List B or List C member. The Evaluation Committee plays a central role in oversight, guidance and support to evaluation at IFAD. The role of the Evaluation Committee is crucial given that IFAD's Executive Board is non-residential, and therefore has fewer opportunities to familiarize itself with evaluation work. The Evaluation Committee is an essential element of the Fund's system of checks and balances. In fact, it is an institutional innovation introduced by IFAD that capitalizes on the advantages of specialization.
15. Regarding coverage, IOE agrees that the Evaluation Committee's purview could be extended to cover more self-evaluation activities in addition to independent evaluations. This could build upon its current work: the Evaluation Committee is already engaged in discussing documents prepared by Management such as the: Report on IFAD's Development Effectiveness and President's Report on the Implementation Status of Evaluation Recommendations and Management Actions; the Impact Assessment Initiative conducted by the Strategy and Knowledge Department; agreements at completion point prepared after the completion of country strategy and programme evaluations (CSPEs); and selected corporate policies and strategies in which a recent evaluation is available.
16. Secretariat services to the Evaluation Committee are largely provided by the Office of the Secretary. The agenda of the Evaluation Committee is determined by the needs of the Executive Board, to which the Evaluation Committee reports. IOE prepares the independent evaluations required for Evaluation Committee sessions and is available to provide any needed support. Management provides documentation, comments and other required inputs, and is represented at all sessions.

Recommendation 3: IOE should substantially simplify its internal processes and procedures to reduce their resource demand and increase internal delegation and scope for innovation and initiative. This should include product specific processes, designated methodologies, and engagement between IOE staff and Management.

Management's priority for its strengthened self-evaluation system should be effective implementation to ensure the desired benefits are achieved.

17. IOE agrees that there is scope for streamlining IOE's internal organization and processes. This would entail more delegation of authority to staff for selected tasks as well as consolidation and simplification of internal peer review and authorization procedures. IOE will also review the level of effort and resources allocated to its products in order to ensure their compliance with international standards. These revisions are expected to generate efficiency gains and lead to further empowerment of staff.

Recommendation 4: IOE should review and revise its product mix. Key inputs should include more accurate resource requirements for individual products, and a detailed survey of the views of all key audiences on existing and prospective products, including intended purposes and perceived value. Key stakeholders should be consulted closely. Flexibility to respond to demand and opportunity should be built in.
18. Supporting accountability and learning at different levels. IOE's current product mix is the result of many years of practice and interactions with IFAD's governing bodies and Management. The question is at what level – and for what – IFAD needs to be accountable and learn. Given IFAD's business model, accountability and learning need to be mutually reinforced: (i) at the operational level (i.e. through projects) to orient current and future project design and implementation, and achieve IFAD's goal of reducing poverty; (ii) at the country level to enhance the strategic focus of IFAD's programming and reduce poverty through lending and non-lending activities; (iii) across countries, sectors and thematic areas to assess experiences and promote good practices; and (iv) at the corporate level, where organizational policies, strategies, practices and business processes can be improved in order to further IFAD's mandate.
19. IOE views this time as an opportunity to review and revise its product mix based on the considerations listed above. This may entail both: (i) considering new and alternative evaluation products; and (ii) revisiting its existing products.
20. While online surveys may be conducted, IOE suggests prioritizing direct in-person consultations with IFAD's Executive Board and Management, including Senior Management, division directors and operational staff in charge of country programme management. External stakeholders including government representatives and managers of other organizations' evaluation offices would be engaged as well.
21. In terms of its existing products, corporate-level evaluations would continue as indicated by the EPR since they provide highly strategic information at the corporate level. IOE deems it useful to distinguish between corporate-level evaluations, which focus on IFAD-specific policies, strategies and processes, and thematic evaluations, which have a more operational focus and require more fieldwork and a different approach. Thematic evaluations can better satisfy the need to assess clusters of projects that share a common topic, theme or sector.
22. CSPEs are recognized by the EPR as valuable. While IOE plans to continue conducting these evaluations, it will review their scope, content and methodology to achieve a better fit with the learning needs of IFAD and governments, and improve the efficiency of the resources invested. The selection of countries for CSPEs does not need to strictly follow the rule of one evaluation per region per year.
23. While evaluation synthesis reports have been useful for consolidating the findings of previous evaluations on a given topic, their scope is confined to desk reviews of past evaluations and they put limited emphasis on current operations. While syntheses of past evaluation findings may still be useful for some topics, thematic evaluations that review ongoing operations and include field visits may be a

better fit. In the future, it may be useful to provide a wider array of evaluation products that address specific needs, and calibrate their resource requirements according to their scope and timeline.

