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Investing in rural people

IFAD Management comments on the Note on Revised Evaluation Products of the Independent Office of Evaluation of IFAD

Note to Evaluation Committee members

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For: Review

IFAD Management comments on the Note on Revised Evaluation Products of the Independent Office of Evaluation of IFAD

1. Management welcomes both the content of the Note on the Revised Evaluation Products of the Independent Office of Evaluation of IFAD (IOE), and the collaborative fashion in which the note was composed, which included soliciting feedback from a wide range of actors in-house, and taking it into account in the final version of the note. The note also highlights collaboration between IOE and Management on the new evaluation policy, and draws attention to the underlying principles and priorities guiding independent and self-evaluations and their interrelated nature.
2. While there is much to be commended in the proposal on IOE's evaluation products, there are some areas where Management would encourage a value-for-money approach to ensure that each product meets the objectives of economy, effectiveness and efficiency. Management's concern in this regard is compounded by the fact that the External Peer Review (EPR) of the Evaluation Function at IFAD specifically suggested that IOE redesign and reduce substantially the number of products, whereas the proposal calls for a substantial increase in the number of products.

General comments and key principles

3. Overall, Management believes that IOE's efforts to revisit the product mix are moving in the right direction. As noted by the EPR, while the product mix is comprehensive, there are varying levels of value added from each product. Management believes that getting the product mix right would be one of the most important outcomes of the EPR exercise. Management has three broad comments, as outlined below.
4. First, Management appreciates IOE's efforts to explore new products and provide a menu of different products. However, Management would like to highlight that the EPR called for a substantial reduction in project-specific evaluation products. Without such a reduction in the frequency and number of existing products, there is a risk that the introduction of new products will increase the number of evaluations being performed overall. IFAD already has a robust and all-encompassing evaluation function, as highlighted by the EPR. In this context, consideration should be given to both value for money and the capacity (both human and financial) to absorb a higher volume of evaluations.
5. Second, Management welcomes the key principles of the document, all of which respond to Management requests to ensure that evaluations are timely, promote learning and respect the principles of value for money and cost effectiveness. At the same time, Management believes that the key principles underlying the revised product mix should have been the same as those guiding the evaluation policy. While some are the same – including value for money and timeliness – others are not explicitly included as stand-alone principles, e.g. usefulness, partnerships and collaboration. As the new evaluation policy will be implemented through the product mix of both independent and self-evaluations, it is important that its underlying principles be adequately reflected in the product mix. It would have been helpful, therefore, if IOE had reflected on how each of the key principles underlying the new evaluation policy would be reflected in the product mix.
6. Third, Management welcomes the focus on consultative planning and enhancing collaboration to understand the organization's needs and gaps. Management welcomes adopting a multi-year strategy, as suggested by the EPR, but would like to highlight that the multi-year evaluation strategy was suggested to cover the whole Fund (including self-evaluation). As such, it should be prepared jointly, and co-led by both Management and IOE. There is merit in considering such an

approach linked to the replenishment cycle, in order to reflect on the learning and evaluation needs of the organization as a whole over the three-year cycle. Management is open to discussing this further with IOE and to soliciting feedback from the Evaluation Committee as to whether a joint multi-year strategy should be prepared by Management and IOE.

New products proposed

7. Management appreciates IOE's innovative thinking around new types of products that could be introduced to address gaps in the existing product mix. Management's specific comments on the new products proposed are outlined below.
8. **Thematic evaluations (TEs).** Management welcomes the concept of TEs but believes there is significant overlap in thematic and corporate-level evaluations (CLEs). In large-scale corporate evaluations or TEs, it is challenging to separate "how the Fund works" from "what it does", as the two are mutually reinforcing aspects and need to be evaluated together. For example, in a TE on gender or climate (such as the one now under way) it will be challenging to analyse the "what it does" aspect without looking at the institutional set-up, organizational structure and strategy and policies in place, as these have a direct impact on performance on thematic topics. Therefore, Management believes there is a risk of CLEs and TEs being essentially the same type of product but with different titles.
9. **Subregional evaluations.** Management welcomes this new evaluation product and believes it does fill a gap in the current product mix. Management would like to encourage IOE to collaborate closely on the choice of topics or countries for such evaluations to ensure that they contribute to the learning agenda. Management would also like to suggest that subregional evaluations are used sparingly as Management has only recently undertaken regional lending operations – being piloted during the Eleventh Replenishment of IFAD's Resources – and other cross-regional initiatives worthy of evaluation.
10. **Project cluster evaluations (PCEs).** The EPR had suggested that IOE shift to conducting PCEs instead of stand-alone project performance evaluations (PPEs). As IOE is maintaining PPEs, Management believes that PCEs could be a good replacement for evaluation synthesis reports (ESRs). PCEs would cover projects with a similar theme (for example, rural finance projects) as ESRs do currently. A PCE could synthesize lessons from existing evaluations, look at evaluative evidence from outside on a certain topic, and augment it with primary data collection as well ensuring a more robust product that serves a learning function.
11. **Private sector operations.** Management is surprised to see that the paper mentions only in passing evaluations of new and emerging IFAD lines of business, such as non-sovereign operations. It will be important to ensure that the product mix evolves to capture lessons and ensure accountability for these operations as well, as the standards for evaluating such projects differ substantially, and products for sovereign operations may not be suited for such evaluations. IOE could have considered introducing a new product on this aspect of IFAD's work.

Specific changes to the existing product mix

12. Management welcomes the changes proposed to the existing product mix, but encourages IOE to make further efforts to streamline it by reducing the number of products that add relatively little value in terms of the learning or accountability needs of the organization. Management's specific comments on the existing products are outlined below.
13. **Project completion report validations (PCRVs).** Management notes that IOE believes that a full set of PCRVs is consistent with practices at other international financial institutions. Management welcomes the streamlining of PCRVs, and notes that the disconnect between project completion report and PCRV scores continues to be minor.

14. **Project performance evaluations.** Management welcomes the changes proposed to the PPEs. However, Management believes that the current time lag for PPEs (available three years after project completion) already limits the learning for Management on a large number of areas. If PPEs are to be done with a similar or even longer lag, the scope of the PPE should be limited to assessing only the actual sustainability of benefits. For instance, five years after project completion there would be limited value in assessing project management or efficiency as by that time the lessons would be too late to incorporate into follow-on projects well past midterm review. Furthermore, Management believes that IOE should introduce flexibility in the number of criteria and focus of PPEs in coordination with the learning needs identified by Management for that specific project. A "one size fits all" approach for all PPEs may not be the best way to enhance learning: Management may need a deeper dive on certain aspects of the project, but not necessarily need to evaluate all aspects. A more collaborative approach from the outset would help ensure that these areas are prioritized.
15. **Impact evaluations (IEs).** Management agrees with the EPR's finding that IOE should discontinue IEs given that Management conducts counterfactual impact assessments on at least 15 per cent of the portfolio. Furthermore, with the roll-out of the outcome assessment methodology to be used for all projects, IEs by IOE are no longer needed. However, Management, and the Research and Impact Assessment Division in particular, welcomes collaboration with IOE to identify strategies that can leverage corporate reporting on impact assessment.
16. **Country strategy and programme evaluations (CSPEs).** Management welcomes the proposal that IOE will give more consideration to strategic and thematic issues in CSPEs. Management believes that more consideration could be given to the country context during the evaluation, and that the product could be innovative. Management appreciates IOE's efforts to improve the timeliness and linkages between the CSPE and the new country strategic opportunities programme (COSOP) and agrees that closer coordination on this should be pursued. Additionally, the national workshop organized at the end of each CSPE is a costly and extensive exercise, and as noted by the EPR, there is no direct link between the CSPE workshop and the subsequent new country strategy. Therefore the structure, requirement and timing of this event could be reconsidered. One option could be jointly organizing this event with Management as an in-country consultation prior to the design of the new COSOP.
17. Additionally, Management believes that the signing of an agreement at completion point (ACP) is at odds with the fact that the COSOP itself is not signed between the Government and IFAD, and fully agrees with the EPR that the wider purpose of ACPs is unclear. Management believes that the ACP should be discontinued as it does not serve as the guiding document for operations developed by Management and the borrower/recipient country. There is therefore a risk of the ACP becoming a box-ticking exercise that may not necessarily facilitate learning or strengthen the partnership between the Government and IFAD.
18. **Evaluation synthesis reports.** As noted in paragraph 10 on PCEs, Management believe that ESRs could be discontinued rather than increasing the types of ESRs. In the absence of a strong evaluation base on a particular theme, the value added by a synthesis, which relies on IOE's past evaluative evidence on the topic, is limited. Furthermore, unlike other IOE products, ESRs are prepared primarily to focus on promoting institutional lending. However, they continue to contain recommendations, unlike in other organizations. The EPR notes that this product should be redesigned; Management agrees and believes that they could be replaced by PCEs as noted above.
19. **Corporate-level evaluations.** Management agrees with the EPR that the thematic CLEs are of the highest relevance and value. The topics are purposefully chosen and add strategic value and insights to Management's agenda. However, as