24. Given that projects represent IFAD's main instrument for supporting countries' development, project-level evaluations continue to be justified. However, the number and the modality of these evaluations can be revisited. In addition, the choice of projects to be evaluated should be more clearly linked to forthcoming evaluations and knowledge gaps that need to be filled. This would help to improve the utility of evaluations.
25. Impact evaluations have a wider scope than IFAD Management's impact assessments and can be an instrument for IOE to gather specific knowledge on a given development topic or approach. They also provide an opportunity to test new methodologies and approaches for collecting and analysing data.
26. The EPR recommended reconsidering the number of project completion reports that are subject to validation (for example by taking a random sample), or simplifying the requirements for project completion report validation in order to reduce the level of effort required. IOE will consider these options.
27. The Annual Report on Results and Impact of IFAD Operations (ARRI) is not only an IOE product, but a fundamental evaluative process for learning and accountability. In addition to being highly appreciated by the Executive Board, the ARRI is an important tool for internal quality control, comparing findings of different evaluations and identifying corporate trends. It generates hypotheses and questions regarding IFAD's operational and institutional performance that can be further tested and addressed by other evaluations. At the same time, IOE agrees to explore opportunities for revising the structure of the ARRI, and giving more space to qualitative findings from corporate, country-level or thematic evaluations in addition to performance trends.
28. Finally, IOE is concerned about the readability of its products. One of its priorities is to prepare documents that are more reader friendly and therefore more easily accessible to stakeholders inside and outside IFAD.

Recommendation 5: Management should conduct a parallel review of its self-evaluation products to clarify objectives and responsibilities, and ensure value and utilization.

29. IOE acknowledges that this recommendation is directed to Management. IOE is nonetheless available to provide its support, building on its experience reviewing self-evaluation processes and products. Specifically, IOE can undertake an evaluation of the self-evaluation system – a practice that is common among members of the ECG.

Recommendation 6: In consultation with Management and for approval by the Board, IOE should prepare a multi-year strategy to implement the Evaluation Policy, with clarity on short to medium-term objectives, product and service priorities, and roles and responsibilities. Coordination of this work with the IFAD replenishment cycle should be explored.

30. IOE agrees and highlights the importance of conducting joint "horizon-scanning" exercises in collaboration with IFAD's governing bodies and Management to identify strategic issues for IFAD now and in the future. IOE's three main objectives for an evaluation strategy are: (i) (in the short and medium term) identifying knowledge, data and analytical gaps to be filled; (ii) anticipating long-term trends, changes, reforms and any other issue in which independent evaluation can provide a factual and analytical base that allows IFAD to "stay ahead of the curve"; and (iii) defining IOE's priorities for contributing to international and inter-organizational dialogue on evaluation theory, methodology and practices. IOE has a clear role in this last area as a member of international

networks including the United Nations Evaluation Group and ECG, and communities of practice such as the International Development Evaluation Association and the European Evaluation Society.

31. IOE underscores the important roles of IFAD's governing bodies and Management in implementing the Evaluation Policy. As suggested by the EPR, it would be helpful if the formulation of a multi-year strategy could be linked with the replenishment cycle, and IOE could play an active role in "forward-looking" events organized by Management.

Recommendation 7: A new Evaluation Manual should be prepared. It should encompass evaluation issues and processes institution-wide (not only IOE-specific), reflect changes in evaluation policy, products and methods, Management-side results and performance initiatives, and cover evaluation issues such as gender and rights. Clarity and simplicity should be guiding objectives. IOE should lead the process but it must be engaged and consultative with Management. Consideration could be given in future to moving from a heavy single document to a series of topical guidance notes as this makes updating much simpler.

32. IOE concurs that once its product mix has been assessed and revised, the Evaluation Manual can also be revised. This revision would not only cover different types of evaluation products, but also criteria and approaches. Its development should take into account recent evolutions in the field such as: (i) the ongoing review of the OECD-DAC evaluation criteria; (ii) progress in evaluation theory and practices; and (iii) opportunities provided by new information, computing and communication technologies. IOE: has contributed to international debates on all these developments, including through international conferences; is poised to integrate these experiences into the Evaluation Manual; and plans to continue its engagement in these dialogues.
33. IOE will review several options for revising the Evaluation Manual, including the preparation of topical guidance notes focused on individual evaluation products, underpinned by a methodological introduction. The manual could also become a living online document.

Recommendation 8: IOE's budget should be significantly simplified and harmonized in terms of overall structure with IFAD's overall administrative budget. The current high level of rigidity and over-specification should be reduced to allow more flexible and effective resource management by IOE.

34. IOE's budget and budget approval process have been developed in line with IFAD-wide practices and guidance received by the Executive Board and the Evaluation Committee. Some of the "rigidities" identified by the EPR are due to constraints within IFAD's business processes. Under the guidance of the Executive Board and Evaluation Committee, IOE agrees that it would be worthwhile to simplify aspects of its budget and budget preparation process in order to enhance its capacity for responding to requests by the Executive Board or Management.

III. Next steps

35. Based on the deliberations of the Evaluation Committee and Executive Board, IOE will begin implementing the EPR recommendations, taking into account the specific issues addressed. It will keep the Evaluation Committee and Executive Board regularly informed about progress made, and will consult with Management as appropriate.