mentioned earlier, Management believes that given the similarity between CLEs and TEs, there may not be a need for both. Furthermore, as PCEs also focus on themes, a TE product may not be needed if CLEs are continued and augmented with PCEs.

20. **Annual Report on Results and Impact of IFAD Operations (ARRI).** Management appreciates the constructive engagement with IOE, which has focused on enhancing the learning and accountability of IFAD's evaluation function. This renewed focus on learning is evident in the changes to the ARRI, which reflects IOE's efforts to streamline and reduce the length of the report and to make it more of a learning document. Management agrees with the EPR that the ARRI should be restructured to focus on wider institutional performance issues rather than on project-specific performance ratings. The ARRI is entirely based on PCRV and PPE ratings from projects that closed at least two years previously and were designed and implemented over the last decade. The ARRI uses these ratings to report on IFAD's performance, which is challenging for two reasons: (i) it is a small sample that is used to reach broader conclusions; and (ii) the ARRI should not be considered a performance report as the responsibility for results reporting lies with Management through self-evaluation in the Report on IFAD's Development Effectiveness (RIDE). Management agrees that the ARRI could focus more on key cross-cutting institutional issues and believes that future editions would benefit from a revised format to keep it abreast of the increasing agility of the organization in furthering the reform agenda.
21. Management suggests that the report could focus on criteria having had the most significant (positive or negative) changes, together with a more in-depth analysis of the underlying factors. This could lead to better-informed decisions and enable Management to find ways to rapidly respond and improve performance on these criteria. For example, an analysis by region, project type or country context could facilitate an understanding of why performance has declined or, in some cases, improved. Management believes this would lead to a shorter and more strategic document that would add more value than the current report. Management also encourages IOE and the Evaluation Committee to consider the frequency of the ARRI and a potential move to producing it at the end of each replenishment cycle rather than on an annual basis. As a limited number of new data points are included in each year's report, the analysis in the ARRI tends to become repetitive.

Processes

22. While Management welcomes the section of the report on improving processes for collaboration, two points could perhaps be emphasized. The first is that IFAD has already adopted a more robust approach and strategy for stakeholder engagement and feedback, and it is unclear whether the approach outlined in this report adequately addresses the need to ensure that evaluation findings are informed by stakeholders on the ground, and to ensure that evaluation findings are sufficiently reported back to such stakeholders ("closing the loop"). It appears that the practices outlined here are not new or enhanced. Second, it is unclear which, if any, of the innovations mentioned in box 1 are being proposed for IFAD.

Conclusion and way forward

23. Management would like to reiterate its appreciation for the collaborative approach adopted by IOE in revising the product mix and preparing this note. In summary, Management believes that the IOE menu of products should contain CLEs and TEs, CSPEs, PCEs, PCRVs, PPEs and a revised ARRI. In addition to the suggested changes to specific products, Management suggests discontinuing ESRs and IEs. Management thanks IOE for its consideration of its comments and looks forward to further constructive engagement with IOE and with the Evaluation Committee during the upcoming session.